ABSTRACT

One of the decisions faced by financial managers are making funding decisions and capital structure. Capital structure decisions are financial decisions related to a combination of debt and equity. There are many factors that affect the capital structure of which is profitability and sales growth. Research purposes to determine the effect of profitability and sales growth of capital structure simultaneously and partial.

The method used in this research is descriptive method with quantitative approach and verifikatif. The population in this study is the 2005-2010 financial year from all food and beverage sector companies listed on the Indonesia Stock Exchange as many as 14 companies. The sample in this study six companies from the food and beverage sector. Statistical test used is the calculation of correlation, multiple regression analysis, coefficient of determination, hypothesis testing, and also using the program SPSS 17.0 for windows application as a tool of analysis.

The results showed profitability, sales growth and capital structure fluctuated each year. Further statistical analysis proved that simultaneous profitability and sales growth have a positive and significant impact on capital structure, while the partial indicates that profitability significantly influence capital structure while the sales growth affect the capital structure.

Keywords: Profitability, Sales Growth and Capital Structure