International Journal of Law Policy and Governance
Vol.4 No.2, 2025
ISSN 2830-3245 (E)
pp. 150-165

Liquidity and Company Size Impact on Capital Structure with Profitability Mediation

Muhammad Yusuf[1], Dyarini [2],
[1,2,] Faculty of Economics and Business, Universitas Muhammadiyah Jakarta, Indonesia
[1]muhammaaadysf@gmail.com, [2]dyarinialam@gmail.com,

DOI: https://doi.org/10.54099/ijlpg.v4i2.1339

ARTICLE INFO

Research Paper

Article history:
Received: 25 April 2025
Revised: 15 May 2025
Accepted:10 June 2025

Keywords: Liquidity, Company Size, Capital Structure, Profitability, Pecking Order, Trade-Off

ABSTRACT

This study examines and analyzes the effect of liquidity and firm size on capital structure, with profitability as a mediating variable in mining companies listed on the Indonesia Stock Exchange (BEI) from 2019 to 2023. Capital structure is crucial in balancing debt and equity to support company operations and investments. According to the Pecking Order Theory, firms with high liquidity tend to rely on internal financing, whereas the Trade-Off Theory suggests that larger firms find it easier to access external funding at lower costs. This study analyzes seven causal relationships among liquidity, firm size, profitability, and capital structure. The research employs a quantitative approach using panel data regression analysis and the Fixed Effect Model (FEM). The sample was selected through purposive sampling, consisting of 10 mining companies that met specific criteria. Data processing is conducted using EViews version 12. The independent variables in this study are liquidity and firm size, while capital structure serves as the dependent variable, with profitability acting as a mediating variable. The results indicate that liquidity negatively affects both profitability and capital structure, whereas firm size positively influences profitability and capital structure. Profitability negatively impacts capital structure and mediates the relationship between liquidity and capital structure. However, profitability does not significantly mediate the relationship between firm size and capital structure. These findings have implications for companies in optimizing their capital structure management and for investors in assessing corporate financing policies for investment decisions.

INTRODUCTION

Capital structure is a crucial aspect in supporting the growth and operations of a company through a combination of debt and equity, which has a direct impact on financial risk and profitability.(Umdiana & Claudia 2020;Hamzah 2021). Optimal capital structure not only maintains financial stability, but also strengthens competitiveness and creates long-term value for shareholders. Indicators of company development include increasing profits, assets, and sales.(Lianto et al. 2020), meanwhile revenue is a benchmark for performance(Wagisuwari & Sitorus, 2024). A healthy capital structure also attracts investors because it reflects sustainable profitability ((Deviani & Sudjarni, 2018).

In the mining industry, capital structure can be influenced by liquidity, cash flow, productivity, business maturity, and business growth. This industry requires large capital to maintain long-term

operational sustainability, so companies generally prioritize internal funding before turning to liabilities and equity. (Nita & Hairul 2017). Optimal corporate financial capital must be balanced with financial risk and expansion needs. Evidence of business growth has a significant impact on financial performance, while product development or population growth are not influencing factors.(Jayanti & Damayanti 2023). Companies with large business scales tend to have minimal debt, while large business scales reflect financial stability.

The company's financial stability can be seen from government policies through the Ministry of Energy and Mineral Resources, such as increasing the added value of minerals, remediation, and environmental management, influencing the capital structure of mining companies by increasing efficiency, but also increasing the cost burden.(Mustam, 2024). PROPER rating is an indicator of sustainability that can improve a company's image and access to financing.(Hartono et al., 2020; Ministry of Energy and Mineral Resources 2021). In addition to regulation, capital structure is also influenced by liquidity, company size, and profitability.(Saputri et al., 2019; Wati et al., 2020). Companies with high liquidity or large scale are more flexible in choosing funding sources.(Nurhayati et al., 2018).

The mining industry faces challenges such as commodity price volatility, environmental policies and the impact of the COVID-19 pandemic, which has previously squeezed liquidity due to falling global demand. However, economic recovery and rising commodity prices have boosted profitability and influenced capital structure decisions.(Suryaningsih et al., 2022; Widyastuti & Nugroho 2020). Research shows that liquidity has a negative impact on capital structure, while company size has a positive impact.(Darmawan et al., 2021). However, the relationship between variables such as liquidity, profitability, and capital structure still shows inconsistent results, so a more in-depth analysis is needed.(Rifiana et al., 2021).

Based on the phenomena and research gaps that have been identified, researchers are interested in studying the topic of capital structure in mining companies. This study is entitled "Liquidity and Company Size Impact on Capital Structure with Profitability Mediation: Evidence from IDX Mining Firms (2019 - 2023)". The purpose of this study is to analyze the effect of liquidity and company size on capital structure with profitability as a mediating variable. Profitability is seen as an important indicator of financial performance in understanding the mechanism of capital structure decision making more comprehensively.

LITERATURE REVIEW

Trade-off theory

*Trade-off theory*explains the relationship between capital structure and firm value by balancing the benefits and costs of using debt. However, if the costs of using debt exceed its benefits, then adding debt is no longer optimal.(Umdiana & Claudia 2020). This theory assumes that the market is efficient with symmetric information and views both retained earnings and new share issuance as part of equity without any difference in priority.(Hidayati, Lakoni, and Seventeen 2021).

Pecking Order Theory

*Pecking Order Theory*explains that the company prioritizes internal funding first, before turning to external sources, by making the assets owned as an option in meeting capital needs. According toHidayati et al., (2021),Companies can sell assets such as buildings, land, or inventory to obtain additional funds (Fahmi, 2015:193). If they need additional funds, companies prioritize debt over issuing new shares, because debt tends not to cause a bad perception from investors. This strategy shows

that the pecking order theory helps companies choose efficient funding sources that minimize risk to market value.(Wagisuwari & Sitorus, 2024).

Capital Structure

Capital structure reflects the balance between long-term debt and equity in financing the company. Capital sources come from internal, such as retained earnings, and external, such as long-term loans. Foreign capital sources or long-term debt are used for expansion and modernization because they require large funds. This debt includes mortgages secured by fixed assets and bonds as loan certificates.(Tasman et al., 2017).Equity comes from the company's owners and retained earnings. Factors such as sales stability, leverage, and profitability influence the choice of capital structure (Urifah et al., 2024), Measurement in capital structure is Debt Equity Ratio (DER). Because it is the main indicator in assessing the company's funding policy and the balance between risk and profit in financial strategy.(Venny & Handoyo 2023).

Liquidity

Liquidity is the company's ability to meet short-term obligations quickly. High liquidity reflects excess current assets that can finance operations without the need for external loans, thereby reducing the portion of debt in the capital structure.(Liang & Natsir 2019). Liquidity measurement aims to assess the company's ability to meet obligations, ensure sufficient cash reserves, and optimize funding and investment strategies.(Setyani, Wiyono, and Kusumawardhani 2022).

Company Size

Company size reflects the scale of operations identified through total assets, revenues, or profits. Large companies have easier access to external funding due to their strong reputation among investors and creditors.(Rifiana et al. 2021). empirical research conducted byThahir, (2015), measurement using the natural logarithm of total assets. Measurement of company size plays a role in funding strategy and capital structure.(Arsadena 2020).

Profitability

Profitability reflects a company's ability to generate profits related to sales, assets and capital.(Hamzah, 2021). The efficiency of a company in using assets to generate profits determines the rate of return on investment.(Lianto et al. 2020). High profitability increases investor attractiveness and enables internal funding, reducing financial risks due to debt.(Astuti & Giovanni 2021). In addition, profitability analysis plays a role in expansion strategies and industry competitiveness to ensure long-term business sustainability. Measurement using Return on Assets (ROA) to assess the effectiveness of management in managing company assets to generate profits(Lasut, Rate, and Raintung 2018; Timbangnusa et al. 2023).

The Effect of Liquidity on Profitability

Liquidity has different effects on profitability. Brigham & Houston (2011:183) found that liquidity as measured by the Current Ratio has a negative effect on profitability due to suboptimal idle cash. Excess liquid funds inhibit the effectiveness of investment in increasing profitability (Heritage & Treasure, 2023).Meanwhile,Kusumah, (2018) stated that liquidity was not significant to the profitability of mining companies on the IDX in 2011–2015. Other factors such as company size and working capital management were more decisive in determining profitability. Fluctuations in the current ratio also made this relationship insignificant. According toSorana, (2015) supports these findings, concluding that liquidity does not have a significant effect on the company's ROA.Based on the explanation above, the following hypothesis can be constructed:

H1: Liquidity affects profitability.

The effect of company size on profitability

Company size affects the profitability of mining companies because the scale of operations determines efficiency and investment. Large companies have better access to capital and technology, allowing them to reduce unit costs and increase profit margins.(Anugrawati, Asmeri, and Meriyani 2024).In addition, large companies tend to diversify products and markets, which can reduce risk and increase revenue. Research byWidiyati, (2020) shows that firm size is positively related to profitability and firm value, because economies of scale allow for greater investment in innovation and development.(Abas & Damayanti, 2023).Based on the explanation above, the following hypothesis can be constructed:

H2: Company size on profitability

The Effect of Liquidity on Capital Structure

According to Suhardjo et al., (2022), Liquidity reflects the company's ability to pay off short-term obligations and affects the capital structure. Companies with high liquidity are easier to obtain funding and tend to rely on internal funds according to the pecking order theory. Liquidity has a negative effect on the capital structure because companies prefer internal financing for investment and operations.(Lianto et al., 2020). Other studies also show that liquidity has an impact on capital structure in the consumer goods sector and other industries (Watung et al., 2016;Liang & Natsir, 2019). Overall, high liquidity reduces dependence on debt and increases financial efficiency.(Puspitasari, 2022). Based on the explanation above, the following hypothesis can be constructed:

H3: Liquidity on company value

The Influence of Company Size on Capital Structure

According toNuridah et al., (2023), firm size affects capital structure because larger firms have easier access to capital markets and obtain credit. Large firms require large funds for operations, often through debt, while smaller firms are more limited in funding options. Wider access to external funding sources makes firm size a positive signal to creditors ((Aslah, 2020). Other studies also support to show that company size significantly influences capital structure, supporting a positive relationship between the two.(Suryo & Fitriati, 2016). Based on the explanation above, the following hypothesis can be constructed:

H4: Company size influences capital structure

The Influence of Profitability on Capital Structure

High profitability reflects the company's ability to generate profits that are used for internal funding.(Nuridah et al. 2023), thereby reducing dependence on debt and strengthening the capital structure supported by research(Lianto et al. 2020). This is in accordance with the pecking order theory, where companies prefer to use retained earnings before seeking external financing ((2015), Profitability becomes a significant factor in financing strategy, because companies with high profits are more likely to raise capital without increasing debt.(Adi 2017). Based on the explanation above, the following hypothesis can be constructed:

H5: Profitability has an effect on capital structure

Profitability mediates the effect of liquidity on capital structure

Profitability mediates the relationship between liquidity and capital structure in mining companies. Good liquidity provides flexibility in financing, while profitability strengthens capital structure decisions.(Mulyanto & Andriyani, 2022). Liquid and profitable companies find it easier to attract investors and obtain optimal financing according to research conducted bySetyani et al., (2022). The study shows a significant relationship between liquidity, profitability, and capital structure, confirming the importance of liquidity management in improving a company's financial performance.(Santosa et al., 2022).

H6: Liquidity has an effect on capital structure which is mediated by profitability.

Profitability mediates the effect of firm size on capital structure

Profitability mediates the effect of company size on capital structure, but research results still vary. Research conducted byRifiana et al. (2021), shows that profitability has a negative effect on capital structure, while company size is not significant.(Astuti & Giovanni 2021). However, another study, conducted byThahir (2016), shows that company size has a positive effect on capital structure, while profitability is not significant. This finding shows that the relationship between company size, profitability, and capital structure still needs to be studied further to obtain a more comprehensive conclusion.(Astuti & Giovanni 2021).

H7: Company size has an effect on capital structure which is mediated by profitability.

Conceptual Framework

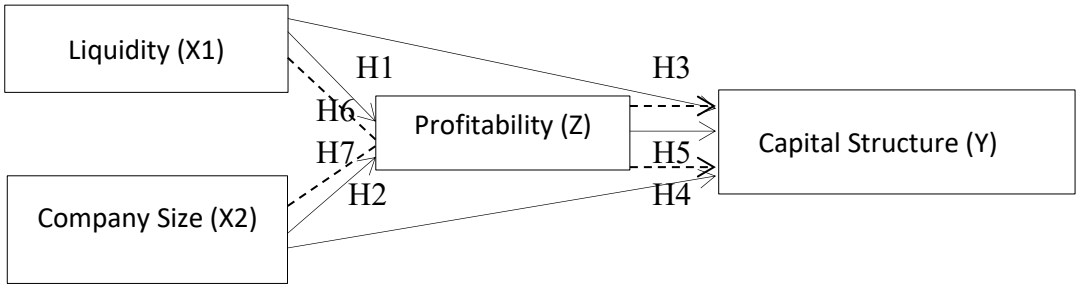


Figure 1 Sub Structural 1

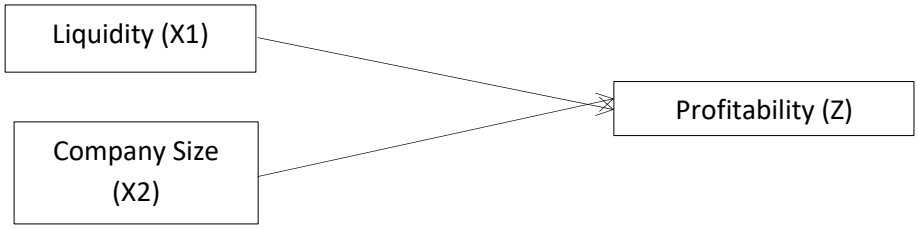
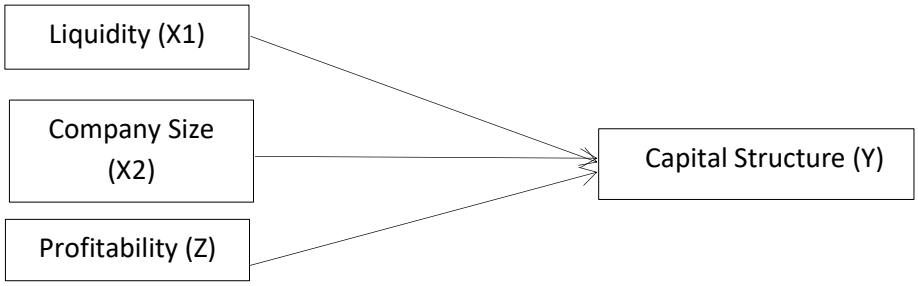


Figure 2.2

Sub Structural 2



Source: author (processed data)

METHOD

This study uses a quantitative approach with a positivistic philosophy. Researchers took samples through the official websitewww.idx.idwith samples selected by purposive sampling in financial reports with the criteria of mining companies in all sub-sectors on the IDX for the period 2019 - 2023. In this study, the independent variables (X) are liquidity (X1) and company size (X2), while capital structure (Y) is the dependent variable and profitability (Z) is the mediating variable.The method used indescriptive statistical data analysis, Panel data regression model testing, Classical assumption testing,Hypothesis testing and Sobel testing with toolstesting using EViews version 12.(Sari & Hamidy, 2021).

RESULT AND DISCUSSION

Statistical Data Description Analysis

Standard deviation measures the spread of fluctuating data. The highest value is found in variable X2 at 1.955037, indicating a high level of risk and fluctuation. Meanwhile, X1 has the smallest deviation at 0.047811, reflecting the stability of data changes. The largest standard deviation value is found in variable X1 at 1.731635, which indicates that X1 has the highest risk and fluctuation of data changes. The variable with the lowest standard deviation is Z at 0.195647, which means that its changes are the most stable in this study. Skewness measures the asymmetry of the distribution of data around the mean. A symmetric distribution has zero skewness. Positive values indicate a long tail on the right side. Variables Y, X1, X2, and Z have positive skewness, while no variables with negative skewness were found. Kurtosis indicates the peak of the data distribution. The normal value is 3. If it is more than 3 it is called leptokurtic (pointed), less than 3 is called platykurtic (flat). Variables Y, X1, and X2 have kurtosis values >3, while Z has kurtosis <3, indicating a different distribution.

The Jarque-Bera (JB) test is used to test the normality of data based on skewness and kurtosis. The test results show that all variables (Y, X1, X2, and Z) are normally distributed because the JB probability value is <0.05. There are no variables that deviate from the normal distribution.

Table 1. Statistical Data Description Results

Statistics	X1	X2	Y	Z
Mean	2.04981	30.84561	0.813853	0.206994
Median	1.65673	30.70593	0.68413	0.11935
Maximum	10.0742	37.00936	2.48496	0.61636
Minimum	0.38019	28.87941	0.09654	0.00642
Std. Dev.	1.73164	1.252285	0.525961	0.195647
Skewness	3.4424	2.381126	1.280278	0.984684
Kurtosis	15,832	12.95938	4.794649	2.5671
Jarque-Bera	441,793	253.8921	20.3692	8.470437
Probability	0	0	0.000038	0.014477
Sum	102,491	1542.281	40.69266	10.3497
Sum Sq. Dev.	146,929	76.84263	13.55513	1.875614
Observations	50	50	50	50

Source: EViews Output 12, 2025

Panel Data Regression Model Testing

Chow Test

Based on the results of the Chow test in Table 2 Sub-Structural 1 and Table 3.2 Sub-Structural 2, it has a P-Value (cross-section chi-square probability) of 0.0000 which is smaller than the α value of 0.05, so H0 is rejected and H1 is accepted. Thus, the appropriate regression estimation model based on the results of this test is the Fixed Effect Model (FEM).

Table 2 Sub-Structural 1

Effects Test	Statistics	Prob.	Hypothesis	Model
Cross-section Chi-square	39.85652	0.000	H1	FEM

Table 2.2 Sub-Structural 2

Effects Test	Statistics	Prob.	Hypothesis	Model
Cross-section Chi-square	58,590	0.000	H1	FEM

Source: EViews Output 12, 2025

Hausman test

Based on the results of the Hausman test in Table 3 Sub-Structural and Table 4.2 Sub-Structural 2. Has a probability value of 0.6355 greater than the α value of 0.05 and 0.1496 greater than the α value of 0.05, so H0 is accepted and H1 is rejected. Thus, the appropriate regression estimation model based on the results of this test is the Random Effect Model (REM).

Table 3 Sub-Structural 1

Test Summary	Chi-Sq. Statistic	Prob.	Hypothesis	Model
Random cross section	0.906718	0.6355	H0	BRAKE

Table 3.2 Sub-Structural 2

Test Summary	Chi-Sq. Statistic	Prob.	Hypothesis	Model
Random cross section	5.32322	0.1496	H0	BRAKE

Source: EViews Output 12, 2025

Lagrange Multiplier Test

Based on the results of the Lagrange Multiplier test in Table 4 Sub-Structural 1 and Table 5.2 Sub-Structural 2. It has a Breusch-Pagan probability value of 0.0000 which is smaller than the α value of 0.05, so H1 is accepted and H0 is rejected. Thus, the appropriate regression estimation model based on the results of this test is the Random Effect Model (REM).

Table 4 Sub-Structural 1

Test	Cross section	Probability	Hypothesis	Model
Breusch–Pagan	24.06853	0.0000	H1	BRAKE

Table 4.2 Sub-Structural 2

Test	Cross section	Probability	Hypothesis	Model
Breusch–Pagan	21.97145	0.0000	H1	BRAKE

Source: EViews Output 12, 2025

Classical Assumption Testing

Normality Test

The Normality Test produces a probability value in sub-structural 1 with a result of 0.0068 < 0.050 indicating that the regression residual is not normally distributed and in sub-structural 2 the probability value is 0.000 < 0.050 indicating that the regression residual is not normally distributed.

Multicollinearity Test

The Multicollinearity Test produces a correlation coefficient value of the independent variables in sub-structural 1 of -0.149655 <0.8 independent variables in the regression model do not experience multicollinearity between X1 and X2. In Sub-Structural 2 X1 and X2 -0.066487 <0.80 indicates that there is no multicollinearity. The correlation coefficient value of X1 and Z 0.104785 <0.80 indicates that there is no multicollinearity. Then the correlation coefficient of X2 and Z -0.236113 <0.80 indicates that there is no multicollinearity.

Heteroscedasticity Test

The heteroscedasticity test produces a correlation coefficient value of the independent variable in sub-structural 1 with a probability value of X1 of 0.2138> 0.050 and X2 of 0.9876> 0.050 indicating that there is no symptom of heteroscedasticity. in sub-structural 2, it has a probability value of X1 of 0.066> 0.050 indicating that there is no symptom of heteroscedasticity. However, the probability value

of X2 of 0.022 <0.050 and the probability value of z of 0.000 <0.050 indicate that there is a symptom of heteroscedasticity. There are symptoms of heteroscedasticity.

Hypothesis Testing

t-test

The t-test aims to shows in table 5 the influence of independent variables individually on the dependent variable. If Prob > 0.05 then it is not affected by the dependent variable.

Table 5 Sub-Structural 1

Variable	Coefficient	α = 0.05	Std. Error	t-Statistic	Prob.	Information
X1	-0.001339	0.05	0.016396	-0.081663	0.9353	Not affected
X2	0.043211	0.05	0.021894	1.973656	0.0543	Not affected

Table 5.2 Sub-Structural 1

Variable	Coefficient	α = 0.05	Std. Error	t-Statistic	Prob.	Information
X1	-0.066941	0.05	0.032101	-2.085324	0.0426	There is an influence
X2	0.051736	0.05	0.044674	1.158073	0.2528	Not affected
Z	-0.190523	0.05	0.289981	-0.657019	0.5144	Not affected

Source: EViews Output 12, 2025

Multiple regression model analysis

Sub Structural Equation 1

$$Z = -1.127071 - 0.001339\ X1 - 0.043211\ X2 + \varepsilon$$

The constant of -1.127071 means that if the value of X (Liquidity, Company Size) = 0 (zero), then the value of Z (Profitability) is -1.127071. The regression coefficient value of the Liquidity variable is -0.001339, indicating a negative regression. The regression coefficient value of the Company Size variable is -0.043211, indicating a negative regression.

Sub Structural Equation 2

$$Y = -0.611383 - 0.066941\ X_1 + 0.051736\ X2 - 0.190523\ Z + \varepsilon$$

The constant of -0.611383 means that if the value of X (Liquidity, Company Size) and the value of Z (Profitability) = 0 (zero), then the value of Z (Profitability) is -0.611383. The regression coefficient value of the Liquidity variable is -0.066941, indicating a negative regression. The regression coefficient value of the Company Size variable is 0.051736, indicating a positive regression. The regression coefficient value of the Profitability variable is -0.190523, indicating a negative regression.

Sobel test

Table 6 Sub-Structural 1

	Test Statistics	Std. Error	*p*-value
Sobel test	0.08160371	0.00109841	0.93496185
Aroian test	0.07359131	0.001218	0.94133559
Goodman test	0.0929724	0.00096409	0.92592549
Table 6.2 Sub-Structural 2			
	Test Statistics	Std. Error	p-value
Sobel test	0.99882599	0.00223819	0.31787899
Aroian test	0.91524932	0.00244257	0.36006076
Goodman test	1.11047179	0.00201317	0.26679578

Source: Sobel calculator output, 2025

Based on table 6 the calculation results of the Sobel calculator in Table 7.1 Sub-Structural 1, it is known that the resulting p-value is 0.934 > 0.05 so that the hypothesis is rejected and it is proven that there is no mediation role given to the Effect of Liquidity on Capital Structure and based on the calculation of the Sobel calculator Table 7.2 Sub-Structural 2, it is known that the resulting p-value is 0.3178 > 0.05 so that the hypothesis is rejected and it is proven that there is no mediation role given to the Effect of Company Size on Capital Structure.

Discussion

The Influence of Liquidity onProfitability

Liquidity is a ratio that shows the relationship between cash and current assets of a company to its current liabilities, where companies with high liquidity tend to have excess current assets that are able to finance operations without external financing, thereby reducing the proportion of debt in the capital structure, but in this study it was found that liquidity did not have a significant effect on profitability, with a negative coefficient of -0.001339 and a profitability value of 0.9353, in line with researchBamaisyarah & Fuadati (2017), and Charisma & Suryandari (2021). However, contrary to the findingsAriawan (2023) and Indomo (2019), and indicates that the results are better explained by the Trade off Theory than the Pecking Order Theory.

The Influence of Company Size on Profitability

Company size is an indicator that reflects the size of a business entity which can be measured through total assets, income, or number of employees, where larger companies tend to have wider access to financial resources.(Rasyid, Indriani, and Hudaya 2022), operational efficiency, and stronger bargaining power in the market, and based on the results of testing the second hypothesis in this study, company size has a significant effect on profitability with a value of 0.0543 and a positive coefficient of 0.043211, in line with researchAnugrawati et al. (2024)AndWidiyati (2020), and supported by Pecking Order Theory and Trade Off Theory which emphasize the importance of company scale in increasing profitability.

The Effect of Liquidity Has a Negative Effect on Capital Structure

Companies with high levels of liquidity tend to use internal funds rather than external debt in financing, so the higher the liquidity, the smaller the proportion of debt in the capital structure, which is supported by the results of testing the third hypothesis that liquidity has a significant effect on capital structure (DER) with a value of 0.0426 < 0.05 and a negative coefficient of -0.066941, in line with research (Wardatuddihan et al. 2020)AndSetyani et al. (2022). However, in contrast to the findingsMulyanto & Andriyani (2022), and these results reflect the tendency of companies to follow Pecking Order Theory compared to Trade-Off Theory in making capital structure decisions.

The Influence of Company Size on Capital Structure

Company size has a significant effect on capital structure because large companies tend to have wider access to external funding, including debt (Thahir, 2015)The results of the study show that company size has a significant effect on capital structure (DER), with a profitability value of 0.2528 and a positive coefficient of 0.051736, in line with the findings.Rifiana et al. (2021), However, in contrast toAstuti & Giovanni (2021)which found a negative and insignificant effect. This finding supports the Trade-Off Theory, where large companies utilize debt for tax benefits, but does not support the Pecking Order Theory which prioritizes internal funding.

The Influence of Profitability on Capital Structure

Profitability has a relationship with capital structure because companies with high profits tend to use internal funding sources and reduce dependence on debt, but the results of testing the fifth hypothesis show that profitability does not have a significant effect on capital structure (DER), with a significance value of 0.5144 and a negative coefficient of -0.190523, in line with the findings.Astuti & Giovanni (2021), as well asAslah (2020)which states that profitability has a negative and insignificant influence due to the company's inability to optimize profits for internal financing, supporting the Trade-Off Theory compared to the Pecking Order Theory in explaining the capital structure of companies in the mining sector.

Profitability mediates the effect of Liquidity on Capital Structure

Companies with high liquidity tend to use internal funds rather than external debt in financing so that their capital structure is less dominated by debt, while companies with high profitability also tend to rely on internal funds and reduce dependence on debt, but the results of the Sobel test show that profitability does not have a significant effect as a mediating variable in the relationship between liquidity and capital structure with a p-value of 0.08160371 and a Sobel statistic of 0.934961> 0.05, in line with the findingsMulyanto & Andriyani (2022), and Wardatuddihan et al. (2020), which supports the Pecking Order Theory and contradicts the Trade-Off Theory and researchFitri et al. (2023),Mother Earth (2022), as well asand Monica et al. (2024), which states that there is a significant mediating influence of profitability on capital structure.

Profitability mediates the effect of Company Size on Capital Structure

Larger companies tend to have wider access to external funding, thus having a positive effect on capital structure, while profitability plays a role in funding decisions because companies with high profits generally rely on internal funds and reduce dependence on debt. However, the results of the Sobel test with a p-value of 1.00 and statistics of 0.317878 > 0.05 indicate that profitability is unable to mediate the effect of company size on capital structure, in line with research.Arsadena (2020), as well asMelananda & Sari (2024), and supports the Pecking Order Theory because it shows that internal funding is preferred over debt, contrary to the view of the Trade-Off Theory.

CONCLUSION

Based on the results of the analysis and discussion in the previous chapter, the authors draw several conclusions by the formulation of the problems in this study as follows: Liquidity calculated by the current ratio has a negative effect on profitability. Company size, which is calculated by natural logarithm (total assets) has a positive effect and has a significant effect on profitability. Liquidity negatively influences the capital structure calculated by the debt-equity ratio. Company size has a positive influence and has a significant influence on capital structure. Profitability measured by Return on Assets has a negative influence on capital structure. Liquidity has a positive influence on capital structure, with profitability as a mediating variable. Company size has a positive influence on capital structure, with profitability as a mediating variable.

REFERENCES

Abas, Faisal, and Damayanti Damayanti. 2023. "Pengaruh Profitabilitas, Likuiditas Dan Ukuran Perusahaan Terhadap Nilai Perusahaan Pada Perusahaan Pertambangan." *Jurnal Ilmiah Fokus Ekonomi, Manajemen, Bisnis & Akuntansi (EMBA)* 2(02):141–51. doi: 10.34152/emba.v2i02.813.

Adi, Roni Putra. 2017. "The Influence of Asset Structure, Firm Size, and Profitability on Capital Structure of the Pharmaceutical Companies Listed on Indonesia Stock Exchange." *Bilancia* 1(4):427–39.

Anugrawati, Sofia, Rina Asmeri, and Meriyani Meriyani. 2024. "Pengaruh Ukuran Perusahaan,Biaya Lingkungan Dan Kinerja Lingkungan Terhadap Profitabilitas Pada Perusahaan Pertambangan Yang Terdaftar Di Bursa Efek Indonesia (BEI) Periode 2016-2020." *Ekasakti Pareso Jurnal Akuntansi* 2(1):72–79. doi: 10.31933/epja.v2i1.1040.

Ariawan, Ariawan. 2023. "Profitability, Liquidity, and Financial Performance: Implications for Company Value in Indonesia's Mining Industry." *International Journal of Business, Law, and Education* 4(2):1108–18. doi: 10.56442/ijble.v4i2.294.

Arsadena, Bella Anjani. 2020. "Faktor-Faktor Yang Memengaruhi Struktur Modal Dengan Profitabilitas Sebagai Variabel Intervening." *Jurnal Ilmu Manajemen* 8(3):1011. doi: 10.26740/jim.v8n3.p1011-1025.

Aslah, Titi. 2020. "Pengaruh Profitabilitas, Likuiditas, Struktur Aset Dan Ukuran Perusahaan Terhadap Struktur Modal." *Jurnal Akuntansi Dan Perpajakan Jayakarta* 2(1):1–17. doi: 10.53825/japjayakarta.v2i1.43.

Astuti, Umi Dwi, and Axel Giovanni. 2021. "Pengaruh Profitabilitas, Struktur Aktiva, Likuiditas, Dan Ukuran Perusahaan Terhadap Struktur Modal (Pada Perusahaan Pertambangan Yang Terdaftar Di Bursa Efek Indonesia Tahun 2014-2018)." *Business Management Analysis Journal (BMAJ)* 4(1):20–36. doi: 10.24176/bmaj.v4i1.5864.

Bamaisyarah, Rifki, Yazid, and Siti, Rokhmi Fuadati. 2017. "Pengaruh Likuiditas, Aktivitas, Dan Ukuran Perusahaan Terhadap Profitabilitas Perusahaan Pertambangan Di Bei." *Ilmu Dan Riset Manajemen* 6(3):1–13.

Charisma, Olga Welly, and Dhini Suryandari. 2021. "Analisis Pengaruh Likuiditas, Ukuran Perusahaan, Dan Konservatisme Akuntansi Terhadap Kualitas Laba Dengan Profitabilitas Sebagai Variabel Moderasi." *Jurnal Akuntansi Bisnis* 19(2):221. doi: 10.24167/jab.v19i2.3656.

Darmawan, Akhmad, Raras Noor Sandra, Fatmah Bagis, and Dwi Vina Rahmawat. 2021. "Pengaruh Profitabilitas, Likuiditas, Dan Ukuran Perusahaan Terhadap Struktur Modal." *Journal of Financial and Tax* 1(1):33–46. doi: 10.52421/fintax.v1i1.130.

Deviani, Made Yunitri, and Luh Komang Sudjarni. 2018. "PENGARUH TINGKAT PERTUMBUHAN, STRUKTUR AKTIVA, PROFITABILITAS, DAN LIKUIDITAS TERHADAP STRUKTUR MODAL PERUSAHAAN PERTAMBANGAN DI BEI." 7(3):1222–54.

Fitri, Melvi, Erlina Erlina, and Chandra Situmeang. 2023. "Effect of Profitability , Liquidity, Free Cash Flow , and Company Size To Company Value With Structure Capitalas Intervening Variables on Mining Companies Listed Instock Exchange Indonesia." *International Journal of Economic, Business, Accounting, Agriculture Management and Sharia Administration (IJEBAS)* 3(1):37–43. doi: 10.54443/ijebas.v3i1.636.

Hamzah, Erni Irmayanti. 2021. "PENGARUH UKURAN PERUSAHAAN, STRUKTUR AKTIVA DAN PROFITABILITAS TERHADAP STRUKTUR MODAL (Studi Kasus Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia)." *Jurnal Ilmu Ekonomi Dan Bisnis Islam* 3(1):54–78. doi: 10.24239/jiebi.v3i1.52.54-78.

Hartono, Ghaisa Marin, Alice Salendu, and Eka Gatari. 2020. "Understanding Indonesian Consumer'S Intention To Purchase Organic Food Products: The Moderating Role of Price Sensitivity." *Jurnal Psikologi TALENTA* 6(1):10. doi: 10.26858/talenta.v6i1.13949.

Hidayati, Arifah, Idham Lakoni, and Winny Lian Seventeen. 2021. "Analisis Hubungan Struktur Modal Berdasarkan Trade Off Theory Dan Pecking Order Theorypada Sektor Perbankan Yang Terdaftar Pada Indeks LQ 45 Analysis." *Jurnal Manajemen Dan Perbankan (JUMPA)* 8(3):1–15. doi: 10.55963/jumpavol4no1feb2017.v8i3.400.

Ina Urifah, Putri Kurnia Sari, Anggita Farah Adiba, and Renny Oktafia. 2024. "Analisis Rasio Solvabilitas (DAR, DER, CAR, LTDER, LTDAR) Dalam Menilai Kinerja Keuangan Pada PT Bank Central Asia Tbk Tahun 2019-2022." *Jurnal Ekonomi, Bisnis Dan Manajemen* 3(2):01–13. doi: 10.58192/ebismen.v3i2.2098.

Jayanti, Melina Ika, and Damayanti. 2023. "Determinants of Capital Structure in Mining Companies Listed on the Indonesia Stock Exchange." *International Journal of Application on Economics and Business* 1(1):569–77. doi: 10.24912/v1i1.569-577.

Kementerian ESDM. 2021. "Kebijakan Mineral & Batubara Indonesia." *Direktorat Jenderal Mineral Dan Batubara* 48.

Kusuma, Robi Pramana. 2018. "Pengaruh DAR, Ukuran Perusahaan, Risiko, Pajak, Dan Likuiditas Terhadap Profitabilitas Perusahaan Sektor Pertambangan Di Indonesia." *BISMA (Bisnis Dan Manajemen)* 8(2):191. doi: 10.26740/bisma.v8n2.p191-203.

Lasut, Stenyverens J. .., Paulina Van Rate, and Michael Raintung. 2018. "Pengaruh Ukuran Perusahaan, Profitabilitas, Dan Likuiditas Terhadap Struktur Modal Pada Perusahaan Otomotif Yang Terdaftar Di Bursa Efek Indonesia Periode 2012-2015." *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis Dan Akuntansi* 6(1):11–21.

Liang, Inggrid, and Khairina Natsir. 2019. "Pengaruh Profitabilitas, Likuiditas Dan Ukuran Perusahaan Terhadap Struktur Modal." *Jurnal Manajerial Dan Kewirausahaan* 1(3):481. doi: 10.24912/jmk.v1i3.5359.

Lianto, Velda, Annisa Nauli Sinaga, Elvi Susanti, Christina Yaputra, and Veronica. 2020. "ANALISIS PROFITABILITAS, UKURAN PERUSAHAAN, STRUKTUR ASET, LIKUIDITAS, DAN RISIKO BISNIS TERHADAP STRUKTUR MODAL PERUSAHAAN MANUFAKTUR DI

INDONESIA.” 3:282–91.

Melananda, Wella, and Wa Ode Irma Sari. 2024. “The Influence of Company Size, Profitability, And Sales Growth on Capital Structure.” *Journal of Social Research* 3(2):539–51. doi: 10.55324/josr.v3i2.1937.

Monica, Olivia, Wawan Ichwanudin, and Emma Suryani. 2024. “Pengaruh Likuiditas Terhadap Struktur Modal Dengan Ukuran Perusahaan Sebagai Variabel Moderasi Yang Dimediasi Oleh Profitabilitas Program Studi Manajemen , Universitas Sultan Ageng Tirtayasa.” 2:95–104.

Mulyanto, Heru, and Meli Andriyani. 2022. “Profitabilitas Dalam Memediasi Struktur Modal Dan Likuiditas Terhadap Return Saham Perusahaan LQ-45 Di Bursa Efek Indonesia.” *MASTER: Jurnal Manajemen Strategik Kewirausahaan* 2(2):133–44. doi: 10.37366/master.v2i2.494.

Mustam. 2024. “THE IMPACT OF GOVERNMENT REGULATION ON THE ECONOMIC EFFICIENCY OF THE TELECOMMUNICATIONS INDUSTRY Mustam.” *International Journal of Society Reviews (INJOSER)* 2(8):37–48.

Nita, Noviyanti, and Anam Hairul. 2017. “Analisis Faktor-Faktor Yang Mempengaruhi Struktur Modal Perusahaan Sektor Pertambangan.” *JSHP (Jurnal Sosial Humaniora Dan Pendidikan)* 1(1):53. doi: 10.32487/jshp.v1i1.235.

Nurhayati, Hety Budiyanti, Nurman, Anwar, and Andi Mustika Amin. 2018. “Pengaruh Struktur Modal Terhadap Profitabilitas (Studi Pada Perusahaan Pertambangan Yang Terdaftar Di Bursa Efek Indonesia Periode 2011-2015).” *Jurnal Riset Bisnis Dan Investasi* 3(3):89. doi: 10.35697/jrbi.v3i3.948.

Nuridah, Siti, Joelianti Dwi Supraptiningsih, Sopian, and Mutiara Indah. 2023. “Pengaruh Profitabilitas Dan Ukuran Perusahaan Terhadap Struktur Modal.” *Jurnal Ekobistek* 12(4):721–26. doi: 10.35134/ekobistek.v12i4.617.

Pertiwi, Setiawati; Rahmawati, Ika Yustina; Darmawan, Akhmad; dan Innayah, Maulida Nurul. 2022. “Effect of Profitability, Firm Size and Liquidity on Firm Value With Capital Structure as Intervening Variable (Case Study on Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2017-2020 Period).” *Media Ekonomi* 22(2):37–58.

Pusaka, Saphiera Arsyida, and Nurjanti Takarini. 2023. “Pengaruh Likuiditas, Leverage Terhadap Profitabilitas Dimoderasi Ukuran Perusahaan Pada Sub Sektor Perusahaan Pertambangan Batu Bara.” *Ekonomis: Journal of Economics and Business* 7(2):1209. doi: 10.33087/ekonomis.v7i2.1045.

Puspitasari, Wendy Ayu. 2022. “Pengaruh Likuiditas, Struktur Aktiva, Dan Profitabilitas Terhadap Struktur Modal.” *Diponegoro Journal of Accounting* 3(2):1–9.

Rachmayani, Asiva Noor. 2015. “PENGARUH STRUKTUR AKTIVA, PERTUMBUHAN PENJUALAN, DIVIDEND PAYOUT RATIO, LIKUIDITAS DAN PROFITABILITAS TERHADAP STRUKTUR MODAL.” 11(2):6.

Rasyid, Cahya Ayu Mulia Putri, Eni Indriani, and Robith Hudaya. 2022. “Pengaruh Corporate Social Responsibility Dan Struktur Modal Terhadap Nilai Perusahaan Dengan Ukuran Perusahaan Dan Profitabilitas Sebagai Variabel Moderasi Pada Perusahaan Pertambangan.” *Jurnal Aplikasi Akuntansi* 7(1):135–56. doi: 10.29303/jaa.v7i1.146.

Rifiana, Alya Syafi, Eka Febiyanti, and Hersugondo Hersugondo. 2021. "Pengaruh Ukuran Perusahaan, Tangibility, Likuiditas Dan Profitabilitas Terhadap Struktur Modal Pada Perusahaan Industri Pertambangan Batu Bara." *AKSES: Jurnal Ekonomi Dan Bisnis* 16(2):178–92. doi: 10.31942/akses.v16i2.5560.

Santosa, Nathaniel Pamela, Apriani Dorkas Rambu Atahau, and Samuel Martono. 2022. "Pengaruh Likuiditas, Leverage Dan Struktur Modal Terhadap Nilai Perusahaan Dengan Profitabilitas Sebagai Variabel Mediasi." *Prima Ekonomika* 13(2):76. doi: 10.37330/prima.v13i2.152.

Saputri, Veni, Isni Andriana, and Fida Muthia. 2019. "Faktor-Faktor Yang Mempengaruhi Struktur Modal Pada Perusahaan Pertambangan Yang Terdaftar Di Bursa Efek Indonesia Periode 2013-2017." *JAS (Jurnal Akuntansi Syariah)* 3(2):185–200. doi: 10.46367/jas.v3i2.183.

Sari, Ratna, and Fikri Hamidy. 2021. "Sistem Informasi Akuntansi Perhitungan Harga Pokok Produksi Pada Konveksi Sjm Bandar Lampung." *Jurnal Teknologi Dan Sistem Informasi (JTSI)* 2(1):65–73.

Setyani, Indri, Gendro Wiyono, and Ratih Kusumawardhani. 2022. "Analisis Pengaruh Likuiditas, Ukuran Perusahaan Dan Risiko Bisnis Terhadap Struktur Modal Dengan Profitabilitas Sebagai Variabel Intervening (Studi Pada Perusahaan Sub Sektor Makanan Dan Minuman Di BEI Periode 2014-2020)." *Ekonomis: Journal of Economics and Business* 6(1):35. doi: 10.33087/ekonomis.v6i1.463.

Sorana, Vatavu. 2015. "Determinants of Return on Assets in Romania: A Principal Component Analysis." *Timisoara Journal of Economics and Business* 8(s1):32–47. doi: 10.1515/tjeb-2015-0003.

Suhardjo, Yohanes, Abdul Karim, and Mohamad Sigit Taruna. 2022. "Effect of Profitability, Liquidity, and Company Size on Capital Structure: Evidence from Indonesia Manufacturing Companies." *Diponegoro International Journal of Business* 5(1):70–78. doi: 10.14710/dijb.5.1.2022.70-78.

Suryaningsih, Ni Made, Ida Ayu Surasmi, and Cokorda Krisna Yudha. 2022. "Pengaruh Profitabilitas, Likuiditas Dan Ukuran Perusahaan Terhadap Struktur Modal." *Jurnal Lingkungan Dan Pembangunan* 6(1):885–93.

Suryo, Rahardian Suryo Utomo, and Ika Rosyada Fitriati. 20216. "C Pengaruh Ukuran Perusahaan, Struktur Aset, Dan Profitabilitas Terhadap Struktur Modal." *Kompak :Jurnal Ilmiah Komputerisasi Akuntansi* 15(2):415–27. doi: 10.51903/kompak.v15i2.814.

Sutan Indomo, Uyung. 2019. "Pengaruh Struktur Modal, Pertumbuhan, Ukuran Perusahaan Dan Likuiditas Terhadap Profitabilitas Pada Perusahaan Pertambangan Periode 2012-2016." *Jurnal STEI Ekonomi* 28(02):267–79. doi: 10.36406/jemi.v28i02.255.

Tasman, Abel, Dian Prasetyo, Eka Sudarmaji, Hadiati Fitri, Nunung Nurhayati, Sudarijati, Venny Darlis, and Yuliana J. Rahman. 2017. "Pengantar Manajemen Keuangan." 2588–93.

Thahir, Rina Nirmala. 2015. "PENGARUH PROFITABILITAS, STRUKTUR AKTIVA, LIKUIDITAS, DAN UKURAN PERUSAHAAN TERHADAP STRUKTUR MODAL(Studi Pada Perusahaan Pertambangan Yang Terdaftar Di Bursa Efek Indonesia Tahun 2010-2013." 1–23.

Timbangnusa, E., J E Tulung, V N Untu, Joy Elly Tulung, and Victoria N Untu. 2023. "Pengaruh Profitabilitas Dan Ukuran Perusahaan Terhadap Struktur Modal Tahun 2016-2020 (Pada Sektor Pertambangan Yang Terdaftar Di Bursa Efek Indonesia)." *Jurnal EMBA* 11(1):910–19.

Umdiana, Nana, and Hashifah Claudia. 2020. "Analisis Struktur Modal Berdasarkan Trade Off Theory." *Corporate Finance and Capital Structure* 7:12–16. doi: 10.4324/9781003016380-3.

Wagisuwari, Kadek Saptaria, and Dr. Palti MT Sitorus, MM. 2024. "Analisis Trade-Off Theory Dan Pecking Order Theory Terhadap Struktur Modal." *Owner* 8(3):2380–92. doi: 10.33395/owner.v8i3.2091.

Wardatuddihan, Ratu, Enis Khaerunnisa, and Akhmadi. 2020. "Pengaruh Likuiditas Terhadap Struktur Modal Dengan Profitabilitas Sebagai Variabel Intervening." *Jurnal Maneksi* 12(2):393–404. doi: 10.31959/jm.v12i2.1566.

Wati, Anik Purnaam, I. Wayan Sukadana, and I. wayan Suarjana. 2020. "Pengaruh Struktur Aktiva, Profitabilitas Dan Likuiditas Terhadap Struktur Modal Pada Perusahaan Industri Pertambangan Yang Terdaftar Di Bursa Efek Indonesia (Bei)." *AKSELERASI: Jurnal Ilmiah Nasional* 2(1):83–91. doi: 10.54783/jin.v2i1.386.

Widiyati, Dian. 2020. "Pengaruh Profitabilitas, Ukuran Perusahaan, Leverage Dan Cash on Hand Terhadap Nilai Perusahaan (Studi Empiris Pada Perusahaan Pertambangan Batu Bara Yang Go Public Tahun 2017-2018 Di Bursa Efek Indonesia)." *Going Concern : Jurnal Riset Akuntansi* 15(2):279. doi: 10.32400/gc.15.2.28155.2020.

Widyastuti, Nur Laila, and Hanan Nugroho. 2020. "Dampak Covid-19 Terhadap Industri Minyak Dan Gas Bumi: Rekomendasi Kebijakan Untuk Indonesia." *Jurnal Perencanaan Pembangunan: The Indonesian Journal of Development Planning* 4(2):166–76. doi: 10.36574/jpp.v4i2.116.