

The Influence of Asset Structure, Firm Size, Profitability and Business Risk on Capital Structure in Companies Listed on the IDX

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Abstract

This study aims to determine the effect of asset structure, firm size, profitability and business risk on capital structure in companies listed on the Indonesian Stock Exchange (IDX). The object of research is property, real estate and building construction employee. The type of research used is asosiatif research with secondary data. The population was 91 companies; the research sample used purposive sampling method that collected 20 samples of the companies with 2016-2020 of the study period. The technical analyses used were multiple linear regression analysis. The result showed that the variables of asset structure did not have a significant influence on capital structure, while the firm size, profitability and business risk variable gave a significant influence on capital structure.

Keywords: Capital Structure, Asset Structure, Firm Size, Profitability, Business Risk

JEL Code: G32, M21, N15, N20

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1. Introduction

A good company will be required to be able to manage finances well, meaning that policies in good financial management can be seen from the capital structure. Managers must consider appropriately the decision to use the source of funds in the company's spending because each source of funds has a variety of financial consequences that are not the same. The company

must determine how much capital is needed for its business financing because the capital needed by the company will increase when the company decides to expand. When the company is able to meet the need for its operational costs using capital from the internal, of course, this will minimize dependence on parties outside the company. However, when the need for capital is increasing due to competition in the business industry and the use of internal funds the company can no longer afford to meet then there is no other option to choose from outside the company obtained through debt and stock issuance.

Capital structure is also defined as a balance or comparison of long-term debt and the company's own capital (Andika et al., 2019: 5084). To be able to optimize the capital structure and maximize the profits obtained by the company, it is important to know and understand the variables that have an influence on the capital structure so that the company can plan the best optimization for the company. There are many factors that must be considered because they can influence the decisions of each manager in determining the capital structure. According to (Sugiarto, 2009: 120) there are several factors that can affect the capital structure, namely: the size of the company, the opportunity to grow in the future, profitability, business risk, asset structure, the age of the company, liquidity and the type of industry. Sartono (2019: 248) stated that important factors to consider in determining capital structure are sales rate, asset structure, company growth rate, profitability, tax protection, corporate scale as well as the internal conditions of the company and macroeconomics.

Irman & Hayati (2019: 263) structure of assets as a determinant of how much the allocation of funds for each component of the asset, both for current assets and for non-current assets. Asset structure affects the capital structure because companies with large fixed assets tend to obtain loans that can be used as collateral to increase the company's operational activities. According to Wairooy (2019: 80) firm size is a picture of the financial capabilities of the company at one particular period. Measured through indicators: total sales seen from the balance sheet in the financial statements, the more sales it will increase the amount of capital embedded, the greater the sales, resulting in more increased money turnover, higher market capitalization and the company will be increasingly known in society.

Profitability is the ratio used in measuring a company's ability to make a profit (Mowen, Hansen & Heitger, 2017: 953). The ratio used in profitability aims to make it easier for investors, creditors and managers to evaluate how much investment funds are used efficiently. Sawitri & Lestari (2015: 1241) business risk is the risk of company assets when the company uses debt. Increasing the amount of debt due to the company's funding efforts will have an impact on increasing business risks. Risk arises along with the burden of costs on company loans. The greater the cost burden borne will increase the risk that the company has to face.

Property, Real Estate and Building Construction is one of the industrial sectors whose development is quite good even though the growth trend is slowing, in line with national economic growth. The growth of this sector can also be seen from the increase in company assets that are quite good in every year of research in addition to that according to the Minister of Finance Sri Mulyani property industry, real estate and building construction is an industry that contributes to the national economic growth and job creation this is because the sector intersects a lot with other sectors (Kencana, liputan6.com, 2019). Based on the Indonesian Capital Market Directory 2016 to 2020, the following is an average for variables Asset structure, Firm size, Profitability, and Business risk in property, real estate and

construction building on the IDX:

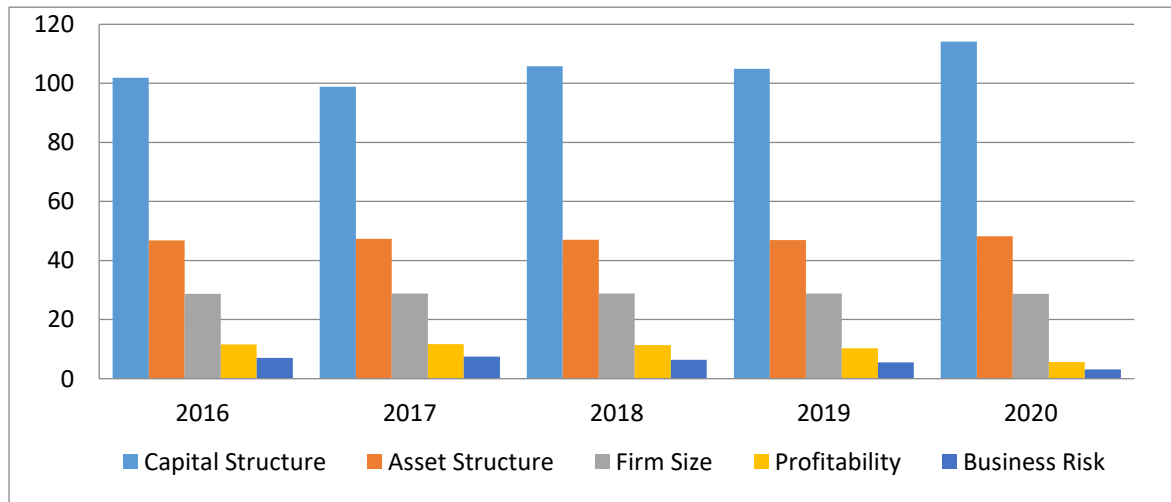


Figure 1: The average of Asset structure, Firm size, Profitability, Business risk and Capital Structure

Based on the chart image above, we can see that the asset structure shows a fluctuating trend. The lowest value of 46.4 in 2019 and the highest value in 2020 of 48.2 this shows that the asset of 48.2% is on average fixed assets, and the remaining 51.8% are current assets, however, the average level of capital structure on average is above 100% this shows that the capital structure is still dominated by capital from external, namely through short-term loans and long-term although the fixed assets held are not as many as current assets.

The average rate for firm size measured using natural logarithms of total sales showed the lowest value in 2019 at 28.6, this shows that total sales in 2019 decreased which may be due to macro and micro factors and the highest value for the average size of the company indicated in 2018 and 2020 which is 28.72 means through an increase in the size of the company. This number of sales, indicates that the company is increasingly established and strongly domiciled among other companies and this allows the company to compile more external capital than internal capital.

Profitability measured using ROE shows a trend that tends to decline every year. The lowest ROE value is 5.6% in 2020 and the highest value in 2016 at 12.7% this shows that in 2016 the company was able to generate maximum return on equity for shareholders, while in 2020 the company's ability to decline in making profits this may be possible due to several factors including The decrease in the rate of return on assets, the decreased availability of cash to pay debt bills and other costs related to the sale of the company in addition to the decline in profitability in 2020 can also be attributed to the impact caused by the Covid-19 pandemic that occurred globally and the low value of profitability will encourage the company to increase capital derived from external companies. Furthermore, based on Figure 1, there can be seen fluctuations in the magnitude of business risks and tend to decrease from year to year, this is also because the ability to generate company profits has also decreased. It can be seen

that the lowest risk value occurred in 2020, which was 3.8%, this low business risk value will encourage companies to increase the proportion of their debt in the capital structure while the highest average value of business risk is 7.5% occurred in 2017, this will make the company even more conservative in the use of its debt.

Several previous studies have linked the capital structure with the asset structure, research conducted by Tijow, Sabijono & Tirayoh (2018) and Andika et al. (2019) shows the result that the asset structure has an influence on the capital structure. In contrast, research conducted by Kanita (2014) and Melodie & Ruslim (2019) showed different results that asset structure has no influence on capital structure. Another variable that can affect the capital structure is the firm size. Research on firm size conducted by Denziana & Yunggo (2017), Wairooy (2019) and research by Shahzad, Azeem & Nazir (2021) showed that firm size affects capital structure while research conducted by Sawitri & Lestari (2015) and Irman, Hayati & Winany (2019) showed that firm size has no effect on capital structure.

Another factor that can also affect the capital structure in addition to the asset structure and size of the company is profitability. Research on profitability has previously been conducted by Putri (2018) and Gharaibeh & AL-Tahat (2020) showing that profitability has an effect on capital structure, while according to research by Andika et al. (2019) and research by Saputri, Nurlaela & Titisari (2020) shows profitability has no effect on capital structure. The last variable that also connects capital structure with business risk is the research of Wairooy, (2019) and Aris, Pratiwi & Hasan (2019) which shows the results that business risk affects the capital structure, while research conducted by Sawitri & Lestari (2015) and research by Rahmi & Swandari (2021) shows the opposite result, namely business risk does not affect the capital structure.

2. Literature Review

2.1 Capital Structure

Capital structure is the use of the dominant source of funds carried out by the company whether through debt or equity so that it will determine the composition of funding on the balance sheet (IAI, 2019: 152). The capital structure reflects the existing wisdom in the company in determining the securities to be issued, because the problem of capital structure is closely related to capitalization, which is composed of the types of funds that make up capitalization is the capital structure. The decision of the capital structure relates to the chosen source of funds both from inside and outside the company. Funds obtained through external sources are funds from creditors which are debts for the company and funds derived from the owners are own capital. In general, the measurement of capital structure is proxied by DER (Debt to Equity Ratio) which is calculated using the formula:

$$DER = \frac{\text{Total Debt}}{\text{Total Equity}} \times 100\%$$

2.2 Asset Structure

The balance between fixed assets and total assets is an asset structure, where these assets can

be collateral when the company will borrow funds from creditors. (Semi, Theorupun & Referli, 2020: 3). Managers can use these assets as collateral to easily obtain loans to creditors. In determining loan alternatives, the flexibility of the company will be influenced by the asset structure. The asset structure is proxied with FAR (Fixed Assets Ratio). This calculation aims to determine the amount of the portion of fixed assets that can be used by the company as collateral for the loan provided and is measured by units of % with the formula:

$$FAR = \frac{\text{Total Fixed Assets}}{\text{Total Assets}} \times 100\%$$

2.3 Firm Size

Firm Size is described by the size of the size or smallness of an enterprise. This will be a reference to the company's possible failure in its debt repayment (Andika et al., 2019: 5807). Large companies have greater capacity, they are more diversified, can meet the commitments of creditors and are less vulnerable to bankruptcy. Large companies tend to have a high asset value, offering the best debt guarantees. Large corporations attract institutional investors because creditors have confidence that large companies have a low risk of bankruptcy. Firm size is measured by the natural logarithm of the total sales owned by the company. the formula used to measure the firm size is as follows:

$$\text{Firm Size} = \ln (\text{Total Sales})$$

2.4 Profitability

Utari, Purwanti & Darsono (2014: 63) management's ability to make a profit is profitability. The profit consists of gross profit, operating profit, and net profit. If management wants an above-average profit, then it must reduce all expenses to maximize the increase in revenue. There are several ways to measure the size of a company's profitability where each measurement is linked to sales volume, total assets and own capital. One of the commonly used analyzes is ROE (Return on Equity) with the following formula:

$$ROE = \frac{\text{Net Profit}}{\text{Total Equity}}$$

2.5 Business Risk

Business risk is the uncertainty that will be inherent in the projected rate of return on assets in the future (Arifin, 2018: 71). Risk has the meaning of insufficient probability of paying interest expenses, so there is a possibility that the company will go bankrupt. There are several ways to be able to estimate risks in one project, using the BRISK (Business Risk) proxy the level of business risk, with the formula:

$$BRISK = \frac{EBIT}{\text{Total Assets}} \times 100\%$$

3. Research Method

The object of research in this study is the Capital Structure (Y) which is measured by the Debt to Equity Ratio (DER) as a dependent variable. While the independent variable is the Asset Structure (X_1), Firm Size (X_2), Profitability (X_3) and Business risk (X_4). This research was conducted on Property, Real Estate and Building Construction Companies listed on the Indonesia Stock Exchange. In this study, the data used was secondary data with a total population of 91 companies and the sample in this study was taken based on several criteria so that there were only 20 companies that met these criteria. The sample criteria set are companies registered in 2016-2020, providing information that has been published in the financial statements as of December 31 of the research year, having a positive profit and presenting financial statements in rupiah currency units. The data analysis technique in this study. However, previously, a classic assumption test will be carried out first on the data. The analysis model used is multiple linear regression analysis; this analysis model is used because of the variables that affect more than one, the model of multiple linear regression equations as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + \varepsilon$$

4. Findings and Discussions

After processing the data, continued by analyzing the data. The steps taken are to use the following data analysis techniques:

4.1 Descriptive Statistics

The results of the descriptive statistical analysis of the variables of this are:

Table 1. Statistik Deskriptif

	N	Minimum	Maximum	Mean	Std. Deviation
Asset Structure	100	10.49	89.65	47.2614	20.83883
Firm Size	100	25.60	31.07	28.6830	1.22413
Profitability	100	.43	32.29	10.4829	6.03220
Business Risk	100	.02	20.16	6.1303	4.32053
Capital Structure	100	4.33	583.32	120.1000	104.22165
Valid N (listwise)	100				

Source: Secondary data processing, 2022

4.2. Classical Assumptions Model Test

4.2.1. Normality Test

The normality test used in this study is a normal test pp plot graph where the assumption of

normality is met if the points on the graph are close to its diagonal axis. the results using the normal test pp plot:

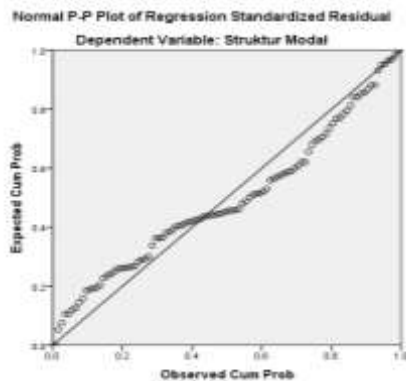


Figure 2. Normality Test Results

Source: Secondary data processing, 2022.

Based on the results of the figure above, it can be seen that the plotting points contained in the figure always follow and approach its diagonal line, therefore in accordance with the decision-making guidelines in the normality test of the probability plot technique, it can be concluded that the residual value is normally distributed.

4.2.2. Multicollinearity Test

The multicollinearity test aims to test whether the regression model found that there is a correlation between independent variables of a good regression model, there should be no correlation between independent variables. the results of the multicollinearity test in this study can be seen in the following Table 2:

Table 2. Multicollinearity test result

Model	Unstandardized Coefficients		Standardized Coefficients	Collinearity Statistics	
	B	Std. Error	Beta	Tolerance	VIF
1 (Constant)	42.192	12.384			
Asset Structure	-.258	.168	-.096	.753	1.327
Firm Size	10.585	2.286	.274	.846	1.182
Profitability	2.982	.471	.641	.288	3.474
Business Risk	-5.182	.550	-1.048	.239	4.188

Source: Secondary data processing, 2022.

Based on the Coefficients output Table 2 above, we can see the tolerance value of the four variables > from 0.10 while, the VIF value < 10.00, it can be concluded that there are no symptoms of Multicollineritas in the regression model.

4.2.3. Heteroskedasticity Test

Heteroskedasticity testing in this study can be seen in the following figure:

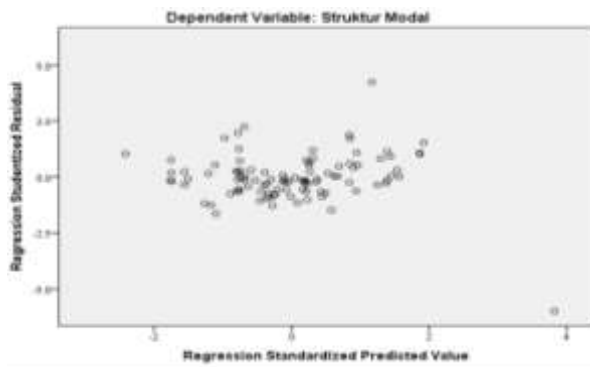


Figure 3. Heteroskedasticity test result

Source: Secondary data processing, 2022.

Based on the figure, we can see that the data points of the spread are above and below or around the number 0 and the points do not collect only above or below. It can be concluded that heteroskedasticity does not occur in regression, so this model can be used to predict capital structure based on inputs from asset structure, firm size, profitability and business risk.

4.2.3. Autocorrelation Test

A good regression model is a regression that is free of autocorrelation symptoms. The results of the test using the Durbin Watson test are as follows:

Table 3. Autocorrelation Test Result

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.848 ^a	.720	.708	2.40063	1.026

a. Predictors: (Constant), asset structure, firm size, profitability and business risk

b. Dependent Variable: capital structure

Source: Secondary data processing, 2022.

From the output Table above, it is known that DW is 1,026 provided that if Durbin Watson (DW) ranges from -2 to +2 indicating that no autocorrelation occurs. The results of the researcher's test showed that the processed data did not occur autokorlation, this is because the

DW value > -2 which is 1.026, this shows that there is no autocorrelation in the regression model.

4.3 Multiple Linear Regression Analysis

This analysis was performed to measure the magnitude of the influence between two/more independent variables on one dependent variable. The multiple linear regression equation models can be described as follows:

$$Y = 42.192 - 0.258X_1 + 10.585X_2 + 2.982X_3 - 5.182X_4$$

The equation model can be explained as follows:

- Constant (α) = 42.192
That is, if the asset structure, firm size, profitability and business risk are equal to zero, then the value of the capital structure is 42,192
- Regression coefficient (b_1) = -0.258
This means that any increase in the asset structure by 1, it will be followed by a decrease in the capital structure by -0.258 assuming other variables are constant or fixed.
- Regression coefficient (b_2) = 10.585
This means that every increase in the firm size by 1, it will be followed by an increase in the capital structure by 10,585 assuming other variables are constant or fixed.
- Regression coefficient (b_3) = 2.982
This means that every increase in profitability by 1, it will be followed by an increase in the capital structure by 2,982 assuming other variables are constant or fixed.
- Regression coefficient (b_4) = -5.182
This means that any increase in business risk by 1, it will be followed by a decrease in the capital structure by -5,182 assuming other variables are constant or fixed.

4.4 Hypothesis Partially Test (t-Test)

Table 4. Partially Test Result

	B	Std. Error	Beta		
(Constant)	42.192	12.384		3.407	.001
1 Asset Structure	-.258	.168	-.096	-1.538	.127
Firm Size	10.585	2.286	.274	4.631	.000
Profitability	2.982	.471	.641	6.328	.000
Business Risk	-5.182	.550	-1.048	-9.425	.000

Source: Secondary data processing, 2022.

In this test, the partial effect can be explained using the t-test with the result:

- The hypothesis test results show a calculated t value for the asset structure was -1,538 and the table t value for the real level (α) 5% was 1,984, in other words $1,538 < 1,984$ so it means that there is no influence of the asset structure on the capital structure of the IDX Listed Company.

- b. The hypothesis test results show a calculated t value for the firm size of 4,631 and a table t value for a real level (α) of 5% of 1,984, in other words $4,631 > 1,984$ so it means that there is an influence of the firm size on the capital of the IDX Listed Company.
- c. The hypothesis test results show a calculated t value for profitability of 6,328 and a table t value for a real level (α) of 5% of 1,984, in other words $6,328 > 1,984$ so it means there is an effect of profitability on the capital structure of the IDX Listed Company.
- d. The results of the hypothesis test show a calculated t value for business risk of -9,425 and a table t value for a real level (α) of 5% of 1,984, in other words $9,425 > 1,984$ so it means that there is an influence of business risk on the capital structure of the IDX Listed Company.

4.4 Discussion

a. The effect of Asset Structure on Capital Structure

The results of the tests carried out on the asset structure showed the value of $t_{count} < t_{table}$ so that it can be concluded that H_{01} received H_{a1} was rejected, which means that the asset structure has no effect on the capital structure. The signification value of $t > \text{sig } \alpha$, this illustrates that there is no signification in the influence of the asset structure (X) on the capital structure (Y). So the first hypothesis in this study was rejected.

Based on the theory of asset structure is one of the factors that can affect the capital structure, the indicator of fixed assets, namely the company will make the fixed assets it owns as collateral to creditors when the company needs additional funds from outside parties so that the company can still increase debt as long as it still has fixed assets that can be used as collateral. However, from the results of testing asset structure data in this study, it was proven that it had no effect on the capital structure because fixed assets and total assets in the company studied could not influence creditors to provide loans to the company. In addition, the facts in the field based on the movement of the average value of the asset structure and capital structure there are things that can cause the results of the study to have no significant effect on the chart below:

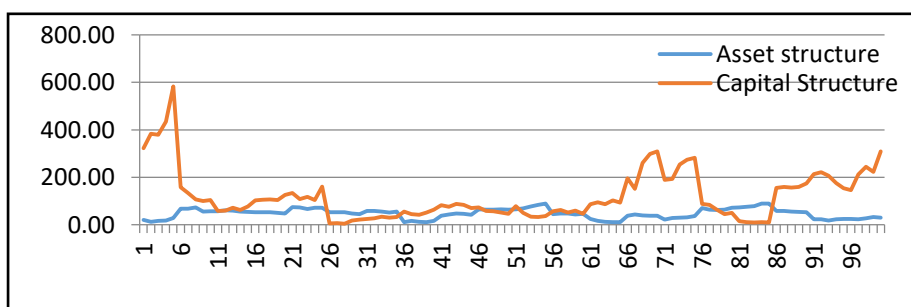


Figure 4. Movement of Capital Structure Value and Asset Structure

Source: Secondary data processing, 2022.

Based on the figure above, it can be seen that the average level of the asset structure and capital structure is very volatile, but the value of the rise and fall of this variable is relatively opposite. When the value of the asset structure increases, the amount of capital structure decreases relatively and vice versa, it is only natural that the asset structure does not have a

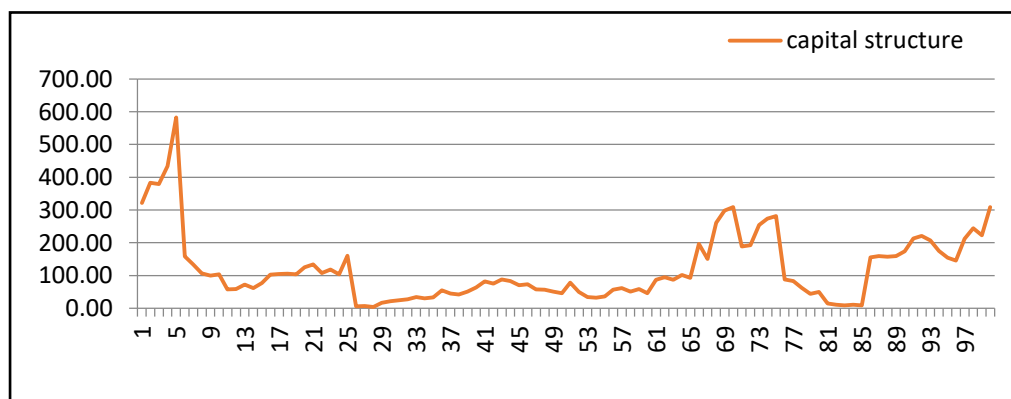
significant effect on the capital structure of property companies, real estate and building construction.

The results of this study are in line with research conducted by Kanita (2014) and Melodie & Ruslim (2019) which showed the results that asset structure has no influence on capital structure. Thus between previous studies and current studies proves a similar result, that is, the structure of assets has no significant effect on the capital structure. On the contrary, the results of research by Tijow et al. (2018) with the results of their research prove that asset structure affects the capital structure. The results that are different from the study can occur because the research sample uses 22 companies while this study uses 20 companies and a different research period of 3 years while this research is carried out in a 5-year research period, the influence caused by the asset structure depends on the capital needs used in the company's operational activities. So that if the company only needs funds that are not large, the asset structure needed does not have a significant effect on the company.

b. The Effect of the Firm Size on the Capital Structure

The results of the tests carried out on the size of the company show the value of $t \text{ count} > t \text{ table}$ so that it can be concluded that the H_{o2} rejected H_{a2} is accepted which means that there is an influence of the size of the company on the capital structure in the Property, Real Estate and Building Construction Company. The value of the signification of $t < \text{sig } \alpha$, this illustrates that there is a signification in the influence of the size of the company (X) on the capital structure (Y). So that the second hypothesis in this study is accepted.

From the results of the study, it is proven that the size of the company has a signification effect on the capital structure that the size of the company with the Ln indicator of sales, namely the size of the company, is assessed from the company's ability to make sales of the goods or services it has. This supports the theory put forward by Sartono (2019: 249) Compared to small companies, large companies that have been well-esthablised will have the convenience of obtaining capital in the capital market. In addition, when viewed from the movement of the average value of the capital structure and the size of the company, it shows that the size of the company affects the capital structure, as shown in the figure below:



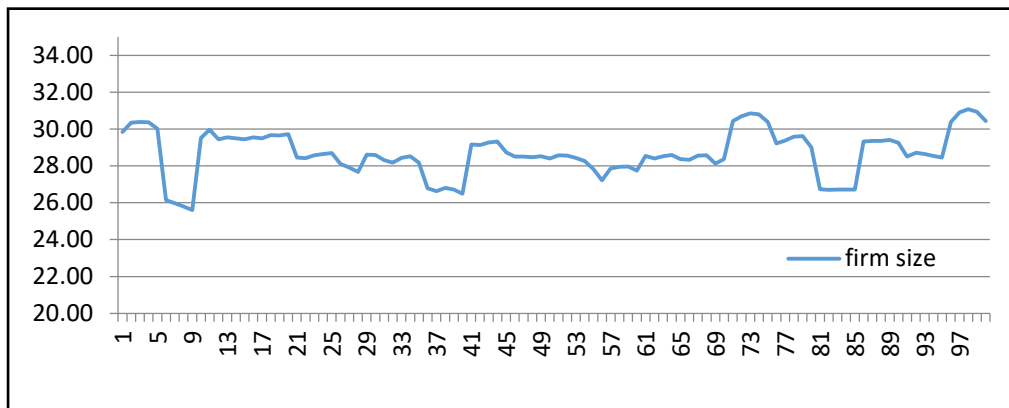


Figure 5. Movement of Capital Structure Value and Firm Size

Source: Secondary data processing, 2022.

Based on the figure above, it can be seen that the average level of the firm size as well as the capital structure fluctuates greatly, the value of the rise and fall of the capital structure and the size of this company are relatively the same. When the value of the firm size increases, the size of the capital structure also increases relatively and vice versa although there are some conditions of value of the two opposite. Thus it can be concluded that the size of the company has been able to answer the existing phenomenon.

The results of this study are in line with research conducted by Denziana & Yunggo (2017), Wairooy (2019) and research by Shahzad et al. (2021) showing that company size affects the capital structure. Thus between previous research and current research proves a similar result, namely the size of the company has a significant effect on the capital structure. Different results in research conducted by Sawitri & Lestari (2015) showed that the size of the company had no effect on the capital structure. Different results from the study can occur because the research sample used 12 companies while this study used 20 companies, and a different research period of 4 years while this study was 5 years, the influence caused by the size of the company depended on the large need for funds.

c. The effect of profitability on the capital structure

The results of the tests carried out on profitability show the calculated t value > t of the table so that it can be concluded that the H_{03} is rejected H_{a3} is accepted which means that there is an influence of profitability on the capital structure. The signification value of $t < \text{sig } \alpha$, this illustrates that there is a signification in the effect of profitability (X) on the capital structure (Y). So that the third hypothesis in this study is accepted.

From the results of the study, it is proven that profitability has a signification effect on the capital structure with indicators of net profit and total equity, namely if the company has obtained a large net profit, then this will affect the high low capital structure. In addition, when viewed from the movement of the average value of the capital structure and profitability, it shows that profitability affects the capital structure, as shown in the figure below:

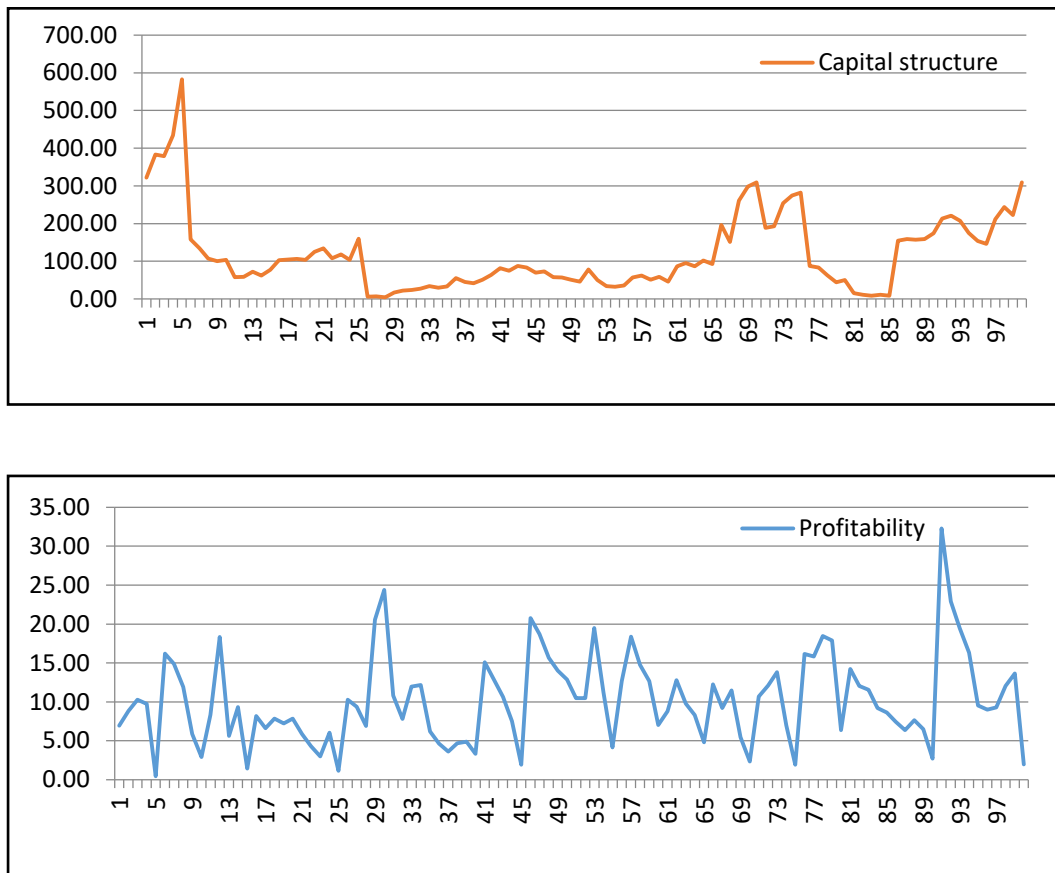


Figure 6. Movement of Capital Structure Value and Profitability

Source: Secondary data processing, 2022.

Based on the figure above, it can be seen that the average level of profitability and capital structure fluctuates greatly, the value of the rise and fall of profitability and capital structure is relatively the same. When the value of profitability increases, the size of the capital structure also increases relatively and vice versa although there are some conditions of value of the two opposites. Thus it can be concluded that profitability has been able to answer the existing phenomenon.

The results of this study are in line with research conducted by Putri (2018) and Gharaibeh & AL-Tahat (2020) showing that profitability affects the capital structure, thus between previous research and current research proves similar results, namely profitability has a significant effect on capital structure. Results differed on the study of Saputri et al. (2020) with the results of his research shows that profitability has no effect on capital structure. The results that are different from the study can occur because the research sample uses 18 companies while this study uses 20 companies, and the different research period is 4 years while this study is 5 years, so the discrepancy of the results with the theory is likely to occur due to a low level of profitability, so the company uses more debt to finance most of its funding needs.

d. The effect of business risk on the capital structure

The results of the tests carried out on business risk show the value of t count $>$ t table so that it can be concluded that the H_{04} rejected H_{04} received which means that there is an influence of business risk on the capital structure. The signification value of $t < \text{sig } \alpha$, this illustrates that there is a signification in the influence of the independent variable (X) on the dependent variable (Y). So that the fourth hypothesis in this study is accepted.

From the results of the study, it was proven that business risk with a comparative indicator, namely EBIT with total assets, has a signification effect on the capital structure. With business risks, of course, it will make the company consider a good capital structure policy for the company so that this will affect the composition of the capital structure in the company. In addition, when viewed from the movement of the average value of the capital structure and profitability, it shows that profitability affects the capital structure, as shown in the figure below:

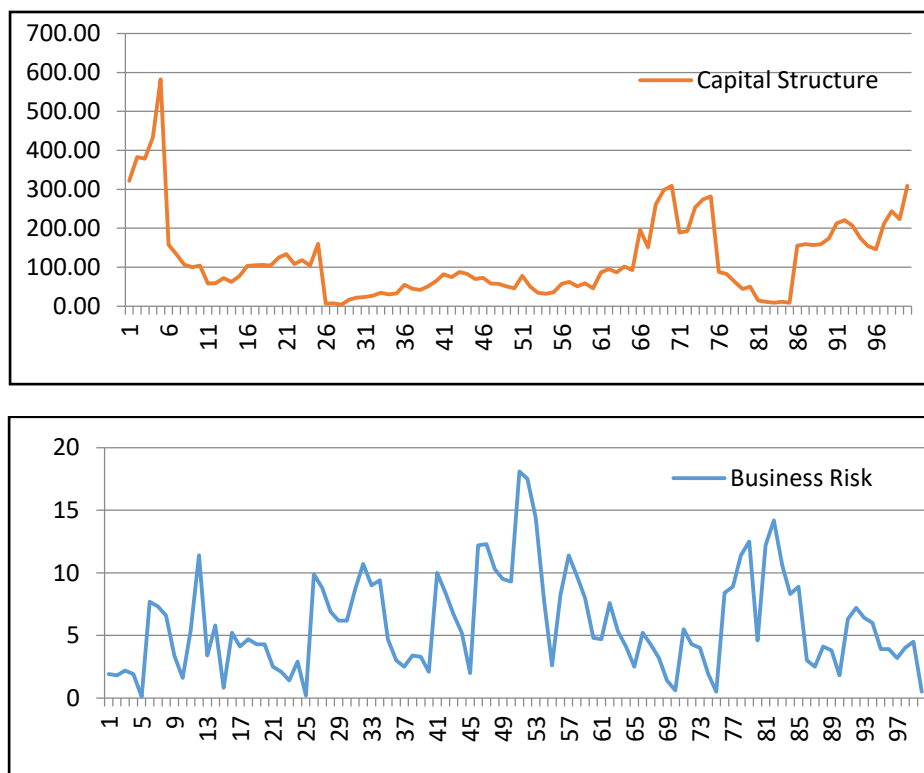


Figure 6. Movement of Capital Structure Value and Business Risk
Source: Secondary data processing, 2022.

Based on the figure above, it can be seen that the average level of business risk and capital structure fluctuates greatly, the value of the rise and fall of business risk and capital structure is relatively the same. When the value of business risk increases, the size of the capital

structure also increases relatively and vice versa even though there are some conditions for the value of the two variables to be opposite. Thus it can be concluded that business risks have been able to answer the existing phenomenon.

The results of this study are in line with research conducted by research by Wairooy (2019) and Aris et al. (2019) which showed the results that business risk affects the capital structure, thus between previous research and current research proves similar results, namely business risk has a significant effect on capital structure. Different results in the study conducted by Rahmi & Swandari (2021) showed the opposite result, namely business risk did not affect the capital structure. Different results from the study can occur because the research sample used 74 companies while this study used 20 companies, and a different research period of 3 years while this study was 5 years, The cause of business risk in the study did not have an influence because every addition or decision to use debt had no impact on the company.

5. Conclusions

Based on the results of research and discussion, it can be concluded that:

- a. The asset structure has no effect and is not significant to the capital structure of companies listed on the Indonesia Stock Exchange. This shows that the ups and downs of the asset structure do not have an influence on the capital structure. Thus, this study under-proves the existing theory.
- b. The size of the company has a significant effect on the capital structure of companies listed on the Indonesia Stock Exchange. This research is empirically proven, this shows that the high and low size of the company has an influence on the capital structure. Thus, this study proves the existing theory and the research conducted earlier.
- c. Profitability has a significant effect on the capital structure of the Company listed on the Indonesia Stock Exchange. This research is empirically proven, this shows that high low profitability has an influence on the capital structure. Thus, this study proves the existing theory and the research conducted earlier.
- d. Business risks have a significant effect on the capital structure of companies listed on the Indonesia Stock Exchange. This research is empirically proven, this shows that the low level of business risk has an influence on the capital structure. Thus, this study proves the existing theory and the research conducted earlier.

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