

**RELATIONSHIP BETWEEN CAPITAL STRUCTURE AND FIRM  
PROFITABILITY BEFORE, DURING AND AFTER GLOBAL FINANCIAL  
CRISIS 2008: EVIDENCE FROM LISTED COMPANIES IN THE  
INDONESIAN STOCK EXCHANGE (IDX) PERIOD 2004 – 2015**

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## STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains no material previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.

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## ABSTRACT

RELATIONSHIP BETWEEN CAPITAL STRUCTURE AND FIRM PROFITABILITY BEFORE,  
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Capital structure is a major content for the improvement of profitability of firm, but every time it does not play a significant role for improvement of profit. Capital structure is a combination of debt and equity, right proportionate value of debt and equity leads to go for optimum capital structure. The purpose of this study is to examine the relationship between capital structure and firm profitability before, during and after global financial crisis 2008 of listed companies in the Indonesian Stock Exchange (IDX) period 2004 – 2015. Total 203 out of 572 companies are chosen, selected from 8 different industries across Indonesian Stock Exchange (IDX). This research used panel data analysis which suitable for both cross-sectional element and time series. The first findings show that most of industries are choosing debt financing over equity financing for their capital structure choice. The second finding show that there is relationship between capital structure in seven different industries before, during and after the financial crisis. However, there is one industries that statistically insignificant after the crisis, namely Mining Industry.

*Keywords: Capital Structure, Firm Profitability, Return on Assets, Financial Crisis, Total Debt, Long-term debt, Short-term debt, Firm Size, Sales Growth*



## **DEDICATION**

I dedicate this thesis to myself who has survived, my family, my beloved one and everyone who always support me.



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