

SUMMARY

RISTY KARTIKA FEBRIANTY. Analysis Capital Structure of Telecommunication Companies Listed Indonesian Stock Exchange (IDX). Supervised by TANTI NOVIANTI and ARIEF TRI HARDIYANTO

Technology changes occurred in the telecommunications industry which caused a shift in the trend of using cellular services from voice and SMS to data services. The increasing growth of data services requires a frequency band that is wider. Thus, telecommunications operators need to invest in order to exist in business. These investments include the development of service infrastructure in order to improve quality, acquire customers or expand business. For investment and operational purposes, company funds come from two sources of funds, internal funding and external funding. With these two sources, the company needs to determine its capital structure. In financial management the proportion between the amount of funds from within and outside the company is known as the capital structure. Capital structure also known as the ratio of debt to equity.

This study aims to (1) analyze the differences in capital structure between companies individually or based on ownership structure, (2) analyze company characteristics of capital structure both in aggregate and based on ownership structure, (3) to analyze the speed of adjustments made by companies in adjusting capital structure target. The study was conducted on telecommunications companies in Indonesia which were listed on the Indonesia Stock Exchange (IDX) during the period 2011-2017.

To achieve these objectives, parametric and non-parametric tests are used. Non parametric test used to test the difference or diversity of capital structures between companies in the telecommunications industry. While the parametric test is used to test the relationship between the characteristics of the company and the capital structure and the company's speed of the adjustment to meet the target capital structure. Parametric tests use a partial adjustment model.

The results show that capital structure varies across companies. Results of dynamic panel data analysis show that variables that have a significant effect on telecommunications companies vary between companies. But in general, profitability, age, size, risk and growth affect the capital structure. Research found that, three of the four companies adjust their capital structure toward target capital structure. The companies are ISAT, EXCL and FREN. While research found that TLKM does not adjust their target capital structure. Thus it can be concluded that ISAT, EXCL and FREN adhere to the TOT principle, while TLKM tends to use the POT principle. The rate of speed of target capital structure adjustments also varies between companies

Keywords: capital structure, ownership, partial adjustment model, telecommunications