



## ABSTRACT

AANG MUNAWAR. *Capital Structure of Plantations Firm in Indonesia, policy, determinants, and impact to firm performance. Under supervision of BUNASOR SANIM, ADLER HAYMANS MANURUNG, and NOER AZAM ACHSANI.*

*The purpose of this study was to examine and understanding capital structure policy, determinants affect to capital structure and financial performance of plantations firm in Indonesia. Panel data methodology is used to test the empirical hypotheses over a sample of 22 Indonesia plantation firms during seven years period 2002 – 2008. Plantation firm was classified on status (listed and unlisted) and product (palm oil and non palm oil). The result of this research shows there is a significant cash deficit and product variables positively influence to increase long term debt. This evidence shows that pecking order theory used on financial policy and palm oil firms have cash deficit and long term debt more than non palm oil firms. In accordance to T test, there is a significant difference cash deficit and long term debt on firm status but long term debt only a significant difference on product firm. In accordance with the capital structure theory the importance of firm level determinants of capital structure, tangibility, growth, profitability, and status are confirmed with difference sign. There is a significant difference short term and long term debt on firm status but indifference on product firm. Determinants of financial performance (NPM proxy) are total debt, short term debt, size, growth, profitability, risk, and status with difference sign. Furthermore determinants of financial performance (ROA proxy) are all level of debt, size, profitability, risk, and product with difference sign. There is a significant difference ROA on firm status but indifference on product firm. Policy implication needed is that ministry of state owned company should coordinate with ministry of finance to facilitate action in more proactive bond issued or to cooperate synergically with financial institutions for increasing capacity of state owned company.*

**Keywords :** *capital structures, plantation firms, panel data, financial performance.*

