***ABSTRACT***

**Rocky Waplau / 22150455 / 2019** */ The Effect of Capital Structure, Firm Size, Activity Ratio on Profitability in Construction Service Sector Companies Listed in Indonesia Stock Exchange from 2014 to 2018* / Advisors: Mr. Bonnie Mindosa, S.E., MBA.

*The phenomenon that occurs in this study is based on real phenomena the form of infrastructure developed by construction development in Indonesia, in the past* 5 *years the construction sector experienced a growth in net income every year, this occurred as a result of the largest state budget funded by the interests Ministry of Public* *works and people's housing, so the demand for construction work has a considerable increase in importance, with the existence of a high level of construction profitability that will attract the attention of investors, so this research is conducted in order to find out what influences the level of profitability of construction sector companies, with the financial performance used in this research includes: Debt to Equity Ratio, Log. N Total Sales, & Average Collection Period.*

*This research has a grand theory which forms the basis of this research in the form of, Modigliani & Miller theory, Pecking Order theory and Capital Structure Theory as the targets in the development of the capital structure hypothesis, as well as references to previous research to formulate the research hypothesis.*

*The Data is obtained by purposive sampling technique or called judgement sampling. For the method of data analysis using descriptive statistics, classic assumption tests, regression screening tests and significant tests, the regression method in this study is panel data regression to combine the cross section and time series.*

*Based on the results of data analysis using a partial test (t-test), the variable debt to equity ratio which is a measure of capital structure does not affect the company's profitability measured using earnings per share, Firm Size has a significant effect on the positive direction of earnings per share, and average period collections have a significant negative effect on earnings per share. And for the simultaneous test (F-test) all independent variables have an influence on the dependent variable. As for the ability of the independent variable in explaining the dependent variable is around:* 20.2%.

*Based on the testing, the conclusions in this study are* 2 *of the* 3 *hypotheses that have been proven to have positive and negative significant influences on the dependent variable, while the 1st hypothesis is not proven to have a significant effect on the dependent variable, thus for subsequent research it is recommended to use other financial performance, in order to be aware of their impact on the profitability of the company.*

*Keywords: Capital Structure, Debt to Equity Ratio, Firm Size, Activity Ratio, Earning per Share.* *Classic Assumption Test & Panel Data Regression.*