ABSTRACT

Background: *Capital structure is one of the fundamental factors for the company's operations, where many factors affect the capital structure so that management decisions to determine the source of funds used are very important because the impact will directly affect the company's performance and operations.* ***Research Question****: How much influence do financial ratios (profitability, liquidity, activity), growth opportunity, business risk and taxes have on funding decision makers (capital structure) in Indonesia?* ***Motivation:*** *There are still many companies that make the wrong decisions in funding or capital structure.* ***Idea:*** *This research tries to analyze whether micro-company factors and external factors such as taxes can affect a company's capital structure, especially for the Indonesian capital market.* ***Data:*** *62 manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2015-2019.* ***Method/Tools:*** *This study used panel data regression to examine the alternative hypothesis.* ***Findings:*** *The results show that profitability and liquidity have a negative and significant impact on capital structure. However growth opportunity have a positive and significant impact on capital structure.The result also show that non-debt tax shield, activity,and business risk haven't significant. In general, the results of this research support the proposition advocated by the pecking order theories.* ***Contributions:*** *The results of this study provide an important contribution to making funding decisions for management, especially manufacturing companies listed on the IDX.*
Keywords: *Capital Structure, Financial Ratios, Growth Opportunity, Non-Debt Tax Shield, Business Risk.*