

Abstract

Capital structure is the proportion between debt or equity use. The purpose of this study is to know the factors that influence the firm's capital structure. The sampel are firms in Indonesia Stock Exchange during the periode 2007 up to 2010. Independent variables are Intangible assets, business risk, growth opportunities, firm size and profitability. Dependent variable is capital structure. By using the purposive method sampling, the total of sampel for model R&D as a proxy of intangible assets is 42 firms and the total sampel for model advertising expenses as a proxy of intangible assets is 63 firms. Data analysis method is multiple regressions. On F-test for R&D model and advertising expenses has found significant simultan affecting of capital structure. Based on t-test for R&D model, the results are growth opportunities and profitability has found significant effect of capital structure. Based t-test for advertising expenses model the results are firm size and profitability has found significant effect of capital structure. These results indicates that the firm's management has to consider growth opportunities, firm size and profitability in capital structure decision .

Keywords: Capital structure, Intangible assets, business risk, growth opportunities, firm size and profitability