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The Influence Of Capital Structure, Company Size, And Business Risk On Profitability In Palm Plantation Companies Listed On The Indonesian Stock Exchange Year 2019-2023

Jusmiati [1]; Eddy Irsan Siregar [2]; Riyanti [3]
[1)] Faculty of Economics & Business/Management, Muhammadiyah University of Jakarta, Indonesia
[2,3)] Faculty of Economics & Business/Management, Muhammadiyah University of Jakarta, Indonesia
Email: [1)] jusmiatimia300@gmail.com ;[2)] siregareddy@umj.ac.id ;[3)] riyanti@umj.ac.id

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Capital structure, Business risks, Company size, Profitability.

ABSTRACT

This research aims to analyze and examine the influence of capital structure on profitability in palm oil companies listed on the BEI in 2019-2023, Analyze and examine the influence of company size on profitability in palm oil companies listed on the BEI in 2019-2023, Analyze and examine the influence of business risk on palm oil companies registered on the IDX in 2019-2023 and Analyze the validity test, reliability of the questionnaire and examine the influence of capital structure, company size and business risk in influencing profitability in palm oil companies registered on the IDX in 2019-2023.This research is quantitative research. The analytical method used is multiple regression analysis. The population in this research is all palm oil companies registered on the IDX for the 2019-2023 period. Based on the purposive sampling method, 13 companies were obtained as samples that met the sampling criteria. The data analysis technique used was statistical analysis with the Eviews 9 computer program to analyze and test research data. The results of this research show that Capital Structure has a negative and insignificant effect on the Company's profitability, Company Size has a positive and significant effect on the Company's profitability and Business Risk has a positive and significant effect on the Company's profitability. Therefore, in accordance with hypothesis 4 which states that of the variables used in this research, the variables that have a significant influence are the variables Company Size (Size), Business Risk (Brisk). Meanwhile, the Capital Structure (DER) variable has no effect on profitability in oil palm plantation companies listed on the Indonesia Stock Exchange.

INTRODUCTION

Palm oil is a versatile raw material that has wide applications in various products. Palm oil is used by the global manufacturing industry as a raw material to produce various products such as food products, toiletries and cosmetics, as well as energy. Palm-based products are used by the global community 24 hours a day, from morning, afternoon to night. Consumers use palm oil products in the form of toiletries products (soap, shampoo, body lotion, toothpaste, facial soap, shaving foam) and other hygiene products (detergent) as well as skincare products (moisturizer, sunscreen, serum) and make-up (lipstick, foundation, powder). The performance of the national palm oil industry is projected to experience growth in 2024. This is in line with the high demand for crude palm oil (CPO) in the domestic market and expectations of an increase in the price of this commodity in the market (Kontan.co.id. Wednesday, 08 May 2024). With high demand projections, of course every company expects high profits.

ROE (Return on Equity) is a ratio used to measure a company's level of profitability by comparing the net profit obtained with shareholder equity. ROE can provide an overview of how efficiently the company uses capital invested by shareholders. The following is the Profitability (ROE) table for palm oil plantation companies for 2019-2023.

The capital structure proxied by the Debt to Equity Ratio (DER) has a positive effect on profitability which is proxied by Return on Equity (ROE) as proven by the t test value for DER which is positive, namely 0.504. (Siregar, Sitta Nuril Azizah, Lihan Irham. 2020). Furthermore, research conducted by Ernawari Malik and Wa Ode Silfi Merliana Adsar (2023) shows that capital structure as measured by the Debt to Equity Ratio (DER) has a significant effect on profitability as measured by Return on Equity (ROE) in a negative direction.

The impact of business risk on profitability can vary depending on many factors, including industry, company size, and the business strategy adopted. Business risks such as increased competition, changes in market trends, or shifts in consumer preferences can cause a decline in a company's sales. This can have a negative effect on the company's profitability. Bisnis.com, JAKARTA - The reference price for crude palm oil (CPO) for the period 16-31 December 2023 decreased by US$27.63 to US$767.51 per ton. The CPO reference price for the period 16-31 December 2021 is down 3.47% compared to the price for the period 1-15 December 2023 of US$795.14 per ton

Business risks such as rising raw material costs, inflation, or stricter regulations can cause an increase in a company's operational costs. If increased costs cannot be transferred to consumers through price increases, then this can lead to a decrease in profitability and If the company has exposure to currency risk, exchange rate fluctuations can impact the company's profits. If the local currency weakens against foreign currencies, for example, this can increase import costs and reduce profits.

Business risks associated with oil palm plantations can vary, such as fluctuations in palm oil commodity prices, changes in government regulations regarding plantation permits, the risk of natural disasters, and changes in weather patterns that can affect palm oil harvests. Palm oil plantation companies that are able to identify, measure and manage these risks well will be more stable in carrying out their operations. Companies also need to have a risk diversification strategy, such as expanding products into downstream sectors (for example, biodiesel production from palm oil) or involving themselves in longer supply chains. Overall, a healthy capital structure, adequate company size, and good business risk management are important factors in determining the success of oil palm plantation companies.

LITERATURE REVIEW

Capital StructureL

This capital structure is the most important thing for a company because it has a direct

effect on the company's financial position. Capital structure is explained by (Sartono, 2010.) as a balanced amount of permanent long-term and short-term debt, as well as preferred and preferred shares of a company. Meanwhile (Sudana, 2011). Defining capital structure is the long-term expenditure of a company as measured by the comparison between long-term debt and own capital. (Fahmi I., 2011) defines the capital structure as a description of the company's financial position between the capital it owns comes from long-term debt and its own capital.

Company Size.

According to Toni and Anggara (2021:13) quoted in Rhichardo S. Seduk et al (2024) company size is a scale used to measure the size or size of a company based on total assets, sales and market capitalization. Company size according to Luthfiyanti (2016) quoted in Anggadi and Triyanto (2022) is the size of a company which will be expressed in total assets, sales and market capitalization.

Capital structure is a balance or comparison between one's own capital and foreign capital. In this case, foreign capital is long-term debt or short-term debt, while own capital is divided into retained earnings and company ownership. (Triyonowati.2022:75). According to capital structure theory, any additional debt when the capital structure position is above the optimal capital structure target will cause a decrease in company value

Company Size (Size) is the size of a company. Company size according to (Poerwadarminta, 2016) company size is defined as measuring tools (such as span and others), something to determine (such as assessing and others) and income size (width, area and large). Meanwhile, Saffold (2015) said that a strong company culture can influence company performance, where the culture will be formed from the type of industry, environment and company size. This means that company performance can be indirectly influenced by the size of the company. Thus, the size of a company can be calculated in various ways, including the number of employees, total assets, share market value and so on. There are 3 categories of company size, namely large firm (large company), medium size (medium company) and small firm (small company). So, it can be concluded that an indicator can show the characteristics, a condition of a company or organization where there are parameters used to measure the company such as the number of employees to carry out all company activities, total sales in a period, the total number of assets and the total number of shares. in circulation.

Business Risk

Risk can also be interpreted as an uncertain situation in a condition that could occur (future) from decisions determined based on various existing scales. According to Siahaan, the combination of profitability with consequences can describe risk, while according to Luminto the uncertainty of events during a certain time and this gives rise to losses, both small and large losses, which have an impact on its business..

Potential investors should assess the risk of a company by detecting what factors influence the company. Business risk can be measured by profitability and leverage. Profitability implies how effective the company's management performance is in generating profits. The higher the profit generated by the company, the better the level of management performance in implementing the company's operations. Meanwhile, leverage can be measured through total debt divided by total assets. Leverage shows how much the company's ability to pay off all its obligations. The more assets owned, the greater the company's ability to fulfill its obligations.

Profitabilitas

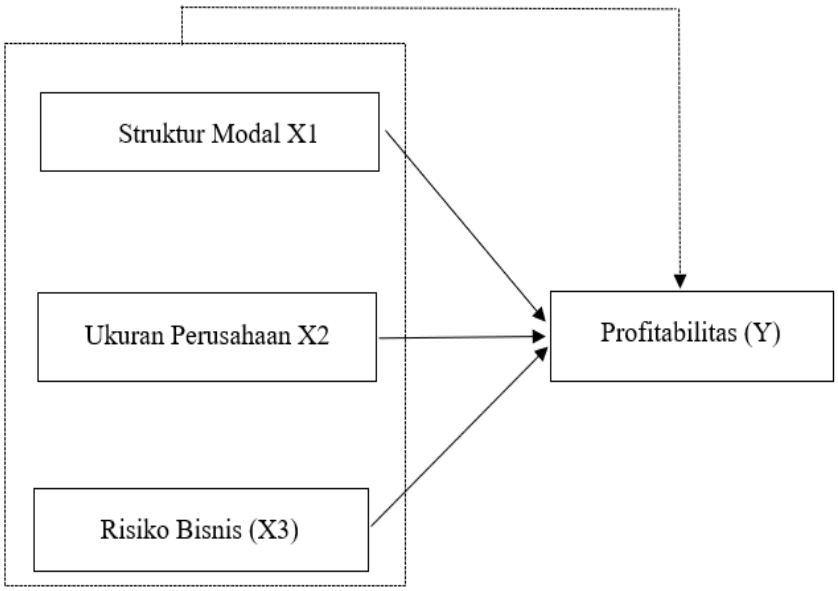
Profitability is something the company wants to achieve, it is the most important final goal in determining maximum profit or profits. Profitability according to (Sartono, 2010.), this is

the ability to earn profits related to total sales, assets and own capital. According to (Kasmir, 2015) profitability is used to assess a company's ability to make a profit. (Irawati, 2012) states that profitability is a ratio to measure the efficiency of using assets to generate profits during a certain period or usually called semi-annual, quarterly and others..

The Influence of Capital Structure and Profitability on Company Value

According to (Rodoni & Herni, 2014) Trade Off Model theory, if a company uses debt, the company will have profits that come from taxes (tax shield). However, the costs incurred must be considered first from the use of leverage, for example bankruptcy costs. The higher a company's debt, the higher the company value. Because if the debt is large, the interest burden will increase and it will reduce taxable income so the company value increases. If the company is successful, it means that its use of debt is increasing and it can be concluded that debt can increase the value of the company. (Brigham & Houston, 2010)

Figure 1 Research Hypothesis



Research Hypothesis

H1 : Capital structure has an influence on profitability in palm oil plantation companies listed on the IDX in 2019-2023.

H2 : Company size influences profitability in palm oil plantation companies listed on the IDX in 2019-2023.

H3 : Business risks affect palm oil plantation companies listed on the IDX in 2019-2023.

H4 : Capital structure, company size and business risk influence profitability in palm oil plantation companies listed on the IDX in 2019-2023.

METHODS

This research was carried out through a process that included planning and implementation with the aim of obtaining answers to questions and drawing research conclusions. This research examines the influence of capital structure, company size and business risk as independent variables (X) on profitability as the dependent variable (Y).

Population and Sample

The population of this research are companies operating in the palm oil sector that are registered and listed on the Indonesian Stock Exchange (BEl) for the period 2019 - 2023. Sampling was carried out using a purposive method with characteristics throughout the research period (1) Companies that are listed on the IDX consistently during the period research, and is included in palm oil companies. (2) Companies that release complete annual financial reports consecutively during the 2019-2023 period,

Data Analysis Techniques

This research will use descriptive analysis techniques. Descriptive measures are often used to analyze trends. This data analysis technique is the answer to the problem formulation which will examine whether the independent variables Capital Structure (Debt to Equity Ratio), Company Size (Firm Zise) and Business Risk (Business Risk) have an effect on the dependent variable Profitability (Return On Equity), both in terms of partial or simultaneous.

The type of data used in this research is panel data. So researchers used statistical analysis tools with the E-views computer program to analyze and test research data.

RESULTS

Description of Research Objects

Describe the variables in this research by carrying out descriptive analysis. The variables used in this research include the dependent variable consisting of capital structure which is measured using the debt to equity ratio (DER), the independent variable consisting of Company Size which is measured by Ln (total assets) and asset structure which is measured by comparing total fixed assets with total assets, and the intervening variable consists of profitability as measured by return on assets (ROA). The sample in this research was 13 Palm Oil Plantation companies listed on the Indonesia Stock Exchange (BEI) with an observation period of 5 years, namely 2019-2023.The data processing was carried out using the Microsoft Excel program, the description of the research variables is as follows:

The capital structure of palm oil plantation companies listed on the Indonesian Stock Exchange for the 2019-2023 period shows that the company's debt to equity ratio varies over the five years. The highest capital structure value is 2.80 to 13.98, while the lowest capital structure value is 0.08 - 0.15. PT PP London Sumatra Indonesia, Tbk (LSIP) shows a decline in capital structure from 2019-2023. This is due to the increase in equity value every year and a decrease in total liabilities from 2019-2021 then decrease again in 2023. PT Sampoerna Agro, Tbk (SGRO) shows an increase in capital structure from 2019-2023 from 0.08 in 2019 to 0 .15 in 2023. This is because the level of liabilities and equity increases gradually every year. PT Sinar Mas Agro Resource and Technology, Tbk (SMAR) showed a decrease in capital structure from 13.98 in 2019 to 1.30 in 2023. The high capital structure in 2019 was due to the large comparison between the company's liabilities.

The size of palm oil plantations listed on the Indonesian Stock Exchange for the 2019-2023 period shows the company's ln (total assets) value over the five years. The highest value for company size is 12.77 to 30.64, while the lowest value for company size is 12.41 to 30.25. PT Mahkota Group, Tbk (MGRO) experienced an increase in total asset value for five consecutive years from 245,435 in 2019, 261,855 in 2020, 295,646 in 2021, 344,711 in 2022, and 351,958 in 2023 (in billion Rupiah) . PT Bakrie Sumatra Pantation, Tbk (UNSP) experienced an increase in the value of total assets for five consecutive years from 13,696,417,381,439 in 2019 to 20,264,726,862,584 in 2023 (in full Rupiah)

The business risks of palm oil plantations listed on the Indonesian Stock Exchange for the 2019-2023 period show the value of the company's Business Risk (BRISK) over the five years

varies. The highest value for business risk is 0.47 to 0.71, while the lowest value for business risk is 0.00. PT Sawit Sumbermas Sarana, Tbk (SSMS) saw an increase in the BRISK value from 2019-2021 by 0.32 to 0.71, then decreased until 2023 to 0.56. This is due to the increase in the total asset value of PT Sawit Sumbermas Sarana, Tbk, but the company's operating profit increased until 2021 and then decreased until 2023. PT Andira Agro, Tbk (ANDI) experienced stability in the BRISK value from 2019-2023. The value shown is 0.00 each year. This is due to the high value of total assets of PT Andira Agro, Tbk which is able to generate operating profits of 0.28% - 0.36% of its total assets. PT Salim Ivomas Pratama, Tbk (SIMP) had a BRISK value of 0.50 in 2019, increased to 0.51 in 2020, decreased to 0.47 in 2021, then increased again to 0.60 in 2022, and decreases to 0.48 in 2023. This happens, data shows that the value of operating profit and total assets increases in 2019-2022 with peak values of operational profit and total assets of 12,148,087 and 20,326,869 (in millions of Rupiah). Then operating profit decreased to 9,901,772 while total fixed assets increased to 20,649,371 (in millions of Rupiah)

The profitability of palm oil plantations listed on the Indonesian Stock Exchange for the 2019-2023 period shows a varying comparison of the return on assets (ROA) values of companies over the five years. The highest ROA value is 0.35 to 0.53, while the lowest value (ROA) is 0.00. PT Mahkota Group, Tbk (MGRO) experienced an increase in profitability from 2019 to 2021 then decreased until 2023. This was because the company's net profit increased until 2021 to IDR 1,322,067 (in millions of Rupiah) and in 2023 it decreased to 1,206. 059 (in millions of Rupiah). PT Eagle High Plantation, Tbk (BWPT) experienced the highest increase in ROA in 2021-2022 by 0.1 then decreased again by 0.09 in 2023. This is because in 2022 the total net profit generated by the company was 9,081,187 with total assets amounting to IDR 20,326,869 (in millions of Rupiah). Then in 2023 there will be a decrease in net profit to IDR 7,392,837 (in millions of Rupiah) and an increase in fixed assets to IDR 20,649,371 (in millions of Rupiah) so that ROA decreases in 2023. PT PP London Sumatra Indonesia, Tbk (LSIP) has The smallest ROA value is 0.00 for 5 consecutive years. This is due to the high value of the company's total assets compared to its net profit. In 2019 the comparison of net profit with total assets was IDR 306,885,570 and IDR 729,020,553,284 until in 2023 it was IDR 1,951,111,404 and IDR 579,813,156,839 (in full Rupiah).

Descriptive Statistics

Descriptive statistics provide a general description of the research objects used as research samples. By providing an explanation of descriptive statistics, it is hoped that it can provide an initial picture of the problem being studied.

Table 1. Results of Descriptive Statistical Analysis

	ROE	DER	Size	Brisk
Mean	0.202063	0.539550	0.202063	0,0014319
Maximum	0.431001	0.980878	0.431001	0,00485
Minimum	0.059466	0.103509	0.059466	0,000034
Std. Dev.	0.078597	0.225038	0.078597	0,00117774
Observation	60	60	60	60

Source: Data processed with E-views 9

Based on Table 1 Shows that the amount of data used in this research is 60 observational data taken from the annual published financial reports of oil palm plantation companies listed on the Indonesia Stock Exchange (BEI) for the 2019-2023 period which were measured using E-views 9.

Return On Equity (ROE) has a minimum value of 0.059 obtained by PT Astra Agro Lestari Tbk (AALI) in 2023 with a net profit of IDR 695,684,000,000 and total equity of IDR

11,698,787,000,000, PT Austindo Nusantara Jaya Tbk (ANJT) in in 2023 it has a minimum value of 0.067 with profit net IDR 1,284,829,851,140 and total equity IDR 18,916,764,558,342 and at PT Bakrie Sumatra Pantation Tbk (UNSP) in 2023 it has a minimum value of 0.071 with net profit IDR 2,792,439,000,000 and total equity IDR 39,250,325,000,000 while the maximum ROE value was 0.431 obtained by PT Tunas Baru Lampung Tbk (TBLA) in 2020 with a net profit of IDR 4,32,043,000,000 and total equity IDR 1,002,417,000,000, PT Mahkota Group Tbk Tbk (MGRO) in 2020 with a maximum value of 0.388 with a net profit of IDR 915,256,250,000 and total equity of IDR 2,354,791,978,000 and at PT Goozco Plantation Tbk (GZCO) in 2019 it had a maximum value of 0.378 with a net profit of IDR 3,088,067,000,000 and a total equity Rp. 8,165,002,000,000. It is known that the average (mean) ROE value is 0.202 and the standard deviation is 0.07 with a total of 60 observations.

Debt to Equity Ratio (DER) has a minimum value of 0.103 obtained by PT Andira Agro Tbk (ANDI) in 2021 with total liabilities of IDR 39,719,660,000,000 and total equity of IDR 383,731,290,000,000. PT Eagle High Plantation Tbk (BWPT) in 2022 has a minimum value of 0.198 with total liabilities of IDR 1,436,312,000,000 and total equity IDR 7,218,902,000,000 and the company PT Goozco Plantation Tbk (GZCO) in 2021 has a value minimum 0.215 with total liabilities IDR 107,806,000,000,000 and total equity IDR 758,380,000,000,000 while the maximum DER value is 0.980 obtained by PT PP London Sumatra Indonesia Tbk (LSIP) in 2021 with total liabilities IDR 338,971,310,000,000 and total equity IDR 476,835,050,000. PT Sampoerna Agro Tbk (SGRO) in 2023 has a maximum value of 0.977 with total liabilities of IDR 2,605,586,000,000 and total equity IDR 3,353,043,000,000 and PT Salim Ivomas Pratama Tbk (SIMP) in 2023 has a maximum value 0.965 with total liabilities IDR 12,123,488,000,000 and total assets IDR 12,561,427,000,000. It is known that the average (mean) DER value is 0.539 and the standard deviation is 0.225 with a total of 60 observations.

Size has a minimum value of 27.03 obtained by PT Sinar Mas Agro Resource and Technology Tbk (SMAR) in 2020 with a total asset value of IDR 1,491,224,000,000. PT Sawit Sumbermas Sarana Tbk (SSMS) in 2020 had a minimum value of 28,994 with a total asset value of IDR 3,908,162,319,000 and PT Tunas Baru Lampung Tbk (TBLA) in 2019 had a minimum value of 29,364 with a total asset value of IDR 5,658. 961,000,000 while the maximum size value is 34,945 obtained by PT Bakrie Sumatra Pantation Tbk (UNSP) in 2022 with total assets of IDR 552,423,892,000,000. PT Mahkota Group Tbk (MGRO) in 2020 has a maximum value of 32,863 with total assets of IDR 182,274,000,000,000 and PT Astra Agro Lestari Tbk (AALI) in 2023 has a maximum value of 29,364 with total assets of IDR 166,173,000,000 ,000. It is known that the average (mean) value of Size is 31.306 and the standard deviation is 1.755 with a total of 60 observations.

The minimum Business Risk value is 0.000034 and the maximum value is 0.00485. This shows that the size of the Business Risk in this research sample ranges from 0.000034 to 0.00485, with an average of 0.0014319 and a standard deviation of 0.00117774.

Data analysis

To determine the role of capital structure, company size, business risk on profitability in palm oil plantation companies listed on the Indonesia Stock Exchange for the 2019-2023 period, this research used an analysis tool, namely panel data regression. To get a good and correct regression model, it is necessary to test its feasibility using the classical assumption test. The classical assumption test in this research uses the normality test, autocorrelation test, heteroscedasticity test and multicollinearity test. The data analysis used by researchers is using E-views 9.

Table 2. Chow Test Results

Redundant Fixed Effects Tests			
Equation: untitled			
Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	18.121716	(9,46)	0.0000
Cross-section Chi-square	90.848964	9	0.0000

Source: Data processed with E-views 9

Based on Table 2 it shows that the profitability value for cross section F < 0.05 is 0.0000. So for the Chow Test it can be concluded that the model chosen is the fixed effect model. Next, to determine the appropriate model between the random effect and fixed effect models, this is done using the Hausman test. If the probability value for the cross section F > 0.05, then the model chosen is the random effect model, but if the profitability value for the cross section F < 0.05 then the model chosen is the fixed effect model. Following are the results of the Hausman test

Table 3. Hausman Test Results

Test Summary	Chi-Sq.Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	21.674833	4	0.0002

Source: Data processed with E-views 9

Based on Table 4.8, it shows that the profitability value for cross section F < 0.05 is 0.0002. So for the Hausman Test it can be concluded that the model chosen is the fixed effect model. After carrying out the Chow test and Hausman test, it can be concluded that the most appropriate model to use in panel data research is the fixed effect model. The fixed effect model was used, because the output results from the E-views 9 application showed that from the Chow test and Hausman test the results obtained were that the fixed effect model was appropriate to use in this research.

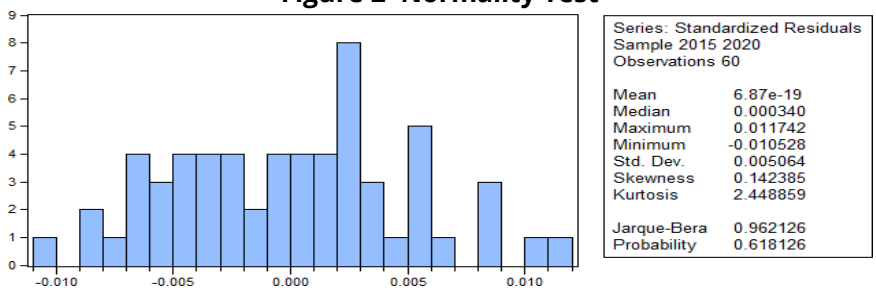
Classical Assumption Test

Based on the panel data model test results, the most appropriate model to use is the fixed effect model. Hypothesis testing in this research uses panel data regression analysis. Classical assumption tests used in this research include normality test, autocorrelation test, multicollinearity test and heteroscedasticity test.

Normality Test

The normality test is used to test whether the residual values resulting from the regression are normally distributed or not. A good regression model is one that has a profitability value > 0.05. The results of normality test processing are as follows:

Figure 2 Normality Test



Based on Figure 2 it can be seen that the probability value is 0.618126, which is greater than 0.05. So it can be concluded that the regression model is normally distributed

Autocorrelation Test

This test is carried out to determine whether there is a correlation between data sorted according to a certain time or space. The way to check whether there is autocorrelation in this research is with the Durbin-Watson Test. In general, the Durbin-Watson quantity can be taken as a benchmark of DU<DW<4-DU. The following are the results of the autocorrelation test using Durbin-Watson:

Table 4. Autocorrelation Test Results

Weighted Statistics			
R-squared	0.880398	Mean dependent var	0.035393
Adjusted R-squared	0.874858	S.D. dependent var	0.031254
S.E. of regression	0.005735	Sum squared resid	0.001513
F-statistic	176.9771	Durbin-Watson stat	1.952066
Prob (F-statistic)	0.000000		

Based on Table 4.10, it can be seen that the DW number shows a result of 1.952066. The DW figure is above DU of 1.7274 and below 4-DU of 2.2753 or 1.7274 < 1.952066 < 2.2753. So it can be concluded that there is no autocorrelation problem in the regression model

Heteroscedasticity Test

Heteroscedasticity test, namely the unequal variance of the residuals for all observations in the regression model. In this study, researchers used a heteroscedasticity test using the Park Glejser graphic method by correlating the absolute value of the residual with each independent variable. If the probability value for all independent variables is more than 5% (>0.05), then the model does not have symptoms of heteroscedasticity.

Table 5. Heteroscedasticity Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.005160	0.003122	1.652609	0.1041
DER	-0.003857	0.005314	-0.725760	0.4711
Size	0.004002	0.002868	1.395161	0.1686
Brisk	-9.041261	5.037427	-1.794817	0.0782

Source: Data processed with E-views 9

Based on Table 5 above, it can be seen that the profitability value of the four independent variables, namely Capital Structure (DER) is 0.4711, company size (Size) is 0.1686, business risk (Brisk) is 0.0782, with results above 5% (>0.05) which means that heteroscedasticity does not occur.

Multicollinearity Test

The multicollinearity test is used to determine whether or not there are deviations from the classic assumption of multicollinearity, namely the existence of a linear relationship between independent variables in the regression model. In this research, a multicollinearity test was carried out by looking at the correlation coefficient table between independent variables. If the correlation coefficient is below 0.85, it means there are no symptoms of multicollinearity:

Tabel 6. Hasil Uji Multikolinearitas

	DER	SIZE	BRISK	ROE
DER	1.000000	0.171487	0.302609	0.331824
SIZE	0.171487	1.000000	-0.082635	0.341990
BRISK	0.302609	-0.082635	1.000000	0.296476
ROE	0.331824	0.341990	0.296476	1.000000

Source: Data processed with E-views 9

Based on Table 6, it can be seen that the correlation between ROE and DER is 0.331, ROE and SIZE 0.341, ROE and BRISK 0.296. From the results of the multicollinearity test in Table 4.2, it can be concluded that there are no symptoms of multicollinearity between the independent variables. This is because the correlation value between independent variables is no more than 0.9.

Multiple Linear Regression Analysis

Multiple linear regression analysis using panel data to determine the influence of the Capital Structure variables Debt to Equity Ratio (DER), Company Size (Size) and Business Risk (Brisk) on Profitability which is proxied by Return On Equity in oil palm plantation companies listed on the Stock Exchange Indonesian Effects for the 2019-2023 period. Multiple Linear regression testing using multiple panel data was carried out to find the relationship between the independent variables .

Tabel 7. T- Hasil Uji Regresi Linear Berganda Dengan Menggunakan Data Panel

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-4.159664	8.103947	-0.513289	0.6091
DER	0.553575	0.616647	0.897718	0.3719
SIZE	4.892207	1.269163	3.854672	0.0002
BRISK	0.196979	0.257279	0.765625	0.4460

Source: Data processed with E-views 9

The constant of -4.15 reflects that even without considering independent variables, the Return On Equity (ROE) value is 4.15%. The Debt to Equity Ratio (DER) regression coefficient is 0.55, meaning that every 1% increase in DER and other variables are considered constant, it will increase Return On Equity (ROE) by 0.55%. The Size regression coefficient is 4.89, meaning that every 1% increase in Size and other variables are considered constant, it will increase Return On Equity (ROE) by 4.89%. The BRISK regression coefficient is 0.19, meaning that every increase in Size by 1% and other variables are considered constant, it will increase Return On Equity (ROE) by 0.19%. After testing hypotheses one to seven, it is continued with testing the effect of the intervening table total indirect effect:

Hypothesis

Hypothesis testing aims to see the influence of independent variables partially or simultaneously on the dependent variable. Hypothesis testing in this research uses a simultaneous significant test (F test), partial test (t test) and coefficient of determination test (R^2).

Simultaneous Significant Test (F Test)

The F test is used to determine whether jointly the independent variables (X), namely Capital Structure (DER), Company Size (Size), Business Risk (Brisk) have a significant effect on the dependent variable (Y), namely Profitability Return On Equity (ROE) with significance level 0.05. The following presents hypothesis testing carried out simultaneously based on the output

results of E-views 9:

Table 8. F Test Results (simultaneous)

Weighted Statistics			
R-squared	0.880398	Mean dependent var	0.035393
Adjusted R-squared	0.874858	S.D. dependent var	0.031254
S.E. of regression	0.005735	Sum squared resid	0.001513
F-statistic	176.9771	Durbin-Watson stat	1.952066
Prob(F-statistic)	0.000000		

Source: Data processed by the author, 2024

Simultaneous testing shows that there is a significant influence of the independent variable on the dependent variable which can be seen in Table 4.8, namely the F-statistic value of 176.9771 with a probability of 0.000000 at a significance level of 0.05. With a probability of 0.000000 which is lower than the significance at 0.05, it shows that all independent variables, namely Capital Structure (DER), Company Size (Size), Business Risk (Brisk) simultaneously influence Profitability Return On Equity (ROE) in palm oil plantation companies. which is listed on the Indonesian Stock Exchange.

Partial Test (t Test)

The t test or partial regression coefficient test is used to determine whether partially the independent variable (X), namely Capital Structure (DER), Company Size (Size), Business Risk (Brisk), has a significant or insignificant effect on the dependent variable (Y), namely Profitability. Return On Equity (ROE) with a significance level of 0.05. Below is presented the hypothesis testing which was carried out partially based on the output results of E-views 9.

Table 9. T Test Results (partial)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.024349	0.002719	8.954647	0.0000
DER	-0.008144	0.004430	-1.838115	0.0725
SIZE	0.003817	0.001817	2.099927	0.0412
BRISK	-2.232929	8.574625	-2.604113	0.0124

Source: Data processed with E-views 9

Based on Table 9 it can be seen that, Based on the Debt to Equity Ratio (DER) Capital Structure on Profitability, the results of the Debt to Equity Ratio coefficient test are -0.008144 with profitability above 0.05, namely 0.0725 (0.0725 > 0.05). This shows that partially the Debt to Equity Ratio has no effect on Company Value. So it can be concluded that the profitability of Return On Equity (ROE) is rejected. Based on Company Size (Size) on Profitability, the Company coefficient test result (Size) is 0.003817 with a profitability value above 0.05, namely 0.0412 (0.0412 < 0.05). This shows that partially company size has a positive effect on company profitability. So it can be concluded that it is accepted. Based on Business Risk (Brisk) on Profitability, the Business Risk (Brisk) coefficient test result is -2.232929 with a Profitability value below 0.05, namely 0.0124 (0.0124 < 0.05). This shows that partially Business Risk (Brisk) has a negative effect on Company Profitability. So it can be concluded that it is accepted

Coefficient of Determination Test (R^2)

This research aims to measure the model's ability to explain the Company Profitability variable in mustard plantation companiest.

Table 10. Coefficient of Determination Test Results (R^2)

R-squared	0.880398	Mean dependent var	0.035393
Adjusted R-squared	0.874858	S.D. dependent var	0.031254
S.E. of regression	0.005735	Sum squared resid	0.001513
F-statistic	176.9771	Durbin-Watson stat	1.952066
Prob(F-statistic)	0.000000		

Source: Data processed with E-views 9

Based on Table 10 above, the output results from the fixed effect model show that the coefficient of determination ( ) is 0.880398, the results show that variations in profitability can be explained by the values of Debt to Equity Ratio (DER), Return On Equity (ROE) and Earning Per Share (EPS).) amounted to 88.03%, while the remaining 11.97% was explained by other variables not included in this model.

DISCUSSION

The Effect of Capital Structure on Profitability

Based on the results of data collection on the movement of the Debt to Equity Ratio (DER) and company value in 2019-2023, it shows that the movement is not in the same direction. Thus, between theory and the movement of the Debt to Equity Ratio (DER) shows a difference and the results from statistical testing of the t test show that with a probability value of 0.0725 which partially has no effect on the value of the company, because the probability value of the Debt to Equity Ratio (DER) variable is in above 0.05. Then from the coefficient value of -0.008144, it can be seen that DER has negative results on company value which is in accordance with the research hypothesis which reveals that DER has a negative effect on company value.

The Effect of Company Size on Profitability

Based on the results of data collection on the movement of company size (SIZE) and company value in 2019-2023, it shows that the movement is not in the same direction. Thus, between the theory and the SIZE movement, there is a difference and the results from the t-test statistical test show that the probability value is 0.0412 which partially influences profitability, because the probability value of the SIZE variable is below 0.05. Then from the coefficient value of 0.003817, it can be seen that SIZE has positive results on company value, which means it is not in accordance with the research hypothesis which reveals that SIZE has a negative effect on company value.

The Influence of Business Risk on Profitability

Based on the results of data collection on the movement of ROE and company value in 2019-2023, it shows that the movement is not in the same direction. Thus, between theory and the movement of Business Risk (BRISK) shows that there is a difference and the results from statistical testing of the t test show that with a probability value of 0.0124, it partially influences the value of the company, because the probability value of the BRISK variable is below 0.05. However, the research results are not in line with the hypothesis, because the results show that BRISK has a negative influence on company value as evidenced by the coefficient value of -2.232929. So it can be concluded that the research results are not in accordance with the research hypothesis which reveals that BRISK has a positive effect on company value.

Influence The influence of capital structure, company size, business risk influences profitability

Based on the results of multiple linear regression tests using panel data, a constant of -4.15 reflects that even without considering independent variables, the Return On Equity (ROE) value is 4.15%, the Debt to Equity Ratio (DER) regression coefficient is 0, 55, meaning that every 1% increase in DER and other variables are considered constant, it will increase Return On Equity (ROE) by 0.55%. The Size regression coefficient is 4.89, meaning that every increase in Size is 1% and other variables are considered constant, it will increase Return On Equity (ROE) by 4.89% and the BRISK regression coefficient is 0.19, meaning that every increase in Size by 1% and other variables are considered constant, it will increase Return On Equity (ROE) of 0.19%.

CONCLUSION

1. The results of the Debt to Equity Ratio (DER) test show that the regression coefficient value in the negative direction is -0.008144 and the probability value is 0.0725, a significant value (0.0725 > 0.05). Based on the results of the regression coefficient values, it shows that the Debt to Equity Ratio (DER) has no negative effect on Profitability Return On Equity (ROE) in palm oil plantation companies listed on the Indonesia Stock Exchange in 2019-2023.
2. The results of the Company Size test show that the regression coefficient value in a positive direction is 0.003817 and the Profitability value is 0.0412, a significant value (0.0412 > 0.05). Based on the results of the regression coefficient values, it shows that Company Size (Size) has a positive effect on Profitability Return On Equity (ROE) in palm oil plantation companies listed on the Indonesia Stock Exchange in 2019-2023.
3. The results of the Business Risk (Brisk) test show that the regression coefficient value in the negative direction is -2.232929 and the Profitability value is 0.0124, a significant value (0.0124 < 0.05). Based on the results of the regression coefficient values, it shows that Business Risk (Brisk) has a negative effect on Profitability Return On Equity (ROE) in palm oil plantation companies listed on the Indonesia Stock Exchange in 2019-2023.
4. The variables Capital Structure (DER), Company Size (Size), Business Risk (Brisk) simultaneously influence Profitability Return on Equity (ROE). The test results for the coefficient of determination ( ) is 0.880398 which shows that the variation in Return On Equity (ROE) can be explained by the value of Capital Structure (DER), Company Size (Size), Business Risk (Brisk) of 88.03%, while the remaining 11.97% is explained by other variables not included in this model.

LIMITATION

Based on the conclusions presented above, there are suggestions that the researcher gives, this research still has many limitations, for further research it is recommended to expand the sample scope by involving oil palm plantation companies listed on the Indonesia Stock Exchange. In this way, research can provide a more holistic picture of the factors that influence the profitability of palm oil plantation companies as a whole, not just limited to palm oil plantation companies listed on the IDX. In addition, research can dig deeper by considering external factors such as broader macroeconomic conditions (economic growth, inflation, interest rates.

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