International Journal of Research and Review
[Indexed, Peer-Reviewed Journal]
Volume 13; Issue: 5; May 2026
Website: www.ijrrjournal.com
Research Paper *E-ISSN: 2349-9788; P-ISSN: 2454-2237*

The Effect of Capital and Asset Structures on Profitability in Property and Real Estate Companies

Sabrin[1], Hasniah[2], Muhammad Faried Pratama[3], Nuryamin Budi[4], Andi Runis Makkulau[3]

[1]Department of Accounting Education, Faculty of Teacher Training and Education, Halu Oleo University, Kendari, Indonesia
[2]Department of Economic Education, Faculty of Teacher Training and Education, Halu Oleo University, Kendari, Indonesia
[3]Department of Management, Sekolah Tinggi Ilmu Ekonomi Enam Enam, Kendari, Indonesia
[4]Department of Management and Business, Faculty of Teacher Training and Education, Halu Oleo University, Kendari, Indonesia

Corresponding Author: Sabrin (sabrin.se.m.si@gmail.com)

DOI: https://doi.org/10.52403/ijrr.20260531

ABSTRACT

The purpose of this study is to examine and analyse the effect of capital structure and asset structure on profitability in property and real estate companies listed on the IDX, the effect of capital structure on profitability in property and real estate companies listed on the IDX, and the effect of asset structure on profitability in property and real estate companies listed on the IDX. The approach used in this study is a quantitative approach. The population in this study was 85 property and real estate companies listed on the IDX. The research sample was selected using a purposive sampling method, resulting in a sample of 12 companies with an observation period of 4 years, resulting in 48 research data. Data analysis used descriptive statistics and panel data regression. The results of the study indicated that capital structure and asset structure had a positive and significant effect on profitability in property and real estate companies listed on the IDX. Capital structure had a positive and significant effect on profitability in property and real estate companies listed on the IDX, and asset structure had a positive and significant effect on profitability in property and real estate companies listed on the IDX.

Keywords: capital structure, asset structure, profitability, property, real estate companies

INTRODUCTION

Real estate is a form of asset. Real estate is not just about owning a luxury residence. It's the right to own a plot of land and utilize its resources, a form of asset. Real estate has evolved along with the emergence of various technologies and information technologies worldwide. Real estate companies provide a variety of consumer needs, including housing and other properties. These companies assist consumers in need of housing or other property-related services. Property and real estate companies are among the industry sectors listed on the Indonesia Stock Exchange (IDX).

Profitability measures a bank's ability to generate profits from its capital. Profitability refers to a bank's ability to generate profits in relation to sales, total assets, and equity. The Return on Assets (ROA) ratio is used to measure a company's ability to utilize assets to generate profits. A higher ROA indicates

a bank's efficiency in using assets to generate profits. One factor influencing profitability is capital structure. Capital structure is the proportion used to determine how a company's expenditure needs are met, with funds obtained using a combination of long-term sources, consisting of two main sources: internal and external.[1] Capital structure indicates the proportion of debt used to finance investments. Understanding the capital structure allows investors to determine the balance between risk and return on their investments. Component-wise, capital structure is the balance between two capital sources: equity and foreign capital.

According to Brigham and Houston, "If the cost of borrowing is lower than the cost of equity, then funds from loans or debt will be more effective in generating profits (increasing Return on Assets), and vice versa."[2] To achieve the company's goal of maximizing profits, managers must be able to evaluate the company's capital structure and understand its relationship to risk, returns, and value. Capital structure is also related to the company's funding sources.[3]

Another factor influencing profitability is asset structure. Asset structure is a crucial component of a company, as the assets owned by a company support its production. Fixed assets are considered to have a company's productive capacity, used to generate sales and profits.[4] Therefore, a company with substantial fixed assets will generate substantial profits. High profits indicate good financial performance with high profitability. Ultimately, this increase will also increase the company's value.

Companies need to understand the size of their assets to help estimate long-term profit potential and assess investment risk.[5] Property and real estate are a sub-sector of service companies listed as public companies in the property, real estate, and construction sector on the IDX. Property and real estate remain a top choice for investors. This is because shares in companies within the property and real estate sector offer potential for growth. This is evident in the numerous companies within the property and real estate sector that have demonstrated optimal prospects. This situation has prompted investors to compete to invest their funds in these companies.

The property and real estate sector become a large sector capable of absorbing a significant workforce and has a ripple effect on other economic sectors. Based on the results of a preliminary study, profitability data, proxied by return on assets, capital structure, proxied by the debt-to-equity ratio, and asset structure, proxied by the fixed asset ratio, have fluctuated. This data is presented in Table 1.

Table 1. Financial Performance of Property and Real Estate Companies on the IDX

No.	Stock Code	ROA (%)				DER (%)				FAR (%)			
		2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
1	**BCIP**	2.68	1.43	0.01	1.93	100.00	103.60	98.58	90.63	4.04	4.32	2.24	2.43
2	**BSDE**	5.74	0.80	2.50	4.09	62.20	76.56	71.25	70.85	1.16	0.96	0.86	0.84
3	**CTRA**	3.20	3.49	5.13	4.78	103.79	124.86	109.69	100.37	8.53	6.61	6.16	6.13
4	**DUTI**	9.36	4.64	4.77	5.43	30.19	33.14	39.66	42.65	2.21	1.98	1.59	1.50
5	**GPRA**	3.24	2.01	2.81	4.29	50.60	64.00	59.19	51.15	2.41	2.22	2.09	1.97
6	**JRPT**	9.27	8.81	6.71	7.19	50.83	45.8	44.08	41.93	1.34	1.40	1.40	1.65
7	**MKPI**	8.45	3.03	4.06	8.60	32.19	35.95	36.97	26.85	60.97	65.00	64.30	61.35
8	**MTA**	7.98	4.83	5.94	6.20	58.64	45.51	45.47	41.67	6.31	8.30	9.43	10.55
9	**PWON**	12.42	4.23	5.37	5.98	44.21	50.34	50.52	47.71	7.95	8.90	8.03	7.60
10	**RDTX**	8.33	7.95	6.19	7.99	10.74	8.57	8.83	13.95	0.57	0.46	0.36	0.90
11	**SMDM**	2.28	0.58	3.56	5.25	22.47	20.92	18.85	15.68	9.05	8.55	7.97	7.40
12	**SMRA**	2.51	0.99	2.11	2.71	158.61	174.3	131.96	141.99	1.38	1.33	1.22	1.30
Average (%)		**6.29**	**3.57**	**4.10**	**5.37**	**60.37**	**65.30**	**59.59**	**57.12**	**8.83**	**9.17**	**8.80**	**8.64**
Growth (%)		**-**	**-43.29**	**14.89**	**30.98**	**-**	**8.15**	**-8.74**	**-4.14**	**-**	**3.88**	**-3.98**	**-1.92**
Growth Per Year (%)		**0.89**				**-158**				**-0.67**			

Source: Secondary data processed in 2024.

Table 1 shows that, in general, the profitability of property and real estate companies listed on the IDX tended to increase during the observation year. However, capital structure and asset structure fluctuated and tended to decline. Therefore, this study aims to determine the effect of capital structure and asset structure on profitability. Several previous studies on the effect of capital structure and asset structure on profitability have yielded inconsistent results. For example, capital structure significantly impacted profitability.[6] However, capital structure had no significant effect on profitability.[7]
Asset structure significantly impacted profitability.[8] However, asset structure had no significant effect on profitability.[7] The objectives of this study are to determine and analyse the effect of capital structure and asset structure on profitability in property and real estate companies, the effect of capital structure on profitability in property and real estate companies, and the effect of asset structure on profitability in property and real estate companies listed on the IDX.

LITERATURE REVIEW

A. Financial Management Concept

Financial management explains several decisions that must be made, namely investment decisions, funding decisions or decisions to meet funding needs, and dividend policy decisions.[9] The term financial management can be defined as the management of funds, both related to the effective allocation of funds across various forms of investment and the efficient collection of funds for investment financing or spending.[10] The implementer of financial management is the financial manager. Although the functions of a financial manager vary from organization to organization, in principle, the primary function of a financial manager is to plan, find, and utilize various means to maximize the efficiency (usefulness) of the company's operations.

B. Capital Structure Concept

Capital structure is the balance between long-term debt (foreign capital) and total equity.[11] Capital structure as a reflection of a company's financial proportions, namely between capital owned from long-term liabilities and equity, which is the source of a company's financing.[12]
Capital structure as the balance or comparison between foreign capital and equity.[13] Capital structure indicates the proportion of debt used to finance investments. Therefore, understanding capital structure allows investors to balance risk and return on investment. Capital structure is the balance of the amount of permanent short-term debt, long-term debt, preferred stock and common stock. The indicator used to measure capital structure is the leverage ratio in the following equation.[10]

Debt to Equity Ratio = Total Debt / Total Equity $\boldsymbol{x}$ 100%

C. Asset Structure Concept

Subramanyam and Wild (2014:271) define assets as resources controlled by a company for the purpose of generating profit.[14] Asset structure is also called asset structure or wealth structure, or asset structure or wealth structure is the balance or comparison, both in absolute and relative terms, between current assets and fixed assets.[15] Absolute refers to the comparison in nominal terms, while relative refers to the comparison in percentage terms. Brigham and Weston argued "asset structure is the balance or comparison between fixed assets and total assets."[2] Asset structure can be calculated using fixed assets and total assets as follows:

Total Fixed Assets / Total Assets $\boldsymbol{x}$ 100%

Source: Sutrisno (2016) [16]

D. The Concept of Profitability

Profitability ratios measure how efficiently a company utilizes its assets and manages its operational activities.[17] This ratio focuses on the end result, namely net profit. Meanwhile, profitability ratios are used to measure a company's ability to generate profits from its normal business activities.[18]

Profitability is a factor considered in determining a company's capital structure. This is because companies with high profitability tend to use relatively little debt because high retained earnings are sufficient to cover most financing needs. A higher level of profitability indicates better management.[16] Profitability ratios measure overall management effectiveness, indicated by the level of profit earned in relation to sales and investments.[12] A better profitability ratio indicates a company's ability to generate high profits.

Profitability is measured using the following equation:

Net Profit After Tax / Total Assets x 100%

E. Research Framework

The research framework underlying this study is that profitability is influenced by many factors, one of which is capital structure. According to Brigham and Houston, "If the cost of borrowing is less than the cost of equity, then borrowed or debt-based funding sources will be more effective in generating profits (increasing Return on Assets), and vice versa."[2] Furthermore, asset structure can also influence profitability. The size of assets is necessary for companies to help estimate long-term profit potential and assess investment risk.[5] Companies with substantial fixed and current assets tend to generate greater profits. The research framework is more clearly presented in Figure 1.

F. Research Hypothesis

Based on the theoretical and empirical studies, as well as the research framework presented above, the research hypotheses are as follows:

1. Capital structure and asset structure have a positive and significant effect on profitability in property and real estate companies listed on the IDX.
2. Capital structure has a positive and significant effect on profitability in property and real estate companies listed on the IDX.
3. Asset structure has a positive and significant effect on profitability in property and real estate companies listed on the IDX.

MATERIALS & METHODS

The approach used in this study is a quantitative approach. The population in this study was 85 property and real estate companies listed on the IDX. The research sample was selected using a purposive sampling method, resulting in a sample of 12 companies with an observation period of 4 years, resulting in 48 research data sets. Data analysis used descriptive statistics and panel data regression. Then, the analysis was carried out using descriptive statistics. This was done to answer the problem and answer the research hypothesis.

RESULT

A. Description of Research Variables

The variables in this study are capital structure, asset structure, and profitability. These are described in more detail as follows:

1. Capital Structure

Capital structure is the ratio of a company's debt to its total assets and/or equity owned by property and real estate listed on the IDX. The capital structure used in this study is the debt-to-equity ratio, expressed as a percentage. The debt-to-equity ratio is shown in Table 2.

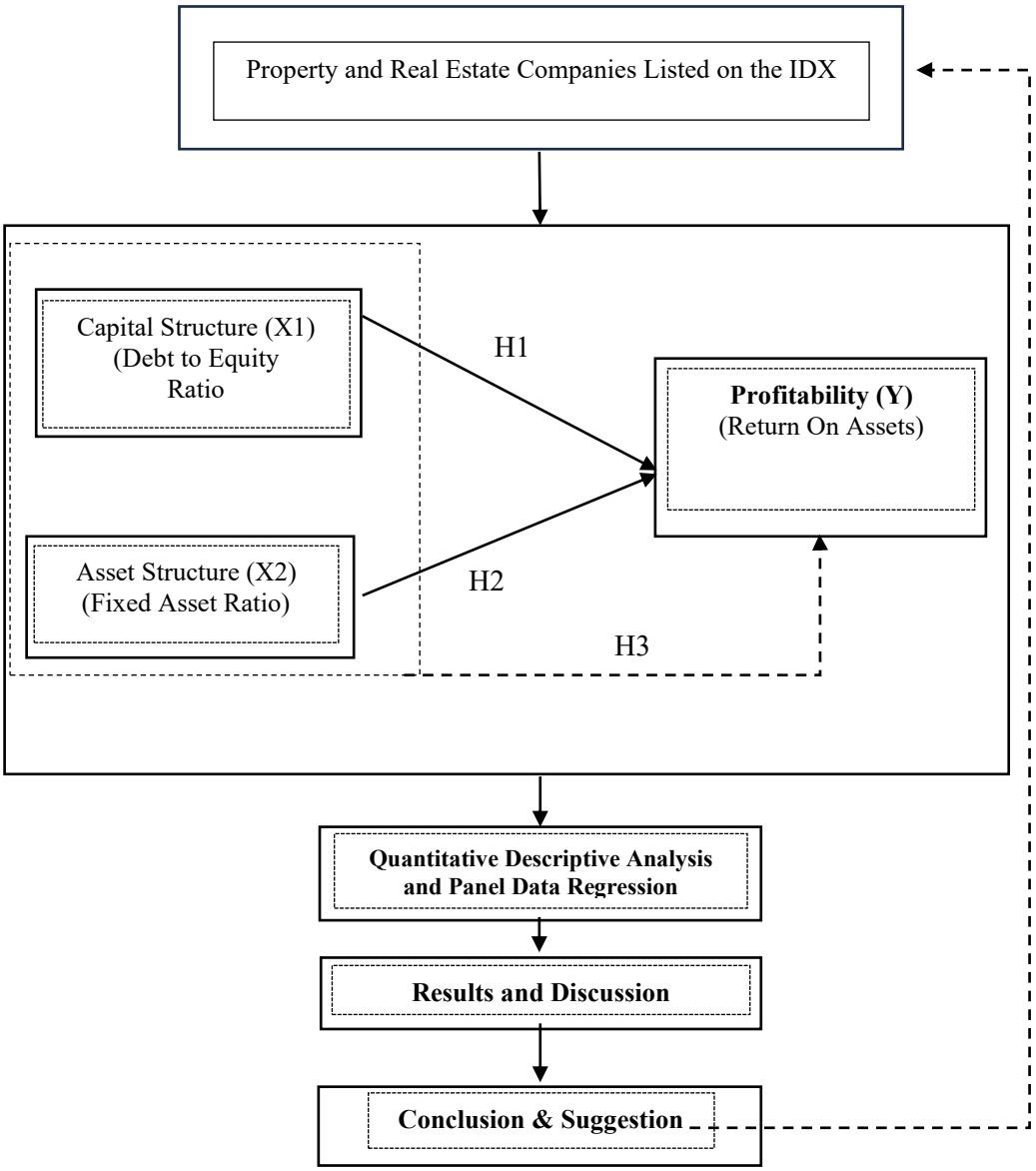

Figure 1. The Research Framework

Table 2. Capital Structure of Property and Real Estate Companies on the IDX

No.	Stock Code	Debt to Equity Ratio (%)				Average
		2019	2020	2021	2022	
1	**BCIP**	100.00	103.60	98.58	90.63	98.20
2	**BSDE**	62.2	76.56	71.25	70.85	70.22
3	**CTRA**	103.79	124.86	109.69	100.37	109.68
4	**DUTI**	30.19	33.14	39.66	42.65	36.41
5	**GPRA**	50.60	64.00	59.19	51.15	56.24
6	**JRPT**	50.83	45.8	44.08	41.93	45.66
7	**MKPI**	32.19	35.95	36.97	26.85	32.99
8	**MTLA**	58.64	45.51	45.47	41.67	47.82
9	**PWON**	44.21	50.34	50.52	47.71	48.20
10	**RDTX**	10.74	8.57	8.83	13.95	10.52
11	**SMDM**	22.47	20.92	18.85	15.68	19.48
12	**SMRA**	158.61	174.3	131.96	141.99	151.72
Average (%)		**60.37**	**65.30**	**59.59**	**57.12**	
Growth (%)		**-**	**8.15**	**-8.74**	**-4.14**	
Growth Per Year (%)		**-1.58**				**60.59**

Source: Secondary Data processed in 2024.

Table 2 shows that the average debt-to-equity ratio in 2019 was 60.37 percent, increasing in 2020 to 65.30 percent, representing an increase of 8.15 percent. It declined in 2021 to 59.59 percent, a decrease of 8.74 percent, and then declined again in 2022 to 57.12 percent, a decrease of 57.12 percent. Based on the overall data description during the observation period, the debt-to-equity ratio of property and real estate companies listed on the IDX experienced a negative average annual growth of 1.58 percent.

Based on this data, it can be seen that during the observation period, property and real estate companies listed on the IDX had a debt-to-equity ratio of 60.59 percent, indicating that the company's debt is lower than its equity, thus increasing the company's ability to pay its obligations.

2. Asset Structure

Asset structure is the ratio of a company's total assets to its fixed assets, including property and real estate listed on the IDX. The asset structure used in this study is the fixed asset ratio, expressed as a percentage. More details about the fixed asset ratio are shown in Table 3.

Table 3. Asset Structure of Property and Real Estate Companies on the IDX

No.	Stock Code	Fixed Asset Ratio (%)				Average
		2019	2020	2021	2022	
1	**BCIP**	4.04	4.32	2.24	2.43	3.26
2	**BSDE**	1.16	0.96	0.86	0.84	0.96
3	**CTRA**	8.53	6.61	6.16	6.13	6.86
4	**DUTI**	2.21	1.98	1.59	1.50	1.82
5	**GPRA**	2.41	2.22	2.09	1.97	2.17
6	**JRPT**	1.34	1.40	1.40	1.65	1.45
7	**MKPI**	60.97	65.00	64.30	61.35	62.91
8	**MTLA**	6.31	8.30	9.43	10.55	8.65
9	**PWON**	7.95	8.90	8.03	7.60	8.12
10	**RDTX**	0.57	0.46	0.36	0.90	0.57
11	**SMDM**	9.05	8.55	7.97	7.40	8.24
12	**SMRA**	1.38	1.33	1.22	1.30	1.31
Average (%)		**8.83**	**9.17**	**8.80**	**8.64**	
Growth (%)		**-**	**3.88**	**-3.98**	**-41.92**	
Growth Per Year (%)		**-0.67**				**8.86**

Source: Secondary Data, processed 2024.

Table 3. shows that the average fixed asset ratio in 2019 was 8.83 percent, increasing in 2020 to 9.17 percent, representing a 3.88 percent increase. It declined in 2021 to 8.80 percent, a 3.98 percent decrease, and then declined again in 2022 to 8.64 percent, a 1.92 percent decrease. Based on the overall data description during the observation period, the debt-to-equity ratio of property and real estate companies listed on the IDX experienced a negative average annual growth of 0.67 percent.

Based on this data, it can be seen that during the observation period, property and real estate companies listed on the IDX had a fixed asset ratio of 8.86 percent. This indicates that the company's current assets outweighed its fixed assets, enabling the company to maximize its operational costs due to its sufficient current assets.

3. Profitability

Profitability is the ability of property and real estate companies listed on the IDX to generate profits over a specific period. The profitability ratio used in this study is return on assets, expressed as a percentage. More details about return on assets are shown in Table 4:

Table 4. Profitability of Property and Real Estate Companies on the IDX

No.	Stock Code	Return on Asset (%)				Average
		2019	2020	2021	2022	
1	**BCIP**	2.68	1.43	0.01	1.93	1.51
2	**BSDE**	5.74	0.80	2.50	4.09	3.28
3	**CTRA**	3.20	3.49	5.13	4.78	4.15
4	**DUTI**	9.36	4.64	4.77	5.43	6.05
5	**GPRA**	3.24	2.01	2.81	4.29	3.09
6	**JRPT**	9.27	8.81	6.71	7.19	8.00
7	**MKPI**	8.45	3.03	4.06	8.60	6.04
8	**MTLA**	7.98	4.83	5.94	6.20	6.24
9	**PWON**	12.42	4.23	5.37	5.98	7.00
10	**RDTX**	8.33	7.95	6.19	7.99	7.62
11	**SMDM**	2.28	0.58	3.56	5.25	2.92
12	**SMRA**	2.51	0.99	2.11	2.71	2.08
Average (%)		**6.29**	**3.57**	**4.10**	**5.37**	
Growth (%)		**-**	**-43.29**	**14.89**	**30.98**	
Growth Per Year (%)		**0.89**				**4.83**

Source: Secondary Data, processed, 2024.

Table 4 shows that the average return on assets in 2019 was 6.29 percent, decreasing in 2020 to 3.57 percent, representing a decrease of 843.29 percent. It increased in 2021 to 4.10 percent, representing a 14.89 percent increase, and then rose again in 2022 to 5.37 percent, representing a 5.37 percent increase. Based on the overall data description during the observation period, the return on assets of property and real estate companies listed on the IDX experienced positive growth of 0.89 percent on average per year. Based on this data, it can be seen that during the observation period, property and real estate companies listed on the IDX had a return on assets of 4.83 percent, meaning that for every rupiah of assets held, the company generated a net profit of 0.0483 rupiah.

B. Data Processing Results and Hypothesis Testing

1. Classical Assumption Tests

The classical assumption tests used in this study include multicollinearity, heteroscedasticity, autocorrelation, normality, and linearity. These are described in more detail below:

Multicollinearity Test

Based on the classical assumption requirements of linear regression with OLS, a good linear regression model is one that is free from multicollinearity. Therefore, the model above is free from multicollinearity. The results of the multicollinearity test can be seen in the Centered VIF column table. The results of the multicollinearity test are displayed in Table 5.

Table 5. Multicollinearity Test Results

Variance Inflation Factors			
Date: 05/10/24	**Time: 13: 12**		
Sample: 1.48			
Included observation: 48			
	Coefficient	**Uncentered**	**Centered**
Variable	Variance	VIF	VIF
C	0.493320	4.159062	NA
DER	7.96E-05	3.519740	1.055114
FAR	0.000455	1.355952	1.055114

Source: Processed Data, 2024.

Based on the results of the multicollinearity test, it can be seen that there is no multicollinearity. The VIF values for both independent variables are 1.055, and neither

is greater than 10 or 5 (many textbooks require a value of no more than 10, while others require no more than 5).

Heteroscedasticity Test

Heteroscedasticity is a condition where all disturbances appearing in the population regression function do not have the same variance. To verify the hypothesis in the first heteroscedasticity test, the White heteroscedasticity test available in Eviews was performed. The results of this test are the F value and Obs*R-Squared. If Obs*R-Squared is less than X in the table, heteroscedasticity does not occur. Vice versa. The results of the White heteroscedasticity test are shown in Table 6.

Table 6. Results of the White Heteroscedasticity Test

Heteroskedasticity Test: Breusch-Pagan-Godfrey				
F-statistic	1.030413	Prob. F(2,45)		0.3651
Obs*R-squared	2.101952	Prob. Chi-Square(2)		0.3496
Scaled explained SS	2.455775	Prob. Chi-Square(2)		0.2929
Dependent Variable: RESID^2				
Method: Least Squares				
Date: 05/10/24 Time: 13:12				
Sample: 1 48				
Included observations: 48				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	8.076697	2.587263	3.121715	0.0031
DER	-0.045638	0.032869	-1.388455	0.1718
FAR	0.002964	0.078548	0.037731	0.9701
R-squared	0.043791	Mean dependent var		5.337601
Adjusted R-squared	0.001292	S.D. dependent var		8.795172
S.E. of regression	8.789486	Akaike info criterion		7.245451
Sum squared resid	3476.478	Schwarz criterion		7.362401
Log likelihood	-170.8908	Hannan-Quinn criter.		7.289647
F-statistic	1.030413	Durbin-Watson stat		2.017772
Prob(F-statistic)	0.365125			

Source: Processed Data, 2024.

Based on Table 6, it can be seen that the P-Value of Obs*R-Squared is 2.101 > 0.05. The conclusion is that with a 95% confidence level, there is no heteroscedasticity.

Autocorrelation

Autocorrelation (or autocorrelation) indicates a correlation between members of a series of observations ordered by time or space. To detect autocorrelation, the LM test is performed. This method is based on the F value and Obs*R-Square. If the probability value of Obs*R-Squared exceeds the confidence level, there is no autocorrelation problem. The results of the LM test are shown in Table 7.

Table 7. LM Test Results (Bruesch Godfrey Method)

Breusch-Godfrey Serial Correlation LM Test:				
F-statistic	3.217044	Prob. F(2,43)		0.0499
Obs*R-squared	6.247434	Prob. Chi-Square(2)		0.0440
Test Equation:				
Dependent Variable: RESID				
Method: Least Squares				
Date: 05/10/24 Time: 13:13				
Sample: 1 48				
Included observations: 48				
Presample missing value lagged residuals set to zero.				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.015140	0.673182	-0.022491	0.9822
DER	0.000226	0.008613	0.026204	0.9792
FAR	0.000757	0.020406	0.037101	0.9706
RESID(-1)	0.380828	0.152416	2.498602	0.0164
RESID(-2)	-0.073954	0.154981	-0.477185	0.6356
R-squared	0.130155	Mean dependent var		-2.26E-15
Adjusted R-squared	0.049239	S.D. dependent var		2.334773
S.E. of regression	2.276567	Akaike info criterion		4.581547
Sum squared resid	222.8585	Schwarz criterion		4.776463
Log likelihood	-104.9571	Hannan-Quinn criter.		4.655206
F-statistic	1.608522	Durbin-Watson stat		1.992053
Prob(F-statistic)	0.189493			

Source: Processed Data, 2024.

Based on the table, it can be seen that the P-Value Obs*R-Squared is 6.247 > 0.05. The conclusion is that with a 95% confidence level, there is no autocorrelation in the regression model.

Normality Test

The normality test will only be performed if the number of observations is less than 30 to determine whether the error term approaches a normal distribution. If the number of observations is more than 30, a normality test is not necessary, as the sampling distribution of the error term is already close to normal. The results of the normality test are shown in the following figure:

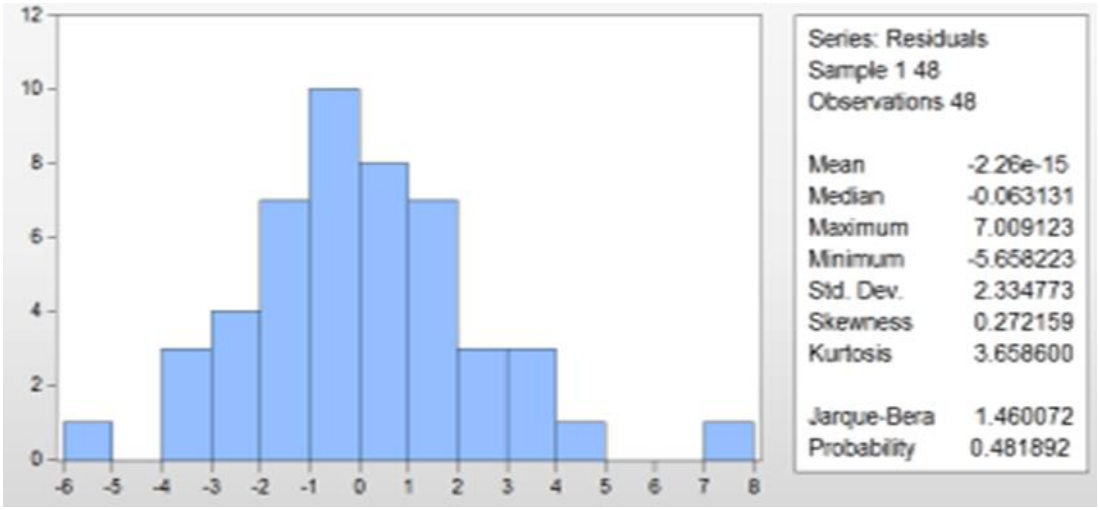

Figure 2. Normality Test Results

Linearity Test

Linearity is an assumption that should be present in a linear regression model. For multiple linear regression, linearity can be tested using the Ramsey Reset Test. The results of the linearity test are shown in Table 8.

Table 8. Ramsey Reset Test

Ramsey RESET Test
Specification: ROA C DER FAR
Omitted Variables: Squares of fitted values

	Value	df	Probability
t-statistic	0.414699	44	0.6804
F-statistic	0.171975	(1, 44)	0.6804
Likelihood ratio	0.187243	1	0.6652
F-test summary:			
	Sum of Sq.	df	Mean Squares
Test SSR	0.997484	1	0.997484
Restricted SSR	256.2049	45	5.693441
Unrestricted SSR	255.2074	44	5.800167

Source: Processed Data, 2024.

Based on the results of the Ramsey test, it can be seen that the probability of the F-statistic row is 0.680, which is > 0.05, so it can be concluded that the independent variable is linear with the dependent variable.

2. Model Data Processing Results

The results of this research test used panel data regression analysis techniques, using Eviews 10 software. Based on the attached data, the results of the data analysis are displayed in Table 9.

Table 9. Results of Panel Data Regression Data Processing

Dependent Variable: ROA				
Method: Panel Least Squares				
Date: 05/10/24 Time: 12:50				
Sample: 2019 2022				
Periods included: 4				
Cross-sections included: 12				
Total panel (balanced) observations: 48				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	16.50840	3.453342	4.780412	0.0000
DER	0.075216	0.036341	2.069721	0.0461
FAR	0.803788	0.294609	2.728320	0.0100
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.724660	Mean dependent var		4.830208
Adjusted R-squared	0.619383	S.D. dependent var		2.735912
S.E. of regression	1.687898	Akaike info criterion		4.123338
Sum squared resid	96.86598	Schwarz criterion		4.669105
Log likelihood	84.96011	Hannan-Quinn criter.		4.329584
F-statistic	6.883364	Durbin-Watson stat		2.145768
Prob(F-statistic)	0.000003			

LS(CX=F) ROA C DER FAR
Estimation Equation:
==========
ROA = C(1) + C(2)*DER + C(3)*FAR + [CX=F]
Substituted Coefficients:
==========
ROA = 16.5084013793 + 0.0752163246669*DER + 0.803787653248*FAR + [CX=F]

Based on the table and the estimation command, the following interpretations can be made:

a. Intercept (C) = 16.508, meaning that if the capital structure and asset structure remain unchanged, future profitability will be positive.
b. The regression coefficient of the capital structure variable (X1) = 0.075. This means that every one percent increase in capital structure will be followed by a 0.075 percent increase in profitability, assuming the asset structure remains constant.
c. The regression coefficient of the asset structure variable (X2) = 0.803. This means that every one percent increase in asset structure will be followed by a 0.803 percent increase in profitability, assuming the asset structure remains constant.

3. Coefficient of Determination (R-Square)

Based on the calculation, the coefficient of determination is 0.7246, indicating that the contribution of capital structure and asset structure to profitability in property and real estate companies listed on the IDX is 72.46%. The remaining 27.54% is explained by other variables not included in this research model.

4. Hypothesis Testing

According to the analysis using the Eviews program, it can be seen that:

1. Capital structure and asset structure have a positive and significant effect on profitability in property and real estate companies listed on the IDX. This is demonstrated by the F-test results at a confidence level of 0.95 or a significance level of $\alpha = 0.05$, where the P-value is $0.000 < 0.05$. This means that increasing capital structure and asset structure can affect the profitability of property and

real estate companies listed on the IDX. Therefore, hypothesis one is accepted.

2. Capital structure has a positive and significant effect on profitability in property and real estate companies listed on the IDX. This is demonstrated by the t-test results at a confidence level of 0.95 or a significance level of $\alpha = 0.05$, where the P-value is $0.046 < 0.05$. This means that an increasing capital structure can affect the profitability of property and real estate companies listed on the IDX. Therefore, hypothesis two is accepted.
3. Asset structure has a positive and significant effect on profitability in property and real estate companies listed on the IDX. This is demonstrated by the t-test results at a confidence level of 0.95 or a significance level of $\alpha = 0.05$, with a P-value of $0.0100 < 0.05$. This means that an increasing asset structure can affect the profitability of property and real estate companies listed on the IDX. Therefore, hypothesis three is accepted.

DISCUSSION

1. The Effect of Capital Structure and Asset Structure on Profitability

Based on the research results, it was found that capital structure and asset structure have a positive and significant effect on profitability in property and real estate companies listed on the IDX. This means that improving capital structure and asset structure can increase the profitability of property and real estate companies listed on the IDX. A good asset structure will enable a company to obtain external loans for operating expenses, thus providing the company with the opportunity to maximize profits. Asset structure is a company's ability to utilize fixed assets and current assets as collateral to obtain loans from external parties. Asset structure is the ratio of fixed assets to total assets owned by a company; each asset component determines the amount of funds allocated to the company. A high asset structure indicates that the company relies on internal funds rather than external funds to conduct its business activities, thus opting not to incur significant debt.

A company's asset structure is a crucial component in financing decision-making because a company's fixed assets can be used as collateral for lenders' funding. An organization's capital composition ratio is significantly influenced by the ratio of fixed assets to total assets. The company's main capital structure, which includes the ratio between long-term loans and stock ownership, is modified. Furthermore, capital can be categorized as an entity's assets. As an organization's assets increase, the role of loans as collateral for lenders becomes increasingly important.

The profitability ratio is an indicator of a company's ability to generate revenue from its activities. Business management can be measured by profit, which determines the level of performance. The primary advantages of a business are sales, assets, and capital. The higher the ratio, the higher the company's value as a percentage of profit. This high value indicates high performance and profitability for the company. Profitability can be achieved if a company is able to optimize the efficiency of its financial performance.

The results of this study strengthen empirical researches [8],[7],[6],[19],[20],[21] which found that asset structure and capital structure significantly influence profitability.

Based on this description, it is known that capital structure and asset structure have a positive and significant impact on profitability in property and real estate companies listed on the IDX. This means that improving capital structure and asset structure can increase the profitability of property and real estate companies listed on the IDX.

2. The Effect of Capital Structure on Profitability

Based on the research results, it was found that capital structure has a positive and significant effect on profitability in property and real estate companies listed on the IDX. This means that an improved capital

structure can increase the profitability of property and real estate companies listed on the IDX.

The results of this study indicate that additional debt can increase net income. This increase in net income for property and real estate companies listed on the IDX is consistent with the Trade-Off Theory, where the use of debt can reduce taxes and agency costs, which can lead to increased profitability. Tax reductions occur because interest costs are paid before taxes, thus reducing taxable income and resulting in higher net income. Higher net income naturally increases the company's ROA.

The presence of debt will enable company management to continue working optimally to meet company objectives and repay interest expenses on debt and principal. This eliminates the need for shareholders to oversight of management, which creates new financial burdens for the company. Reduced agency costs will increase net income, leading to increased return on assets.

The results of this study align with the opinion expressed by Brigham and Houston, who stated, "If the cost of borrowing is less than the cost of equity, then funds from borrowing or debt will be more effective in generating profits (increasing Return on Assets), and vice versa."[2] To achieve the company's goal of maximizing profits, managers must be able to evaluate the company's capital structure and understand its relationship to risk, returns, and value. Capital structure is also related to the company's funding sources.[3]

The debt ratio calculation indicates the amount of funds provided by the company. A higher ratio indicates a greater portion of debt used to finance investment in assets, which means the company's risk will increase because debt incurs interest expenses.[22] Companies capable of generating relative profits will increase their debt levels, because the additional interest payments will be offset by pre-tax profits.[22] The results of this study reinforce empirical researches[8],[19],[20] which found that capital structure significantly impacts profitability. Based on this description, it is known that capital structure has a positive and significant impact on profitability in property and real estate companies listed on the IDX. This means that an improved capital structure can increase the profitability of property and real estate companies listed on the IDX.

3. The Effect of Asset Structure on Profitability

Based on research results, it was found that asset structure has a positive and significant effect on profitability in property and real estate companies listed on the IDX. This means that an improved asset structure can increase the profitability of property and real estate companies listed on the IDX.

Fixed assets constitute the investment that absorbs the largest portion of a company's invested capital. Fixed assets are often referred to as "earning assets," meaning they actually generate income for the company. Therefore, these fixed assets provide the basis for earning power. Companies invest in fixed assets with the expectation of achieving a higher return than before the investment. Investments in fixed assets can be directed towards developing products and services that meet consumer demand. However, holding too many fixed assets can result in idle fixed assets, meaning they cannot be utilized optimally. Therefore, determining the appropriate fixed asset investment will impact a company's profitability and sustainability.

The size of assets is needed by companies to help estimate long-term profit capabilities and assess investment risks.[5] Fixed assets are often referred to as "the earning assets" (assets that actually generate income for the company) because these fixed assets provide the basis for the company's earning power. Fixed assets are considered to have a productive capacity within a company, used to generate sales and profits.[4] Therefore, companies with substantial fixed assets will also generate substantial profits. High profits indicate good financial performance with high profitability. Ultimately, this

increase will also increase the company's value.

The results of this study reinforce empirical researches [8],[19], which found that asset structure significantly impacts profitability. Based on this description, it is known that asset structure has a positive and significant effect on profitability in property and real estate companies listed on the IDX. This means that an improved asset structure can increase the profitability of property and real estate companies listed on the IDX.

CONCLUSION

Based on the discussion, the following conclusions can be drawn that capital structure and asset structure have a positive and significant effect on profitability in property and real estate companies listed on the IDX. This means that improving capital structure and asset structure can increase the profitability of property and real estate companies listed on the IDX. Capital structure has a positive and significant effect on profitability in property and real estate companies listed on the IDX. This means that improving capital structure can increase the profitability of property and real estate companies listed on the IDX. Asset structure has a positive and significant effect on profitability in property and real estate companies listed on the IDX. This means that improving asset structure can increase the profitability of property and real estate companies listed on the IDX.

Declaration by Authors

Acknowledgement: None
Source of Funding: None
Conflict of Interest: No conflicts of interest declared.

REFERENCES

1. Ahmad, R. & Herni, A. (2010). Manajemen Keuangan. Jakarta: Mitra. Wacana Media.
2. Brigham, E. F. dan Houston, J. F. (2010). Dasar-Dasar Manajemen Keuangan. 11th Ed. Jakarta.
3. Dewi, N. P. I. K., & Abundanti, N. (2019). Pengaruh leverage dan ukuran perusahaan terhadap nilai perusahaan dengan profitabilitas sebagai variabel mediasi. *E-Jurnal Manajemen*, 8(5), 3028–3056. https://pdfs.semanticscholar.org/ffb8/28d94f8c55ec791444ea26d6029c0a191129.pdf.
4. Al-Ani, M. K. (2013). Effects of assets structure on the financial performance: Evidence from sultanate of Oman. In *11th EBES Conference proceedings in Ekaterinburg*, Russia (pp. 147-165). https://ebesweb.org/wp-content/uploads/2021/01/11th-EBES-Conference-Proceedings.pdf#page=155.
5. Jumingan. (2014). Analisis Laporan Keuangan. Jakarta: PT. Bumi Aksara.
6. Afiyan, I. (2018). Pengaruh Struktur Aktiva, Growth Opportunity, Risiko, dan Umur Perusahaan terhadap Struktur Modal Bank Syariah (Periode Tahun 2012-2016). Undergraduate Thesis. UIN Syarif Hidayatullah. https://repository.uinjkt.ac.id/dspace/bitstream/123456789/40703/1/IMADUDDIN%20AFIYAN%20-%20FEB.pdf.
7. Ummah, N. (2021). Pengaruh Struktur Aset dan Struktur Modal terhadap Profitabilitas pada Rumah Makan Lesehan Asri Kota Palopo. Doctoral dissertation. Universitas Muhammadiyah Palopo.
8. Rahmi, H., & Ibrahim, M. (2019). Pengaruh Struktur Aktiva dan Struktur Modal terhadap Profitabilitas pada PT Kimia Farma Tbk. *Jurnal Online Mahasiswa (JOM) Bidang Ilmu Sosial dan Ilmu Politik*, 6(2), 1-13. https://jom.unri.ac.id/index.php/JOMFSIP/article/view/26378/25505.
9. Musthafa. (2017). Manajemen Keuangan. Yogyakarta: Andi Offset.
10. Agus, S. (2012). Manajemen Keuangan Teorin dan Aplikas. Jakarta: BPFE.
11. Halim, A. (2015). Auditing (Dasar-dasar Audit Laporan Keuangan). 5th Ed. Yogyakarta: UPP STIM YKPN.
12. Irham, F. (2015). Analisis Laporan Keuangan. Bandung: Alfabeta.
13. Sulindawati, N. L. G. E., Purnamawati, I. G. A. & Yuniarta, G. A. (2017). Manajemen Keuangan: Sebagai Dasar Pengambilan Keputusan Bisnis. Depok: Rajawali Pers.
14. Subramanyam, K. R., & Wild, J. J. (2014). A Translation. D. Yanti. Analisis Laporan Keuangan; Financial Statement Analysis. 10th Ed., Book 1. Jakarta: Salemba Empat.
15. Fitriana, A. (2024). Analisis Laporan Keuangan. Banyumas: CV. Malik Rizki

Amanah. https://repo.unperba.ac.id/dosen/download/384.
16. Sutrisno. (2016). Manajemen Keuangan: Teori, Konsep dan Aplikasi. Yogyakarta: Ekonisia.
17. Ross, S. A., Westerfield, R. W., Jordan, B. D., Lim, J. & Tan, R. (2015). *Ebook: Fundamentals of Corporate Finance*. McGraw Hill. https://books.google.co.id/books?hl=id&lr=&id=AxUsEAAAQBAJ&oi=fnd&pg=PR1&dq=Fundamentals+of+Corporate+Finance&ots=OHxAC3AJi0&sig=icWm-Im83QtlnXXDQsEfsHyvI0g&redir_esc=y#v=onepage&q=Fundamentals%20of%20Corporate%20Finance&f=false.
18. Hery. (2017). Analisis Laporan Keuangan (Intergrated and Comprehensive edition). Jakarta: Grasindo.
19. Chairunnisa, C., Anggraini, M. D., & Sulastri, S. (2019). Analisis Pengaruh Struktur Modal dan Struktur Aktiva terhadap Profitabilitas (Studi Empiris Pada Perusahaan Properti dan Real Estate Yang Terdaftar di Bursa Efek Indonesia (BEI) Periode 2012-2016). *Jurnal Ekonomi Sakti (JES)*, 8(1), 20-32. https://jes.stie-sak.ac.id/index.php/103044/article/view/184/97.
20. Sinaga, R. B. M. S. (2017). Analisis Pengaruh Struktur Modal dan Struktur Aktiva terhadap Profitablitas pada Perusahaan Properti dan Real Estate yang Terdaftar di Bursa Efek Indonesia (BEI) Periode 2011-2015. Undergraduate Thesis. Universitas Lampung Bandar Lampung. https://digilib.unila.ac.id/28589/.
21. Fadilah, Y. A. (2023). Pengaruh Struktur Aktiva dan Struktur Modal terhadap Profitabilitas (Survey pada Perusahaan Industri Farmasi yang Terdaftar di BEI Periode 2018-2020). Undergraduate Thesis. Universitas Siliwangi Tasikmalaya.
22. Sudana, I. (2011). Manajemen Keuangan Perusahaan Teori dan Praktek. Jakarta: Erlangga.

How to cite this article: Sabrin, Hasniah, Muhammad Faried Pratama, Nuryamin Budi, Andi Runis Makkulau. The effect of capital and asset structures on profitability in property and real estate companies. *International Journal of Research and Review*. 2026; 13(5): 355-368. DOI: *https://doi.org/10.52403/ijrr.20260531*

******