

THE EFFECT OF FIRM SIZE, PROFITABILITY, TANGIBILITY, NON-DEBT TAX SHIELD AND GROWTH TO CAPITAL STRUCTURE ON BANKING FIRMS LISTED IN INDONESIA STOCK EXCHANGE FROM 2007 - 2012

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ABSTRACT

The capital structure is a balance between their own capital from internal company with capital from outside the company. Given the many factors that affect the capital structure, this study analyzes the influence factors of firm size, profitability, tangibility, non debt tax shield and sales growth of the capital structure of companies listed on the Stock Exchange. The study tried to see the differences of the results from the previous research with the research. The purpose of this study is to examine and determine the effect of firm size, profitability, tangibility, non debt tax shield and sales growth of the capital structure on Banking Firms listed in Indonesian Stock Exchange period 2007-2012. The sampling method used in this study is purposive sampling method i.e. method of sampling based on certain criteria. Banking companies used in this study are all banking companies listings in 2007-2012, due to the limited number of listed companies, the census conducted by using all listed companies as much as 21 banks. were analyzed using descriptive statistic and panel data regression with fixed effect model to test the hypotheses. The result of this research reveal that firm size, profitability, non debt tax shield and growth has any effect to the capital structure, while tangibility were found has no effect to the capital structure. Overall, the independent variables have any effect to capital structure simultaneously. The magnitude of the coefficient of determination (Adjusted R Square) is equal to 0.874. This means that 87.4% of capital structure of the dependent variable can be explained by the five independent variables, namely firm size, profitability, tangibility, non debt tax-shield and sales growth. While the remaining 12.6% of capital structure is explained by variables or other causes outside the model.

Keywords : Firm Size, Profitability, Tangibility, Non-Debt Tax-Shield, Growth, Capital Structure.

JLE Clasification : G32

1. Introduction

Banking plays such a major role in channeling funds to borrower with productive investment opportunity, this financial activity is important in ensuring that the financial system and the economy run smoothly and efficiently (Miskhin & Eakins 2006). Allocation of loans in gross need a large amount of financing, otherwise will disrupt the liquidity of banks it selves. Every single plan of loan expansion will have any impact in the derivation of capital adequacy ratio, so it is important for the bank to make certain about capital structure policy encouraging operational activity, in notably loans channelization.

Capital is the financial foundation of banking industry which supports its operational by providing a buffer to absorb unexpected losses from its activities. Capital structure is the firm's mixture of debt (long term debt or short term one) and equity (retained earnings and equity capital). Although actual level of debt and equity may vary somewhat over time, most firms try to keep their financing mix close to a target capital structure. The decision about capital structure is the main point in banking industry because it relates with the interests of many parties such as shareholders, creditors, and the management of the company.

The Capital structure decision include a firms choice of a target capital structure, the average maturity in of its debt and the specific sources of financing it chooses at any particular time. The crisis occurred in 2008 was the impact of the condition of the banking sector in the various countries that deplete the quality of capital. But the banks in Indonesia have shown very rapid progress in terms of asset growth, the type of products offered as well as the use of information technology. Only banks with good capital structure will be able to survive.

The matter should be concerned is banks may be special along a number of dimensions because its nature of business, such as financial depository which able to reduce the information cost to raise fund, the function of equity, the regulatory authorities intervention and so on. Bank are firms, so to understand bank capital a sensible starting point is to take stock our current knowledge about capital structure decisions by firms in general. (Berlin, Michel, 2011).

The study aims to implement an empirical model with the data obtained from banking companies listed in Indonesia Stock Exchange for period of 2007-2012. Previous empirical study is conducted by Khizer Ali et al. (2011) on the banking industry. It shows that the determinant factor of the capital structure is the Size, profitability, tangibility, non-debt tax shield and growth.

2. Literature Review and Hypotheses

An assessment of the capital structure includes an evaluation of the adequacy of capital and capital management. In calculating the capital banks are obliged to refer to the provisions of Bank Indonesia that regulated the minimum capital requirement for banks.

Modigliani and Miller's Theory

Modern capital structure theory begin in 1958, when the professors Franco Modigliani and Merton Miller (MM) published what has been call the most influential finance article ever written. MM's study was based on some strong assumption, including the following that is no taxes, no brokerage fees, no fees for bankruptcy, investor can borrow at the same rate as the company, all investor have the same information with the management about the investment opportunities of the company in the future, earnings before interest and tax (EBIT) is not affected by the use of debt.

In 1963, Modigliani Miller revise their initial stance that companies with higher profits must use more debt.

Static Trade of Theory

Trade of theory states the company's value will increase with increasing value of the debt but the value will begin to decline at a certain point where the debt level is optimal. At this approach, the company cannot use debt too much, since it will cause greater interest rate. The greater the interest rate to paid, the greater the possibility of being unable to pay interest, and thus the greater the probability of bankruptcy.

Pecking order Theory

Pecking order theory by Myers (1984) and Myers & Majluf(1984) state that the company exchanges tax benefit of debt financing with the problem posed by the bankruptcy potential. Interest paid as a tax deduction makes the debt burden becomes cheaper compared to stocks. Debt ratio change when there is an imbalance of interest cash flow, net dividends and real investment opportunities. Highly profitable firms with limited investment opportunities work down to low debt ratio. Firms whose investment opportunities outrun internally generated funds are driven to borrow more and more.

Agency Cost Theory

Jensen and Meckling (1976) use agency cost to argue that the probability distribution of cash flows provided by the firm is not independent of its ownership structure and that this fact may be used to explain optimal leverage. Increasing external funding in the form of debt the agency cost can be reduced.

Capital structure

Capital structure is the specific mixture of long term debt and equity the firm uses to finance its operation. Two concern of this area of financial manager, first, how much should the firm borrow and second what are the least expensive sources of funds for the firm (Ross, et al, 2008).

Firm Size

According to trade of theory predict an inverse relationship between size and the profitability of bankruptcy, and hence a positive relationship between size and leverage. On the other hand, size can be regarded as the proxy for information asymmetry between firm insiders and capital markets. According the pecking order theory predict as negative relationship between leverage and size, with larger firms exhibiting increasing preference for equity relative to debt. (Baker & Martin,2011)

H1: There is a significant influenced of firm size toward capital structure

Profitability

Profitability is the relationship between revenues and cost generated by using the firms assets both current and fixed in productive activities. A company can increase their profitability by reduces their cost or increase their revenue by sales. (Gitman & Zutter,2012).

Profitability is performance of the firm in generating profit by using firm assets both current and fixed in productive activities that showed by return on assets that allows them to finance from this internal generated fund/

H2: There is a significant influenced of profitability toward capital structure

Tangibility

Tangibility of assets interpreted as a measure for the level of collateral a firm can offer to its creditor. A high ratio of fixed to total asset provided creditor with a high level of security since they can liquidate assets in case bankruptcy. (Baker & Martin, 2011)/

Tangibility is the physical assets that have relatively long period of use in the operation of the business such as land, buildings, machinery, and construction in progress that can offered as collateral to creditors in case of bankruptcy , high level of fixed to total assets provide creditors with level of security.

H3: There is a significant influenced of tangibility toward capital structure

Non-Debt Tax Shield

Firm will exploit the tax deductibility of interest payment to reduce their tax payment and hence the trade-off theory predicts that firms tend to issue more debt when corporate tax rates are higher. However firms with other tax shields such as operating loss carry forward depreciation expenses and investment tax credit, have less need to exploit the debt tax shield. Accordingly in the

framework of trade-off theory one would expect a negative relationship between leverage and non-debt tax shield. The impact of tax on leverage can be measured using different variables. (Baker & Martin, 2011).

H4: There is a significant influence of non-debt tax shield toward capital structure

Growth

The growth rate is measured in terms of the growth in total assets or the growth in sales and determined by the percentage change between two periods. (Lee et al., 2009). Growth rate is the increase in a company's value of sales, total assets, or market capitalization. (Higgins, 2011).

H5: There is a significant influence of growth toward capital structure

Firm size and Capital structure

Ali et al. (2011) research results indicate that firm size has a significant impact on capital structure. Caglayan et al. (2010) show that the size of the company is a significant determinant of capital structure. Gill et al. (2009) show that the size of the company is not a significant determinant of capital structure.

Profitability and Capital Structure

Ali et al. (2011) and Gill et al. (2009) show that profitability has a significant impact on capital structure. Liu et al. (2009) research results indicated that profitability has no significant impact on capital structure.

Tangibility and Capital Structure

Ali et al. (2011) show that tangibility has no significant impact on capital structure, meanwhile Caglayan & Sak (2010), Liu et al. (2009), and Gill et al. (2009) research results show that tangibility has a significant impact on capital structure.

Non-debt tax shield and Capital structure

According to Ali et al. (2011), Non-debt tax shield has a significant impact on capital structure and Gill et al. (2009) research results show that Non-debt tax shield impacts on Capital Structure.

Growth and Capital structure

Caglayan & Sak (2010) show that Growth has a significant impact on capital structure, meanwhile according to Gill et al. (2009) and Liu et al. (2009), Growth has no significant impact on Capital structure.

III. Research Design

This research uses secondary data in the period of 2007-2012 that is available in annual reports and financial statements of the companies. The research analyzes the factors of capital structure with multiple regression models, using software Eviews 7.

Population and Sample

The population of this research is 26 banking sector companies listed in Indonesia stock exchange in the year of period 2007-2012. Purposive sampling is taken as the sampling technique to determine the sample. Based on the sample criteria, there are 21 companies taken as sample, that are listed in the banking sector since 2007-2012.

Research variables

Capital Structure

Capital structure is the mix of equity and debt that is able to affect the value of the firm by affecting risk and return from fixed rate securities and can be proxied by debt ratio. It can be calculated as follows: (Weygant et al., 2010)

$$\text{Leverage Ratio} = \frac{\text{Total Debt}}{\text{Total Asset}}$$

Firm Size

Firm size refers to how small or large a firm is measured by its market value, sales, assets, profit, or market capitalization that give information about its risk, opportunity to obtain external financing, and information asymmetry level that affects the firm's preference of financing sources. Firm size is usually measured as the logarithm of total assets or sales. (Baker & Martin, 2011)

$$\text{Firm Size} = \ln \text{Total Assets}$$

Profitability

Profitability is the performance of the firm in generating profit by using firm assets both current and fixed in productive activities that is shown by return on assets that allows them to finance from this internally generated fund. A basic measure of bank profitability is the return on assets, the net profit after taxes per dollar of assets (Miskhin & Eakins, 2006)

$$\text{Return on Asset (ROA)} = \frac{\text{Net Income}}{\text{Total Assets}}$$

Tangibility

Tangibility is the physical assets that have a relatively long period of use in the operation of the business such as land, buildings, machinery, and construction in progress that can be offered as collateral to creditors in case of bankruptcy. The scale used is

ratio scale. A high ratio of fixed to total assets provided creditor with a high level of security since they can liquidate assets in case bankruptcy. (Baker & Martin, 2011).

$$\text{Tangibility} = \frac{\text{Fixed Assets}}{\text{Total Assets}}$$

Non-debt Tax shield

Non-debt tax shield is fixed tax deductible expenses such as depreciation, depletion, amortization, research and development expense, investment tax credit and others that act as tax shield in similar benefit with interest expense from debt financing that lower the probability of firm to use more debt. Ali et al (2011) computed it by dividing depreciation expenses with total assets.

$$\text{Non-debt tax shield} = \frac{\text{Depreciation}}{\text{Total Assets}}$$

Growth

The growth rate is measured in terms of the growth in total assets or the growth in sales, and determined by the percentage change between two period. (Lee et al, 2009).

$$\text{Growth} = \frac{\text{TAt} - \text{TAt-1}}{\text{TAt-1}}$$

Data Collection Techniques

Data collected in this study is a secondary data, which sourced from financial statement of company that is used as sample. According to Sekaran and Bougie (2013, 116), "Secondary data refer to information gathered by someone other than the researcher conducting the current study." The data is obtained from the publication of the financial statement of consumer goods companies listed in Indonesia Stock Exchange.

Data Analysis Method

Descriptive Statistic

Descriptive statistic is used in this study. According to Anderson et al. (2014,14), "Descriptive statistics is statistical information that are summarized and presented in tabular, graphical, or numerical." In this research, descriptive statistic methods that are used such as number of samples, mean, maximum, minimum, and standard deviations.

Panel Data Analysis Technique (Panel Model Selection)

Panel data regression as data analysis method with statistical data processing program are used in this study. Gujarati and Porter (2009, 591) define that panel data or pooled data (pooling of time and cross-sectional observations) is a combination of time series and cross-section data. Panel data can enrich empirical analysis in ways that may not be possible if we use only cross-section or time series data. There are several estimation technique approach can be used to estimate of panel data regression model is as follows:

Pooled OLS Model (Common Model)

Assumes that all cross-sections have similar coefficient (doesn't distinguish intercept and regression coefficients between the various cross-sections). As a consequence, the estimated coefficients may be biased as well as inconsistent (Gujarati and Porter, 2009,594). Therefore, Pooled OLS Model (Common Model) is not used in this research.

The Fixed Effects Model (FEM)

The intercept in regression model is allowed to differ among individual or cross-sectional, unit may have some characteristic of its own. A disadvantage of FEM is that it consumes a lot of degrees of freedom (d.f.) when the number cross-sectional units, N, is very large. The FEM is appropriate in situations where the individual-specific intercept may be correlated with one or more regressors.

Random Effects Model (REM) or Error Components Model (ECM)

REM assumed that the intercept of an individual unit is a random drawing from much larger population with a constant mean value. One advantage of REM is economical in degrees of freedom, as we do not have to estimate N cross-sectional intercept, but just have to estimate the mean value of intercept. REM is appropriate when the intercept of each cross-sectional unit is uncorrelated with the regressors.

In conclusion, Pooled OLS Model is not properly enough to be used in panel data. So, Fixed Effect Model (FEM) or Random Effect Model (REM) will be selected as the most appropriate selection to determine the panel data model. The Hausman test can be used in order to decide between FEM and REM According to Gujarati (2009, 613). The hypothesis of Hausman test is as follow:

H₀: Random Effect Model

H_a: Fixed Effect Model

The Hausman test statistic is following chi-square statistic distribution with degree of freedom as much as *k*, number of independent variables according to Gujarati (2009, 605).

The decision rule is:

H₀ is rejected if the value of the Hausman statistic > critical value, then model following fixed effect model.

H₀ is not rejected if the value of the Hausman statistic < critical value, then model following random effect model.

Normality Test

According to Hair *et al* (2010, 71), Normality refers to the shape of the data distribution for an individual metric variable and its correspondence to the normal distribution, the benchmark for statistical methods. If the variation from the normal distribution is sufficiently large, all resulting statistical test are invalid, because normality is required to use the F and t statistics. Normality assumes that the disturbance term u_i entering the regression model is normally distributed. Jarque-Bera (JB) test of normality is an asymptotic (large sample) test that can be used as statistic test to knowing whether the residuals are normally distributed or not based on OLS residuals According to Gujarati (2009, 132). This test is using measurement of skewness and kurtosis, where if data normally distributed, the value of skewness coefficient is close by 0 and kurtosis value approach 3. Therefore can be expected the statistic value of Jarque-Bera to be 0.

The formulas is as follows:

$$JB = n \left[\frac{S^2}{6} + \frac{(K - 3)^2}{24} \right]$$

According to Jarque-Bera test, residual data (the JB statistic value) are normally distributed if the chi-squares distribution with (df) 2. If the value of JB less than value of chi-squares (df) 2 which is 5.991, it means that data is normally distributed. While if the value of JB greater than value of chi-squares (df) 2 which is 5.991, it means that data is not normally distributed. Normality test also can be seen from probability (p -value), as follows:

H₀: The data is normally distributed

H_a: The data is not normally distributed

The result decision will be decided by rule:

If the p -value is > 0.05 , H₀ is not rejected, then data is normally distributed

If the p -value is ≤ 0.05 , H₀ is rejected, then data is not normally distributed

Classical Assumption Test

The basic framework of regression analysis is the Classical Linear Regression Model (CLRM). The CLRM is based on a set of assumptions, such as there is no multicollinearity among the independent variables, homoscedasticity, and no autocorrelation between the disturbances. So, according to those assumptions is expected that the model used in the analysis is the correct model, which stated in the class of Best Linear Unbiased Estimators (BLUE) under the OLS as standard least-squares estimator According to Gujarati (2009, 84).

Panel Data Regression Model

Panel data regression model is used in this research because this research is combining cross sectional and time series data. Multiple regression analysis is used as hypothesis testing in this research. According to Sekaran and Bougie (2013, 396), "Multiple regression analysis is a statistical technique to predict the variance in the dependent variable by regressing the independent variables against it."

The equation of panel data regression model in this research is as follows:

$$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + e$$

4. Results & Discussion

Table1, capital structure variable has mean value of 0.887945, maximum value of 0.94399, minimum value of 0.75163, and standard deviation of 0.03922 during research period 2007-2012. Firm Size variable has mean value of 4.35280, maximum value of 5.74185, minimum value of 3.06734, and standard deviation of 0.81527 during research period 2007-2012 profitability variable has mean value of 0.01290, maximum value of 0.03255, minimum value of 0.00046, and standard deviation of 0.00708 during research period 2007-2012. Tangibility variable has mean value of 0.03038, maximum value of 0.08707, minimum value of 0.01118, and standard deviation of 0.01547 during research period 2007-2012. Non-debt tax shield variable has mean value of 0.00213, maximum value of 0.00572, minimum value of 0.00068, and standard deviation of 0.00095 during research period 2007-2012. Growth variable has mean value of 0.23693, maximum value of 1.88150, minimum value of -0.08082, and standard deviation of 0.23928 during research period 2007-2012.

Hausman Test Analysis

Hausman test analysis is being used to determine the appropriate model.

Based on table 2, Chi-square statistic value is 12.839390, and according to Chi-squares table value with alpha 0.05 and (d.f=5) is 11.070. So the null hypothesis (H₀) is rejected. This is appropriate with the result of probability value cross-section fixed 0.0000 which is smaller than alpha (0.05), then the null hypothesis (H₀) is rejected. It means the model is Fixed Effect Model.

Data Analysis and Hypothesis Testing of H₆ (F-Statistic Testing)

H₀₁₀: $b_1 = b_2 = b_3 = b_4 = b_5 = b_6 = b_7 = b_8 = b_9 = 0$

There is no significant influence of firm size, profitability, tangibility, non-debt tax shield, and growth simultaneously toward capital structure.

H_{a10}: $b_1 \neq b_2 \neq b_3 \neq b_4 \neq b_5 \neq b_6 \neq b_7 \neq b_8 \neq b_9 \neq 0$

There is a significant influence of firm size, profitability, tangibility, non-debt tax shield, and growth simultaneously toward capital structure.

The calculation of regression of firm size, profitability, tangibility, non-debt tax shield, and growth toward capital structure can be seen in the table 3 as follows:

According to table 3, the coefficient of correlation (R) is 0.951115. It means the relationship between firm size, profitability, tangibility, non-debt tax shield, and growth (simultaneously) and capital structure are very high correlation, because the coefficient of correlation is between 0.80 – 0.999.

The value of coefficient of determination (R^2) is 0.90470. It means variation of dependent variable (capital structure) can be explained by variation of independent variables (firm size, profitability, tangibility, non-debt tax shield, and growth are 0.90470 or 90.470% and the remaining (0.0953 or 9.53%) is explained by others variation variables which is not included in the regression model.

According to above table, the multiple regression equation which also including panel data regression (with fixed effect model) as follows:

$$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + e$$

$$CS = 0.84703 + 0.02086 \text{ SIZE} - 3.14799 \text{ PROF} + 0.47627 \text{ TAN} - 9.89689 \text{ NDTs} - 0.01128 \text{ GR} + e$$

The equation means that:

- $b_0 = 0.847033$ It means if the variables value of firm size, profitability, tangibility, non-debt tax shield, and growth simultaneously toward capital structure are equal to zero (0), then the value of capital structure is equal to 0.847033.
- $b_1 = 0.02086$ It means if variable value of firm size goes up by an unit, the average capital structure goes up by about 0.0208
- $b_2 = -3.1479$ It means if variable of profitability goes up by an unit, the average capital structure goes down by about 3.1479 unit, where other independent variables constantly assumed.
- $b_3 = 0.47627$ It means if variable of tangibility goes up by an unit, the average capital structure goes up by about 0.47627 unit, where other independent variables constantly assumed
- $b_4 = -9.8968$ It means if variable value of non-debt tax shield is increased 1 unit, then capital capital structure will decrease 9.8968 units, with other independent variables constant assumption.
- $b_5 = -0.00128$ It means if variable value of growth is increased 1 unit, then capital structure will decrease 0.00128 units, with other independent variables constant assumption.

According to above of table, F-statistic has value 29.99869 which greater than F-table (1.96), hence the located in the area where H_0 is rejected. This also supported by probability value result which is 0.000000 which smaller than alpha 0.05. Then, in conclusion is there is a significant influence of firm size, profitability, tangibility, non-debt tax shield, and growth simultaneously toward capital structure.

5. Conclusions

Based on result and analysis done by researcher with sample banking industry sector listed in Indonesian Stock Exchange period 2007 to 2012, then conclusion of the result of this research is as follows:

Firm Size

There is any effect of firm size to capital structure based on hypothesis testing of H1. This result is consistent with research Ali et al (2011) and Caglayan and Sak (2010) and Liu et al (2009), while this research is contradicted with research by Gill et al (2009) they found that there is no effect of firm size to capital structure.

Profitability

There is any effect of profitability to capital structure based on hypothesis testing of H2. This result is consistent with research by Ali et al (2010), and Gil et al (2009) they found that there is any effect of profitability capital structure, while this research is contradicted with Liu et al (2009).

Tangibility

There is no effect of tangibility to capital structure based on hypothesis testing of H3. This result is consistent with research by Ali et al (2010). While this results is contradicted with research by Liu et al (2009), Gill et al (2009), and Caglayan and Sak (2010), they found that there is any effect of tangibility to capital structure.

Non-Debt Tax Shield

There is any effect of non-debt tax shield to capital structure based on hypothesis testing of H4. This result is consistent with research by Ali et al (2011), while this result is contradicted with the research by Gill et al (2009), they found that there is no effect of non-debt tax shield to capital structure.

Growth

There is a significant influence of growth toward capital structure based on hypothesis testing of H5. This result is consistent with research by Caglayan and Sak (2010). While this result are contradicted with research by of Gill et al (2009) and Liu et al (2009), where there is no effect of growth to capital structure.

Simultaneously

There is a significant influence of firm size, profitability, tangibility, non-debt tax shield, and growth simultaneously toward capital structure based on hypothesis testing of H₆. This result is consistent with research by Ali et al (2010), Liu et al (2009), Gill et al (2009) and Caglayan and Sak (2010).

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Appendix

1. Table

Table 1
Sampling Procedures

Sampling Criteria	Total
Banking firms listed in Indonesian Stock Exchange 2007 – 2012.	26
Unfitted banking firms to be used as sample:	
- Incompletely published financial statement during research period	(0)
- Not publishing financial statement in unit of rupiah	(0)
- Generating negative income during research period	(5)
Banking firms fitted with sampling criteria (cross section)	21
Research period 2007-2012 (Number of years)	5 Years
Total data used as samples	105 Data

Source: Indonesia Stock Exchange 2007-2012

Table 2
Descriptive Statistics

Variable	Mean	Maximum	Minimum	Standard Deviation
Capital Structure (DR)	0.88794	0.94399		0.03922
Size	4.35280	5.74185		0.81527
Profitability (ROA)	0.01290		0.03255	0.00046
Tangibility	0.03038		0.08707	0.01118
Non-debt Tax Shield	0.00213	0.00572	0.00068	0.00095
Growth	0.23693	1.88150	-0.08082	0.23928

Source: Eviews 7 Processed

Table 3
Hausman Test Result

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	12.839390	5	0.0249

Source: Eviews 7 Processed

Table 4

Coefficient of Determination

R	0.951158
Adjusted R-Squared	0.874543

Source: Eviews 7 Processed

Table 5
F Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.847033	0.039670	21.35216	0.0000
SIZE	0.020869	0.009206	2.266899	0.0261
GROW	0.066888	0.052413	1.276183	0.2046
ROA	-3.147998	0.380785	-8.267134	0.0000
TAN	0.476278	0.246759	1.930136	0.0572
NDTS	-9.896896	3.005789	-3.292611	0.0015
GR	-0.011280	0.005234	-2.155019	0.0342

Source: Eviews 7 Processed

Table 6
Coefficient of Regression Result

F-statistic	29.99869
Prob(F-statistic)	0.000000

Source: Eviews 7