

The Influence of Capital Structure and Company Size on Profitability at PT Adhi Karya Tbk for the 2015-2024 Period

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Abstract : Profitability is an important indicator of a company's financial performance and can be influenced by capital structure and firm size. This study aims to examine the effect of capital structure and firm size on the profitability of PT Adhi Karya Tbk during 2015–2024. This research employed a quantitative associative approach. The population and sample comprised of PT Adhi Karya Tbk financial statement data for the 2015–2024 period, resulting in 10 annual observations. Data were collected through documentation, while capital structure was measured by Debt to Equity Ratio (DER), firm size by SIZE, and profitability by Return on Assets (ROA). Data analysis was conducted using descriptive statistics, classical assumption tests, multiple linear regression, correlation analysis, coefficient of determination, t-test, and F-test with SPSS version 27. The results showed that capital structure had no significant effect on profitability, while firm size had a negative and significant effect on profitability. Simultaneously, capital structure and firm size have a significant effect on profitability. In conclusion, firm size plays a significant role in explaining profitability, whereas capital structure does not have a significant partial effect.

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Introduction

Amidst the development of the business world and increasing competition between companies, the construction and infrastructure development sector plays a strategic role in supporting national economic growth. One company that plays a role in infrastructure development in Indonesia is PT Adhi Karya Tbk, a State-Owned Enterprise (BUMN) engaged in the construction sector. PT Adhi Karya Tbk is involved in various strategic projects, one of which is the construction of the Greater Jakarta LRT (Jabodetabek) connecting Jakarta, Bekasi, Cibubur, and Bogor. This project requires significant funding, primarily due to changes in the scope of work and project requirements that have led to an increase in the construction budget. This condition indicates that PT Adhi Karya Tbk faces increasing needs for

funding and resource management. In addition, the company also faces various challenges during project implementation and operations, such as the Covid-19 pandemic, increasing raw material prices, and fluctuations in profitability that can impact the company's financial performance.

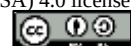
Profitability is an important indicator of a company's ability to generate profits. Kasmir (2019:198) defines profitability as a ratio used to assess a company's ability to generate profits. In the construction industry, profitability is related to a company's ability to manage project costs, carry out operational activities efficiently, and utilize assets to generate profits. For PT Adhi Karya Tbk (PT Adhi Karya Tbk) from 2015 to 2024, profitability, as measured by Return on Assets (ROA), fluctuated and tended to decline, especially in 2020. The ROA value was 2.77% in 2015, decreasing to 1.56% in 2016, then increasing to 1.82% in 2017 and 2.14% in 2018. In 2019, it decreased again to 1.82% and experienced a drastic decline in 2020 to 0.06%. Furthermore, ROA increased slowly from 2021 to 2024, reaching 0.80%, but remained below the level achieved at the beginning of the study period. This situation indicates a problem with the company's ability to generate profits from its assets during the study period.

The profitability issue is related to the condition of PT Adhi Karya Tbk's capital structure which during the 2015-2024 period experienced fluctuations and tended to increase. The capital structure proxied by the Debt to Equity Ratio (DER) increased from 224.69% in 2015 to 268.15% in 2016 and 382.68% in 2017. Although it experienced a slight decline in 2018 to 379.19%, the DER increased again to 434.30% in 2019 and reached its highest level of 583.32% in 2020. This condition is related to the financing of the Jabodetabek LRT project and the impact of the Covid-19 pandemic which caused a slowdown in construction projects. The high use of external funding indicates that the company has a fairly high level of leverage. After 2020, DER decreased to 262.16% in 2024 in line with efforts to improve the capital structure by reducing debt and increasing equity.

In addition to capital structure, company size also shows fluctuating developments, although generally tending to increase. Company size, proxied by the natural logarithm of total assets, increased from 30,450 in 2015 to 31,332 in 2023. This increase is related to the increase in total assets and the expansion of strategic projects, including the Greater Jakarta LRT project. However, in 2024, company size decreased to 31,188, indicating a decrease in total assets compared to the previous year. This condition shows that an increase in company scale and number of assets is not necessarily followed by an increase in the company's ability to generate optimal profits. Thus, managing capital structure and company size is a crucial part in relation to achieving profitability at PT Adhi Karya Tbk.

A further problem arises from the inconsistency of previous research findings regarding the relationship between capital structure and firm size and profitability. Private Noviadry Nur and Riantisari Rahmawati (2023) found that capital structure significantly impacted profitability, while Cahyana Agus et al. (2022) found that capital structure negatively impacted profitability. Conversely, Muniroh and Klaudia Sura (2022) and Salsabila Dea and Lestiyadi AP (2026) found that capital structure had no effect on profitability. Regarding firm size, Tirtanata Paramitha and Yanti Lia Dama (2021) and Asiyah and Amelia RW (2025) found a significant effect on profitability. However, Aisyah and Sopian Dani (2025) stated that firm size had no effect on profitability, while Milakurnianingsih, M., Gunawan, HA, and Darwis, H. (2025) found that firm size had a negative and significant effect on profitability. The difference in results shows that there is still a research gap regarding the relationship between capital structure and company size on profitability.

Based on these phenomena and problems, this study aims to determine the effect of capital structure on profitability, determine the effect of company size on profitability, and determine the effect of capital structure and company size simultaneously on profitability at PT Adhi Karya Tbk for the period 2015-2024. This research is important because the results of previous studies regarding the effect of these two variables on profitability still show inconsistent results. This study is also expected to provide a more comprehensive understanding of the relationship between capital structure and company size with profitability at PT Adhi Karya Tbk. The novelty of this study lies in the specific study of capital structure and company size on profitability at PT Adhi Karya Tbk during the period 2015-2024, by considering the development of these three variables during the study period. Thus, this study is expected to contribute to the development of financial management science and become a reference material in examining factors related to company profitability, especially in the construction sector.



Research Methods

This study uses a quantitative approach with an associative research type. Sugiyono (2023:2) states that a research method is a scientific way to obtain data for a specific purpose and use. Furthermore, Sugiyono (2023:16) explains that quantitative research is a research method based on the philosophy of positivism, used to study a specific population or sample, with data collection using research instruments and quantitative or statistical data analysis to test predetermined hypotheses. Associative research is used to determine the relationship or influence between two or more research variables. Based on this approach, this study was conducted to analyze the influence of Capital Structure and Company Size on Profitability at PT Adhi Karya Tbk for the period 2015-2024.

The population in this study is the financial statements of PT Adhi Karya Tbk for the period 2015-2024. Sugiyono (2023:126) states that a population is a generalization area consisting of objects or subjects that have certain quantities and characteristics determined by researchers to be studied and then conclusions drawn. A sample is part of the number and characteristics possessed by the population. Sugiyono (2023:127) explains that a sample is part of the number and characteristics possessed by the population, while the sampling technique is a sampling technique for use in research. The sample of this study is the financial statements of PT Adhi Karya Tbk consisting of the financial position report and the income statement for the period 2015-2024, thus obtaining 10 research samples.

The data used in this study is secondary data. Sugiyono (2023:194) explains that secondary sources are sources that do not directly provide data to data collectors, for example through other people or documents. The research data was obtained from the financial statements of PT Adhi Karya Tbk available on the company's official website. The data collection technique was carried out through documentation. Sugiyono (2023:194) states that the data collection method is a scientific way to obtain valid data with the aim of being proven and developed into knowledge that can be used to solve and anticipate problems. Documentation is used to obtain financial statement data needed to measure Capital Structure, Company Size, and Profitability.

This study uses Capital Structure as the first independent variable (X1), Company Size as the second independent variable (X2), and Profitability as the dependent variable (Y). Capital Structure is proxied by the Debt to Equity Ratio (DER), which is the ratio of total debt to total equity. Company Size is proxied by SIZE, which is calculated using the natural logarithm of total assets. Profitability is proxied by Return on Assets (ROA), which is used to describe a company's ability to generate profits based on its assets. The use of these three proxies is adjusted to the operationalization of the variables contained in the study.

The data analysis techniques in this study were carried out through descriptive analysis, classical assumption tests, and quantitative analysis. Descriptive analysis was used to provide an overview of the research data, while classical assumption tests were carried out to assess the feasibility of the data before further testing. The classical assumption tests in this study included normality tests, multicollinearity tests, autocorrelation tests, and heteroscedasticity tests with the help of SPSS Version 27 software. After fulfilling these stages, quantitative analysis was carried out through multiple linear regression, correlation coefficient analysis, determination coefficient, and partial hypothesis testing using the t test and simultaneously using the F test. The regression model used was $Y = a + b_1X_1 + b_2X_2 + \epsilon$, with Y as Profitability, X1 as Capital Structure, X2 as Company Size, and ϵ as a confounding variable.

The research procedure was carried out in stages starting from pre-research, proposal preparation, proposal seminar, proposal approval, thesis guidance, research report preparation, and thesis defense. The research was conducted for 10 months, starting from October 2025 to July 2026. Research data was obtained from the financial statements of PT Adhi Karya Tbk for the period 2015-2024 through the company's website. Furthermore, data from the financial position report and income statement were collected and used to calculate Capital Structure with the proxy Debt to Equity Ratio, Company Size with the proxy SIZE, and Profitability with the proxy Return On Assets. The data obtained were then analyzed using descriptive analysis stages, classical assumption tests, multiple linear regression, correlation coefficients, coefficients of determination, and hypothesis testing to determine the influence of each variable and their influence simultaneously.



Results and Discussion

Descriptive Analysis

Table 1. Results of Descriptive Statistical Tests

	N	Descriptive Statistics			
		Minimum	Maximum	Mean	Standard Deviation
Capital Structure	10	224.69	583.32	379.6760	121.67771
Company Size	10	30.45	31.33	31.0750	.30875
Profitability	10	.06	2.77	1.2320	.91344
Valid N (listwise)	10				

Source: Processed data (SPSS Version 27 output)

Based on table 1, the Capital Structure has an average of 379.67% with a minimum achievement of 224.69% and a maximum achievement of 583.32% with a standard deviation of 121.67%.

Furthermore, Company Size has an average of 31.07% with a minimum achievement of 30.45% and a maximum achievement of 31.33% with a standard deviation of 0.30%.

Furthermore, Profitability has an average value of 1.23% with a minimum achievement of 0.06% and a maximum achievement of 2.77% with a standard deviation of 0.91%.

Table 2. Development of PT Adhi Karya Tbk's Capital Structure for the 2015-2024 Period

Year	TOTAL DEBT (In Rupiah)	EQUITY (In Rupiah)	DER (%)
2015	11,598,931,718,043	5,162,131,796,836	224.69
2016	14,594,910,199,271	5,442,779,962,898	268.15
2017	22,463,030,586,953	5,869,917,425,997	382.68
2018	23,833,342,873,624	6,285,271,896,258	379.19
2019	29,681,535,534,528	6,834,297,680,021	434.30
2020	32,519,078,179,194	5,574,810,447,358	583.32
2021	32,242,630,632,194	5,657,707,202,425	569.88
2022	31,162,625,753,138	8,823,791,463,516	353.16
2023	31,273,238,239,002	9,218,792,381,077	339.23
2024	25,367,590,883,911	9,675,190,188,162	262.16
Average			379.68

Source: Data processed by researchers, PT Adhi Karya Tbk 2026

Based on the calculation results presented in the table above, it can be observed that the development of Capital Structure during the period 2015–2024, as measured using the Debt to Equity Ratio, shows a fluctuating pattern but tends to increase, with an average of 379.68% per year. When compared to the industry standard proposed by Kasmir (2019), namely that the Debt to Equity Ratio is ideally below 90%, the ratio obtained in this study is far above that standard. Thus, it can be concluded that the condition of the company's Debt to Equity Ratio is classified as unfavorable, which indicates that the company is more dominant in using debt funding compared to its own capital. This condition also indicates that the company has a relatively high level of dependence on debt. The conditions in the table above, if graphed, will show the following fluctuations:



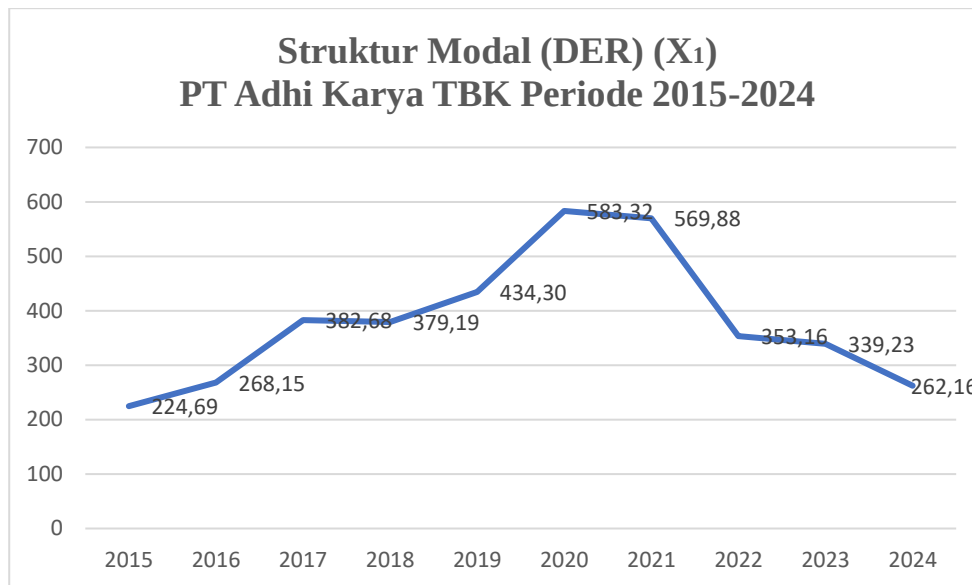


Figure 1. Graph of Capital Structure Development for the Period 2015 – 2024
Source: Data processed by researchers, PT Adhi Karya Tbk, 2026

Table 3. Development of Company Size of PT Adhi Karya Tbk for the Period 2015-2024

Year	TOTAL ASSETS (In Rupiah)	Firm Size
2015	16,761,063,514,879	30,450
2016	20,095,435,959,279	30,632
2017	28,332,948,012,950	30,975
2018	30,118,614,769,882	31,036
2019	36,515,833,214,549	31,229
2020	38,093,888,626,552	31,271
2021	39,900,337,834,619	31,317
2022	39,986,417,216,654	31,320
2023	40,492,030,620,079	31,332
2024	35,042,781,072,073	31,188
Average		31,075

Source: Data processed by researchers, PT Adhi Karya Tbk 2026

Based on the calculation data in the table above, the Company Size calculation for the 2015-2024 period using SIZE experienced fluctuating growth, with an average annual increase of 31.075%. If graphed, this fluctuation would be as follows:



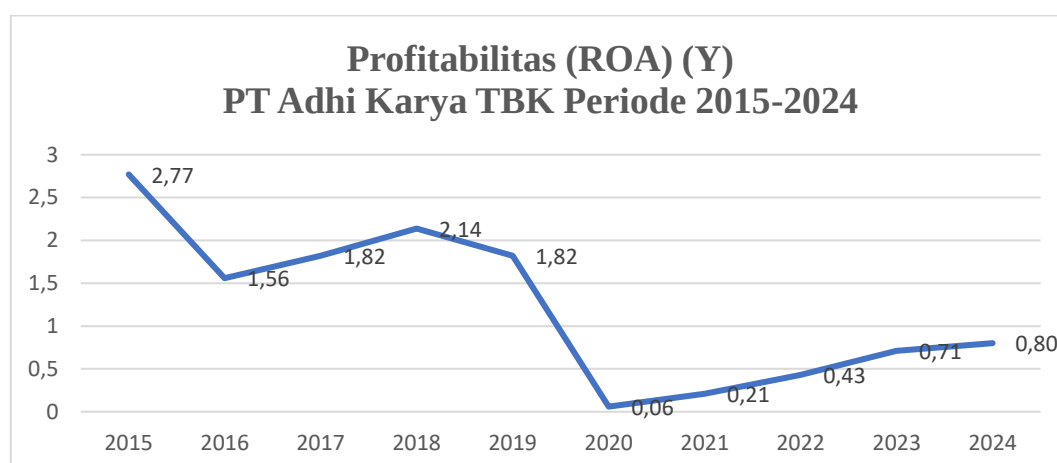
Figure 2. Graph of Company Size Development for the Period 2015 – 2024
Source: Data processed by researchers, PT Adhi Karya Tbk, 2026

Table 4. Profitability Development of PT Adhi Karya Tbk for the Period 2015-2024

Year	NET PROFIT (In Rupiah)	TOTAL ASSETS (In Rupiah)	ROA (In%)
2015	465,025,548,006	16,761,063,514,879	2.77
2016	315.107.783.135	20,095,435,959,279	1.56
2017	517,059,848,207	28,332,948,012,950	1.82
2018	645.029.449.105	30,118,614,769,882	2.14
2019	665,048,421,529	36,515,833,214,549	1.82
2020	23,702,652,447	38,093,888,626,552	0.06
2021	86,499,800,385	39.900.337834.619	0.21
2022	175.209.867.105	39,986,417,216,654	0.43
2023	289,882,510,819	40,492,030,620,079	0.71
2024	281,147,921,989	35,042,781,072,073	0.80
Average			1.23

Source: Data processed by researchers, PT Adhi Karya Tbk 2026

Based on the calculation data in the table above, the profitability calculation for the 2015-2024 period using the Return on Assets ratio proxy experienced fluctuating developments with an annual average of 1.23%. Based on industry standards, according to Kasmir (2019), the industry standard for Return on Assets is 30%. Therefore, it can be concluded that the resulting ratio is below the industry standard, thus the Return on Assets value is in poor condition. This indicates that the company is still generating low profits from all its assets. If this condition is graphed, the fluctuations will be seen as follows:

**Figure 3. Graph of Profitability Development of PT Adhi Karya Tbk for the Period 2015-2024**

Source: Data processed by researchers, PT Adhi Karya Tbk, 2026

Classical Assumption Test

Table 5. Results of Normality Test with Kolmogorov-Smirnov Test
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		10
Normal Parameters ^{a,b}	Mean	.0000000
	Standard Deviation	.56564080
Most Extreme Differences	Absolute	.207
	Positive	.207
	Negative	-.129
Test Statistics		.207
Asymp. Sig. (2-tailed) ^c		.200 ^d
Monte Carlo Sig. (2-tailed) ^e	Sig.	.269



99% Confidence Interval	Lower Bound	.257
	Upper Bound	.280

- Test distribution is Normal.
- Calculated from data.
- Lilliefors Significance Correction.
- This is a lower bound of the true significance.
- Lilliefors' method based on 10000 Monte Carlo samples with starting seed 299883525.

Source: Processed data (SPSS Version 27 output)

Asymp. Sig. (2-tailed) is a significance value used in testing data normality, particularly in statistical analysis. This value plays a crucial role in ensuring that the data follows a normal distribution, as one of the requirements for meeting the assumptions in various inferential analysis techniques, such as hypothesis testing and regression analysis. In general, if the significance value (p-value) is greater than 0.05, then the data can be said to show no significant deviation from the normal distribution. In this study, a significance value of 0.269 was obtained, which is greater than 0.050, so it can be concluded that the data in this research equation is normally distributed.

In addition to the statistical tests, the normality test was also strengthened by using a probability plot graph, which shows the distribution of the variable's residual points based on their alignment with the diagonal line. These results align with the distribution pattern shown in the data processing diagram using SPSS Version 27, as shown in the following figure:

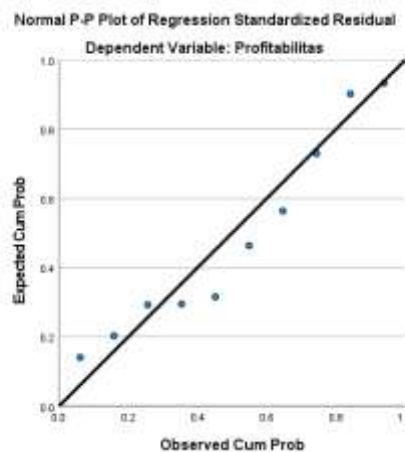


Figure 4. P-Plot Graph of Normality Test

Source: Processed data (SPSS Version 27 output)

Based on the graph above, it can be observed that the normal probability plot shows a normal distribution pattern. This is indicated by the data points being spread around the diagonal line and following the direction of the line. Therefore, it can be concluded that the regression model in this study meets the assumption of normality.

Table 6. Multicollinearity Test Results

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta				Tolerance	VIF
1 (Constant)	63,655	26,950			2,362	.050		
Capital Structure	-.001	.002	-.162	-.543	.604		.614	1,630
Company Size	-1,994	.884	-.674	-2.256	.059		.614	1,630

a. Dependent Variable: Profitability

Source: Processed data (SPSS Version 27 output)



Based on the multicollinearity test results in the table above, the tolerance value for the Capital Structure variable is 0.614 and for Company Size is 0.614, both of which are greater than 0.10. The Variance Inflation Factor (VIF) for the Capital Structure variable is 1.630 and for Company Size is 1.630, both of which are less than 10. Therefore, the regression model is declared to have no symptoms of multicollinearity.

Table 7. Autocorrelation Test Results
Model Summary

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate	Durbin-Watson
1	.785a	.617	.507	.64138	1.551

a. Predictors: (Constant), Company Size, Capital Structure

b. Dependent Variable: Profitability

Source: Processed data (SPSS Version 27 output)

Based on the test results in the table above, it shows that the Durbin-Watson value obtained is 1.551, with a lower limit value (dL) of 0.697 and an upper limit value (dU) of 1.641, as shown in the image above.

Referring to the autocorrelation testing guidelines, the results obtained are between $dL \leq d \leq dU$ or are in the doubtful area, precisely in the range of $0.697 \leq 1.551 \leq 1.641$. This indicates that this test cannot be certain whether there is autocorrelation in the data.

In this situation, the Run Test can be used as a reliable alternative method. The Run Test will provide more definitive results to assess whether there is autocorrelation in the residuals of the regression model used. The decision made based on the Run Test is as follows:

- 1) Asymp.Sig value (2-tailed) ≤ 0.05 indicates the presence of autocorrelation symptoms.
- 2) The Asymp.Sig (2-tailed) value ≥ 0.05 indicates that there are no autocorrelation symptoms.

Table 8. Run Test Results
Runs Test

	Unstandardized Residual
Test Value ^a	-.18329
Cases < Test Value	5
Cases $\geq$ Test Value	5
Total Cases	10
Number of Runs	6
Z	.000
Asymp. Sig. (2-tailed)	1.000

a. Median

Source: Processed data (SPSS Version 27 output)

Based on data testing using the Run Test method, the Asymp.Sig (2-tailed) value was 1.000, which is greater than 0.05, as seen in the image above. Therefore, it can be concluded that there are no autocorrelation issues in the regression model. Therefore, the linear regression analysis can be continued without concern for autocorrelation in the data.

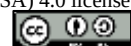
Table 9. Results of Heteroscedasticity Test with Glejser Test
Coefficients^a

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1 (Constant)	5,658	13,567		.417	.689
Capital Structure	.001	.001	.346	.744	.481
Company Size	-.178	.445	-.185	-.399	.702

a. Dependent Variable: ABS_RES

Source: Processed data (SPSS Version 27 output)

Based on the results of the heteroscedasticity test using the Glejser test presented in the table above, the significance value (Sig.) for the Capital Structure variable (X1) was 0.481 and for the Company Size variable (X2) was 0.702. Since both significance values are above 0.05, it can be



concluded that the regression model in this study does not experience heteroscedasticity interference, so this regression model is declared suitable for use as research data.

Apart from the Glejser test, heteroscedasticity testing can also be strengthened by looking at the scatter plot graph between the predicted value of the dependent variable (ZPRED) and its residual value (SRESID), with the following provisions:

- 1) If there is a certain pattern, such as the existing points form a certain regular pattern (wavy, widening then narrowing), then this indicates that heteroscedasticity has occurred.
- 2) If there is no clear pattern, and the points are spread above and below the number 0 on the Y axis, then heteroscedasticity does not occur.

The results of the Scatter Plot Heteroscedasticity test are as follows:

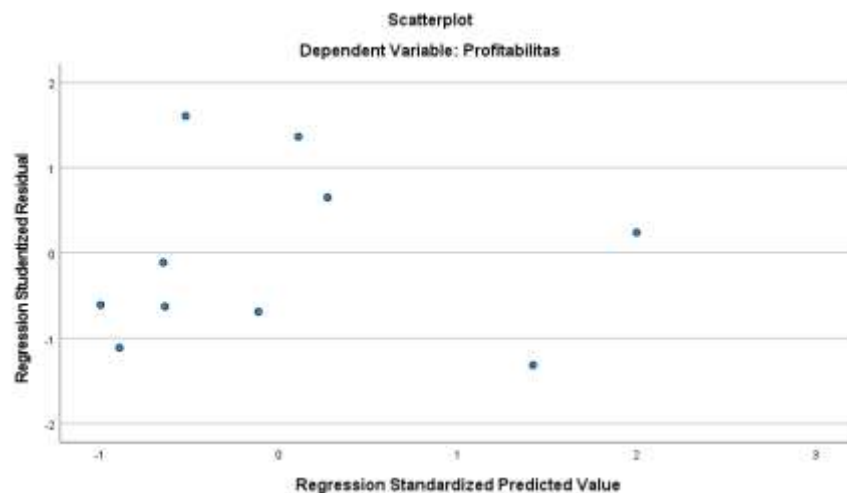


Figure 5. Scatter Plot Graph of Heteroscedasticity Test Results

Source: Processed data (SPSS Version 27 Output)

Based on the test results shown in the figure above, the points on the scatterplot graph are randomly distributed without forming a clear pattern. This indicates that the regression model does not suffer from heteroscedasticity, and therefore, the regression model is considered suitable for use in research.

Quantitative Analysis

Table 10. Multiple Linear Regression Test Results

Model	Coefficients ^a		Standardized Coefficients Beta	t	Sig.
	Unstandardized Coefficients B	Std. Error			
1 (Constant)	63,655	26,950		2,362	.050
Capital Structure	-.001	.002	-.162	-.543	.604
Company Size	-1,994	.884	-.674	-2.256	.059

a. Dependent Variable: Profitability

Source: Processed data (SPSS Version 27 output)

Based on the results of the multiple regression analysis presented in the table above, the following regression equation was obtained: $Y = 63.655 - 0.001 X_1 - 1.994 X_2$. From this equation, it can be interpreted as follows:

- a. The constant value of 63.655 indicates that if the Capital Structure (X_1) and Company Size (X_2) are assumed to be constant or do not change, the Profitability (Y) value will be at 63.655.
- b. The regression coefficient of Capital Structure (X_1) of -0.001 which is negative indicates that assuming Company Size (X_2) remains constant, every one unit increase in Capital Structure (X_1) will cause a decrease in Profitability (Y) of 0.001.

- c. The regression coefficient of Company Size (X2) of -1.994 which is also negative indicates that assuming a fixed Capital Structure (X1), every one unit increase in Company Size (X2) will cause a decrease in Profitability (Y) of 1.994.

Table 11. Correlation Coefficient Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	.785a	.617	.507	.64138

a. Predictors: (Constant), Company Size, Capital Structure

Source: Processed data (SPSS Version 27 output)

Based on the test results data in table 11, the correlation coefficient value obtained was 0.785, which means that the value is in the interval of 0.600 to 0.799, meaning that the Capital Structure (X1) and Company Size (X2) variables have a strong positive relationship with Profitability (Y).

Table 11. Results of the Determination Coefficient Test

Model Summary				
Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	.785a	.617	.507	.64138

a. Predictors: (Constant), Company Size, Capital Structure

Source: Processed data (SPSS Version 27 output)

Based on the test results in the table above, the determination coefficient seen from the Adjusted R Square is 0.507, so it can be concluded that the Capital Structure (X1) and Company Size (X2) variables have an effect on the Profitability (Y) variable of 50.7%, while the remaining (100-50.7%) = 49.3% is influenced by other factors not carried out in the study.

Hypothesis Testing

Table 13. Results of Hypothesis Test (t-Test) of Capital Structure (X1) on Profitability (Y)

Coefficientsa					
Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	
1 (Constant)	2,889	.857		3,370	.010
Capital Structure	-.004	.002	-.581	-2,020	.078

a. Dependent Variable: Profitability

Source: Processed data (SPSS Version 27 output)

Based on table 13, the test results obtained $t_{hitung} < t_{tabel}$ or $(-2.020 < 2.365)$. This is also supported by the significance value of 0.078 or $(0.078 > 0.050)$. Thus, H_0 is accepted and H_1 is rejected, this indicates that there is no significant positive influence between Capital Structure (X1) on Profitability (Y) at PT Adhi Karya Tbk.

Table 14. Results of Hypothesis Test (t-Test) of Company Size (X2) on Profitability (Y)

Coefficientsa					
Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	
1 (Constant)	72,468	20,549		3,527	.008
Company Size	-2,292	.661	-.775	-3,467	.008

a. Dependent Variable: Profitability

Source: Processed data (SPSS Version 27 output)

Based on table 14, the test results obtained $t_{hitung} > t_{tabel}$ or $(-3.467 > 2.365)$. This is also supported by the significance value of 0.008 or $(0.008 < 0.050)$. Thus, H_0 is rejected and H_2 is accepted, this indicates that the Company Size variable (X2) has a negative and significant influence on Profitability (Y) at PT Adhi Karya Tbk.



Table 15. Results of Simultaneous Hypothesis Testing (F Test)

ANOVA							
Model		Sum of Squares	df	Mean Square	F		Sig.
1	Regression	4,630	2	2,315	5,627		.035b
	Residual	2,880	7	.411			
	Total	7,509	9				

a. Dependent Variable: Profitability

b. Predictors: (Constant), Company Size, Capital Structure

Source: Processed data (SPSS Version 27 output)

Based on the test results that can be seen in table 15, it can be seen that the calculated f of 5.627 is greater than the ftable of 4.737 or ($5.627 > 4.737$), and is strengthened by the significance value which shows a value of $0.035 < 0.050$. So the results of this hypothesis test indicate that H_0 is rejected and H_3 is accepted. Based on this, it can be concluded that the independent variables have a simultaneous influence on the dependent variable, or it can be said that simultaneously Capital Structure (X_1) and Company Size (X_2) have an effect on Profitability (Y).

Discussion of Research Results

1. The Effect of Capital Structure (X_1) on Profitability (Y)

Based on the results of partial hypothesis testing (t-test), the calculated t value is -2.020 which is smaller than the ttable of 2.365, with a significance level of 0.078 which is greater than 0.05. Thus, H_0 is accepted and H_1 is rejected, so it can be concluded that Capital Structure does not have a significant effect on Profitability at PT Adhi Karya Tbk. This finding indicates that changes in the company's Capital Structure, as measured by the Debt to Equity Ratio (DER), do not have a significant effect on the company's ability to generate profits from its assets.

This situation may be due to the fact that PT Adhi Karya Tbk's debt utilization during the study period was unable to optimally increase the company's profits. Although debt is used to finance projects and operational activities, the increase in debt actually results in increased interest and payment obligations. As a result, the benefits from debt are not large enough to increase the company's profitability. Furthermore, because the construction industry requires long-term investment, the benefits of debt are not always immediately visible in increased revenue at the same time.

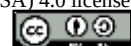
The results of this study are inconsistent with the Trade-Off Theory introduced by Modigliani and Miller (1963). This theory states that companies must consider the balance between the benefits of debt, such as tax shields, and the costs it incurs, such as interest expense and the risk of financial distress. This discrepancy indicates that PT Adhi Karya Tbk has not achieved a balance (trade-off) between the benefits and costs of debt. In other words, the increase in debt during the study period was not offset by the effective utilization of the tax benefits obtained. Conversely, the use of debt can lead to interest expenses and financial risks that burden the company's performance. Thus, neither an increase nor a decrease in DER has been able to provide a consistent and significant impact on the company's profitability level in utilizing its assets to generate profits.

The results of this study are in line with those conducted by previous research, namely Muniroh and Klaudia Sura (2022), which stated that Capital Structure has no effect on Profitability.

However, the results of this study contradict those by Tamtama Noviadry Nur and Riantisari Rahmawati (2023) who stated that Capital Structure partially influences Profitability.

2. The Effect of Company Size (X_2) on Profitability (Y)

Based on the results of partial hypothesis testing (t-test), the t-count value is -3.467 which is greater in absolute value than the t-table of 2.365, with a significance level of 0.008 which is smaller than 0.05. Thus, H_0 is rejected and H_2 is accepted, so it can be concluded that Company Size has a negative and significant effect on Profitability at PT Adhi Karya Tbk. This finding



indicates that increasing Company Size, as measured by SIZE, tends to be followed by a decrease in the company's profitability level.

This phenomenon occurs due to an imbalance between the increase in total assets and the company's ability to optimize profit. Significant asset growth requires a greater allocation of operational, maintenance, and management costs. Furthermore, construction companies, such as PT Adhi Karya Tbk, typically use a portion of their assets for strategic projects that do not generate immediate revenue in the short term. Consequently, high asset growth has the potential to reduce the efficiency of asset utilization and negatively impact company profitability.

The research results align with the Resource-Based View (RBV) theory, first introduced by Penrose (1959). RBV theory emphasizes that a company's competitive advantage depends not on the amount of resources it possesses, but on how well it manages and utilizes those resources. As a national-scale construction company, PT Adhi Karya Tbk possesses substantial assets. However, if these assets are not optimized to generate revenue and profit, increasing the company's size could potentially reduce profitability and have negative impacts.

Furthermore, the results of this study are also strengthened by the concept of Diseconomies of Scale, namely when increasing the scale of operations actually results in an increase in average costs. This situation has the potential to reduce a company's efficiency, thus undermining its ability to generate profits. Therefore, company size does not automatically equate to profitability. The key to increasing profitability lies in management's ability to effectively and efficiently manage and optimize all available resources, not simply the size of the company's assets.

The results of this study are in line with those conducted by Milakurnianingsih, M., Gunawan, HA, & Darwis, H (2025) which stated that Company Size has a negative and significant effect on Profitability.

However, the results of this study contradict those conducted by Aisyah & Sopian Dani (2025) who stated that company size does not have a significant effect on profitability.

3. The Influence of Capital Structure (X1) and Company Size (X2) on Profitability (Y).

The results of simultaneous testing (F Test) show that Capital Structure (X1) and Company Size (X2) simultaneously have a significant effect on Profitability (Y). This can be seen from the calculated f value of 5.627 which is greater than the f table of 4.737, with a significance level of 0.035 which is smaller than 0.05. Thus, it can be concluded that the Capital Structure and Company Size variables simultaneously have a significant effect on Profitability at PT Adhi Karya Tbk during the 2015–2024 period.

Furthermore, the results of the correlation coefficient test show the value of the relationship between the independent variable and the dependent variable of 0.785, which is in the interval of 0.600–0.799 so that it is classified as having a positive and strong relationship. The results of the determination coefficient test, which is reflected in the Adjusted R Square value of 0.507 or 50.7%, indicate that the Capital Structure and Company Size variables together are able to explain their influence on Profitability by 50.7%, while the remaining 49.3% is influenced by other factors outside the scope of this study.

The results of this study do not align with the Trade-Off Theory, which explains that a company's performance can be influenced by debt financing policies, both in terms of tax savings and the financial risks arising from the debt burden. Partially, Capital Structure does not show a significant effect on Profitability. This condition leads to the suspicion that debt financing policies have not been fully implemented optimally in supporting the company's operational and investment activities. However, when combined with company size, which indicates the amount of resources the company has, these two factors can simultaneously impact profitability levels.

Furthermore, this research aligns with the Resource-Based View (RBV) Theory, which states that a company's competitive advantage stems from its ability to optimally manage its resources. In this context, Company Size reflects the total assets and resources of PT Adhi Karya Tbk, while Capital Structure reflects the funding sources used to utilize those assets. Therefore, profitability is not determined by the size of assets or funding sources individually, but rather by how both are managed together to create value and generate profit.



Furthermore, this research can be demonstrated through Agency Theory, which emphasizes that management is responsible for managing resources and financing decisions to maximize shareholder welfare. To achieve optimal results, the implemented capital structure must be able to support asset management. Therefore, although Capital Structure does not have a significant effect individually, its combination with Company Size can significantly explain changes in profitability.

The results of this study support those conducted by Pradnyaswari Ni Made Ayu Dewi and Dana I Made (2022), who concluded that capital structure and company size simultaneously have a positive and significant effect on profitability in automotive sub-sector companies. This research is also supported by Lorenza Dhea (2020), who concluded that capital structure simultaneously has a significant effect on profitability.

However, the results of this study contradict those conducted by Nugraha, BA, & Riharjo, IB (2022) who concluded that simultaneously the Capital Structure and Company Size variables do not have a significant effect on Profitability.

Conclusion

Based on the multiple regression analysis, capital structure, measured by the Debt to Equity Ratio (DER), does not have a statistically significant relationship with profitability, measured by Return on Assets (ROA) ($\beta = -0.001$, $p = 0.604$). Company size, measured by SIZE, has a negative but statistically insignificant relationship with profitability in the multiple regression model ($\beta = -1.994$, $p = 0.059$). However, the F-test indicates that capital structure and company size are jointly associated with profitability ($F = 5.627$, $p = 0.035$). The adjusted coefficient of determination (Adjusted $R^2 = 0.507$) indicates that the model explains 50.7% of the variation in profitability, while the remaining 49.3% is associated with factors outside the model. These findings should be interpreted as statistical relationships rather than evidence of direct causal effects.

This study has several limitations. It focuses on a single company, PT Adhi Karya Tbk, and uses ten annual observations covering the 2015–2024 period. In addition, the analysis includes only two explanatory variables, namely capital structure and company size. Therefore, the findings should be interpreted cautiously and should not be generalized to other companies without further evidence. Future research could include more companies, extend the observation period, and examine additional financial indicators, such as liquidity, asset turnover, and sales growth, to provide a broader understanding of factors associated with profitability.

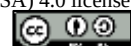
From a practical perspective, PT Adhi Karya Tbk should continue to evaluate its asset utilization and operational efficiency while monitoring its capital structure. Although company size has a negative coefficient in the multiple regression model, its partial relationship with profitability is not statistically significant at the 5% level. Therefore, management should not assume that increasing or reducing assets will directly change profitability based on this study alone. Instead, decisions regarding asset management and financing should be assessed alongside other operational and financial indicators.

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