

ABSTRACT

This research aims to determine the effect of capital structure and company efficiency on profitability in construction and building companies in the Indonesian Stock Exchange with the control variables of company growth (Growth) and Capital Adequacy (Capital Adequacy). Capital structure is proxied by Debt to Equity Ratio (DER), Debt to Asset Ratio (DAR), Long-term Debt to Total Asset (LDTA) and company efficiency is proxied by Total Asset Turnover (TATO), while profitability is measured by Return on Equity (ROE)

This research uses secondary data obtained from the annual reports of Construction and Building Companies listed on the Indonesia Stock Exchange (IDX) during the 2015-2019 period. The number of samples used was 14 with purposive sampling method, in order to obtain 70 observations. This research hypothesis testing using multiple linear regression method with the IBM SPSS 26 program.

The results of this research indicate that DER has a negative and significant effect on profitability, and TATO has a positive and significant effect on profitability. Meanwhile, the results of DAR and LDTA did not have a significant effect on profitability.

Keyword : Profitability, Debt to Equity Ratio, Debt to Asset Ratio, Long-term Debt to Total Asset, Total Asset Turnover, Growth, Capital Adequacy