



Article

Examining the Factors that Influence capital structure in the basic industry and Chemicals Companies on the Indonesia Stock Exchange: Mediating Role of Stock Return

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Citations: Laia, E., Muda, I., & Muluk, C., (2023). Examining the Factors that Influence capital structure in the basic industry and Chemicals Companies on the Indonesia Stock Exchange: Mediating Role of Stock Return. *Frontiers in Business and Economics*, 2 (1), 26-37.

Academic Editor: Masfar Gazali.

Received: 15 November 2022

Accepted: 8 April 2023

Published: 30 April 2023

Abstract: This study aims to examine the total asset turnover (TATO), return on investment (ROI), earnings per share (EPS), current ratio (CR) and stock risk in influencing the capital structure through stock return in the basic industry and chemical companies on the Indonesia Stock exchange for 2016-2021. This study is designed using a quantitative approach, with causality and inferential approach. The population used in this study were 88 basic industries and chemical companies listed on the Indonesia Stock Exchange. Meanwhile, the samples were 17 companies determined using purposive sampling. The technique used is a documentation in the form of the annual financial reports from basic Industries and chemical companies published through the official website of the Indonesia Stock Exchange, www.idx.co.id and www.idnfinancial.com. This study uses Path Analysis measured using the STATA software. This study provides significant information that is taken into consideration in determining and deciding on making investments. Potential investors are also likely to look at the value of the current ratio and whether the company can cover its obligations, as seen from the comparison between total current assets and current liabilities. It is recommended that potential investors choose companies with a total current asset value more significant than the entire current debt value.

Keywords: total asset turnover; return on investment; earnings per share; current ratio; stock risk; capital structure; stock return.



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1. Introduction

The economic system is closely related to the world of business. Because companies have supply and demand, bidding is done automatically when there is a request. In this case, it is usually an offer from a company. Businesses produce or provide goods and services when there is demand from consumers. On the other hand, companies need to pay salaries and meet the needs of their employees and they need capital from other parties to ensure their survival.

Thus, companies are essential to the country's economic development. Every company wants to keep competing to be the best and growing. This is done to obtain maximum results to maintain their survival. One factor that determines a company's performance is its capital. Under certain conditions, a company can meet its own capital needs. Still, over time, the company's growth can make its own money needs much more significant than its capital; so inevitably, the company must rely heavily on other external funding sources, i.e., debt. The basic industries and chemical companies are technology-oriented, marked in great demand by investors since stocks in this sector have good prospects. Furthermore, since the company's sector has become a development sector or other industrial sectors, basic industries and chemical companies have good opportunities in the future. This causes basic industries and chemical companies to be one of the sectors with the highest growth after the financial industry.

Table 1. The phenomenon of liability for the Basic Industry and Chemicals sectors in 2019-2021

Company	Years		
	2019	2020	2021
PT. Indocement Tunggal Prakarsa Tbk	4.627.488	5.168.424	5.515.150
PT. Semen Baturaja Persero	2.088.977.112	2.329.286.953	2.351.501.098
PT. Indal Aluminium Industry	893.625.998.063	1.074.565.554.861	1.156.834.558.736
PT. Arwana Citramulia	622.355.306.743	665.401.637.797	70.353.190.326
PT. Intanwijaya Internasional	65.323.258.479	75.990.820.673	131.138.919.060

Table 1 shows the phenomenon of liability for the Basic Industry and Chemical sectors in 2019-2021 at PT. Indocement Tunggal Prakarsa Tbk, PT. Semen Baturaja Persero, PT. Indal Aluminum Industry Tbk, PT. Arwana Citramulia Tbk, and PT. Intanwijaya International Tbk. Each of these companies experienced a significant increase in debt every year in 2019-2021. An increase in long-term debt in companies in the Basic Industry and Chemicals sector in 2019-2021 indicates a low probability level. This suggests that there has been a decline in profits for companies in the Basic Industry and Chemicals sector. Based on the liability data, Table 1 shows that PT. Indocement Tunggal Prakarsa Tbk, PT. Semen Baturaja Persero, PT. Indal Aluminum Industry Tbk, PT. Arwana Citramulia, and PT. Intanwijaya Internasional Tbk have increased total debt from 2019 to 2021 above 20% compared to the previous debt.

The decline in profit in companies in the Basic Industry and Chemicals sector has caused companies to use sources of funds from outside the company, i.e., debt. Due to the company's growth, the need for funds will be greater. In meeting these funding needs, the company's management must make the right decisions and policies, such as the use of funds originating from outside the company, i.e., liabilities (Rahma & Prasetyo, 2021). However, the use of liabilities in a company must be controlled by the company so that the use of debt does not exceed the capital capacity (equity) owned by the company. In this case, when the amount of debt exceeds the amount of equity owned, the company will have a high liquidity risk (Aminah, 2019). According to Christy (2018), several factors can affect the company's capital structure, including: TATO, ROI, EPS, CR, Stock Risk, and Stock Return. A high stock price in a company indicates that the company's value is increasing, which means that the company has a high income or profit and vice versa.

Table 2. The Phenomenon of TATO, ROI, EPS, CR values and Stock Risk in the Basic Industry and Chemicals Sector for 2019-2021.

Nama Perusahaan	Year	TATO	ROI	EPS	CR	Stock Risk
PT. Indocement Tunggal Prakarsa Tbk	2019	0,575266796	0,066237968	0,000498557	3312130388	0,010113003
	2020	0,518723428	0,066058097	0,000490688	2917323141	0,028818759
	2021	0,565191367	0,068430066	0,000485842	2439840388	0,008963901
PT. Semen Baturaja Persero	2019	0,358903924	0,005398117	0,003027813	2287989443	-0,21926056
	2020	0,300131508	0,001914125	0,001105626	1295856203	1581374085
	2021	0,301076376	0,008906767	0,005216927	2772864733	-186187455
PT. Indal Aluminium Industry Tbk	2019	1002673242	0,027667796	5296419695	1078368377	-0,02001954
	2020	0,737058087	0,002859361	6299844621	1112311591	-0,33409937
	2021	0,930971467	0,002798657	6817653475	1020537959	-0,21893878
PT. Arwana Citramulia Tbk	2019	1196018451	0,120988691	2965024669	1736383858	-0,07856498
	2020	1122518585	0,165576227	4443840888	1963523286	0,442972805
	2021	1138780792	0,212158894	6483523116	2400463128	0,059810365
PT. Intanwijaya International Tbk	2019	0,940777362	0,034065619	7042451841	3622848699	-0,45105233
	2020	0,885699772	0,067596522	1533	3717459636	0,925340194

	2021	1019616617	0,021611425	5627605756	2511031849	-0,62094704
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Table 2 shows the phenomenon of TATO, ROI, EPS, CR values and stock risk in the basic industry and chemicals sector for 2019-2021. PT. Indocement Indocement Tunggal Prakarsa Tbk shows that the value of total asset turnover (TATO) fluctuates. In 2020, the TATO value tended to decrease but increased again in 2021 by 0.565191367, in line with the value of return on investment (ROI) which increased in 2019 -2020. However, the value of earnings per share (EPS) at PT. Indocement Tunggal Prakarsa Tbk tended to decline in the 2019-2021 period. In 2021, the EPS value only reached 0.000485842, the current ratio (CR) value also tended to decrease in the 2019-2021 period and the stock risk value at PT. Indocement Tunggal Prakarsa Tbk fluctuated but tended to decline in 2021, i.e., 0.008963901.

On the basis of the analysis of financial statements at PT. Indocement Tunggal Prakarsa Tbk. There was an increase in the turnover of the company's assets, which rotates faster in generating sales for profit. This has an impact on increasing the ROI value, indicating an increase in company profits in a certain period. However, there was a decrease in the value of earnings per share (EPS) which showed that the percentage increase in the number of ordinary shares outstanding was more significant than the percentage increase in net profit. Thus, it was not able to provide benefits to shareholders from each share owned and the welfare of shareholders in PT. Indocement Tunggal Prakarsa Tbk was classified as low. Furthermore, it affected the current ratio (CR) value, which decreased in 2021 when the company experienced a lack of funds in financing short-term liabilities. The increasing sales proxied by the value of TATO at PT. Indocement Tunggal Prakarsa Tbk was unable to finance all of the company's short-term liabilities, causing the CR value of the company to tend to decrease. Moreover, the risk value of shares tended to decrease because there were non-systematic risk problems related to company conditions, where at PT. Indocement Tunggal Prakarsa Tbk decreased the value of EPS and CR.

PT. Indal Aluminum Industry Tbk, based on the value of the financial statements, showed that the total asset turnover (TATO) value fluctuated. In 2020, the total asset turnover (TATO) value decreased but increased again by 0.930971467 in 2021. Moreover, the value of return on investment (ROI) fluctuated but tended to decrease in 2021 by 0.002798657. In the value of earnings per share (EPS), PT. Indal Aluminum Industry Tbk experienced an increase in the 2019 – 2021 period, but the value of the current ratio (CR) and stock risk in the company PT. Indal Aluminum Industry Tbk declined.

The analysis of financial statements at PT. Indocement Tunggal Prakarsa Tbk indicates that PT. Indal Aluminum Industry Tbk measured the effectiveness and efficiency of all assets, so the company's assets can be more efficient in increasing the acquisition of sales at PT. Indal Aluminum Industry Tbk. However, ROI value decreased, indicating that the company could not generate profits effectively, including product sales, profits, or the rate of return on investment made by certain companies. The decrease in the ROI value influenced the CR value, indicating a problem with the company's liquidity. It can be concluded that PT. Indal Aluminum Industry Tbk could not fulfill its short-term obligations, so the company needed capital assistance from external investors. There were problems with the non-systematic reduction of stock risk in PT. Indal Aluminum Industry Tbk.

Meanwhile, PT. Intanwijaya International Tbk had a problem with the ROI value. It fluctuated and tended to decrease in 2021, which decreased the values of the earning per share (EPS), current ratio (CR), and stock risk. This indicates that PT. Intanwijaya International Tbk could not utilize assets effectively in generating profits, which influenced the receiving profits for shareholders at PT. Intanwijaya International Tbk. Therefore, it can cause demand for shares to increase and share prices at PT. Intanwijaya International Tbk will decline and affect the company's stock returns which tend to be pensive due to non-systematic risk problems at PT. Intanwijaya International Tbk.

2. Literature Review

2.1. Capital Structure

Capital structure is a comparison or balance of a company's long-term funding shown by a comparison of long-term debt to equity (Harjito & Martono, 2010). The capital structure is also referred to as the decision in choosing a source of financing or the composition of the selection of funding which is a comparison in determining the fulfillment of company spending needs where the funds obtained are a combination of sources originating from long-term funds which consist of two main sources, namely internal and external, outside the company (Rodoni & Ali, 2010). Foreign capital, in this case, is defined as long-term and short-term debt. At the same time, equity can be divided into retained earnings and included in the company's ownership interest. The debt-to-equity ratio (DER) is the most important financial indicator to determine a company's financial health (Hartono, 2022). This calculation is also an indicator of a corporation's willingness to pay off its commitments to a company. The Debt-to-Equity Ratio (DER) is the most vital metric for a company's financial condition. An increase in the ratio indicates that the company is being funded by lenders rather than its financial capital, which may be a precarious development.

2.2. Capital Structure Theory

Capital structure is an essential issue in making decisions regarding corporate expenses. Capital structure theory explains whether capital structure affects firm value. The types of capital structure theory include:

2.2.1. Theory of Modigliani and Miller

The study of the Capital Structure theory was proposed in 1965 by Modigliani & Miller. This theory gave rise to the first and most important theory in capital structure. According to Modigliani & Miller, in a perfect capital market free of taxes, transaction costs and other frictions, capital structure is irrelevant in determining the value of a company. They believe that choosing between debt and equity financing does not significantly impact firm value. As a result, management is not concerned with the debt-to-equity ratio that forms the company's capital structure.

2.2.2. Trade-Off Theory

One of the main assumptions in Modigliani & Miller is that there are no taxes. The trade-off theory is a development of the Modigliani & Miller theory but considers the effects of taxes and bankruptcy costs. This theory is considered the first step in developing many other theories that have studied how firms choose their capital structure. The essence of the Trade-Off Theory in capital structure is balancing the benefits and costs of using leverage. Additional debt can still be allowed if the profit is considerable. If debt has made the victim more significant, no additional debt can be allowed. It can be concluded that using debt will add value to the company but only to a certain extent. The use of borrowed capital then reduces the value of the company.

2.2.3. Signaling Theory

Within the framework of Signaling Theory, it is stated that the company's motivation to provide information originates from the existence of information asymmetry between company leaders and outsiders. Companies can increase their corporate value by reducing information asymmetry by externalizing forward-looking and reliable financial information to increase the credibility and success of the company.

2.2.4. Pecking Order Theory

Myers & Majluf (1984) developed a theory of hierarchy in capital structure analysis. Based on this Theory, the first primary source of company capital must come from the company's operating income in the form of net profit after tax (retained profit) which is not distributed to the owners or shareholders of the company. These retained earnings will be reinvested in profitable business or company projects. When retained earnings are insufficient to fund a profitable investment project, the company may seek debt to increase equity or equity.

2.3. Stock Return

Return is the result obtained from investment, while shares are proof of ownership in a company in the form of a Limited Liability Company (PT). Then the Return of Shares is a payment received due to ownership rights. In other words, it is also known as the profit of investing or the rate of return. Every investment, both short-term and long-term, has the same main goal: to get a profit called to return, either directly or indirectly. In investing, a rational investor will consider two things: the expected return and the risk contained in the alternative investments made (Verawati, 2014).

2.3.1. Stock Return Theory

Stock Return is the profit obtained by investors from a Stock investment made. Stock returns can be in the form of realized returns that have occurred or expected returns that have not occurred but are expected to occur in the future (Hartono, 2017). The types of stock return theory include:

2.3.2. Agency Theory

This agency theory helps the auditor understand the problems between the agent and the principal. In the agency context, the role of a third party is to monitor management's behavior as an agent and ensure that the agent can act by the client's will. The accountant is seen as a party that can bridge the principal and the agent as a form of accountability for the agent to the principal. The auditor's task is to express an opinion on the adequacy of the results of the annual financial statements presented by his authorized representative, the limits of which are visible from the quality of the audit prepared by the auditor.

2.3.3. Stakeholder Theory

Stakeholders are an essential part of an organization that plays an active and passive role in achieving goals. In business activities, stakeholders are everywhere, so business is inseparable from the existence of the most influential people. With the presence of stakeholders in business activities, it will be necessary to provide assistance to develop a company's goal. However, not all stakeholders will have a positive impact on a company. Stakeholders in the company include shareholders, employees, staff, employees, resources, distributors, and consumers. Other competitors are also referred to as stakeholders because they can affect the company's stability.

2.4. Factors that influence capital structure through stock returns

2.4.1. Total Asset Turnover

Syamsuddin (2009) defined Total Assets Turnover (TATO) as "a ratio that shows the level of efficiency in using the entire company's assets in generating a certain sales volume." Total Assets Turnover (TATO) is an activity turnover ratio that measures total asset turnover in a company (Nurlaela et al., 2019). The Total Assets Turnover Ratio (TATO) is used to see the ability of a company's total assets to rotate effectively (Lusy et al., 2018). Irawati (2006) said that Total Assets Turnover is used to measure how much effect the use of assets in generating sales of a company. Meanwhile, Ridwan et al. (2010) said, "total asset turnover shows the efficiency where the company uses all of its assets to generate sales." Total Assets Turnover is a comparison between sales and total assets of a company where this ratio describes the speed of turnover of total assets in a certain period. Based on the above understanding, Total Assets Turnover can show functional efficiency in using its assets to generate sales.

2.4.2. Return on Investment

Return on Investment is also called Return on Total Assets. It is used to measure a company's ability to generate profits by using all of the assets acquired by the company (Abdullah, 2002). Return on Investment (ROI) is also called Return on Total Assets (ROA), which is a ratio to see the extent to which investments that have been invested can provide returns as expected (Fahmi, 2017).

2.4.3. Earnings Per Share

Earnings Per Share is a ratio that shows how much profit (return) an investor or shareholder gets per share by dividing net profit after tax by the number of ordinary shares outstanding. Earnings Per share can be used as an indicator of the level of corporate value and is a method that measures a company's success in generating profits for its shareholders (Badruzaman, 2017). The higher the Earning Per Share, the more investors will be interested in investing in the company, which can result in increased demand for shares and share prices can also increase, which will then affect stock returns to the company (Hermawan, 2012).

2.4.4. Current Ratio

Kasmir (2015) explains the current ratio is a ratio to measure a company's ability to pay short-term obligations or debts that are due soon when billed as a whole. The current ratio measures a company's ability to meet its short-term debt by using its current assets (assets that will turn into cash within one year or one business cycle) (Hanafi, 2015). The current ratio, the comparison between the number of current assets and current liabilities, shows that the value of current assets (which can be used immediately as money) is several times short-term debt (Munawir, 2007).

2.4.5. Stock Risk

A risk is an uncertain event that an investor in the future will receive by reflecting a minus position or the value of the loss that the investor will receive. Fahmi (2017) states that risk is a form of uncertainty about a situation that will occur later (future), with decisions taken based on various considerations at this time. The risk that investors will accept forces investors to minimize risks that occur in the future in the form of short-term risks and long-term risks. Galanti (2012) argues that risk is a result that will appear in an excellent range (for example, the asset multiplies) to very bad; the asset has no value at all.

2.5. Research Framework

The variables to be studied are the independent variables and the dependent (bound) variables which are observed or measured through the research process. The conceptual relationship is expected to explain the theoretical relationship between the research variables to be studied. The conceptual framework used in this study is as follows:

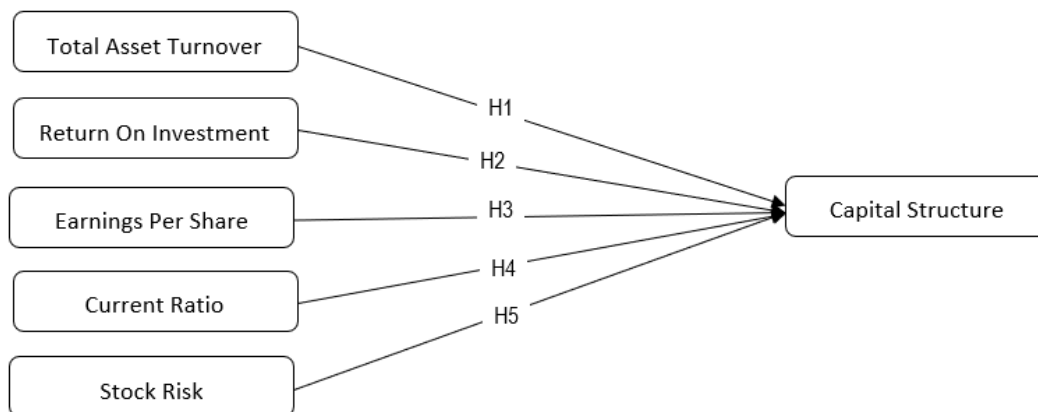


Figure 1. 1st Sub-structural Path Analysis

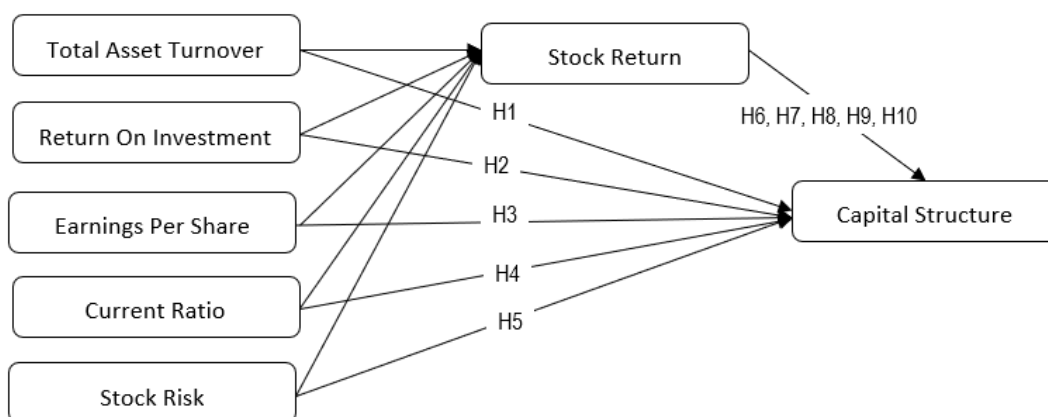


Figure 2. 2nd Sub-structural Path Analysis

3. Materials and Methods

This study uses a quantitative approach. The quantitative approach is a research method that uses data in the form of numbers and emphasizes the measurement of objective results using statistical analysis (Darmanah, 2019). The focus of quantitative methods is to collect data and generalize to explain specific phenomena experienced by the population; with this type of research, cause and effect are associative. The data collection technique in this study refers to secondary data sources using the documentation method, namely the method of data collection carried out by collecting secondary data and all information used to solve the problems contained in the document. Secondary source collection is a source that does not directly provide data to data collectors, for example, through other people or documents (Sugiyono, 2017:225). In collecting data in this study, the source of the document data is in the form of annual reports and notes on financial statements from Basic Industry and Chemical companies listed on the Indonesia Stock Exchange in the 2016-2021 period. In accordance with the hypothesis that has been formulated, the statistical analysis method used in this study is inferential statistical analysis.

Inferential statistics is a statistical technique used to analyze sample data, and the results are applied to a clear population, and the sampling technique from that population is done randomly (Sugiyono, 2017). According to the hypothesis that has been formulated, the statistical analysis method used in this study is path analysis. Inferential statistics is a statistical technique used to analyze sample data, and the results are applied to a clear population, and the sampling technique from the population is done randomly (Sugiyono, 2017). In this study, inferential statistical analysis was tested using STATA software which included the Classical Assumption Test, Determination of the Estimation Model between the Common Effect Model (CEM) and the Fixed Model (FEM) with the Chow test, Hausman test, with the

Lagrange-Multiplier (LM) test, and Hypothesis test. The population in this study were all Basic Industry and Chemical companies listed on the Indonesia Stock Exchange, i.e., 88 companies. The technique used in sampling is purposive sampling method, i.e., the method of determining the sample with certain considerations by using the following characteristics:

1. Manufacturing companies in the Basic Industry and Chemical sub-sector, listed on the Indonesia Stock Exchange in the 2016-2021.
2. Manufacturing companies in the Basic Industry and Chemical sub-sector that were not delisted in the 2016-2021 period.
3. Manufacturing companies in the Basic Industry and Chemical sub-sector, which published complete financial reports for 2016-2021.
4. Manufacturing companies in the Basic Industry and Chemical sub-sector, which displayed data information used to analyze each ratio of the variables in the study during 2016-2021.

On the basis of criteria for selecting the research sample set above, the sample obtained is 17 Basic Industry and Chemicals companies on the Indonesia Stock Exchange with a total of 102 units of observation for 6 (six) years of research.

4. Results

This section may be divided by subheadings. It should provide a concise and precise description of the experimental results, their interpretation, as well as the experimental conclusions that can be drawn.

Table 3. Descriptive Statistics

Variable(s)	Min	Max	Mean	Std. Deviation
TATO	0.3	2.013	0.894	0.407
ROI	-0.124	0.212	0.056	0.049
EPS	-18.401	190.058	35.94	46.667
CR	0.569	10.48	2.917	1.837
STOCK_RISK	-2.193	7.144	0.017	0.97
DER	0.109	4.19	0.758	0.766
STOCK_RETURN	-0.749	8.588	0.222	1.033

Table 3 shows that the number of observations in this study was 102 observation data of companies in the Basic Industry and Chemical sectors listed on the Indonesia Stock Exchange for the 2016-2020. The variable Total Asset Turnover (TATO) had a minimum value of 0.3 owned by PT. Semen Baturaja Persero Tbk in 2020. This shows that the company was not effective in using its assets to generate sales for a company. In 2020, the number of sales at the company was smaller than the total assets owned by the company. PT. Charoen Pokphand Indonesia Tbk in 2017 owned a maximum value of 2.013, with the number of sales at the company being more significant than the total assets owned by the company. This was due to the company's ability to use assets effectively. The average TATO value was 0.894, and the standard deviation of the company's TATO was 0.407.

The Return on Investment (ROI) variable shows a minimum value of -0.124 owned by PT. Lionmesh Prima Tbk in 2019. This shows the company's inability to generate profits from investments is as expected. This can be seen from the negative value of EAT, which means that the value is smaller than the total value of the company's assets. The maximum value of 0.212 was owned by the company PT. Arwana Citramulia Tbk in 2021. This was because the company's ability to generate profits from investments was greater than the other companies in this study, with an average ROI of 0.056 and a standard deviation of the company's ROI of 0.049.

The Earnings Per Share (EPS) variable had a minimum value of -18.402 owned by PT. Lion Metal Works Tbk in 2020. This shows that the company could not meet shareholder expectations in the dividend distribution. This can be seen from the negative value of EAT, which means that the company suffered a loss in 2020, so it could not distribute dividends to shareholders as it should. The maximum value of 190.058 was owned by the company PT. Lionmesh Metal Tbk in 2019. This shows that the company could distribute dividends to shareholders. This can be seen from the greater EAT value compared to other companies. Therefore, the company could meet the expectations of shareholders. The average EPS was 35.94, and the standard deviation of the company's EPS was 46.667.

The variable Current Ratio (CR) showed a minimum value of 0.569 owned by PT. Asahimas Flat Glass Tbk in 2021. This was because the company had lower assets, so it could not cover its obligations. It can be seen from the total current assets are smaller than the total current liabilities. The maximum value of 10.48 was owned by the company PT. Champion Pacific Indonesia Tbk in 2020. This was due to the company's ability to cover its obligations, which can be

seen from the total current assets, which were larger than the total current liabilities, with an average CR of 2.917, and a standard deviation of the company's CR of 1.837.

The Stock Risk Variable showed a minimum value of -2.193 owned by PT. Semen Baturaja Persero in 2019, meaning the company had a low stock risk compared to other companies. On the other hand, when a company has a low stock risk, it means that the stock return to be obtained is also low. The maximum value of 7.144 was owned by the company PT. Semen Baturaja Persero in 2016, meaning the company had a high stock risk compared to other companies. The higher the stock risk, the higher the stock return obtained, with an average stock risk of 0.017 and a standard deviation of the company's stock risk of 0.97. The Debt Equity Ratio (DER) variable had a minimum value of 0.019 owned by PT. Intanwijaya International Tbk in 2016. This shows that the company had lower total debt compared to total equity. The maximum value of 4.19 was owned by the company PT. Indal Aluminum Industri Tbk in 2016. This shows that the company had a higher total debt than equity, with an average DER of 0.758 and a standard deviation of the company's DER of 1.033.

The stock return variable showed a minimum value of -0.749 owned by PT. Semen Baturaja Persero in 2020. This shows that this company received or generated the lowest stock returns compared to other companies. This can be seen from the stock price in the previous year, which was higher than the stock price in the following year. A maximum value of 8.588 was owned by PT Semen Baturaja Persero in 2016. This shows that the company received or generated the highest stock returns compared to other companies. This can be seen from the stock price in the previous year, which was lower than the stock price in the following year. The average stock return was 0.222, with a standard deviation of 1.033.

Table 4. Path Analysis Results

	Coef.	Std. Error	P > z	R-Square	Prob. F
Structure I: Random Effect Model (REM)					
TATO -> STOCK_RETURN	-6.915	1.786	0		
ROI -> STOCK_RETURN	1.638	13.159	0.901		
EPS -> STOCK_RETURN	0.013	0.013	0.342		
CR -> STOCK_RETURN	-0.518	0.368	0.159	0.2103	0.0012
STOCK_RISK -> STOCK_RETURN	0.265	0.477	0.578		
Constant	4.766	1.845	0.01		
Structure II: Common Effect Model (CEM)					
TATO -> DER	-1.65	1.718	0.339		
ROI -> DER	-15.341	13.212	0.249		
EPS -> DER	-0.018	0.013	0.176		
CR -> DER	-0.0507	0.347	0.884	0.1923	0.0021
STOCK_RISK -> DER	0.48	0.57	0.402		
STOCK_RETURN -> DER	0.266	0.11	0.018		
Constant	4.116	1.602	0.012		

Table 4 captures the coefficient of determination (R-squared) in structure I is 0.2103, which means TATO (X1), ROI (X2), EPS (X3), CR (X4), stock risk (X5) can influence stock return (Z) of 21.03%. At the same time, the value of the coefficient of determination (R-squared) in structure II is 0.1923, which means TATO (X1), ROI (X2), EPS (X3), CR (X4), stock risk (X5), stock return (Z) able to affect the DER (Y) of 19.23%. in Simultaneous Effect Significance Test (Test F), The F test aims to examine the effect of the independent variables jointly or simultaneously on the dependent variables. Based on Table 4, it is known that Prob. F. in structure I is 0.0012 < 0.05, then TATO (X1), ROI (X2), EPS (X3), CR (X4), and stock risk (X5) simultaneously or simultaneously have a significant effect on stock returns (Z). While Prob. F. in structure II is 0.0021 < 0.05, then TATO (X1), ROI (X2), EPS (X3), CR (X4), stock risk (X5), stock return (Z) together or simultaneously significant effect on DER (Y).

In Test the Significance of Direct Effect (Direct Effect) can be seen in Table 4, the following results are obtained. TATO significantly affects stock returns, with a probability value of $p = 0.000 < 0.05$ (Hypothesis Accepted). ¹ROI has no significant effect on stock returns, with a probability value of $p = 0.901 > 0.05$ (Hypothesis Rejected). ²EPS has no significant impact on stock returns, with a probability value of $p = 0.342 > 0.05$ (Hypothesis Rejected). ³CR has no significant effect on stock returns, with a probability value of $p = 0.159 > 0.05$ (Hypothesis Rejected). ⁴Stock risk has no significant impact on stock return, with a probability value of $p = 0.578 > 0.05$ (Hypothesis Rejected). ⁵TATO has no significant effect on DER, with a probability value of $p = 0.339 > 0.05$ (Hypothesis Rejected). ⁶ROI has no significant effect on DER, with a probability value of $p = 0.249 > 0.05$ (Hypothesis Rejected). ⁷EPS has no significant effect on

DER, with a probability value of $p = 0.176 > 0.05$ (Hypothesis Rejected). ⁸CR has no significant effect on DER, with a probability value of $p = 0.884 > 0.05$ (Hypothesis Rejected). ⁹STOCK RISK has no significant effect on DER, with a probability value of $p = 0.402 > 0.05$ (Hypothesis Rejected). ¹⁰STOCK RETURN significantly affects DER, with a probability value of $p = 0.012 < 0.05$ (Hypothesis Accepted).

Table 5. Mediation Test: Sobel Test

Path	Indirect Effect	P-Value
TATO -> STOCK_RETURN -> DER	-1.839	0.040
ROI -> STOCK_RETURN -> DER	0.436	0.901
EPS -> STOCK_RETURN -> DER	0.003	0.355
CR -> STOCK_RETURN -> DER	-0.138	0.224
STOCK_RISK -> STOCK_RETURN -> DER	0.070	0.588

Table 5 displays the indirect effect of TATO (X1) on DER (Y) through stock returns (Z) is -1.839. It is known that the P-Value = 0.040 < 0.05, then stock return (Z) significantly mediates the relationship between TATO (X1) and DER (Y) (Mediation Hypothesis Accepted). ²The indirect effect of ROI (X2) on DER (Y) through stock returns (Z) is 0.436. It is known that the P-Value = 0.901 > 0.05, then stock return (Z) is not significant, mediating the relationship between ROI (X2) and DER (Y) (Mediation Hypothesis Rejected). ³The indirect effect of EPS (X3) on DER (Y) through stock returns (Z) is 0.003. It is known that the P-Value = 0.355 > 0.05, then stock return (Z) is not significant, mediating the relationship between EPS (X3) and DER (Y) (Mediation Hypothesis Rejected). ⁴The indirect effect of CR (X4) on DER (Y) through stock returns (Z) is -0.138. It is known that the P-Value = 0.224 > 0.05, then stock return (Z) is not significant, mediating the relationship between CR (X4) and DER (Y) (Mediation Hypothesis Rejected). ⁵The indirect effect of stock risk (X5) on DER (Y) through stock return (Z) is 0.070. It is known that the P-Value = 0.588 > 0.05, then stock return (Z) is not significant, mediating the relationship between stock risk (X5) and DER (Y) (Mediation Hypothesis Rejected).

5. Discussion

5.1. The Effect of Total Asset Turnover on Capital Structure

The research results show that total asset turnover has a negative and insignificant effect on capital structure. The hypothesis testing indicates that the effect of total asset turnover with capital structure has a negative direction of -0.031. The P-Values value shows 0.341, which is greater than 0.05; and the T-Statistics value is 0.409, which means it is smaller than the T-Table 1.96. These results indicate a negative and insignificant relationship between total asset turnover and capital structure. The results of this study are supported by Jamaludin (2020), which states that total asset turnover has insignificant effect on capital structure. The company must demonstrate efficiency in using all its assets to generate sales.

5.2. The Effect of Total Asset Turnover on Stock Returns

The research results show that total asset turnover has a negative and insignificant effect on stock returns. This is indicated by the results of the hypothesis test of the effect of total asset turnover on stock returns, which is a negative direction of -0.070. The P-value shows 0.120, meaning greater than 0.05; and the T-Statistics value is 1.175, which means it is smaller than the T-Table of 1.96. These results indicate a negative and insignificant relationship between total asset turnover and stock returns. In line with the research by Saputra et al. (2014), total asset turnover has a negative and insignificant effect on stock returns, which means that if total asset turnover decreases, stock returns will also decrease.

5.3. The Effect of Return On Investment on Capital Structure

The research results show that return on investment has a negative and insignificant effect on capital structure. The hypothesis testing indicates that the effect of return on investment with capital structure has a negative direction of -0.065. The P-value shows 0.219, meaning greater than 0.05; and the T-Statistics value is 0.775, which means it is smaller than the T-Table of 1.96. These results indicate a negative and insignificant relationship between return on investment and capital structure. The study results are in line with research conducted by Julita (2015), which states that return on investment has a negative and insignificant effect on capital structure. This shows that the company's ability to generate profits from the assets used by the company has not been maximized. The company has not been efficient in utilizing its assets in the company's operational activities.

5.4. The Effect of Return On Investment on Stock Returns

The research results show that return on investment has a positive and insignificant effect on stock returns. This is indicated by the results of the hypothesis test of the effect of return on investment, with stock returns having a positive direction of 0.032. The P-value shows 0.262, meaning greater than 0.05; and the T-Statistics value is 0.639, which means it is smaller than the T-Table of 1.96. These results indicate a positive and insignificant relationship between return on investment and stock returns. This study is in line with research by Saputra et al. (2014) which revealed that return on investment has a positive but insignificant effect on stock returns. This shows that the company's ability to manage its assets has not been optimal, making it difficult to achieve the desired net profit.

5.5. The Effect of Earning Per-share on Capital Structure

The research results show that earnings per share has a positive and insignificant effect on capital structure. This is indicated by the results of the hypothesis testing the effect of earnings per share with the capital structure having a positive direction of 0.159. The P-value shows 0.083, meaning greater than 0.05; and the T-Statistics value is 1.386, which means it is smaller than the T-Table of 1.96. These results show a positive and insignificant relationship between earnings per share and capital structure. This study is in line with Widiyanti & Irawati (2020), which said that earnings per share had a positive but insignificant effect on capital structure. The small value of earnings per share will also affect the net loss amount. Based on this, investors' desire will decrease and also impact the growth of stock prices, which will affect the company's value.

5.6. The Effect of Earning Per-share on Stock Returns

The research results show that earnings per share has a negative and insignificant effect on stock returns. This is indicated by the results of the hypothesis testing the effect of earnings per share on stock returns having a negative direction of -0.035. The P-value shows 0.275, meaning greater than 0.05; and the T-Statistics value is 0.599, which means it is smaller than the T-Table of 1.96. These results show a negative and insignificant relationship between earnings per share and stock returns. This is in line with the research of Sinambela (2013) which stated that earnings per share have a negative and insignificant effect on stock returns. Earnings per share is the profit earned for each share of common stock. Therefore, common and potential shareholders are very interested in earnings per share.

5.7. The Effect of Current Ratio on Capital Structure

The research results show that the current ratio has a negative and significant effect on the capital structure. This is indicated by the results of the hypothesis testing the effect of the current ratio with the capital structure having a negative direction of -0.600. The P-value shows 0.000, meaning smaller than 0.05; and the T-Statistics value is 9.880, which means it is greater than the T-Table of 1.96. These results show a negative but significant relationship between the current ratio and the capital structure. This study is in line with Jamaludin (2020), stating that the current ratio has a negative but significant effect on capital structure. The current ratio in this company is decreasing even though there has been a slight increase in several years. This shows that the company's health or liquidity decreased, affecting the increase in capital structure.

5.8. The Effect of Current Ratio on Stock Return

The research results show that the current ratio has a negative and insignificant effect on stock returns. It is indicated in the effect of the current ratio with stock returns which has a negative direction of -0.007. The P-value shows 0.437, meaning greater than 0.05; and the T-Statistics value is 0.158, which means it is smaller than the T-Table 1.96. These results show no positive and insignificant relationship between the current ratio and stock returns. This study is in line with Basalama et al. (2017), stating that the current ratio has a negative and insignificant effect on stock returns. The current ratio in this company is quite low due to lack of capital to pay its obligations.

5.9. The Effect of Stock Risk Stock Return

The research results show that stock risk has a positive and significant impact on stock returns. This is indicated by the results of the hypothesis testing showing the effect of the current ratio with stock returns has a positive direction of 0.934. The P-value shows 0.000, meaning smaller than 0.05; and the T-Statistics value is 11.937, which means it is greater than the T-Table of 1.96. These results indicate no positive and significant relationship between stock risk and stock returns. This study is in line with Sitepu et al. (2020) which state that stock risk has a positive and significant effect on stock returns. One of the goals of investors investing is to get a return. Without the level of profit enjoyed from an investment, of course, investors will not invest.

5.10. Effect of Capital Structure on Stock Return

Return is the result obtained from the investment or the level of profit enjoyed by the investor on an investment; thus, the stock return is the rate of return that investors will obtain on their investment in the shares of a company. The research results show that capital structure has a positive but insignificant effect on stock returns. This is indicated by the results of the hypothesis test of the effect of capital structure on stock returns having a positive direction of 0.013. The P-value shows 0.471, meaning greater than 0.05; and the T-Statistics value is 0.073, which means it is smaller than the T-Table of 1.96. These results indicate a positive but insignificant relationship between capital structure and stock returns. This research is in line with Antriksa & Sudiartha (2019), which state that capital structure has a positive but insignificant effect on stock returns.

6. Conclusions

This study provides significant information that is taken into consideration in determining and deciding on making investments. Potential investors are also likely to look at the value of the current ratio and whether the company can cover its obligations, as seen from the comparison between total current assets and current liabilities. It is recommended that potential investors choose companies with a total current asset value more significant than the entire current debt value. For future researchers, it is expected that it can be a reference and they can continue to develop this research. In addition, they can add other variables as independent variables and use other variables as mediating variables so that other indicators that have a relationship with capital structure and stock returns are obtained. Finally, it is also expected to extend the research period to use samples with diverse characteristics and a more significant number of pieces.

Author Contributions: Conceptualization, E.L. and I.M.; methodology, E.L.; software, E.L.; validation, E.L., I.M. and C.M.; formal analysis, E.L.; investigation, E.L.; resources, E.L.; data curation, E.L.; writing—original draft preparation, E.L.; writing—review and editing, E.L.; visualization, E.L.; supervision, E.L.; project administration, E.L.; funding acquisition, I.M. All authors have read and agreed to the published version of the manuscript.

Funding: This research received no external funding.

Institutional Review Board Statement: Not applicable.

Informed Consent Statement: Informed consent was obtained from all subjects involved in the study.

Data Availability Statement: Not applicable.

Acknowledgments: The author would like to thank Faculty of Economics and Business, Universitas Sumatera Utara, Medan, Indonesia, for supporting this research and publication. We would also like to thank the reviewers for their constructive comments and suggestions.

Conflicts of Interest: The authors declare no conflict of interest.

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