

ABSTRACT

This study aims to examine the moderating effect of firm size, sales growth, and liquidity on the relationship between capital structure and profitability. The variables used are profitability proxied by Return on Assets (ROA) as the dependent variable, capital structure proxied by Debt to Asset Ratio (DAR) as the independent variable, firm size proxied by logarithm natural of total assets, sales growth proxied by sales growth ratio, and liquidity proxied by current ratio (CR) as the moderating variable.

The population in this study is consumer non-cyclicals companies listed on the Indonesia Stock Exchange for the period of 2017-2019. Sources of data used are secondary data from annual financial reports published through the official website of the Indonesia Stock Exchange and related companies. Sampling based on purposive sampling method with a total sample of 132 data samples. The analytical method used to test the hypotheses is moderated regression analysis.

The results of this study indicate that capital structure (DAR) has an insignificant effect on profitability (ROA). Firm size is negatively moderated the relationship between capital structure (DAR) and profitability (ROA). Sales growth and liquidity (CR) are unable to moderate the relationship between capital structure (DAR) and profitability (ROA).

Keywords: Profitability, Capital Structure, Firm Size, Sales Growth, and Liquidity.