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ABSTRACT

SOFI NADIYA (0905232223), *THE INFLUENCE OF CAPITAL STRUCTURE IN RELATION WITH RETURN ON EQUITY (ROE) AT PT BANK MEGA TBK PERIOD JANUARY 2002 –MARCH 2008,*
xiii + 66 pages + 9 tables + 1 diagrams + 6 charts +2 enclosures + 18 bibliographies (1993-2007)

Profitability is the most important thing in every company. Every company try to increase their profits as maximum as possible. One factor that company used to increase its profit is to make decision about optimum capital structure. Some theory said about correlation between capital structure and profitability. The more profitable the firm, the lower is the amount of leverage expected to be used by the firm. Capital structure is a combination of equity and debt. Some research shows that company which has small ratio of debt in thei capital structure has a big probability to gain high equity return. Thus, debt to equity ratio was used as indicator of capital structure and return on equity was used as measurement for profitability.

This study was made to know influences of capital structure in relation with return on equity as a proxy of profitability. The study was conducted in PT Bank Mega Tbk, period January 2002 until March 2008, using its annual reports as a population, with monthly reports period January 2002 until March 2008 as samples.

The result of statistic test by using alfa 0.05 concludes that capital structure have a significantly small effect to return on equity at PT Bank Mega Tbk period January 2002 – March 2008. It means that capital structure in PT Bank Mega Tbk period January 2002 – March 2008 was a small factor in increasing the equity return.