ANALYSIS OF FACTORS AFFECTING CAPITAL STRUCTURE ON LISTED COMPANY IN KOMPAS 100 INDEX

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Abstract: *This research aims to analyze the factors affecting the capital structure of kompas index companies in Indonesia. The variables used were DAR as the dependent variable and profitability, growth opportunity, tangibility, size, short term debt to total assets, and business risk as the independent variables. The samples used were the companies listed on kompas index in Indonesia Stock Exchange. The samples were selected using purposive sampling and 77 companies were obtained. The method of analysis used was linear regression. This research result showed that profitability, growth opportunity, size, and short term debt to total assets have significant effect on capital structure while tangibility, and business risk do not incur any significant influence.*

Keywords: *Capital structure, profitability, growth opportunity, tangibility, size, dividend, liquidity, business risk.*

1. INTRODUCTION

Economic growth in Indonesia is relatively stable, raising hopes for the company to develop the company. It looks more and more credit funds disbursed in Indonesia. Based on data from Bank Indonesia, the amount of credit that has been extended by commercial banks at the end of 2014 amounted to Rp.3707916 billion. Yet the number of loans disbursed in 2009 reached Rp.1446808 billion (Bank Indonesia, 2015). Credit growth is so great a reflection of the excitement of the company in developing its business. The growth of debt, also occurred in foreign debt. Since 2012, Indonesia's foreign debt has been dominated by the private corporate debt. In 2012 the debt of private companies has reached USD.126.245 billion, while government debt only USD.126.119 billion. Even in 2013 the private corporate debt has reached USD.142.561 billion, while government debt decreased to USD.123.548 billion (Bank Indonesia and the Ministry of Finance, 2015). This condition describes the number of companies in Indonesia that utilize debt as a source of corporate financing.

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Research on the factors affecting the company in deciding capital structure policy is still no agreement. Research conducted by Khrawish & Khraiwesh (2010) in industrial enterprises in Jordan, find the size, profitability, tangibility and short term debt to total assets has an effect on the capital structure. While the research conducted by Rabiah, Mohd Sabri, and Khairul (2012) to find the factors that affect the company's capital structure on a property in Malaysia. They found the influence of profitability and tangibility significant capital structure at five major property company in Malaysia. As for the company's bottom five are more influenced by the profitability, tangibility, non-debt tax shield, growth opportunity and liquidity. San &Heng (2011) also examined the performance of corporate relations with the capital structure on a property company in Malaysia. The results showed that there was a significant correlation between return on capital and earnings Pershare the capital structure on a great company in Malaysia. There is a significant relationship between the operating margin to capital structure in the medium-sized companies. As for small companies there is a significant relationship between earnings Pershare the capital structure. This means that in this study the company's financial performance is closely linked to the company's capital structure.

Research on capital structure is also widely practiced in Indonesia. Chandra (2009) found the company in Indonesia tend to be conservative in debt and embrace the pecking order theory. This means that more funds need to use internal funding sources first. Sources of debt funds is a second alternative if the shortage of internal funding sources. Research conducted Margaretha& Ramadhan (2010), which examines companies manufacturing in Indonesia found the results tangibility, profitability, liquidity and growth have a significant effect on the capital structure. As for size, non-debt tax shield, age and investment did not show a significant effect on the capital structure. Another study conducted by (Furi&Saifuddin, 2012) obtained different results. They found that the capital structure decisions on manufacturing companies in Indonesia is more influenced by the size, business risk and debt ratios. while liquidity, profitability, sales growth and asset structure did not show significant results. Research on real estate companies researched by Kesuma (2009). In his research found growth and the debt ratio significantly influence capital structure. while profitability showed no significant results.

By looking at the results there are differences both of researchers in Indonesia and outside Indonesia, it is considered necessary to do some research back in factors affecting capital structure. This study will examine the factors that affect the company in making capital structure decisions in Indonesia. More research is devoted to the companies listed on the index compass 100.

2. STUDY LITERATURE

2.1. Capital Structure Theory

Modigliani and Miller is the originator of the research on capital structure. In 1958 they published the results of research which suggests that changes in debt does not affect the value of the company. In the sense that the company will add to the debt or add to the debt will not impact on the value of the company. (Modigliani & Miller, 1958). Opinions of those who ignore the debt in increasing enterprise value received fierce criticism. Assuming that is so tight, their theories are considered not show the reality. Finally in 1963, Modigliani and Miller make improvements to their opinion. Assuming the tax, they say that the debt provides a positive impact on corporate value. Increased use of debt by companies will increase interest costs. Increased interest expenses will reduce tax payments. Reduction in tax payments will lead to tax savings, which ultimately will increase your profits. Increased corporate profits will ultimately impact on increasing the company's value (Modigliani & Miller, 1963). Scott (1977) to respond to the findings of Modigliani and Miller in 1963.Suggestions Modigliani and Miller that owe as much opposition. Scott believes the addition of excessive debt would pose a risk of bankruptcy. Increased risk of bankruptcy this will increase the cost of bankruptcy. Increased cost of bankruptcy will ultimately increase the cost of funds. The increase in cost of funds is too high to make the debt is no longer feasible as a source of corporate funds. Scott gives the debt limit increase is still considered feasible if the benefits derived from the tax saving is equal to the cost obtained due to the increased cost of funds. Scott proposed a trade off theory to overcome the shortcomings of the theory of Modigliani and miller in 1963. In this theory is said to owe is a positive thing to increase the value of the company, but owe too much it will decrease the value of the company.

Other researchers are trying to improve the results of research Modigliani and Miller in 1963 was Ross. Ross developed the signaling theory. In signaling theory, Ross assumes that investors who are outside the company does not have as much information as is known by the company management. Inequality has always used this information as a management tool to send a signal to investors. By leveraging the advantages of this information, management can send a positive signal if companies take on debt. However, if the condition is not managed properly, the signals emerging from the information the company taking on debt can actually be a negative sentiment (Ross, 1977).

Peking order theory coined by Myers, is a continuation of research conducted by Donaldson in 1961 (Myers, 1984). Myers explained that no condition is called an optimal capital structure. In the capital structure only source of funds comes

from internal and external sources of funding. With this condition Myers stated that the company's management prefers funding coming from internal funding sources. Internal funding sources considered to be cheaper and easier to obtain. Sources of external funding in the form of debt and the issuance of new shares is the next option if internal funding sources do not meet the needs of the company. In the pecking order theory, Myers stressed several points. First, companies prefer internal finance, the funding comes from internal sources of funds in the form of operating profit companies that cost less than the debt. Second, companies are trying to be consistent in setting the dividend payout ratio policy. The dividend payout ratio policy should always consider an investment in the future. Dividend decisions also maintained in order to avoid sudden changes in the dividend policy. Third, with the dividend policy of strict and consistent, with fluctuations in profits and investment opportunities that are hard to predict in the future, result in cash flow is difficult to predict. If there is excess cash flow, companies tend to use it to pay off debt or invest in securities. Conversely, if there is a shortage of cash flow, the company tends to reduce the cash balance or sell the securities held. Fourth, if there is a lack of internal funding sources, the company is more likely to choose external funding sources of the most secure in advance. The first choice is through debt or in the form of bonds, followed by the issuance of securities that are options such as convertible bond. The final option is to issue new shares. From this theory clearly illustrated that companies tend to be conservative in debt. Debt is the selection of a second choice if internal funding sources can not be met. The use of debt to be more selective.

2.2. Capital Structure and Variables Affecting.

2.2.1. Capital Structure

The capital structure is an overview of the company's ability to meet its obligations. In this study the capital structure is measured using the ratio of debt to assets ratio. This ratio has been used by (Buferna& Hodgkinson, 2005; Hossain and Ali, 2012; Margaretha & Ramadan 2010; Milton &Raviv, 1991; Rajan and Zingales, 1995).

2.2.2. Profitability

In the study conducted by Milton and Raviv (1991) found significant positive effect on the profitability of capital structure. This study found that large companies that have large profits and strong financial capabilities will get cheap funds. The company's strength in generating profits to guarantee very good for creditors to be able to provide loans with interest rates relatively low. Debt with low interest rate will typically be utilized to meet the needs of company funds. The positive

influence of profitability on the capital structure is also supported by (Ross, 1977; San &Heng, 2011; Scott, 1977).

Myers in his research found different things. In the pecking order theory, Myers (1984) found that companies that earn large profits will prioritize the use of internal sources of funds derived from profits to investment. With the cost of funds are relatively cheap, internal funding sources is a logical choice. If there is still a shortage of internal funds, the management of the new company decided to go into debt. This result means, the greater the profit earned by the company, demand for loans will be smaller. That is the effect of profitability on the capital structure is negative. The result of this negative effect was also found by (Antoniou, Guney, &Paudyal, 2002; Bauer, 2004; Bevan &Danbolt, 2000; Cekrezi, 2013; Hossain and Ali, 2012; Huang and Song, 2006; Khrawish&Khraiwesh, 2010; Mwangi , Macau, and Kosimbei, 2014; Rajan and Zingales, 1995; Sayýlgan, Karabacak, &Kucukkocaoglu, 2006; Velnampy&Niresh, 2012).

2.2.3. Growth Opportunity

In accordance with the pecking order theory put forward by Myers, financing needs will always be met with internal sources of funds first. For companies that have a promising prospect, internal funding sources alone are not self-sufficient. Hence the need for the company's funds can only be met by debt. In the sense that the higher the company's growth opportunity, tend to require higher debt financing. It could be said that the effect of growth opportunity on the capital structure is positive. The result of this positive effect was also found in studies conducted by (Hossain and Ali, 2012; Huang and Song, 2006; Myers, 1984; Pahuja & Sahi, 2012; Titman & Wessels, 1988).

In a different study found that companies with a high growth opportunity that tend to have a large internal funds. If the source of internal funds owned by the company is large enough, resulting in the company will reduce the need for debt. This result means that the effect of growth opportunity on the capital structure is negative. The results of this study found a negative effect (Akhtar & Oliver, 2009; Bauer, 2004; Buferna& Hodgkinson, 2005; Furi&Saifuddin, 2012; Kesuma, 2009).

2.2.4. Tangibility

Tangibility is the ratio between fixed assets to total assets. This ratio is a picture of the large proportion of fixed assets owned by the company. Companies that have large fixed assets tend to have a large debt anyway. In theory expressed their trade off the risk of bankruptcy for companies that have a large debt. To avoid the risk of these large companies need to have a great tangibility in each loan. This

means that the influence of tangibility to capital structure is positive. The results of studies showing positive effects were also found in the study (Akhtar & Oliver, 2009; Antoniou et al., 2002; Bevan & Danbolt, 2002; Buferna& Hodgkinson, 2005; Cekrezi, 2013; Friend & Lang, 1988; Khrawish&Khraiwesh, 2010; Milton &Raviv, 1991; Rajan and Zingales, 1995; Scott, 1977; Shah and Khan, 2007).

Grossman and Hart (1982) suggested otherwise. They proposed the company should increase the debt for companies that have a low collateral. The addition of this debt beneficial for shareholders to monitor management activities. This means that the influence of tangibility to capital structure is negative. The result of this negative effect is also found in the study (Bauer, 2004; Ebaid, 2009; Fitriya, Abdul, and Muhammad, 2013; Hossain and Ali, 2012; Huang and Song, 2006; Sayýlgan *et al.,* 2006).

2.2.5. Size

In the study Rajan and Zingales (1995) found that large companies tend to get the ease of obtaining loans. They find their beliefs creditors against large companies that are better able to diversify their investments, so that the risk of bankruptcy becomes smaller. The smaller the risk of bankruptcy resulting in cost of fund companies become cheaper. That is a big company synonymous with the company's financial fundamentals. This means that the larger the company size will be greater debt will be achieved, or the size has a positive impact on the capital structure. This positive effect was also found by (Antoniou et al., 2002; Bauer, 2004; Cekrezi, 2013; Furi & Saifuddin, 2012; Huang and Song, 2006; Karadeniz, Kandýr, Iskenderoglu, & Onal, 2011; Khrawish & Khraiwesh 2010; Maxwell & Kehinde, 2012; Titman & Wessels, 1988).

Fama and Jensen (1983) found size companies, has a negative effect on the capital structure. Debt policy can be asymmetric information is information that is not symmetrical as expected by the company. Capturing a large debt can be negative information for investors. As a result, firms are more likely to use their own capital of the debt. this means that the larger the company size will be smaller debts, or there has been a negative influence on the size of the capital structure. This research was supported by the results of (Fitriya et al., 2013; Pahuja&Sahi, 2012).

2.2.6. Short Term Debt to Total Assets

Short Term Debt to Total Assets (STD / TA) is the company's ability to finance its assets using short-term liabilities. Typically used to finance working capital. This formula has been used in research (Khrawish&Khraiwesh, 2010). According to the theory, the ability to trade off high liquidity will reflect a greater ability to obtain debt (Scott, 1977). Therefore, the relationship between the sort-term debt to

total assets (STD / TA) with the capital structure is positive. Directions positive effect is consistent with research conducted by (Bevan &Danbolt, 2000).

2.2.7. Business Risk

Business risk is the volatility of the company's revenue picture. Companies with cash flow that is unstable will face a great risk of bankruptcy. If the risk of bankruptcy increases will result in increased cost of funds. As a result, the company will withstand the use of debt. This means that companies that have a high risk business will have negative effect on the capital structure. Studies have found negative results are (Akhtar & Oliver, 2009; Milton &Raviv, 1991).

Instead the company who have a high risk would be difficult to issue new shares. Companies that have a high risk is forced to use sources of debt funding. That is the effect of business risk to capital structure is positive. This result was found by (Deesomsak, Paudyal, &Pescetto, 2004; Huang & Song, 2006).While the research conducted by (Hossain and Ali, 2012) found no significant effect on the business risk to capital structure.

2.3. Hypothesis

After doing a literature review, it can be concluded the following hypotheses:

H1: There is a negative effect on the profitability of capital structure.

H2: There is a negative effect on the capital structure of growth opportunity.

H3: There is a positive effect on the capital structure tangibility.

H4: There is a positive effect of size on the capital structure.

H5: There is a positive effect of Short Term Debt to Total Assets to capital structure.

H6: There is a negative effect on the capital structure of business risk.

3. RESEARCH METHODOLOGY

3.1. Population and Sample

The population in this study are companies listed on the index of 100. The number of members of the issuer's compass on the index there are 100 companies.

Sample selection is done by using purposive sampling. The criteria used are several. First, the company is listed on the index compass 100 the period August 2013 to January 2014. Second, the company has been registered since January 2009. Third, the Company has never done suspension or delisting during the year of observation (January 2010 to December 31, 2013). Fourth, given the differences in

the size of the company's financial performance in the banking and financial services company, so in this study the banking and financial services companies not included in the sample. Fifth, the company has the financial statements as of December 31 each year. Of the 100 companies listed on the index compass 100, there are 13 companies that are categorized as banking and financial services company. Listed companies during the year of observation there were 10 companies. So the companies that deserve to be in the sample was 77 years of research by the company in 2010 until 2013.

3.2. Method of collecting data

The data used in this research is secondary data. Data obtained from various sources such as www.idx.co.id and www.bi.go.id. All data related to this study were obtained from the company's financial statements in 2010 until 2013.

3.3. Variables Research and Measurement

3.3.1. Capital structure (Dependent Variable)

The capital structure of companies is a mix of debt to total assets of the company. The formula used in this study is the debt to assets ratio. This formula is also used in the study (Cekrezi, 2013; Chandra, 2009; Huang and Song, 2006; Margaretha& Ramadan 2010; Mwangi et al., 2014).

$$DAR = \frac{Total\,Debt}{Total\,Assets}$$

3.3.1.1. Independent variables

Profitability

Profitability describes the company's financial performance. The measures used in this study is the return on assets. This formula is also used by (Cekrezi, 2013; Huang and Song, 2006; Kesuma, 2009; Margaretha& Ramadan 2010; Mwangi et al., 2014).

ROA = (Earnings after tax) / (Total Assets)

growth Opportunity

Growth opportunity illustrates the company's prospects in the future. To measure growth opportunity to use the percentage change in total assets. This formula is also used by (Buferna & Hodgkinson, 2005; Hossain and Ali, 2012).GO =% Change in Total Assets

Tangibility

Tangibility is a measure of the amount of fixed assets owned by the company as compared to total assets. Tangibility used to measure the total fixed assets divided by total assets. This formula is also used by (Friend & Lang, 1988; Hossain and Ali, 2012; Huang and Song, 2006; Margaretha& Ramadan, 2010; Shah and Khan, 2007).

Tang = (Total Fixed Assets) / (Total Assets)

Size

Size indicates the size of the size of the company. To measure the size of the total assets used Ln. This formula is also used in the study (Khrawish&Khraiwesh, 2010)

Size = Ln (Total Assets)

Short Term Debt to Total Assets

Short Term Debt to Total Assets is the description of the company's ability to finance assets with short-term debt. The measures used in this study is short-term debt divided by total assets. This formula is also used by (Bevan &Danbolt, 2002; Khrawish&Khraiwesh, 2010)

Short Term Debt to Total Assets = (Short Term Debt) / (Total Assets)

Business Risk

Business risk describes the volatility of the company's revenue. Used to measure business risk standard deviation of EBIT divided by total assets. The formula used in the study (Hossain and Ali, 2012).

Business Risk = (StdDev.EBIT) / (Total Assets)

DATA ANALYSIS METHOD

The analysis technique used in this study is the linear regression. The analysis model used is as follows:

$Y = a + b1 + b2$ Prof GO $+ b3$Tang Size $+ b4 + b5 + b6$ SDTA Brisk $+ \varepsilon$

Where :

Y = Capital Structure

a = intercept

b1..b6 = regression coefficient of each independent variable.

Prof = Profitability

GO = Growth Opportunity

Tang = Tangibility

Size = Size

SDTA = Short Term Debt to Total Assets

Brisk = Business Risk

ε = Error Term.

Before regression analysis will be conducted in the form of test normality assumption test, autocorrelation, multicolinieriety and heteroscedastisity.

4. ANALYSIS AND DISCUSSION

4.1. Descriptive Analysis

Descriptive results of the study variables presented in Table 1.

Table 1
Descriptive Analysis

Variabel		2010	2011	2012	2013
	average	0.45777	0.44770	0.46327	0.47758
DAR	Max	1.83919	1.03839	0.94668	1.21486
	Min	0.06463	0.03002	0.05351	0.01629
	average	0.10250	0.10474	0.09514	0.08038
Profitability	Max	0.38898	0.39727	0.40377	0.71509
	Min	-0.06677	-0.17402	-0.09595	-0.15358
	average	0.11174	0.05677	-0.00127	-0.01208
G O	Max	1.93079	1.46115	9.67578	3.03062
	Min	-0.99479	-0.95456	-6.91221	-1.81121
	average	0.29559	0.27751	0.26182	0.27196
Tangibility	Max	0.85123	0.82176	0.83606	0.91836
	Min	0.00038	0.00040	0.00029	0.00015
	average	15.6739	15.9167	16.0811	16.3084
Size	Max	18.5416	18.8493	19.0210	19.1814
	Min	11.7997	12.0423	12.0656	13.9884
	average	0.20315	0.22818	0.21573	0.23469
STD/TA	Max	1.27171	0.83621	0.62878	1.12480
	Min	0.00133	0.01107	0.00001	0.00000
	average	0.08829	0.06863	0.05425	0.04455
Business Risk	Max	0.55500	0.46802	0.32810	0.25172
	Min	0.00950	0.00489	0.00813	0.00135

Source: Processed Data

From Table 1 it debt a company registered in the compass 100 has increased. This increase occurred in 2012 and 2013. Only in 2011 has decreased. Despite the decline that occurred not too large. If explored further, the company experienced a decline in 2011 there were 39 companies, while the increased debt there are 38 companies.

The development of company profitability had increased in 2011. This corresponds to an increase Indonesia's economic growth reached 6.5% compared to the year 2010 only 6.1%. in 2012 and 2013. Indonesia's economic growth slowed to respectively 6% and 5.6%. The decline in economic growth in Indonesia this impact on the profitability of the company. The decline in profitability was also followed by a decrease in company's growth opportunity. In 2011 there has been a decline in growth opportunity, as an image of a decline in future prospects.

The development of tangibility on average decreased in 2011 and 2012. This decrease is mainly due to the company not add fixed assets of the company. Delays fixed asset additions is associated with a decrease in profitability and company growth opportunity. Actually, in 2011 and 2012 there are still some companies that remain consistently perform fixed asset additions, however the number of companies that do invest more delays. Fixed asset investment in 2013 there was an increase. This is because companies investing more fixed assets than are delaying investment. Ie 42 companies increased their investment while decreasing only 35 companies.

The development of company size on average has increased every year. While there are several companies that declined are 9 companies in 2011, four companies in 2012 and 7 companies in 2013, but in general still increased significantly.

Short Term Debt to Total Assets of companies in general have increased. Only in 2012 was a decline. The decline occurred in 43 companies, while 34 other companies are still increasing. But in 2011 and 2013 Short Term Debt to Total Assets of companies have increased.

Business risk the company on average has decreased during the year of observation. This means that fluctuations in the company's revenue more stable compared to 2010, which is close to the global crisis in 2008. Although the general business risk has decreased, but there are also some companies that have increased. In 2011 there are 9 companies, in 2012 and 2013 respectively 4 and 7 companies. But in general the company decreased the risk.

4.2. Regression Test Results

Before the test the hypothesis, first tested the assumption. Heteroscedastisity test is done by using the graph. From the graph all the dots spread randomly and does

not form a specific pattern and spread both above and below the number 0 on the Y axis, so that it can be concluded not happen heteroscedastisity.

Table 2
Regression Analysis

Variabel	Beta Coefficient	t Value	Sig.	Hipotesis	VIF
Profitability	-0.303	-7.134	0.000	-	1.106
Growth Opportunity	-0.093	-2.290	0.023	-	1.013
Tangible	0.006	0.149	0.882	+	1.072
Size	0.117	2.783	0.006	+	1.093
STD/TA	0.663	15.892	0.000	+	1.072
Business Risk	0.081	1.868	0.063	-	1.169
Durbin Watson	2.035				
F-statistic	52.349				
Sig.F-statistic	0.000				
Adj. R²	0.501				
Sig.(Kolmogorov S.)	0.395				
Dependen Variable	DAR				

Source: Processed Data

Multicollinearity test tested using coefficient variance inflation factor (VIF). Coefficient VIF for all the independent variables under 10.That is to say the free model multicolinieriy.While testing the model used Kolmogorov Smirnov normality.From the test results shown results of significance for 0395. This is reinforced by the results of tests using a chart where the points are located exactly on the diagonal line. That is the model used normal distribution. Last Test is autocorrelation test, tested by durbinwatson test. Test results 2035 scores. the results show durbinwatson test result greater than durbinwatson upper (1831) and under 4-DU (4-1831). This means that the results showed no autocorrelation problem.

The coefficient of determination indicates a coefficient of 0501. This means that changes that occur in the capital structure of companies in the index compass 100 can be explained by the variable profitability, growth opportunity, tangibility, size, STD / TA and business risk by 0501, or 50.1%, while the remaining 0499 or 49.9% must be explained by other variables in addition to the variable profitability, growth opportunity, tangibility, size, STD / TA and business risk.

By looking at the F-test statistical significance of results obtained with the 52 349 of 0000. With significant of 0000 which is smaller than alpha 0:05 so that it can be concluded that the variable profitability, growth opportunity, tangibility, size, STD / TA and business risk together significantly influence the capital structure variables.

If seen from the results of hypothesis testing, only the variable profitability, growth opportunity, size and STD / TA who has any significant effect on the capital structure. Meanwhile, other variables such as tangibility and business risk are not shown significant results in accordance with the hypothesis.

While tangibility that has a positive influence direction consistent with the hypothesis yet produced greater significance than the alpha is 0:05. So the conclusion remained insignificant. While business risk in addition to not have the same results with the hypothesis, the significance value is also greater than 0.05, so the results are not significant.

5. DISCUSSION

5.1. Profitability

Profitability is one of the variables that have a result consistent with the hypothesis. These results are consistent with the pecking order theory. Another study that same result with this study is (Antoniou et al., 2002; Bauer, 2004; Bevan &Danbolt, 2000; Cekrezi, 2013; Hossain and Ali, 2012; Huang and Song, 2006; Khrawish & Khraiwesh, 2010; Mwangi et al., 2014; Myers, 1984; Rajan and Zingales, 1995; Sayýlgan et al., 2006; Velnampy & Niresh, 2012). If seen from the trend in corporate profits to rise in 2011, is due to an increase Indonesia's economic growth of 6.5%. In the event of such increase, the need for more funds to be met by internal funds, so that the structure of the capital in 2011 decreased. But in 2012 and 2013 the Indonesian economy slows down. Economic growth only reached 6.0% and 5.6%. As a result, profitability of companies has decreased. The decline in corporate profits, forcing companies to use debt as a source of funds, due to the need to insufficient funds financed by internal funding sources. All these phenomena according to the pecking order theory.

5.2. Growth Opportunity

Directions influence growth opportunity on the capital structure is negative. These results are consistent with the hypothesis that negatively affect growth opportunity. These results are consistent with the results of research conducted by (Akhtar & Oliver, 2009; Bauer, 2004; Buferna& Hodgkinson, 2005; Furi&Saifuddin, 2012; Kesuma, 2009). If seen from Table 1, shown good growth opportunity decreased in 2011, 2012 and 2013. This reduction means that the future prospects are not too good, financing needs more filled with sources of debt funding.

5.3. Tangibility

Tangibility not have a significant effect on the capital structure. This does not fit with the research done by (Akhtar & Oliver, 2009; Antoniou et al., 2002; Bevan &

Danbolt, 2002; Buferna& Hodgkinson, 2005; Cekrezi, 2013; Friend & Lang, 1988; Khrawish&Khraiwesh, 2010; Milton &Raviv, 1991; Rajan and Zingales, 1995; Scott, 1977; Shah and Khan, 2007). This result means that the company's capital structure policy in Indonesia is not a lot considering the tangibility. In other words, the guarantee of fixed assets is not an important factor in debt.

5.4. Size

Size is the variable that has a significant positive effect on the capital structure. These results are consistent with research conducted by (Antoniou et al., 2002; Bauer, 2004; Cekrezi, 2013; Furi&Saifuddin, 2012; Huang and Song, 2006; Karadeniz et al., 2011; Khrawish&Khraiwesh, 2010; Maxwell &Kehinde, 2012; Rajan and Zingales, 1995; Titman &Wessels, 1988). These results indicate that the larger the size the company will more easily get loans. If seen from Table 1 illustrated that the increase in total assets each year is always used to increase the capital structure. Only in the year 2011 decreased capital structure caused by the decline in profit improvement.

5.5. Short Term Debt to Total Assets

Results hypothesis STD / TA is significant. In addition to the effect that the direction consistent with the hypothesis, level of significance also under 0:05. These results are consistent with research conducted by (Bevan &Danbolt, 2000; Scott, 1977). This positive effect means an increased STD / TA large companies utilized by the company to gain greater debt.

5.6. Business Risk

Hypothesis business risk is not significant. The results of hypothesis shows the positive influence of business risk to capital structure. This result does not correspond with the results of research conducted by (Akhtar & Oliver, 2009; Milton & Raviv, 1991). This means that in considering the debt policy, companies in Indonesia not considering business risk.

6. CONCLUSIONS AND RECOMMENDATIONS

The results of this study showed a significant negative effect on the profitability and growth opportunity variables as well as the significant positive effect of variable size and STD / TA on the capital structure. while variable tangibility and business risk are not shown significant results.

By looking at the results of the positive influence profitability, illustrated that the results are consistent with the pecking order theory. Companies in Indonesia

was still conservative in debt. This corresponds with the results of the study (Chandra, 2009) who did research on companies in Indonesia in 2000-2004. At that time the new company in Indonesia through a period of very severe crisis in 1998. The crisis taught companies in Indonesia in order to be conservative in debt. The same thing happened at this time. The global crisis that hit Indonesia also recalls the Indonesian companies to be cautious in debt. Improved economic growth in Indonesia in 2011 to 6.5% from 6.1% in 2010 to make the majority of companies in Indonesia get a good profit. But the magnitude of such gains do not become an excuse for the company's massive debt. It is precisely in that year corporate debt tends to fall. This means that the company prefers to use internal sources of funds to finance its operations out of the debt.

Indonesia's economic growth declined in 2012 and 2013 has been reflected in a decrease in growth opportunity companies that tend to decrease from 2011 to 2013. The decline in economic growth to 6.0% in 2012 and 5.6% in the year 2013 has been reflected in a decrease in profitability and growth opportunity company. This decline is forcing the company to begin to increase debt. the increase in debt in 2012 and 2013, mainly due to the financing needs of companies had not sufficiently financed by internal funding sources only. This phenomenon is more reinforce the notion that the pecking order theory utilized by the company in Indonesia.

By relying on large-sized enterprise and strengthened by an increase in short-term debt, the company could easily acquire debt. The company believes, by utilizing the company size is relatively larger and the ability to obtain short-term debt, in the form of debt funding requirements can be obtained easily and inexpensively. Companies in Indonesia are not worried about the negative signal danya due debt. It broke the asymmetric information theory. Unfortunately however, the fulfillment of the debt is less expensive tangibility which is a form of collateral in debt. Besides, the company also did not consider the business risk in getting loans. As a result, the debt used by the company to increase the risk, especially the risk of bankruptcy. This is not in accordance with the tradeoff theory.

For enterprise management, the pecking order theory adopted is correct. However, it should be considering business risk and tangibility in considering the company's capital structure policy. This will reduce the risk of bankruptcy of the company in accordance with the trade off theory.

In this study, researched companies listed on the index 100. Within the compass of this index are companies from all sectors except banking and financial services. Given the differences in characteristics between the companies of the sector, should be done to research the consistency of the results returned for each sector.

Most companies in Indonesia adheres to the pecking order theory. This means that they are more conservative in debt. This gives a clearer picture to investors and potential investors that the company in Indonesia is quite safe. However, it should be observed, these results reflect the company in general, so it needs to be studied more in depth the characteristics of each company. While the general technique is relatively safe, but there are also some companies that are considered less secure in debt.

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