SUMMARY

MAYANG BOGAWA. Business Risk, Growth and Liquidity through Capital Structure of Agricultural Company in Indonesia Stock Exchange (IDX) 2010-2014. Supervised by NOER AZAM ACHSANI and HENDRO SASONGKO.

Capital structure is an arrangement structure of capital sources which is from equity and debts. Each company has different capital structure, although it is from the same industry (Brigham dan Houston 2014). Business risk is one factor which influences capital structure. Besides business risk, the company ability to add capital in the unbenefficial condition also will affect the company decision of structure capital. Each company should deal with operational difficulty so that the investors will put their money. Therefore, the company growth and the opportunity of fund provided in the future and the consequence as the result of less funds will affect to the capital structure target. This research will focus on the affect of business risk, growth and liquidity through structure of capital structure in agricultural sector.

Capital company structure in this research will use debt to assets ratio (DAR) and debt to equity ratio (DER). This research was done with secondary data from the financial report that has been audited from the agricultural company in Indonesian Stock Exchange from 2010 until 2014. The research used descriptive statistic and econometrics. The company samples of this research were 22 companies and created 110 observation points. The data processed through analysis of regression statically panel data. Regression model used random effect model (REM). Independent variables were business risk, company growth, and liquidity.

Descriptive analysis showed that the highest debt ratio was in crops sub sector. The highest business risk was fishery sub sector and the lowest was pulp and paper sub sector. The highest growth was in forestry sub sector and the lowest was in the wood management sub sector. The highest liquidity was in forestry sub sector and the lowest was in the wood management sub sector. The regression analysis of panel data showed that business risk and growth in agricultural sector has the significant effect through capital structure. Moreover, the test result of liquidity effect through capital structure showed in agricultural sector has negative significant effect through capital structure.

Keywords: agriculture, liquidity, REM, business risk, capital structure