

*DETERMINATION OF DEVELOPMENT POLICY BEHAVIOR IN CAPITAL
STRUCTUR OF MANUFACTURING INDUSTRIES IN INDONESIAN STOCK
EXCHAGE: HIPOTESIS STATIC TRADE OFF AND PECKING ORDER
THEORY*

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ABSTRACT

This paper investigated the effect of the change in certain factors (assets tangibility, growth, profitability, volatility, and flexibility) that are identified by capital structure theories on the firm's leverage (short term debt and long term debt). The approach used in this paper is Structural Equation Modelling (SEM) with path diagram. The empirical results show that assets tangibility and size support STO but growth, profitability, earning volatility and fleksibility support POT. However it can be concluded that the financing behaviour of manufacturing industries in BEI can be explained by POT hypothesis.

Keyword: Leverage, Static Trade Off Theory (STO) and Pecking Order Theory (POT)