



**Paper 53 – Business and Governance**

**THE IMPACT OF CAPITAL STRUCTURE ON FIRM PERFORMANCE Clara Metalia Massie**

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**ABSTRACT**

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Derived from the scholarly disagreements, this paper is mainly to investigate the influence of capital structure on corporate performance. This study employs library documents to evaluate some variables regarding firm performance; earnings per share, return on asset and return on equity; as dependent variables, and four ratios regarding capital structure; short-term debt, long-term debt, debt assets and debt to equity; as independent variables. My intention is to examine the findings from several studies, concerning the negative relation and positive relation between capital structure and firm performance.

**Keywords: Capital Structure, Theories, Company Performance, Variables, Correlations**

