

ABSTRACT

This study aims to analyze and provide empirical evidence of the influence of capital structure towards profitability. The analysis used independent variable of capital structure. The independent variable proxied with Debt to Equity Ratio (DER), Debt to Asset Ratio (DAR), and Current Assets (CR). The dependent variable is profitability. Return on Equity (ROE) is used to measured profitability.

The sample used in this research was the secondary data from annual report of Manufacturing companies which listed on Bursa Efek Indonesia in 2010-2012. The sample was taken using the method of purposive sampling, and those meeting the selection criteria were also taken. The sample used was of 267 companies. The statistic method used was multiplied analysis linear regression with hypothesis testing of statistic t and F test.

The results of research show that variables Debt to Equity Ratio (DER), and Debt to Assets Ratio (DAR) have a negative relationship to profitability. While the Current Assets (CR) variables have a positive relationship to profitability of manufacturing companies listed on Bursa Efek Indonesia over period 2010-2012.

Keywords: capital structure, Return On Equity (ROE), sales growth, firm size, business risk.