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Profitability Analysis, Asset Structure on Capital Structure and Their Impact on Company Value Listed on the Jakarta Islamic Index 70

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Abstract
This research was conducted with the aim of: (1) examining and analyzing the effect of profitability, and asset structure on capital structure (2) testing and analyzing the effect of profitability, firm size, and structure assets on firm value (3) examining and analyze the effect of capital structure on firm value. This study uses secondary data with a purposive sampling method. The sample of this research is 28 companies with 112 data observed. Data were analyzed using the Structural Equation Modeling (SEM) program. The results of this study indicate that: (1) Profitability has a positive and significant effect on capital structure (2) Company size has a negative and insignificant effect on capital structure (3) Asset structure has a positive and significant effect on capital structure (4) Profitability has a positive and significant effect on firm value (5) Asset structure has a positive and significant effect on firm value (6) Capital structure has a positive and significant effect on firm value (7) Profitability has a positive and significant effect on firm value mediated by capital structure (8) Company size has a negative effect and not significant to firm value mediated by capital structure (9) Asset structure has a positive and significant effect on firm value mediated by capital structure.
Keywords*: Profitability, Asset Structure, Capital Structure, Firm Value*

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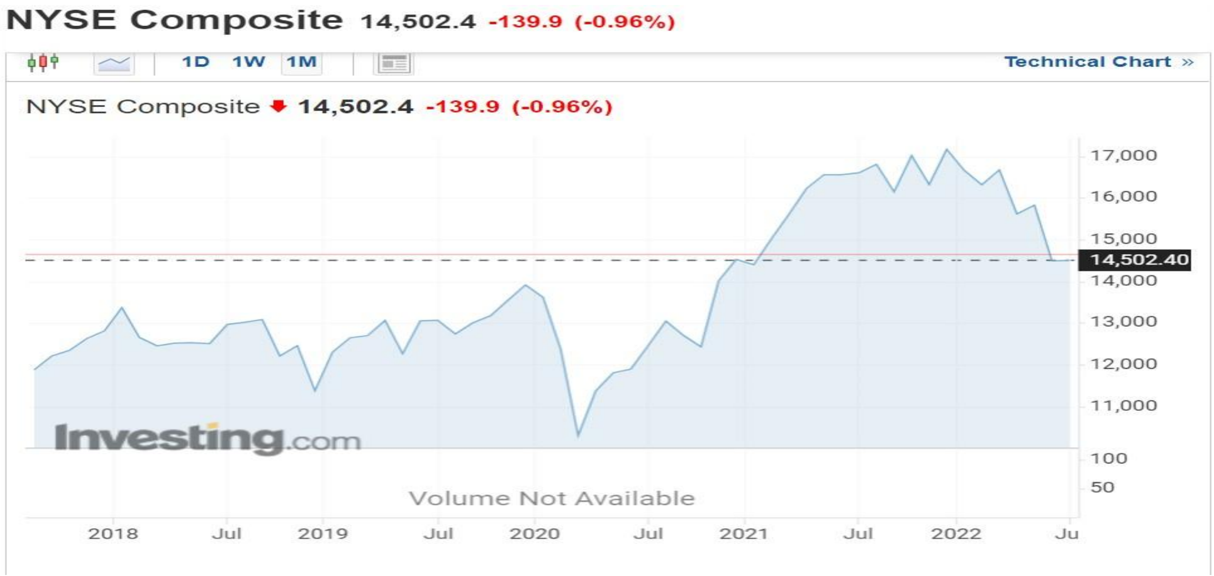
I. Preliminary

A company is an economic entity that has a goal in carrying out its business operations. The increasingly rapid competition in the business world makes every company improve its performance and apply the right strategies so that its goals can be achieved. Company goals are generally divided into two parts, namely short-term goals and long-term goals. The company's short-term goal is to generate profits for some time while the long-term goal of the company is to maximize the company's value by minimizing the company's cost of capital. The company value is a description of the welfare state of the owner or shareholders. The higher the value of the company, the more prosperous the investors are, and conversely, the lower the value of the company, the less prosperous the investors are. In other words, it can be said that the value of the company is a parameter or benchmark for investors' prosperity and at the same time is a positive signal in the eyes of potential investors to invest in a company. Companies that have a high corporate value certainly have many benefits or advantages for the company itself, one of which is easy access to obtain financing from the capital market and financial institutions, or the company gets a high selling price when the company is sold or merged (Dewi & Ekadjaja, 2020). The value of the company can be reflected in the stock market price. The stock market price is the price that potential investors are willing to pay if they want to own a company's shares, so the stock price is a price that can be used as a proxy for the company's value. A high company value will show stability and a better image so that potential investors have trust and interest in the company. The high corporate value indicates an increase in shareholder wealth and good investment management. Optimal company value conditions will be achieved if the company can take advantage of opportunities and challenges in increasingly fierce competition. For investors, company value is an essential concept because company value is an indicator of how the market values the company as a whole. The high value of the company shows good company performance. For creditors, the value of the company is related to the company's liquidity, namely whether or not the company is considered capable of repaying the loan provided by the creditor. If the implied value of the company is not good, investors will assess the company with a low value. The value of companies that have gone public can be seen from the price of shares issued by these companies (Yanda, 2018). At the beginning of 2020, the whole world was shocked by the presence of a new disease called Coronavirus disease 2019 (Covid-19). The World Bank and IMF predict that the Covid-19 pandemic will trigger a global economic recession. Several experts have predicted that the Covid-19 pandemic will have an impact equal to or even worse than the conditions of the great depression in the period 1920 to 1930 (Junaedo & Salistia, 2020).

In several areas, the impact caused by the Covid-19 Virus was not only felt in the health sector but also had an impact on the economies of various countries. The capital market sector also experienced its impact. The capital market is an alternative source of funds in today's business world. Many industries and companies use capital market institutions as a medium to absorb investment and a medium to strengthen their financial position. Seeing the important role of the capital market in the economic life of a country, the capital market is required to operate efficiently in collecting public funds and allocating these funds in the form of investments with good prospects. One of the global indices that has a large capitalization is the New York Stock Exchange or NYSE which is the index of the United States capital market. The NYSE ranks first in the world's largest share capitalization value, with a total capitalization value of US$27.9 trillion (www.cnbcindonesia.com accessed 12/7/2022). The following is a picture of the movement of the NYSE index over the last 5 years.



Source: Investing.com
Figure 1 2018-2022 NYSE Index Movement

Based on figure 1.1, the NYSE index has fluctuated for approximately 5 years. The NYSE experienced its lowest price in March 2020 of 10,311 US Dollars. However, after March 2020, which was marked as the beginning of the entry of Covid-19 cases, the NYSE experienced a rapid increase, the peak being in December 2021 where the NYSE showed 17,057 US Dollars as the highest score in the past 5 years. The Shanghai Index Composite or SSE is the largest capital market index in Asia, and originates from China. SSE is ranked as the third largest share capitalization value in the world, with a total capitalization value of 8.15 trillion US Dollars (www.cnbcindonesia.com accessed 12/7/2022). The following is a picture of the movement of the SSE index over the last 5 years.

Sumber: Investing.com
Gambar 2 Indeks Pergerakan SSE Tahun 2018-2022

Berdasarkan gambar 1.2 indeks SSE mengalami fluktuasi selama kurang lebih 5 tahun. Namun ada perbedaan pada indeks SSE dimana fluktuasi yang ada menunjukkan harga terendah bukan pada masa pandemi Covid-19 melainkan pada bulan Desember 2019 dengan nilai sebesar 4.342 Yuan. Sedangkan untuk harga tertinggi tercatat pada bulan November 2021 dengan nilai sebesar 8.296 Yuan. Di Bursa Efek Indonesia, terdapat bermacam-macam indeks yang menunjukkan harga saham pada sektor tertentu diantaranya Harga Saham Gabungan (IHSG), Indeks Liquid 45 (LQ45), Jakarta Islamic Index (JII), Jakarta Islamic Index 70 (JII70) dan masih banyak lagi indeks lainnya. IHSG adalah yang paling sering digunakan investor lokal atau asing sebagai tolak ukur nilai perusahaan, karena indeks ini mencakup semua saham yang ada di lantai bursa dan terdaftar di Bursa Efek Indonesia. Berikut ini gambar dari pergerakan IHSG selama 5 tahun terakhir.

Sumber: Investing.com
Gambar 3 Pergerakan IHSG Tahun 2018-2022

Berdasarkan gambar 1.3 IHSG mengalami fluktuasi harga selama 5 tahun. IHSG mencapai angka tertinggi pada April 2022 yang menyentuh harga sebesar 7.213 Rupiah. Sama seperti NYSE yang mengalami penurunan drastis paling drastis pada Maret 2020 yaitu sebelumnya 6.275 Rupiah pada Desember 2019 menjadi 4.512 Rupiah. Perkembangan instrumen keuangan syariah di Indonesia saat ini mengalami pertumbuhan yang signifikan, ditandai dengan perkembangan salah satu produk investasi syariah yang mulai menarik perhatian para investor yaitu saham syariah. Ada beberapa saham syariah yang terdaftar di Bursa Efek Indonesia (BEI) seperti Indeks Saham Syariah Indonesia dan Jakarta Islamic Index (JII). Pada tanggal 17 Mei 2018 PT Bursa Efek Indonesia meluncurkan Indeks saham terbaru dari JII yaitu Jakarta Islamic Index 70 (JII70). Sama seperti ISSI, review saham syariah yang menjadi konstituen JII dilakukan sebanyak dua kali dalam setahun, Mei dan November, mengikuti jadwal review DES oleh OJK. Adapun kriteria likuditas yang digunakan dalam menyeleksi 70 saham syariah yang menjadi konstituen JII70 yaitu saham syariah yang masuk dalam konstituen Indeks Saham Syariah Indonesia (ISSI) telah tercatat selama 6 bulan terakhir, dipilih 150 saham berdasarkan urutan rata-rata kapitalisasi pasar tertinggi selama 1 tahun terakhir , dari 150 saham kemudian dipilih 70 saham berdasarkan rata-rata nilai transaksi harian di pasar regular tertinggi dan 70 saham yang tersisa merupakan saham terpilih. Berikut ini grafik dari pergerakan JII70 selama 5 tahun terakhir.

Source: Investing.com
Figure 4 2018-2022 JII70 Movement

Based on chart 1.4 JII70 has experienced price fluctuations for 5 years. JCI reached its highest in January 2019 which touched a price of 241.74 Rupiah. Just like the NYSE and JCI, JII70 also experienced the most drastic decline in March 2020, namely 157.76 Rupiah. Even though in March 2020 it experienced a drastic decline, the following year JII 70 again showed its existence in the world of capital markets. Associated with the rise and fall of stock prices in the capital market is an interesting phenomenon to talk about regarding the issue of the ups and downs of the company's value itself. JII 70 is the object of this study because stocks that are in JII 70 are relatively expensive and have high returns, so this research will avoid the potential use of sleeping stocks. In addition, JII 70 is also the latest sharia stock index that meets the criteria for investment in the capital market based on the sharia system so it receives considerable attention for the current rise of the Islamic economy. One of the factors that affect the value of the company is the funding decision which is reflected in the capital structure. Decision-making regarding the capital structure is very important for every company. The wrong decision can cause the company to experience financial difficulties and eventually go bankrupt. Decisions that must be taken by financial managers concerning company operations are funding decisions, where good funding decisions from a company can be seen from the company's capital structure. The optimal capital structure of the company will be able to minimize the cost of capital that must be borne by the company.

In conventional companies, until now there are no definite rules regarding the composition of the capital structure because it is very dependent on the conditions and cost of capital for each component of the capital source. In contrast to the capital structure of companies classified as Jakarta Islamic Index 70. The debt usage component must comply with the ratio set by the Financial Services Authority (OJK), namely total interest- based debt compared to total assets of no more than 45%. With an emphasis on debt ratios set by the Financial Services Authority (OJK). So, the risks to sharia-based companies should be safer. Due to concerns over the high cost of capital that will be experienced by the company, it can be controlled more and more.

One of the factors that influence capital structure and company value is profitability. From an investor's point of view, one of the important indicators to see the company's prospects in the future is to see how far the company's profitability has grown because this indicator is very important to note to find out how much return investors can receive on their investments. Based on the signalling theory, high profitability is a good and positive signal for investors and potential investors related to good company prospects, thus triggering investors to increase demand for shares, increased demand for shares causes stock prices to increase, and increased stock prices cause firm value to increase. Sarlija and Martina (2016) state that when a company has a high profit earning rate, the percentage of retained earnings owned by the company also increases. The company's ability to fund its activities with internal funds can minimise the percentage of using debt so that the composition of debt in its capital structure decreases and the company can avoid debt costs and bankruptcy risk.

The effect of profitability on capital structure and company value has been empirically carried out, including Robin & Eka (2021), Betavia (2019), Zuhroh (2019) whose research results show that profitability has a significant positive effect on company value. Unlike the research conducted by Aggarwal & Padhan (2017), Sondakh (2019), Putri & Rachmawati (2018) shows that profitability harms firm value. Feni et.al (2021), Betavia (2019) results of his research show that profitability has a positive effect on capital structure. In contrast, the research conducted by Nurdani & Rahmawati (2020) found that profitability harms capital structure. Meanwhile, research conducted by Nugraha (2020) shows that profitability does not affect capital structure. Company size also plays a role that is no less important because company size will affect the capital structure and also the value of the company. The size of the company is divided into categories, namely large companies (large firms), medium companies (medium size) and small companies (small firms). Company size is thought to be one of the variables considered in determining the value of a company because company size reflects how many total assets the company has. The total assets owned by the company describe the capital, as well as the rights and obligations it has. Large companies are assessed from the company's total assets, it can be ascertained that the greater the funds managed and the more complex the management, and tend to have more stable financial conditions and easier to obtain sources of funding so it will be more attractive for new investors to invest in these companies so that it will encourage an increase in company value.

Companies that have a larger size influence the capital structure (Handayani & Darma, 2018). Agreeing with this statement, Feni et.al (2021) was able to prove that company size has a significant positive effect on capital structure. However, research conducted by Salim & Susilowati (2020) has conflicting results, where the results state that company size has a negative and significant effect on capital structure, the same thing by Nurdani & Rahmawati (2020) says there is a negative effect between company size on capital structure. In line with the results of Nugraha's research (2020) which states that there is no influence between company size and capital structure.

Company size is also one of the variables considered in determining the value of a company. This is consistent with the results of research conducted by Rehman (2016) which states that company size has a positive effect on firm value, in line with research conducted by Sondakh (2019) which states that there is a positive effect on company size on firm value. However, research conducted by Setiadarma & Machali (2017) has conflicting results, namely that there is a negative effect between company size and firm value, as well as research conducted by Robin & Eka (2021) states that there is no effect of company size on firm value.

Another factor that influences the capital structure and firm value in this study is the asset structure. Assets are assets or wealth owned by a company within a certain period. There are two types of assets, namely current assets and fixed assets. The asset ratio will determine the company's asset structure. The condition of the company's assets can affect the company's funding policy. Companies that have more current assets in their asset structure tend to use debt to fulfil their financing activities, while companies with fixed assets are more likely to use their capital to fulfil their financing activities. Companies that have assets suitable for collateral will get loans, which will make the company get sources of funds easily, which will increase the value of the company.

The effect of asset structure on capital structure and firm value has been empirically carried out including Setiadarma & Machali (2017), and Al-Slehat (2019) whose research results show that profitability has a significant positive effect on firm value. Unlike the research conducted by Betavia (2019), it shows that asset structure harms company value. In line with the results of Robin & Eka's research (2021), it shows that asset structure does not affect company value. Sahabuddin (2017) and Al-Slehat (2019) research results show that asset structure has a positive effect on capital structure. Unlike the research conducted by Putri & Rachmawati (2018) Betavia (2019) found that asset structure harms capital structure. Meanwhile, research conducted by Handayani & Darma (2018) shows that asset structure does not affect capital structure.

Agency theory and signalling theory are used as the grand theory in this study. Agency theory is the relationship between managers (agents) and company owners (principals) to cooperate in the interests of owners including delegation of authority in making decisions (Jensen and Meckling, 1976 in Pradnyan and Noviari, 2017). In the process of maximizing firm value, conflicts of interest will arise between agents and principals, which are often called agency conflicts because basically agents and principals have different interests. The existence of agency conflict causes the emergence of agency costs, which arise from monitoring costs incurred by the principal (Kusumaningtyas and Andayani, 2015). The next theory is the signal theory, which is an action taken by company management to give investors an idea of the company's prospects. Companies with favourable prospects prefer to avoid selling shares and seek to obtain new capital in other ways, while companies with less profitable prospects will tend to sell their shares (Brigham and Houston, 2014).

Based on the results of the research and theory described above there are still differences, therefore researchers are encouraged to provide further information related to capital structure and firm value, especially in companies labelled Jakarta Islamic Index 70 with the title Effect of Profitability, Company Size, and Asset Structure on Capital Structure and Their Impact on Company Value Listed on the Jakarta Islamic Index 70.

II. Research Method

Research Approach The type of research used is causal associative (relationship) research which aims to determine the relationship between two or more independent variables on the dependent variable (Gujarati, 2015) using a quantitative approach. A quantitative approach is applied using statistical formulas to help analyze the data obtained from data collection. In this study, the endogenous intervening variable is capital structure and the endogenous (dependent) variable is firm value, while the exogenous (independent) variables are profitability, firm size, and asset structure.

Types and Sources of Data

In this study, the type of data used is quantitative data, namely data measured on a numerical scale in the form of numbers (Kuncoro, 2015). The Source of data used in this research is secondary data. Secondary data is data that is already available so you only need to search and collect it, it can be obtained more easily and quickly because it is already available in companies, data that has been collected and data collection agencies and published to the user community (Kuncoro, 2015). The secondary data in this study are the annual financial statements of companies listed in the Jakarta Islamic Index 70 (JII70) for 2018-2021. The data used in this study were obtained through annual reports published by the Indonesia Stock Exchange through the website www.idx.co.id

Population and Sample

1. Population

The population is a generalization area consisting of objects or subjects that have certain qualities or characteristics determined by researchers to be studied and then conclusions drawn (Sugiyono, 2012: 115). The population in this study are companies registered in the Jakarta Islamic Index 70 (JII70) in the 2018-2021 period, totalling 70 companies.

2. Sample

The sample is part of the population consisting of several members selected from the population (Sugiyono, 2012: 116). The main requirement for sampling a population is that the sample must represent the population and must be in the form of a miniature population. The purpose of selecting the sample is to make data analysis based on the sample generalisable at the population level. A representative sample is indicated by an accurate and perceived estimation of the sample statistics on the population. The method of determining the sample in this study is the non-probability sampling method, namely purposive sampling, namely choosing certain characteristics as the key to be sampled while those that are not included in the specified characteristics will be ignored or not used as samples. Purposive sampling is a sampling technique with certain considerations (Sugiyono, 2012: 122) so that a representative sample is obtained according to the specified criteria. The criteria fordetermining the sample in this study are as follows:

Table 2. Sample Selection Criteria

No.	**Sample Determination Criteria**	**Total**
1.	Companies registered in the Jakarta Islamic Index 70 (JII70)during the 2017-2021 observation period	70
	Companies that are inconsistently registered as the Sharia StockIndex	(31)
2.	Companies that are consistently listed in the Jakarta IslamicIndex 70 during the observation period 2017-2021	39
	Companies whose financial statements are not published in fullfrom 2018-2021	(3)
3.	Companies whose financial statements are published in full from2018-2021	36
	Companies that do not present financial statements in Rupiahduring 2018-2021.	(8)
4.	Companies that present financial reports in Rupiah during 2018-2021.	28

Companies in the Jakarta Islamic Index 70 were selected as samples	28
Number of observation sample units: 28 x 4	112

Source: Data processed in 2022

The sample is part of the population consisting of a number of members selected from the population (Sugiyono, 2012: 116). The main requirement for sampling a population is that the sample must represent the population and must be in the form of a miniature population. The purpose of selecting the sample is to make data analysis based on the sample generalizable at the population level. A representative sample is indicated by an accurate and precessive estimation of the sample statistics on the population. The method of determining the sample in this study is the non-probability sampling method, namely purposive sampling, namely choosing certain characteristics as the key to be sampled while those that are not included in the specified characteristics will be ignored or not used as samples. Purposive sampling is a sampling technique with certain considerations (Sugiyono, 2012: 122) so that a representative sample is obtained according to the specified criteria.

Data Collection Techniques The data
collection technique used in this study is the documentation method, this method is carried out by collecting, reading, studying, and reviewing literature or references that are related to the preparation of the required research. A data collection technique by searching for and collecting data on matters in the form of written heritage records in the form of archives. Several books as library materials as well as scientific articles, journalsthat are closely related to research problems.

Data Analysis Techniques The data analysis techniques used in this study are divided into two, namely:

1. Descriptive Statistical Analysis

Budiastuti & Bandur (2018: 23) actually the results of descriptive analysis data can help to see an overview of the results of data analysis and at the same time to be able to determine the types the type of inferential statistical test to be used to analyze the data. Descriptive analysis is an empirical analysis in a descriptive way about the information obtained to provide an overview and describe an event in the study. Because this study uses more than one variable and to examine the influence between the independent and dependent variables, it is used to test the hypothesis through testing each construct (latent variable)

2. Inferential Statistical Analysis

Inferential statistics are statistical techniques used to analyze sample data and the results applied to the population. In accordance with the hypothesis that has bee n formulated, in this study the analysis of inferential statistical data was measured by Structural Equation Modeling (SEM) with the help of AMOS software. The use of SEM as an analytical tool, apart from being based on reasons for the complexity of the model used, is also based on the limitations of multidimensional analysis tools that are often used in quantitative research, such as multiple regression, factor analysis, discriminant analysis, and others.

III. Research Results

Hypothesis Testing

To test the hypotheses in this study, a structural equation model (SEM) was used with thehelp of AMOS 21 software, and the processed results are as shown in table 30 below.

Yabel 30. Results of Research Hypothesis Testing

No	Variable			Direct Effects	Indirect Effects	Total Effects	P-Value	Description
	of Independent	**Variables Intervening**	**Variables Dependent Variable**					
1	**Profitability(X1)**	**Capital Structure(Y1)**	**-**	**0.270**	**0.000**	**0.270**	**0.006**	**Positive and Significant**
2	**Firm Size(X2)**	**Capital Structure (Y1)**	**-**	**-0.026**	**0.000**	**-0.026**	**0.104**	**Negativeand Not Significant**
3	**Asset Structure (X3)**	**Capital Structure (Y1)**	**-**	**0.763**	**0.000**	**0.763**	**0.012**	**Positiveand Significant**
4	**Profitability(X1)**	**-**	**Firm Value(Y2)**	**0.186**	**0.000**	**0.186**	**0.000**	**Positiveand Significant**
5	**Asset Structure(X3)**	**-**	**Firm Value(Y2)**	**0.314**	**0.000**	**0.314**	**0.000**	**Positive and Significant**
6	**-**	**Capital Structure (Y1)**	**Firm Value(Y2)**	**0.287**	**0.000**	**0.287**	**0.000**	**Positiveand Significant**

7	**Profitability(X1)**	**Capital Structure(Y1)**	**Firm Value(Y2)**	**0.186**	**0.078**	**0.264**	**0.017**	**Positive and Significant**
8	**Company Size (X2)**	**Capital Structure (Y1)**	**Firm Value (Y2)**	**0.061**	**-0.008**	**0.053**	**0.604**	**Negative and Not Significant**
9	**Asset Structure (X3)**	**Capital Structure (Y1)**	**Firm Value(Y2)**	**0.314**	**0.219**	**0.533**	**0.045**	**Positive and Significant**

Source: Results of Processed AMOS Data (Appendix 4)

Results of hypothesis testing based on table… can be interpreted as follows:

1) Hypothesis 1: Profitability has a significant positive effect on capital structure Testing the hypothesis of the effect of profitability (X1) on capital structure (Y1) The results of the analysis as shown in Table 30 show that profitability has a positive and significant effect on capital structure with a regression coefficient of 0.270 and (p- value) of 0.006. Thus, these results indicate that there is empirical evidence to accept the hypothesis (H1) that profitability has a significant positive effect on capital structure. This can be interpreted that a large profitability will increase the capitalstructure.

2) Hypothesis 2: Firm size has a significant positive effect on capital structure
Testing the hypothesis of the effect of firm size (X2) on capital structure (Y1) The results of the analysis as shown in Table 30 show that firm size has a negative and insignificant effect on capital structure with a regression coefficient of -0.026 and (p- value) of 0.104. Thus, these results indicate that there is empirical evidence to reject the hypothesis (H2) that firm size has a negative and insignificant effect on capital structure. This can be interpreted that the size of a large company will reduce the capital structure.

3) Hypothesis 3: Asset structure has a significant positive effect on capital structure Testing the hypothesis of the effect of asset structure (X3) on capital structure (Y1) The results of the analysis are shown in table 30 showing that asset structure has a positive and significant effect on capital structure with a regression coefficient of 0.763 and (p-value) of 0.012. Thus, these results indicate that there is empirical evidence to accept the hypothesis (H3) that asset structure has a significant positive effect on capital structure. This can be interpreted that a large asset structure willincrease the capital structure.

4) Hypothesis 4: Profitability has a significant positive effect on firm value
Testing the hypothesis of the effect of profitability (X1) on firm value (Y2) results of the analysis as shown in table 30 shows that profitability has a positive and significant effect on firm value with a regression coefficient of 0.186 and (p- value) of 0.000. Thus, these results indicate that there is empirical evidence to accept the hypothesis (H4) that profitability has a significant positive effect on firm value. This can be interpreted that a large profitability will increase the value of the company.

5) Hypothesis 5: Asset structure has a significant positive effect on firm value
Testing the hypothesis of the effect of asset structure (X3) on firm value (Y2) The results of the analysis as shown in the table show that asset structure has a positive and significant effect on firm value with a regression coefficient of 0.314 and (p- value) of 0.000. Thus, these results indicate that there is empirical evidence to accept the hypothesis (H5) that asset structure has a significant positive effect on firm value. This can be interpreted that a large asset structure will increase the value of the company.

6) Hypothesis 6: Capital structure has a significant positive effect on firm value
Testing the hypothesis of the effect of capital structure (y1) on firm value (Y2) results of the analysis as shown in table 30 shows that capital structure has a positive and significant effect on firm value with a regression coefficient of 0.287 and (p-value) of 0.000. Thus, these results indicate that there is empirical evidence to accept the hypothesis (H6) that capital structure has a significant positive effect on firm value. This can be interpreted that a large capital structure will increase the value of the company.

7) Hypothesis 7: Profitability has a significant positive effect on firm value mediated by capital structure
Testing the hypothesis of the effect of profitability (X1) on firm value (Y2) mediated by capital (Y1) is carried out by the Sobel test. The results of the Sobel test (Appendix 5) show that profitability has a positive and significant effect on firm value mediated by capital structure with a regression coefficient of 0.186 and (p-value) of 0.017. Thus, these results indicate that there is empirical evidence to accept the hypothesis (H7) that profitability has a significant positive effect on firm value mediated by capital structure. This can be interpreted that a large profitability will increase the value of the company which is mediated by the capital structure.

8) Hypothesis 8: Firm size has a significant positive effect on firm value mediated by capital structure
Sobel test (Appendix 5) shows that firm size has a negative and insignificant effect on firm value mediated by

capital structure with a regression coefficient of 0.061 and (p- value) of 0.604. Thus, these results indicate that there is empirical evidence to accept the hypothesis (H8) that firm size has a negative and insignificant effect on firm value mediated by capital structure. This can be interpreted that the size of a large company will reduce the value of the company which is mediated by the capital structure.

9) Hypothesis 9: Asset structure has a significant positive effect on firm value mediated by capital structure

Testing the hypothesis of the effect of asset structure (X3) on firm value (Y2) mediated by capital structure (Y1) is carried out by the sobel test Sobel test (Appendix 5) shows that asset structure has a positive and insignificant effect on firm value mediated by capital structure with a regression coefficient of 0.314 and (p-value) of 0.045. Thus, these results indicate that there is empirical evidence to accept the hypothesis (H9) that firm size has a positive and significant effect on firm value mediated by capital structure. This can be interpreted that a large asset structure will increase the value of the company which is mediated by the capital structure.

IV. Discussion

To be clearer and more direct the results of hypothesis testing, it is described as follows:

1. The Effect of Profitability on Capital Structure

The results showed that profitability has a positive and significant effect on capital structure. This is evidenced by the regression coefficient which has a positive value of

0.270 and a significant value of 0.006 which is less than 0.50. This means that high profitability can increase the amount of debt. Companies with high profits are considered to have good prospects so they need more funds to meet expansion needs which require a lot of funds to encourage increased profits in the future. According to Ramadhan (2015), companies that have high profits must borrow more debt to take advantage of the tax on this debt. The results of this study are in line with the theory of Modigliani and Miler (1958) which suggests the use of debt will be more profitable when compared to the use of own capital in financing company operations so that this theory encourages a company that has a high-profit level to tend to use debt first. Companies that have large or strong capital are easier to decide to take on debt because the company believes it has a strong financial foundation. Having a large company capital indicates that the greater the company's profits, the more likely it isto develop the company with funding from outside the company in the form of debt, the greater the company's profits, the greater the opportunity to take sources of funds from outside parties.

The results of this study are in line with the research by Sari & Sendana (2020) and Betavia (2019) which show that profitability has a positive and significant effect on capital structure. However, the results of this study are not in line with the research of Salim & Susilowati (2020), Nugraha et.al (2020), and Ifada et.al (2019) which show that profitability has no significant negative effect on capital structure.

2. Effect of Firm Size on Capital Structure

The results showed that firm size has a negative and insignificant effect on capital structure. This is evidenced by the regression coefficient which has a negative value of -0.026 and a significant value of 0.104 which is less than 0.50. This means that the high side of the company will be followed by a decrease in capital structure.

According to Astuti (2017) because large companies do not necessarily have easier access to obtain funding from the capital market than small companies an increase or decrease in company size affects the company's capital structure.

The results of this study are in line with the pecking order theory that there is a negative relationship between firm size and debt ratio because asymmetric information is not a problem for large companies. So, the cost of capital in large companies will be relatively smaller compared to small companies (Mouamer, 2011). Larger company size does not guarantee the survival or progress of the company's operational activities. Thus, the size of the company does not guarantee the interests of investors and creditors to invest their funds in the company.

The results of this study are in line with the research of Salim & Susilowati (2020), Nugraha et.al (2020), and Nurdani & Rahmawati which show that company size has a negative and insignificant effect on capital structure. However, the results of this study are not in line with the research of Handayani & Darma (2018) and Feni et.al (2021) which show that company size has a significant positive effect on capital structure.

3. Effect of Asset Structure on Capital Structure

The results showed that asset structure has a positive and significant effect on capital structure. This is evidenced by the regression coefficient which has a positive value of 0.763 and a significant value of 0.012 which is less than 0.50. This means that the greater the proportion of assets owned by the company, the greater the capital structure due to the increased use of debt as a result of the ease of obtaining debt.

According to Nugraha et.al (2020) by providing asset guarantees, the company immediately pays attention to protecting its creditors or debt holders from potential investment failures made by the company. If the company is unable to fulfil its obligations to its creditors, the creditors have the power to force the company to sellits collateral assets following the debt contracts they signed together.
The results of this study are in line with the pecking order theory, where the greater the asset structure owned by a company, the greater the opportunity for the company to use debt. This is because the fixed assets owned by the company can be used as collateral to obtain debt.
The results of this study are in line with the research of Sahabuddin (2017), Feni et.al (2021), and Nugraha et.al (2020) which show that asset structure has a positive and significant effect on capital structure. However, the results of this study are not in line with the research of Handayani & Darma (2018), Dewi & Fachrurrozie (2021) and Betavia (2019) which show that asset structure has an insignificant negative effect on capital structure.

4. The Effect of Profitability on Firm Value

The results showed that profitability has a positive and significant effect on firm value. This is evidenced by the regression coefficient which has a positive value of 0.186 and a significant value of 0.000 which is less than 0.50. This means that companies that have high profitability show good company performance so that they can increase company value. According to Zuhroh (2019), an increase in profitability shows an increase in the company's ability to obtain profits for its shareholders. Large profits indicate a greater company's ability to pay dividends which will increase the value of the company. The results of this study are in line with the signalling theory which states that companies can provide good signals to investors and the public regarding financial reports. company. The link between signal theory and firm value is where the company gives a positive signal in the form of good information to investors. With the signal in the form of good information, it is hoped that investors will be interested so that financial performance will increase.
The results of this study are in line with the research by Sari and Sendana (2020), Salim and Susilowati (2020), and Dang et.al (2019) which show that profitability has a positive and significant effect on firm value. However, the results of this study are not in line with the research of Anggarwal & Padhan (2017), Sondakh (2019) and Putri & Rahmawati (2018) which show that asset structure has no significant negative effect on capital structure.

5. Effect of Asset Structure on Firm Value

The results showed that asset structure has a positive and significant effect on firm value. This is evidenced by the regression coefficient which has a positive value of 0.314 and a significant value of 0.000 which is less than 0.50. This means that a highasset structure will increase the value of the company.
According to Pribadi (2018), most companies with stable finances have a high investment value in terms of fixed assets. When these assets are utilized optimally by competent staff, this will increase company returns and ultimately affect the growth of company value. The results of this study are in line with the pecking order theory of companies that have a high asset structure will tend not to use debt financing. Thisis because companies with high asset structures have large internal funds so these companies will use their internal funds more before using external financing which is a positive signal for investors. So, the company's asset structure plays an important role in determining the company's financing so that it can maximize the value of the company. The results of this study are in line with the research of Setiadarma & Machali (2017) and Feni et.al (2021) which show that asset structure has a positive and significant effect on firm value. However, the results of this study are not in line with the research of Robin & Eka (2021), Betavia (2019) and Shah & Khalidi (2020) which show that asset structure has no significant negative effect on company value.

6. Effect of Capital Structure on Firm Value

The results showed that capital structure has a positive and significant effect on firm value. This is evidenced by the regression coefficient which has a positive value of 0.287 and a significant value of 0.000 which is less than 0.50. This means that an increased capital structure will also increase the value of the company. The results of this study are in line with the trade-off theory which explains that if the position of the capital structure is below the optimal point, then each additional debt will increase the value of the company. Where companies can take advantage of debt while the benefits are large (saving taxes and other costs) compared to sacrifices (paying interest). In addition, it is also following the signalling theory which states that when a company uses internal funds to fund its business, it will be seen by investors as a significant positive signal because the perception of investors when a company uses debt means that the company can increase capacity and repay debt. The results of this study are in line with the research of Rehman (2016), Aggarwal & Padhan (2017) and Sari & Sedana (2020) which show that capital structure has a positive and significant effect on firm value. However, the results of this study are not in line with the research of Dang et al (2019), Putri & Rahmawati (2018) and Shah & Khalidi (2020) which show that capital structure has no significant negative effect onfirm value.

7. The Effect of Profitability on Firm Value through Capital Structure

The results showed that profitability has a positive and significant effect on firm value through capital structure. This is evidenced by the regression coefficient which has a positive value of 0.078 and a significant value of 0.017 which is less than 0.50. This means that the capital structure can be a mediator between profitability and firm value. For companies that experience an increase in profitability, the company's ability to manage debt will also be better so that debt will be used to buy asset flows in the form of strategic land that can be built quickly. Thus, the company will get profits faster so that it can further increase its value of the company.

The results of this study are in line with the signalling theory which states that companies provide positive signals in the form of good information to investors. With the signal in the form of good information, it is hoped that investors will be interested so that financial performance will increase, there will be asset growth, the size of the company will increase and creditors will have more confidence in providing funding in the form of debt to the company. The results of this study are in line with research by Sari & Sedana (2020) which shows that profitability has a positive and significant effect on firm value with capital structure as an intervening variable.

8. The Effect of Firm Size on Firm Value through Capital Structure

The results of this study show that firm size has a negative and significant effect on firm value through capital structure. This is evidenced by the regression coefficient which has a negative value of -0.008 and a significant value of 0.604 which is less than 0.50. This means that capital structure cannot be a mediator between firm size and firm value.

The high size of the company does not guarantee an increase in company value even though it is mediated by the capital structure. This means that, even though a high company size makes it easier to find additional capital and a capital structure can manage liabilities and capital optimally, this is still not able to increase company value, due to other factors such as the use of capital to increase company assets or increase retained earnings. owned by the company so that the focus of capital management is not on the value of the company.

According to Azmi et.al (2018) company that has a large company size, access to funding (debt) will be easier. With the funds obtained, if the company uses debt that exceeds the optimal level, it will cause a decrease in the value of the company, due to the high risk of bankruptcy for the company. Thus, investors pay less attention to thecompany.

9. Effect of Asset Structure on Firm Value through Capital Structure

The results of the study show that asset structure has a positive and significant effect on firm value through capital structure. This is evidenced by the regression coefficient which has a positive value of 0.314 and a significant value of 0.045 which is less than 0.50. This means that the capital structure can be a mediator between asset structure and company value.

Asset structure is a factor that contributes to capital structure. The more the company's fixed assets show that the company has a real guarantee. Large assets show the company's ability to apply for high collateral, so loans will be increased to get higher profits. This will also have an impact on investors' valuation so that the company's value will also increase.

The results of this study are in line with the trade-off theory which states that the benefits of increasing debt are greater than the sacrifices incurred will give a positive signal to investors and have an impact on firm value.

V. Findings

From the results of data analysis and the discussion that has been described, theresearcher has several findings, namely as follows:

1. Firm size has no significant negative effect on firm value through capital structure. Firm size does not guarantee an increase in firm value even though it is mediated by the capital structure. This means that, even though a high company size makes it easier to find additional capital and a capital structure can manage liabilities and capital optimally, this is still not able to increase company value, due to other factors such as the use of capital to increase company assets or increase retained earnings. owned by the company so that the focus of capital management is not on the value ofthe company.
2. Asset structure has a positive and significant effect on firm value through capital structure. The more the company's fixed assets show that the company has a real guarantee. Large assets show the company's ability to apply for high collateral, so loans will be increased to get higher profits. This will also have an impact on investors' valuation so that the company's value will also increase.

VI. Research Limitations

This research has limitations, namely that this research:

1. This research takes data that is included in the Jakarta Islamic Index 70 where many companies are unable to consistently become part of the Jakarta Islamic Index 70
2. The number of samples used in the study is relatively small, namely as many as 112 and the sample requires certain criteria, the selection is not random, so the results of the study must be generalized with caution.
3. The research period is relatively short, considering that other studies use a longer period such as 5 years.
4. This study only uses 4 independent variables, namely profitability, firm size, asset structure, and capital structure. While many other factors can affect firm value, so this study does not cover all the factors that affect firm value
5. Ratio the calculation of the Debt to Asset Ratio (DAR) in financial reports for companies classified as Jakarta Islamic Index 70 does not describe the overall ratio of the DAR ratio itself, because what is used as a DAR calculation which is classified as Jakarta Islamic Index 70 is the amount of debt that has a burden flower. The amount of debt that has no interest expense is not part of the Debt to Asset Ratio (DAR) calculation.

VII. Conclusions And Recommendations

Conclusion

Based on the results of the research, discussion, and findings from this study, theresearchers can conclude several things, namely as follows:

1. Profitability has a positive and significant effect on capital structure. This means that high profitability can increase the amount of debt.
2. Company size has a negative and insignificant effect on capital structure. This means that the high side of the company will be followed by a decrease in capital structure.
3. Asset structure has a positive and significant effect on capital structure. This means that the greater the proportion of assets owned by the company, the greater the capital structure due to the increased use of debt as a result of the ease of obtaining debt.
4. Profitability has a positive and significant effect on firm value. This means that companies that have high profitability show good company performance so that they can increase company value.
5. Asset structure has a positive and significant effect on firm value. This means that a high asset structure will increase the value of the company.
6. Capital structure has a positive and significant effect on firm value. This means that an increased capital structure will also increase the value of the company.
7. Profitability has a positive and significant effect on firm value mediated by capital structure. This means that the capital structure can be a mediator between profitability and firm value.
8. Firm size has no significant negative effect on firm value mediated by capital structure. This means that capital structure cannot be a mediator between firm size and firm value
9. Asset structure has a positive and significant effect on firm value which is mediated by capital structure. This means that capital structure cannot be a mediator betweenasset structure and firm value.

Suggestions

Based on the research findings that have been stated previously, some suggestions fromthis study are as follows:

1. For companies, especially companies listed on the Jakarta Islamic Index 70, in making appropriate policies in maximizing the role and benefits of profitability, company size, asset structure, and capital structure in making decisions related to company value. So that it can attract investors to invest their capital in the company.
2. For prospective investors or investors in investing in companies or issuers, they should pay attention to the factors of profitability, company size, asset structure, capital structure, and company value
3. For further researchers, it is recommended as follows:

a. Adding other variables that can affect the capital structure and company value
b. Adding indicators of profitability, company size, asset structure, capital structure, and company value to get better results
c. Extend the research period to get more data and better analysis results

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