CAPITAL STRUCTURE AND THE FACTORS AFFECTING IT WITH PROFITABILITY AS AN INTERVENING VARIABLE

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ABSTRACT

The purpose of this study is to research and analyze the influence of sales growth, asset structure, and liquidity on capital structure through profitability as an intervening variable in the hotel, restaurant, and tourism sub-sector listed on the Indonesia Stock Exchange for the period 2014-2018. The increase of tourist in Indonesia from 2014-2018, make this sector must be considered to developed because it can encourage the development of Indonesia. The companies usually will compete each other to increase their value so they can get the attention from the tourist. It will relate with the company's capital structure which must be noticed to avoid unwanted things.The method used in this study is quantitative research. The research sample was determined by purposive sampling and was analyzed using Partial Least Square (Smart PLS 3.0 Software). The results show that sales growth and profitability do not affect capital structure. Asset structure and liquidity have a significant negative effect on the capital structure. Sales growth and liquidity do not affect profitability. The asset structure has a negative effect on profitability. Profitability is unable to mediate the effect of sales growth, asset structure, and liquidity on capital structure.

Keywords: sales growth, asset structure, liquidity, profitability, capital structure

INTRODUCTION

The hotel, restaurant, and tourism sub-sector is a potential industry and should be developed to maintain and encourage the development of a country, especially tourist areas. This sub-sector is a very important part of generating foreign exchange for the country. The increasing number of tourists, both from foreign and local tourists every year means that the tourism sector has increased. This increase will certainly make companies compete with each other to increase and maintain their company value so that they can get the attention of tourists and investors.

Innovation, investment, promotion, expansion, improving the quality of human resources, and so on are efforts made by companies to develop their companies. This effort is certainly a problem for the company because it relates to the funds that will be used. Funds used by companies usually consist of 2 sources, namely internal sources and external sources. Internal sources of funds usually fund obtained from the company's operational activities, or also known as own capital. Meanwhile, external funds are usually in the form of loans from creditors, or so-called foreign capital or debt. Mistake in managing debt will make debt increase due to the company's difficulty in paying off debt and interest.

Sales growth is the first factor that is considered to influence capital structure. A large growth rate will make the company need additional assets, to further increase sales and be able to develop its business. Increasing sales growth will make the company's funding needs even greater. Due to this, the company will use external sources of financing as the main choice.

Asset structure is the second factor in this study that is considered to influence capital structure. Asset structure is a company's asset structure that describes the comparison of fixed assets with total assets owned by the company. The high fixed assets of the company will make it easier for companies to obtain loans or external capital because companies can obtain debt by pledging their assets to creditors.

Liquidity is the third factor in this study that is considered to influence capital structure. Liquidity shows how capable a company is to pay off long-term liabilities with their own assets. The high level of liquidity indicates the size of the company's ability to pay off its current debt. A liquid company has sufficient internal funds, which makes the company choose not to use debt. Companies that are in good health can be identified by the company's ability to pay off the debts.

The last factor that affects the capital structure in this study is profitability. Profitability shows how much profit a company gets from its operational activities in a period. If the profits are high, it can be said that the company has sufficient internal capital to finance its activities

LITERATURE REVIEW

Capital Structure

Capital structure is a comparison of the combination of internal funds and external funds which determines the company's spending needs. (Rodoni & Ali, 2014).

According to Fahmi (2014), in general, there are 2 theories that discuss capital structures, namely:

1. Balancing Theory

It is called the Balancing Theory because this theory explains the balance of the use of debt and equity. The greater the benefits obtained, the greater the use of debt. However, if the sacrifices are getting bigger, then the use of debt will be minimized so that it does not cause financial risk.

2. Pecking Order Theory

This theory explains the company's policy in funding its operational activities with internal funds. The company will seek additional funds by reducing its asset ownership, such as selling buildings, land, inventory, and other assets.

Profitability

Profitability is a ratio used to measure management effectiveness in generating profits for the company. This ratio is usually seen in terms of time per year. The higher the company's ability to earn a profit, the higher the profitability ratio will be. (Kasmir, 2012).

Sales Growth

Sales growth is a company's growth rate which is indicated by increasing company sales from year to year. The growth ratio is important to analyze because it will help the company to see how the company's capabilities are in a changing economy and also how to maintain and or even increase the company's position. (Jumingan, 2011).

Asset Structure

Asset structure is the company's asset structure which describes the comparison of fixed assets with total assets owned by the company which can influence the capital structure. (Wardhana & Mawardi, 2016).

Asset structure shows the assets owned by the company to carry out its operational activities. The greater the company's assets or assets owned, the greater the company's expectations in increasing its operational activities (Cristie & Fuad, 2015).

Asset structure describes the composition of assets where there are fixed assets and current assets. A manufacturing company will usually have a fixed asset value that is greater than its current assets to support its operational activities. However, in service companies, current assets owned are greater than their fixed assets.

Liquidity

The liquidity ratio is a ratio used to measure and see how liquid the company's current assets can pay off current liabilities on time (Kasmir, 2012).

The liquidity ratio will help the company to find out how its financial development, so that the company's financial condition and ability to pay off its current liabilities can be known. The higher the level of company liquidity, the higher the ability of current assets to pay off current liabilities.

Sales Growth on Capital Structure

A high sales growth rate will allow the company to use more external funds or make loans to outsiders because the profit earned from these sales is expected to be able to pay off debts and interest costs. (Sudana, 2011).

The high sales growth of the company is usually accompanied by additional capital so that growth and sales can be balanced. With a high growth rate, the opportunity to get a loan is even greater.

Research conducted by Suwetha and Made (2016) shows that sales growth has a positive and significant effect on capital structure.

H_1: Sales growth has a positive effect on the capital structure

Asset Structure on Capital Structure

Asset structure is the company's asset structure which describes the comparison of fixed assets with total assets owned by the company. The higher the value of the company's fixed assets, the greater the debt to be used, because a large number of fixed assets will make it easier for the company to gain access to external funds (Sartono, 2010).

If the company has high fixed assets, then the opportunity to obtain a loan is also largely because the size of the fixed assets can be used as collateral. Even though they have the opportunity to go into debt, the company must remain to be careful so don't cause losses due to the inability to pay the debt and interest.

Research conducted by Suwetha and Made (2016), Firmansyah (2016), Wardhana and Mawardi (2016) shows that the asset structure has a positive and significant effect on capital structure.

H_2: Asset structure has a positive effect on the capital structure.

Liquidity on Capital Structure

A high level of liquidity ratio indicates that the amount of internal capital of the company is sufficient to finance its operations so that the company will tend to reduce or even not use debt because they will maximize the use of the company's internal funds (Dewiningrat & Mustanda, 2018).

The higher the liquidity, the lower the company's dependence on using external data. Because the company has sufficient cash to pay their debt, the capital structure will shrink.

Research conducted by Widayanti et.al. (2016), Umam and Mahfud (2016) show that liquidity has a negative and significant effect on capital structure.

H_3: Liquidity has a negative effect on the capital structure

Sales Growth on Profitability

If the company's sales level is high and the market share increases, it will have an impact on increasing profitability. (Putra & Badjra, 2015).

The higher the sales growth, the higher the profit if the company can control costs.

Research conducted by Sukadana and Triaryati (2018), Pitriyani et.al. (2018) show that sales growth has a significant positive effect on profitability.

H_4: Sales growth has a positive effect on profitability

Asset Structure on Profitability

If the company has large fixed assets, it will have an impact on the decline in profitability, where high fixed assets will also increase the cost of capital. (Mudjijah & Hikmanto, 2018).

When there is financial distress, the company will have a small fee if it maintains its investment in the form of fixed assets.

However, if a company uses external funds, it will have to bear greater costs in times of financial distress and this will reduce profitability.

Research conducted by Susantika and Mahfud (2019) shows that the asset structure has a significant negative effect on profitability.

H_5: Asset structure has a negative effect on profitability.

Liquidity on Profitability

If the company has a high liquidity ratio, this means that the amount of current assets is greater than its current debt. Too high current assets are not too good for the company because part of the working capital is not rotate. This, of course, will have a negative effect on the company profits. (Umam & Mahfud, 2016).

The more liquidity increases, the lower the profitability because cash is not used optimally for operational activities that can help increase company profits.

Research conducted by Mudjijah and Hikmanto (2018) shows that liquidity has a negative effect on profitability.

H_6: Liquidity has a negative effect on profitability.

Profitability on Capital Structure

A profitable company will have a low debt ratio because the company's internal funding is sufficient to finance the company's investment needs. The company's high ability to generate profits will make the company's debt ratio lower. (Husnan & Pudjiastuti, 2015).

Research conducted by Christie (2015), Umam and Mahfud (2016), and Juliantika and Dewi (2016), shows that profitability has a negative effect on capital structure.

H_7: Profitability has a negative effect on the capital structure.

Sales Growth on Capital Structure through Profitability

Increased company growth is usually due to an increase in sales growth. If the company's growth increases, the profit generated by the company will automatically increase. The higher the company's profit will make the level of debt use smaller because the available retained earnings can reduce debt. (Pitriyani et.al., 2018).

Sales that continue to increase show the success of the company in terms of operational and investment activities in the previous period. With increased sales, profitability will increase, then the level of profitability can help reduce the company's dependence on debt.

H_8: Sales growth affects the capital structure through profitability as an intervening variable.

Asset Structure on Capital Structure through Profitability

Companies with large amounts of fixed assets will use more long-term debt. And these assets are expected to be able to provide benefits to the company so that it can cover the company's debt.

However, if the assets owned by the company are in the form of receivables and inventories, where current assets will greatly affect the profitability ratio, then the company does not need to rely too much on external funding (debt). (Astuti & Hotima, 2016).

Asset structure is the composition of the company's assets that compares fixed assets to total assets. Companies that have high fixed assets will also increase interest expense. The increase in expenses will automatically reduce the profit generated by the company. The size of the profits earned will have an impact on the effect of the asset structure on the capital structure.

Research conducted by Astuti and Hotima (2016), Tiara et.al. (2018), and Susantika and Mahfud (2019), show the results that profitability can mediate the relationship between asset structure and capital structure.

H_9: Asset structure affects the capital structure through profitability as an intervening variable.

Liquidity on Capital Structure through Profitability

The high working capital of the company, such as current assets, will keep the level of liquidity , but the profit that the company gets will decrease because the working capital does not rotate. On the contrary, if the company wants to increase profits, the company's liquidity will be affected. The higher the liquidity of the company, the easier the opportunity to obtain debt will be because the company's position is considered good by creditors (Astuti & Hotima, 2016).

Liquidity describes the company's ability to pay off its obligations with the assets it owns. The high liquidity of the company indicates that the company's working capital is not rotating and will have an impact on the profits that the company gets. However, liquid companies tend to use their capital more because there is sufficient cash available to finance their companies.

Research conducted by Umam and Mahfud (2016), shows results that profitability can mediate the relationship between liquidity and capital structure.

H_{10}: Liquidity affects the capital structure through profitability as an intervening variable.

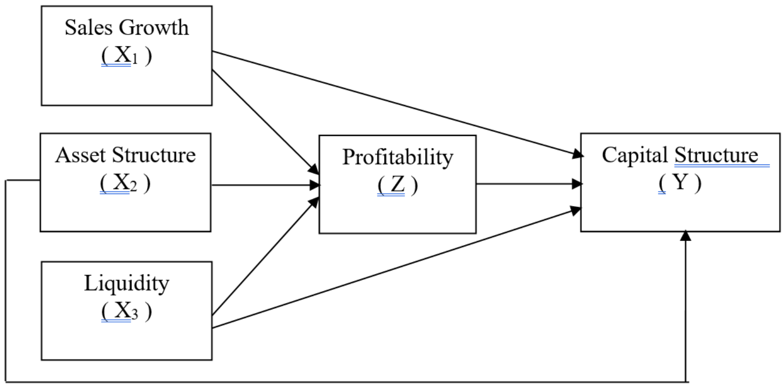


Figure 1 : Research Framework

RESEARCH METHOD

This research is a quantitative study, where the data used is secondary data from the annual financial reports of the hotel, restaurant, and tourism subsector published in Indonesia Stock Exchange from 2014 to 2018. The sampling method used in this study was purposive sampling. The data testing tool used was Partial Least Square (Smart PLS 3.0).

DATA ANALYSIS AND DISCUSSION

Descriptive Statistics

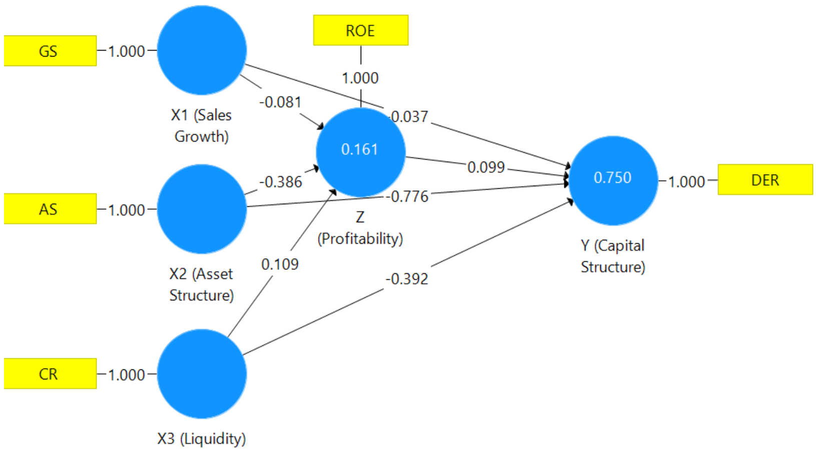
Table 1 : Descriptive Statistics Result

Indicators	N	Min	Max	Mean	Std.Dev
SG	50	-0.828	1.055	0.045	0.245
AS	50	0.100	0.944	0.725	0.231
CR	50	0.716	6.872	1.947	1.201
ROE	50	0.0004	0.178	0.063	0.052
DER	50	0.138	1.951	0.619	0.390

Source: Processed using SmartPLS 3.0, 2020

Based on the table 1 above, the sales growth variable, which is proxied by SG (Sales Growth) indicator has 50 samples, with a minimum value is -0.828, a maximum value is 1.055, an average value is 0.045, and a standard deviation value is 0.245.
The asset structure variable, which is proxied by AS (Asset Structure) indicator has 50 samples, with a minimum value is 0.100, a maximum value is 0.944, an average value is 0.725, and a standard deviation is 0.231.
The liquidity variable, which is proxied by the CR (Current Ratio) indicator, has 50 samples, with a minimum value is 0.716, a maximum value is 6.872, an average value is 1.947, and a standard deviation value is 1.201.
The profitability variable which is proxied by the ROE (Return on Equity) indicator, has 50 samples, with a minimum value is 0.0004, a maximum value is 0.178, an average value is 0.063, and a standard deviation is 0.052.
The capital structure variable, which is proxied by the ROE (Return on Equity) indicator, has 50 samples, with a minimum value is 0.138, a maximum value is 1.951, an average value is 0.619, and a standard deviation is 0.390.

Outer Model Evaluation (Measurement Model)



Source: Processed using SmartPLS 3.0, 2020
Figure 2 : Research Framework Result

Validity Test – Convergent Validity
Covergent validity test can be seen from the loading factor for each construct indicator. The loading factor describes how much the indicators relate to each construct. The rule of thumb for loading factor value must be more than 0.7.

Table 2 : Outer Loading Result

	X1 (Sales Growth)	X2 (Asset Structure)	X3 (Liquidity)	Y (Capital Structure)	Z (Profitability)
SG	1.000				
AS		1.000			
CR			1.000		
DER				1.000	
ROE					1.000

Source: Processed using SmartPLS 3.0, 2020

Based on the table 2 above, can be seen that all the indicators have the loading factors value are 1.000 > 0.7. It conclude that the convergent validity test has been accepted.

Validity Test – Discriminant Validity
Discriminant validity test can be seen from the cross loading value which is the correlation between the indicator and the varible itself and the indicator with other variables. The rule of thumb for cross loading value is the correlation between the indicator that should measure the variable itself should not be smaller than the correlation between the indicator with other variables.

Table 3 : Cross Loading Result

	X1 (Sales Growth)	X2 (Asset Structure)	X3 (Liquidity)	Y (Capital Structure)	Z (Profitability)
SG	1.000	-0.233	-0.111	0.187	-0.003
AS	-0.233	1.000	-0.076	-0.774	-0.375
CR	-0.111	-0.076	1.000	-0.314	0.147
DER	0.187	-0.774	-0.314	1.000	0.333
ROE	-0.003	-0.375	0.147	0.333	1.000

Source: Processed using SmartPLS 3.0, 2020

Based on the table 3 above, can be seen that the correlation between the indicator that should measure the variable itself is greater than the correlation between the indicator with other variables. It conclude that the model has a good discriminant validity.

Another method to see discriminant validity is the AVE (Average Variance Extracted) value. The AVE value is the value that is owned by each variable. The criteria for an acceptable AVE value is that it must be greater than 0.5.

Table 4 : Average Variance Extracted

	Average Variance Extracted (AVE)
X1 (Sales Growth)	1.000
X2 (Asset Structure)	1.000
X3 (Liquidity)	1.000
Y (Capital Structure)	1.000
Z (Profitability)	1.000

Source: Processed using SmartPLS 3.0, 2020

Based on the table 4 above, it can be seen that all variables have an AVE value of 1.000 so that the convergent validity test has been accepted.

Reliability Test – Composite Reliability & Cronbachs Alpha

Reliability test can be seen from the value of Cronbach's Alpha and Composite Reliability. The rule of thumb for Cronbach's Alpha and Composite Reliability value must be greater than 0.7.

Table 5 : Cronbach's Alpha and Composite Reliability

	Cronbach's Alpha	Composite Reliability
X1 (Sales Growth)	1.000	1.000
X2 (Asset Structure)	1.000	1.000
X3 (Liquidity)	1.000	1.000
Y (Capital Structure)	1.000	1.000
Z (Profitability)	1.000	1.000

Source: Processed using SmartPLS 3.0, 2020

Based on the table 5 above, it can be seen that the value of Cronbach's Alpha and Composite Reliability is 1.000 (greater than 0.7) which means that all variables are reliable.

Inner Model Evaluation (Structural Model)

The first way to evaluate structural model is by looking the R-Square for each exdogenous latent variable (X) as the predictive power of the structural model. The value of R-Square can be used to explain the effect of a certain exdogenous latent variable (X) on the endogenous latent variable (dependent) whether it has a substantive effect. The R-Square values of 0.75, 0.50, and 0.25 can be concluded that the model is strong, moderate, and weak.

Table 6 : R-Square Result

	R Square	R Square Adjusted
Y (Capital Structure)	0.750	0.728
Z (Profitability)	0.161	0.106

Source: Processed using SmartPLS 3.0, 2020

Based on the results in table 6 above, it can be seen that the value of R Square Adjusted in Variable Y (Capital Structure) is 0.728, this indicates that sales growth (X_1), asset structure (X_2), liquidity (X_3), and profitability (Z) can explain the capital structure (Y) of 72.8% in the hotel, restaurant ,and tourism sub-sector companies listed on the Indonesia Stock Exchange for the period 2014-2018 , and the rest or 27.2% is explained by other variables outside of this study.

The value of R Square Adjusted on Variable Z (Profitability) is 0.106, this indicates that sales growth (X_1), asset structure (X_2), and liquidity (X_3), can explain the profitability (Z) of 10.6% in the hotel, restaurant, and tourism sub-sector companies listed on the Indonesia Stock Exchange for the period 2014-2018 , and the rest or 89.4% is explained by other variables outside of this study.

Hypothesis Result

Table 7 : Hypothesis Result

	Original Sample (O)	Sample Mean (M)	Standart Deviation (STDEV)	T- Statistics (|O/STDEV|)	P-Values
X1 (Sales Growth) → Y (Capital Structure)	-0.037	-0.014	0.086	0.437	0.663
X1 (Sales Growth) → Z (Profitability)	-0.081	-0.086	0.151	0.535	0.593
X2 (Asset Structure) → Y (Capital Structure)	-0.776	-0.748	0.131	5.919	0.000
X2 (Asset Structure) → Z (Profitability)	-0.386	-0.421	0.151	2.557	0.011
X3 (Liquidity) → Y (Capital Structure)	-0.392	-0.406	0.089	4.407	0.000
X3 (Liquidity) → Z (Profitability)	0.109	0.082	0.141	0.770	0.442
Z (Profitability) → Y (Capital Structure)	0.099	0.130	0.119	0.833	0.405

Source: Processed using SmartPLS 3.0, 2020

From table 7 above, it can be seen that the effect of asset structure on capital structure, the effect of asset structure on profitability, and the effect of liquidity on the capital structure have a P-Value < 0.05 and T-Statistics > 1.96, which mean that they have a significant negative effect. Meanwhile, the effect of sales growth on capital structure, the effect of sales growth on profitability, the effect of liquidity on profitability, and the effect of profitability on the capital structure have a P-Value> 0.05 T-Statistics <1.96 which means there are no significant effect, either positive or negative.

Table 8 : Total Indirect Effect Result

	Original Sample (O)	Sample Mean (M)	Standart Deviation (STDEV)	T- Statistics (|O/STDEV|)	P-Values
X1 (Sales Growth) → Y (Capital Structure)	-0.008	-0.019	0.039	0.204	0.838
X2 (Asset Structure) → Y (Capital Structure)	-0.038	-0.065	0.080	0.477	0.634
X3 (Liquidity) → Y (Capital Structure)	-0.011	-0.005	0.022	0.498	0.619

Source: Processed using SmartPLS 3.0, 2020

From table 8 above, it can be seen that the P-Value of the three variables are greater than 0.05 and the T-Statistics value <1.96, which mean that the mediating variable used in this study is profitability, unable to mediate the influence between sales growth, asset structure, and liquidity to profitability.

Discussion

The Effect of Growth Sales on Capital Structure

Based on the result of smartpls analysis in table 7, it can be seen that the result of the path coefficient test between sales growth on capital structure has a parameter coefficient of -0.037 with a significant T-Statistics value of 0.437 <1.96 and a P-Values value of 0.663> 0.05. This shows that sales growth has no significant effect on the capital structure of the hotel, restaurant and tourism sub-sector companies listed on the Indonesia Stock Exchange for the period 2014-2018

This means that high or low sales growth does not affect the capital structure. The capital structure of a company is not only influenced by sales growth, but several other factors such as internal factors, company size, business risk, and so on. Then several companies in this study sample had a decreased in sales, making the company less able to rely on debt to finance its operational activities because creditors also dare not to take risks by lending their funds because they had the potential to default.

The Effect of Asset Structure on Capital Structure

Based on the results of the Smartpls analysis in table 7, it can be seen that the result of the path coefficient test between the asset structure on the capital structure has a parameter coefficient of -0.776 with a significant T-Statistics value of 5.919> 1.96 and a P-Values value of 0.000 <0.05. This shows that the asset structure has a significant negative effect on the capital structure in this study. Asset structure is a description of the company's asset structure that compares fixed assets to total assets. Meanwhile, the capital structure consists of debt and equity. Company equity is a source of internal company funds consisting of retained earnings. Retained earnings are profits from operating activities that are not distributed to shareholders. Retained earnings are useful for companies for expansion, innovation, and also for investment.

Fixed asset investment is an investment made by a company using the equity derived from the retained earnings. The negative effect in this study shows that the higher the asset structure of a company, the lower the capital structure will be. This means that the more fixed assets the company owns, the less possibility it will be to use debt because the company's fixed-asset investment is funded by the company's retained earnings.

The Effect of Liquidity on Capital Structure

Based on the results of smartpls analysis in table 7, it can be seen that the result of the path coefficient test between liquidity on capital structure has a parameter coefficient of -0.392 with a significant T-Statistics value of 4.407> 1.96 and a P-Values value of 0.000 <0.05. This shows that liquidity has a significant negative effect on the capital structure in this study

The negative effect in this study means that the higher the liquidity of a company, the lower the capital structure will be. The company's current assets can be converted into cash easily if the company has a high liquidity ratio because the company has current assets that can easily be converted into cash so that the ability to pay the short-term debt will be smooth. Internal funds in companies that are generally sufficient so that the use of debt will also decrease because companies tend to maximize the use of internal funds.

The Effect of Growth Sales on Profitability

Based on the results of the Smartpls analysis in table 7, it can be seen that the path coefficient test results between sales growth on profitability has a parameter coefficient of -0.081 with a significant T-Statistics value of 0.535 <1.96 and a P-Values value of 0.593> 0.05. This shows that sales growth has no significant effect on profitability in this study.

This insignificant effect indicates that how much increase or decrease in sales growth will not affect the company's profitability. The absence of the effect of sales growth on profitability can be seen from the average value of sales growth in the descriptive statistics table, which is only 0.0455 (4.55%) so that it cannot contribute more to the company's profitability.

The Effect of Asset Structure on Profitability

Based on the results of smartpls analysis in table 7, it can be seen that the results of the path coefficient test between asset structure on profitability has a parameter coefficient of -0.386 with a significance value of T-Statistics 2.557> 1.96 and a P-Values value of 0.011 <0.05. This shows that the asset structure has a significant negative effect on profitability in this study.

The increased asset structure will certainly increase the burden that must be borne by the company, which will reduce profitability. To increase profitability, the company should not invest too much in fixed assets, then the company can also sell assets that are idle and not in use anymore so that expenses will be reduced and profits can increase.

The Effect of Liquidity on Profitability

Based on the results of smartpls analysis in table 7, it can be seen that the results of the path coefficient test between liquidity on profitability has a parameter coefficient of 0.109 with a significant T-Statistics value of 0.770 <1.96 and a P-Values value of 0.442 > 0.05. This shows that liquidity has no significant effect on profitability in this study.

This indicates that how liquid current assets are in paying off current debt will not have an impact on company profitability. This happens because the company only uses cash or current assets to pay off its debts and does not have an impact on the company's profitability.

The Effect of Profitability on Capital Structure

Based on the results of smartpls analysis in table 7, it can be seen that the results of the path coefficient test between profitability on capital structure has a parameter coefficient of 0.099 with a significant T-Statistics value of 0.833 <1.96 and a P-Values value of 0.405> 0.05. This shows that profitability has no significant effect on the capital structure in this study.

This means that high or low profitability will not affect the capital structure. Companies cannot rely on their capital because the profits obtained are small enough so that internal funds are also insufficient, but companies cannot make loans to obtain external funds because the small profit makes creditors hesitant to lend to the company.

The Effect of Sales Growth on Capital Structure through Profitability

Based on the results of smartpls analysis in table 8, it can be seen that the results of the path coefficient test between sales growth on capital structure has a parameter coefficient of -0.008 with a significant T-Statistics value of 0.204 <1.96 and a P-Values value of 0.838> 0.05. This shows that profitability is not able to mediate the effect of sales growth on the capital structure in this study.

This means that the high or low level of profits owned by the company will not have an impact on the effect of sales growth on the capital structure. From the descriptive statistics table, it can be seen that the average ROE value is only 0.0627 (6.27%) so that it is not strong enough to has an impact/influence on sales growth on the capital structure.

The Effect of Asset Structure on Capital Structure through Profitability

Based on the results of smartpls analysis in table 8, it can be seen that the results of the path coefficient test between the asset structure on capital structure has a parameter coefficient of -0.038 with a significance value of T-Statistics 0.477 <1.96 and the P-Values value of 0.634> 0.05. This shows that profitability is not able to mediate the effect of asset structure on capital structure in this study.

This means that the high or low level of profits owned by the company will not have an impact on the effect of the asset structure on the capital structure. From the descriptive statistics table, it can be seen that the average ROE value is only 0.0627 (6.27%) so that it is not strong enough to has an impact/influence on the asset structure on the capital structure.

The Effect of Liquidity on Capital Structure through Profitability

Based on the results of smartpls analysis in table 8, it can be seen that the results of the path coefficient test between liquidity on capital structure have a parameter coefficient of 0.011 with a significant T-Statistics value of 0.498 <1.96 and a P-Values value of 0.619> 0.05. This shows that profitability is not able to mediate the effect of liquidity on the capital structure in this study.

This means that the high or low level of profits owned by the company will not have an impact on the effect of liquidity on the capital structure. From the descriptive statistics table, it can be seen that the average ROE value is only 0.0627 (6.27%) so it is not strong enough to has an impact/effect on liquidity on the capital structure.

CONCLUSION

Sales growth has no significant effect on the capital structure in the hotel, restaurant ,and tourism sub-sector companies listed on the Indonesia Stock Exchange for the period 2014-2018 . Asset structure has a significant negative effect on the capital structure in the hotel, restaurant ,and tourism sub-sector companies listed on the Indonesia Stock Exchange for the period 2014-2018. Liquidity has a significant negative effect on the capital structure in the hotel, restaurant ,and tourism sub-sector companies listed on the Indonesia Stock Exchange for the period 2014-2018. Sales growth has no significant effect on profitability in the hotel, restaurant ,and tourism sub-sector companies listed on the Indonesia Stock Exchange for the period 2014-2018. Asset structure has a significant negative effect on profitability in the hotel, restaurant ,and tourism sub-sector companies listed on the Indonesia Stock Exchange for the period 2014-2018. Liquidity has no significant effect on profitability in the hotel, restaurant ,and tourism sub-sector companies listed on the Indonesia Stock Exchange for the period 2014-2018. Profitability has no significant effect on the capital structure in the hotel, restaurant ,and tourism sub-sector companies listed on the Indonesia Stock Exchange for the period 2014-2018. Profitability is not able to mediate the effect of sales growth on the capital structure in the hotel, restaurant ,and tourism sub-sector companies listed on the Indonesia Stock Exchange for the period 2014-2018. Profitability is not able to mediate the effect of asset structure on capital structure in the hotel, restaurant ,and tourism sub-sector companies listed on the Indonesia Stock Exchange for the period 2014-2018. Profitability is not able to mediate the effect of liquidity on the capital structure in the hotel, restaurant ,and tourism sub-sector companies listed on the Indonesia Stock Exchange for the period 2014-2018.

RESEARCH LIMITATIONS

The research limitations that need to be considered by further researchers are as follows:
1. The sample in this study only used the hotel, restaurant and tourism sub-sector companies listed on the IDX, where the results of the study might be different from manufacturing companies.
2. The independent variables used in this study are sales growth, asset structure, liquidity, and 1 intervening variable, namely profitability. Meanwhile, there are still many variables that could affect the capital structure.

SUGGESTIONS

Suggestions for the above conclusions are as follows:
1. For companies, to further increase sales so that profitability can be maximized, and facilitate access to external sources of funds.
2. For companies, always pay attention to the level of company liquidity stability.
3. For companies, to continue to carry out analysis so that the profit earned by the company can continue to increase so as to reduce financial risks such as the risk of default when using debt.
4. For further researchers, it is necessary to use independent variables and other intervening variables that can affect the capital structure, and also use other sector companies.

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