

ABSTRACT

This research objective was to investigate the influence of factors firm-characteristic profitability and firm size to speed of adjustment capita structure, leverage and the firm value at group property and real estate company during 2004-2013. This research based on the theoretical gap capital structure (trade-off theory, pecking order theory and market timing) and the research gap found in previous studies.

The sample of this research was selected based on purposive sampling with criteria that have been set. The data was based on publicity Indonesian Capital Market Directory (ICMD) from 2003-2013. Sample was acquired 20 of 51 company. The analysis technique used is a 3-stage least square and hypotheses was test using t-statistic and f-statistic at level of significance of 5%.

Empirical evidence showed that companies do the adjustments of target capital structure. Profitability partially have a significant effect on the firm value, either directly or through an intervening variable speed of adjustment and leverage. Firm size variables significantly influence the firm value, but through an intervening variable speed of adjustment and leverage is no significant. Prediction capability of both profitability and firm size variable to speed of adjustment are 46.68% and 53.32% influenced by other factors. Suggested to do future research to expand other factors, such as macro economic factors.

Keywords: Profitability, Firm Size, Leverage and Firm Value.