

**STUDY OF THE EFFECT OF RETURN ON ASSET, TANGIBILITY AND
BUSINESS RISK ON CAPITAL STRUCTURE**

THESIS



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I hereby declare that the material contained in my thesis entitled: "Study of The Effect of Return on Asset, Tangibility and Business Risk on Capital Structure" is original work performed by me. The work contained in this thesis has not been previously submitted for a degree or any other higher education institution. To the best of my knowledge, the thesis contains no material previously published or written by another person except due references are made based on applicable provision. By this statement, I made with real and I am willing to accept any action taken if later proved my promises is not really true.

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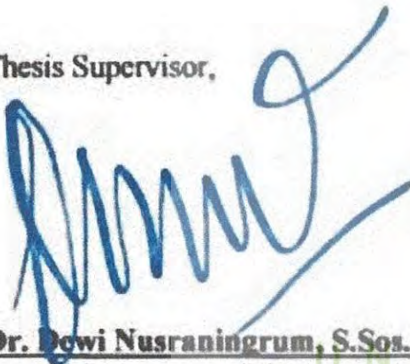
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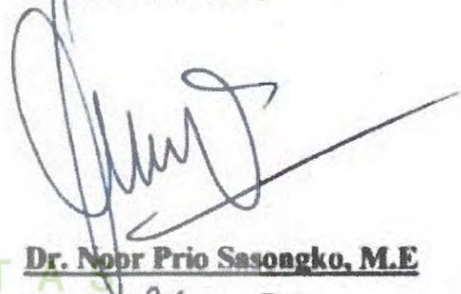
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ABSTRACT

This study aims to analyze the effect of return on asset, tangibility and business risk on capital structure in Indonesian food and beverage companies in 2014 - 2019. Population in this study is 15 Indonesian food and beverage companies. The sample for this study is 10 Indonesian food and beverage companies. The sampling method for this study is purposive sampling. This study is using Panel Data Regression as the method for data analysis. This study proves that return on asset has negative and not significant effect to capital structure, tangibility has negative and significant effect to capital structure and business risk has negative and significant effect to capital structure.

Keywords: Return on Asset, Tangibility, Business Risk, Capital Structure.



ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh return on asset, tangibilitas, dan risiko bisnis terhadap struktur modal pada perusahaan makanan dan minuman di Indonesia dalam periode 2014 – 2019. Populasi dalam penelitian ini adalah 15 perusahaan makanan dan minuman di Indonesia. Sampel yang digunakan pada penelitian ini berjumlah 10 perusahaan makanan dan minuman di Indonesia. Metode penentuan sampel pada penelitian ini menggunakan *purposive sampling*. Penelitian ini menggunakan Regresi Data Panel sebagai alat untuk menganalisis data. Penelitian ini membuktikan bahwa return on asset memiliki pengaruh negatif dan tidak signifikan terhadap struktur modal, tangibilitas memiliki pengaruh negatif dan signifikan terhadap struktur modal, dan risiko bisnis memiliki pengaruh negatif dan signifikan terhadap struktur modal.

Kata Kunci: Return on Asset, Tangibilitas, Risiko Bisnis, Struktur Modal.



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PREFACE

Raise the presence of Allah SWT who has bestowed all of His mercy, grace and guidance, that enable the author to complete this thesis with the title of “Study of The Effect of Return on Asset, Tangibility and Business Risk on Capital Structure.” This thesis is a requirement to obtain a bachelor’s degree in Management Undergraduate Program Faculty of Economics and Business, International Class Program, Universitas Mercu Buana.

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The author realizes that there are still many shortcomings and limitations in this thesis, therefore the author highly expect suggestions and constructive criticism for future improvement. Hopefully, this thesis can be useful and can contribute knowledge for the readers



Jakarta, September 26th 2020

Author,

Desi Triherawati

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