

ABSTRACT

Funding for a company can come from internal or external sources. With internal funds that can be obtained by the company through operational activities that generate net profits and retained earnings in the current year. While external funding comes from debt, issuance of shares and investment from investors. With all the strategies and ways to get funding, of course, companies must have good credibility and financial history so that third parties can be trusted to invest in the company. This is closely related to maintaining a good company financial performance.

The purpose of this study was to determine the effect of capital structure and investment decisions on company profitability, both partially and simultaneously.

This study uses panel data regression analysis using purposive sampling from secondary data which obtains 19 companies listed on the Indonesia Stock Exchange (IDX) in the hotel and tourism subsector.

In testing the ROA profitability proxy, the results of capital structure: DAR and DER, investment decisions: firm size (FS) and asset structure (SA) show results that have a simultaneous effect on ROA. While the partial test results show that DAR has no significant effect on ROA, DER has no significant and negative effect, the FS variable has no significant effect on ROA and SA also shows no significant effect on ROA.

On ROE profitability proxies: DAR, DER, FS and SA have a simultaneous effect on ROE. In the partial test, DAR has no significant effect on ROE, DER has no significance and negative effect on ROE, FS has an effect on ROE and asset structure (SA) has no effect on ROE.

Keywords: Investment Decision, Profitability, Capital Structure