ABSTRACT

This study examines the influence of the role of family involvement consisting of ownership, management, and control on capital structure. The capital structure is proxied by the Long-Term Debt to Equity Ratio (LDER), and this study used firm size, growth opportunities, firm age, and asset tangibility as control variables. The sample of this study using purposive sampling method that consists of 40 non-financial family companies listed on the Indonesia Stock Exchange for the period 2009 to 2013. The analysis technique using multiple linear regression method. The result showed that family involvement ownership has a negative significant effect, family involvement control has a significant positive effect, and family involvement management has a positive insignificant effect on capital structure. Control variables firm size and growth opportunities has a positive insignificant effect, while firm age and asset tanggibility has a positive significant effect on capital structure.

Keywords: Family firm, Family Involvement, Capital Structure