

***THE EFFECT OF INTEREST RATES, CAPITAL STRUCTURE
AND ASSET STRUCTURE ON THE WEIGHTED AVERAGE
COST OF CAPITAL (WACC) IN AUTOMOTIVE AND
COMPONENT SUB-SECTOR COMPANIES
FOR THE PERIOD 2020-2023***

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ABSTRACT

This study aims to identify the effect of interest rates, capital structure, and asset structure on Weighted Average Cost of Capital (WACC) in automotive and component sub-sector companies listed on the Indonesia Stock Exchange for the period 2020-2023. The study population consisted of 14 companies, and by using purposive sampling technique, 9 companies were obtained as samples that met certain criteria. The data used is secondary data obtained from the company's annual financial statements during the study period. The analysis method used is multiple linear regression with the help of SPSS software version 30. The results showed that capital structure has a significant negative effect on WACC, and asset structure has a significant positive effect on WACC. Meanwhile, the interest rate has no significant effect on WACC. Simultaneous testing shows that interest rates, capital structure, and asset structure together have a significant effect on WACC. Thus, companies need to pay attention to the composition of debt and equity as well as the proportion of fixed assets in order to optimize the cost of capital.

Keywords : Interest Rate, Capital Structure, Asset Structure, WACC