Capital Structure Modelling: Evidence From The Jakarta Islamic Index (JII)

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Abstrak

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The purpose of this study was to determine the effect of variables firm size, liquidity, profitability, tangibility, and growth opportunity on the capital structure of companies listed in the Jakarta Islamic Index (JII). This study uses secondary data in the form of financial statements from each company. The sample collection uses purposive sampling. The population in this study were companies listed in JII for the period 2008-2017 with a sample of four companies. The data analysis technique used is panel data. The results of this study indicate that firm size has no significant effect on capital structure, liquidity has a significant negative effect on capital structure, profitability has no significant effect on capital structure, while tangibility and growth opportunity have a significant negative effect on capital structure. The results of this study are expected to be a consideration for academics, companies, and investors in determining or estimating a healthty capital structure by considering variables firm size, liquidity, profitability, tangibility, and growth opportunity.

1. INTRODUCTION

The development of economic globalization today seems to have an effect on any companies in different parts of the world, especially in Indonesia. With the economic globalization, the competition in the business world becomes increasingly stringent which requires a company to have a competitive advantage of other companies [1]

Owning and maintaining a competitive edge is critical to the success and survival of long-term business. Every company should always read and see a situation that occurs, so that the company can do good management in the field of technology, products produced, product marketing, finansial management, and human resources later, it is expected to increase or maximize the value of the company [2]

To achieve the maximum value of the company, a company is not separated from the funding problem used to support the smooth activity of its activities. Capital funding problems are an important problem for the company, because the company's capital structure is a reflection of the financial condition of the company. Therefore the company is expected to be careful in determining the source of the funds to be selected [3].

Generally the funds used by the company come from two sources, namely internal sources and external sources. The internal source of funds obtained from the company itself through the operation of the company. Examples such as paid stock capital and retained earning are retained.

While external sources of funds are sourced from outside the company. Thus, external funds are obtained by lending to other parties outside the company[4]. Naibaho and Azizah also suggested that the company's funding component has two sources, which is an internal fund that comes from a variety of operating results performed by companies in the form of retained earning and external funds originating from outside Company's operating activities in the form of debt [5].

In the decision of the fulfilment of funding sources, the company needs to consider the funding source to be chosen, from internal or external. If the company in fulfilling the funding for its operations choose the source of the internal then there are advantages of the choice, the company will not be too dependent on the outside parties. But if the fulfilment of funding from internal sources is insufficient then the company can use an external source of funds to cover the shortage of funds in the company [6].

The fulfilment of funding strategies is closely related to capital structure. The capital structure is a mixture or comparison between the source of foreign funds (debts) and the source of own funds (equity owned by the company). The ideal mixture of debt and equity for companies is that maximizes the value of the company and minimizes the overall cost of capital [7]. The Capital structure can also be interpreted as funding mix consisting of debt, preferent shares, and ordinary Shares [8]. Thus, the capital structure is the most important part of the funding fulfilment strategy that can increase the company's value by using a combination of debt and equity.

Good capital structure is needed in supporting the sustainability of a company. Therefore, every company is required to be able to create an optimal capital structure although it is difficult in practice. The optimal capital structure is a mixture of debt and equity that can maximize the value of the company [9]. It is also expressed by Nur & Siahaan That good funding is a funding that not only uses foreign funds but also funds originating from within the company[10].

To be able to determine the optimal capital structure, the company needs to consider the variables that affect it. One reason is because the variables are the basis of consideration for determining the structure of the capital[11]. There are many variables that affect the capital structure, but in this research the variables to be researched include, firm size, liquidity, profitability, tangibility, and growth opportunity.

Some previous studies that tested on variables affecting the capital structure were some differences in research outcomes. This is due to the difference in research time, the number of samples and the population studied [12].

The research conducted by Sheikh & Qureshi [7] shows that the company's size positively affects the structure of the capital but the research from Wijaya & Jessica indicates the size of the company negatively affects the capital structure [13]. The liquidity variables of the research from Wijaya & Jessica [13] negatively affect the research of the Murti [14], indicating that liquidity has no effect on the capital structure. Research from Sheikh & Qureshi states that the profitability has a negative effect on the capital structure [7] while research from Mustika states that profitability has no significant negative effect on the capital structure [15]. The tangibility variable on the research from T. Chandra [16] negatively affects the capital structure while research from Corina, Murhadi, & Wijaya states that tangibilities are positively influential [17]. Then, the growth opportunity variable in the research of Setyawan & Nuzula showed that the growth opportunity was negatively influential [18] but in the research of Wijaya & Jessica showed that the growth opportunity was positively influential towards Capital structure [13]. With these differences, researchers are interested in re-testing related variables affecting the capital structure.

2. METHODS

a) Research methods

The Data on this research is the numbers so that the type of research used is quantitative research. Quantitative research is a study that uses the data in the form of numbers in the research approach, so that the type of data used is the secondary data, namely data derived from the company's financial statements [12]. While the approach used in the study is causal associative approach. This approach is used to measure the influence or relationship between two or more variables, i.e. between independent variables and dependent variables[19].

In this study there were five independent variables, including company size, liquidity, profitability, tangibility, and growth opportunity while the capital structure as dependent variable. Data is a collection of information or values gained from observation or observation activities on an object. The form of data can be numbers, symbols, and properties [20]

In this study, the type of data used is secondary data. Secondary data is data obtained from secondary sources i.e. indirectly or by using intermediate media[21]. The secondary data sources used in this research are the financial statements of companies listed in the Jakarta Islamic Index during the 2008-2017 period obtained from www.idx.co.id. This Data is used as a means to complement the things needed during the study. The method of data collection that is done in this study is using the Library study method, which is a method of collecting data by reviewing library literature, such as journals related to the research conducted and methods Documentation, which is a method by collecting, recording, and reviewing secondary data in the form of financial statements of companies registered in JII during the period of 2008-2017 [12].

The variables used in this study are the modal structures as dependent variables while the firm size, liquidity, profitability, tangibility, and growth opportunity as independent variables.
• Capital structure
The capital structure is a mixture or comparison between foreign funding sources and its own source of funds. The source of the fund itself consists of retained earning (income) and the inclusion of company ownership (equity), while the source of foreign funds in the form of debt[7]. So in this research the capital structure is measured by debt to equity ratio (DER)[22]. The optimal capital structure is a capital structure that can maximize the value of the company and minimize overall capital costs. Optimal in this regard means that the total debt should not exceed the large total capital alone or large debt should not exceed 50% of the capital itself [22].

The DER values of each company differ, if the DER value of more than 1 means that the proportion of debt in the company is greater than equity, and conversely if the DER value is less than 1 means that the proportion of debt is smaller than the equity where the funding Largely derived from internal funds[23]. According to Mustika if the DER ratio is more than 1 indicates that the risk facing the company is getting larger due to high debt levels [15]. Brigham and Huston also stated that if the company could not face the risks posed by the use of the debt, the company would have been bankrupt. Creditors also prefer a low debt ratio as the lower the debt ratio, the greater the protection against losses in the event of liquidation. The higher DER a company signifies that the structure of the capital is not good [24].

The point is, the arrangement of the proportion of capital structure formed by a company should be oriented to the achievement of financial stability in the company[25].

Calculated with formulas $= \dfrac{Total\ Liabilities}{Equity}$

• Firm size (company size)
The size of the company is a measure of the size of a company that can be seen from the total assets owned by the company. So, the size of the company is an important factor to be considered in determining how much funding decisions will be used to fulfill the amount of assets of the company[14]. Total assets is an

important part of measuring the size of a company, because the total assets are more stable to benchmark than the sales that are still influenced by the demand and supply[26].

Enterprise size = Natural logarithm (Total assets).
• Liquidity

The absence of corporate fluids can be measured by liquidity ratio. The liquidity ratio is a ratio used to gauge how well the company can meet or pay for short-term obligations using the current company's assets [16]. The greater the current ratio suggests that the higher the company's ability to pay short-term debt[27].

$$\text{Current Ratio} = \frac{Current\ Assets}{Current\ Liabilities}$$

• Profitability

According to Guna & Sampurno, the main purpose of the company was established to generate profit [28]. The effectiveness and efficiency of management can be seen from the profit generated in company, therefore the company must know its ability to generate profits by using the profitability ratio.

Corina, Murhadi, Wijaya explained that profitability is the ability of a company in generating profits that can be measured by the profitability ratio [17]. So, the profitability ratio is a ratio used to gauge how well a company can be in the venture For profit or gain.

$$\textit{Return on Asset}\ (ROA) = \frac{net\ income\ after\ tax}{Total\ Assets}$$

• Tangibility

According to Corina, Murhadi, Wijaya, Tangibility is a permanent asset owned by a company that can be used as collateral [17]. In determining funding decisions, one of the important variables to be considered is tangibility. Tangibility is an overview of the ability of fixed assets in guaranteeing the debt that a company will borrow[13]. So, in order to obtain a loan from another party, a company must have sufficient fixed assets to be used as collateral for the debt earned.

$$\text{Tangibility} = \frac{Total\ fixed\ assets}{Total\ Assets}$$

• Growth Opportunity

Growth opportunity is an opportunity or opportunity for the company to achieve its growth or development. So, the growth opportunity is used to measure how much opportunity or opportunity the company has to continue to grow and develop each year[13]. Companies with high growth opportunities will lead to greater information asymmetry. So in its funding, the company would prefer to use internal funds in the first place [29].

$$\text{Growth opportunity} = \frac{TA_t - TA_{(t-1)}}{TA_{(t-1)}}$$

Note: TA = Total Assets

t = this year

t-1 = previous year

In this research the data analysis techniques used are data panels, because the companies that will be researched more than one and the period used also more than one. Data panels are aggregated data derived from data cross section and Data time series[30].

Various tests are used for the research of panel data, including:
• Descriptive statistical analysis

In research, this stage of analysis is done with the aim to know the mean value (average), minimum value, maximum value, and the standard deviation value of each research variable[15].
• Test the Precision Model

There are several methods that can be used to estimate the model of the panel data regression such as common effect, fixed effect, and random effect [1]. The following are tests that can be used to estimate the right models, such as the Chow test and the Hausman test.

The Chow test is a test conducted to determine the exact model estimate between common effect models and fixed effect[31]. In the test results, if the probability value is greater than the value of 0.05 then the appropriate approach uses the common effect model. While the probability value is smaller than the value of 0.05 then the exact model is fixed effect. The Hausman test is used to compare and choose between fixed effect and random

effect models, or it can also be said that the Hausman test is done when the result of the Chow test is fixed effect. In the test results, if the probability value is smaller than the value of 0.05 then the correct approach uses the fixed effect model, but if the probability result is greater than the value of 0.05 then the correct model is a random effect model [1]. Test the classic assumption on the data panel is done if the selected estimate is fixed effect and common effect, if the estimation is selected random effect then the classic assumption test is not done.

b) *Panel Data Regression Model*

This research uses a regression analysis of data panels with data processing using the software Eviews 9. Equation analysis of the data Model panel in this study are:

$$Y = \beta_0 + \beta_1 X_{1\,it} + \beta_2 X_{2\,it} + \beta_3 X_{3\,it} + \beta_4 X_{4\,it} + \beta_5 X_{5\,it} + \mu$$

$$DER = \beta_0 + \beta_1 Size_{it} + \beta_2 LD_{it} + \beta_3 PRO_{it} + \beta_4 TANG_{it} + \beta_5 GO_{it} + \mu$$

Description:
Y: Capital structure (DER)
B0: Constants
β_1 to β_5: regression coefficient of any independent variable
X1: Firm Size (Size)
X2: Liquidity (LD)
X3: Profitability (PRO)
X4: Tangibility (Tang)
X5: Growth Opportunity (GO)
μ: Error term
It: Company i in period t

c) *Statistical T test*

Test T In this study was conducted to test how far or how capable of independent variables explain or explain dependent variables separately[15].

d) *Statistical test F*

Test F is done to find out if the independent variables are inserted into the model simultaneously (together) against the dependent variable [32].

In this study, the coefficients of the determination was conducted to gauge how much the regression model's ability was formed in explaining the variation of dependent variables[33].

e) *Test coefficient of determination*

The magnitude of the R2 value is between 0 and 1. If nilaiR2menjauhi number 1 means the ability of an independent variable in explaining the dependent variable is very limited. Conversely, if the value of the R2 approaching number 1 means that the ability of the variable independently in explaining the dependent variables is excellent, by giving almost all of the information needed to predict an independent variable variation.

3. RESULT

Table 1. Test results descriptive statistical analysis

Variable	N	Min	Max	Mean	St. Dev
DER	40	0,18	2,65	0,736	0,738
Size	40	15,69	30,44	21,642	5,79
LD	40	0,45	4,51	1,974	1,25
PRO	40	0,04	0,61	0,27	0,152
Tang	40	0,27	0,89	0,58	0,197
GO	40	0,03	0,35	0,156	0,061

Source: Processed secondary Data with Eviews 9, 2018

According to the table above, the samples were used in this study as much as 40 observations. The dependent variable of the capital structure measured by the resolution of the DER (Debt to Equity Ratio) shows the mean value (average) of 0.736 with a minimum value of 0.180, the maximum value of 2.650 and the standard deviation value indicates 0.738.

The first independent variable, size (company size), in the table appears that the company size measured by the natural logarithm of the total assets shows the mean value of 21.642 with a minimum value of 15,690, the maximum value of 30.440, as well as the standard deviation value of 5.790.

The second independent variable LD (liquidity) measured by CR (current ratio) shows a mean value of 1.974, a minimum value of 0.450, a maximum value of 4.510, and a standard deviation value of 1.250.

The third independent variable PRO (profitability) has a mean value of 0.270, a minimum value of 0.040, a maximum value of 0.610, and a standard deviation value of 0.152

The fourth independent variable, Tang (Tangibility), based on the table appears that the mean value is 0.580, a minimum value of 0.270, a maximum value of 0.890, and a standard deviation value of 0.197.

The last independent variable is GO (Growth Opportunity) which has a mean value of 0.156, a minimum value of 0.030, a maximum value of 0.350, and a standard deviation value of 0.061.

Table 2. Chow test result

Effect Test	Statictic	d.f	Prob.
Cross-section F	11.367	-3,31	0
Cross-Section Chi-Square	29.679	3	0

Source: Processed secondary Data with Eviews 9, 2018

The assumption is, if the probability value is < 0.05 then the selected model is fixed effect but if the probability value is > 0.05 then the selected estimate is common effect. Based on the results of the above calculations, it is known that the probability value of the Cross-section Chi-Square is 0.000. The value is < from 0.05 so it can be concluded that the best estimate model is the fixed effect model and will continue on the Hausman test.

Table 3. haustman test result

Test Summary	Chi-Sq statistic	Chi-Sq. d.f	Prob.
Cross-section Random	0	5	1

Source: Processed secondary Data with Eviews 9, 2018

The assumption is, if the probability value is < 0.05 then the model chosen is fixed effect but if the probability value is > 0.05 then the model is selected random effect. Based on the table above it appears that the probability value indicates the number 1.000 > 0.05, meaning that the selected model is random effect.

Table 4. result test regression Data Panel method Random Effect Model

Var	Coef	Std. Error	t-statistik	Prob.
C	3,009	1,227	2,453	0,019
Size	-0,001	0.032	-0,031	0,976
LD	-0,51	0,113	-4,523	0
PRO	0,785	0,734	1,069	0,293
Tang	-1,775	0,84	-2,113	0,042
GO	-2,74	0,982	-2,791	0,009

Source: Processed secondary Data with Eviews 9, 2018

Based on table 4 above, then the equation of data of the panel regression is:
DER = 3,009-0,001Size$_{it}$ − 0,510LD$_{it}$ + 0,785PRO$_{it}$ − 1,775Tang$_{it}$ − 2,740GO$_{it}$ + µ

- Constant = 3.009

The value constants of 3.009 with a positive value, which means that the variable firm size, liquidity, profitability, tangibility, and growth opportunity are considered constant (no change) hence the value of the capital structure by 3.009.

- Variable Size =-0.001

The variable Size has a coefficient value of-0.001. This shows that each increment the Size variable by one unit then the capital structure will decrease by-0.001 as well as vice versa.

- Variable LD (liquidity) =-0.510

The coefficient value of the liquidity variable is 0.510, meaning that if the liquidity variable increases by one unit the capital structure will decrease by-0,510vice versa.

- PRO variables (profitability) = 0.785

The profitability variable has a regression coefficient value of sebesar0,785, meaning that each increment the profitability variable by one unit then the capital structure will increase by 0.785 as well as vice versa.

- Tang Variable (Tangibility) = -1,775

The coefficient of the Tangibility is -1,775, meaning that by one unit, the capital structure will decrease by -1,775 as well the same.

- GO Variable (Growth Opportunity) = 2,740

The coefficient value of the Growth Opportunity variable is the -2,740, meaning that if the Growth Opportunity variable increases by one unit, the capital structure decrease by -2,740 dan vice versa.

Table 5. Test Results for T Statistics
(Random Effect

Var	t-Statistics	Prob.	Criteria 0%	Keterangan
Size	-0,031	0,976	P > 0,05	H₁ rejected
LD	-4523	0	P < 0,05	H₂ accepted
PRO	1,069	0,293	P < 0,05	H₃ rejected
Tang	-2,113	0,042	P < 0,05	H₄ rejected
GO	-2,791	0,009	P < 0,05	H₅ accepted

Based on the table 5 above, it can be concluded that:

•   The first hypothesis in the study is variable Size has a positive and significant effect on capital structure. Based on the results of the test in can be seen that the probability value of variable Size is 0,976 > 0,05 with a t-statistic value of the -0,031. This shows that H1 is rejected, where the size does not significantly influence the Capital Structure.

•   The second hypothesis in the study is that there a negative and significant influence between the Liquidity Variables on the Capital Structure. Based on the result of the test, it can be seen that the probability value of the Liquidity variable 0,000 < 0,05 with a t-statistic value of -4,523. This shows that H2 is accepted, where the Liquidity variable has a negative and significant effect on the Capital Structure.

•   The third hypothesis in this study that profitability variable has negative and significant effect on the Capital Structure. Based on the test results, it can be seen that probability value of the Profitability variable 0,293 < 0,05 with a statistic t value of 1,069. This means that H3 is rejected, where the profit variable does not significantly influence the Capital Structure.

•   The fourth hypothesis in this study is that there is a positive and siginificant influence between the Tangibility variable on the Capital Structure. Based on the results it can be seen that the probability value of the Tangibility variable is 0,042 < 0,05 with a statistic t value of -2,113. This means that H4 is rejected, where the Tangibility variable has a negative and the significant effect on the Capital Structure.

•   The fifth hypothesis is that there is a negative and a significant variable between Growth Opportunity towards Capital Structure. Based on the test result obtained the probability Valeu of the Growth Opportunity variable is 0,009 < 0,05 with a statistic t value of -2,7791. This shows that H5 is accepted, where the Growth Opportunity variable has a negative and significant effect on the Capital Structure.

Table 6. The Results for F Statistic

Var	Prob (F-Statistik)	Criteria	Descriptions
Size, LD, PRO, Tang, GO	0	P < 0,05	Influenced

Source: Data with Eviews 9, 2018

Based on the results of the test in the table above, it appears that the probability value (F-Statistic) is 0.000 < 0.05, which means that the entire variable is Size, liquidity, profitability, Tangibility, and Growth Opportunity simultaneously (Significant effect on the capital structure.

Table 7. test result coefficient of determination

R-Square	0,525
Adjusted R-Square	0,455
S,E. Of Regression	0,331

Source: Processed secondary Data with Eviews 9, 2018

Based on test R2terlihat that the Adjusted value of R2 is 0.455. This means that the variable variation in capital structure is interpreted or explained by the Size, liquidity, profitability, Tangibility, and Growth Opportunity variables of 45.5% while 54.5% can be explained by other factors outside of Regression model formed.

4. DISCUSSION

This research predicts that Capital Structure is in influenced by several factors such as variable Size, Liquidity, Profitability, Tangibility, Growth Opportunity. Panel data regression testing related variables affect the structure assited by

software Eviews 9. The following are the results of calculations that will compared with the hypothesis formed and the results of previous studies:

a) The Effect of Size (Company Size on Capital Structure)

Based on the test results, the probability value of variable Size is 0.976 > 0,05. This shows that H1 is rejected so the size of the company does not effect the capital structure. This result of the test indicates the size company does not capital structure. The large size of the company, the more internal funds are available so that the company is able to meet its funding needs and less likely to use funds from debt.

The results of this study are consistent with previous studies, namely research from Liem, Murhadi & Sutejo, whose result also show the size does not have a significant effect on capital structure[6]. On the other hand, these results are not in line with the hypothesis formed in the study and differ from the research conducted by Candra, whose result indicate that size has a positive and significant effect on capital structure[16]. This indicates that the larges the sizes of the company, the greater the debt level. Large companies tend to need large funds to meet their funding needs besides large companies also tend to get high trust from investors so that companies are easier to make loans. These two things cause the capital structure of company increase. The difference in the results of the above research can be caused by differences in the periods and objects used in the study.

b) Effect of Liquidity on Capital Structure

Based on the test result obtained probability value of the variable is 0,000 < 0,05 with a statistic value of -4,523. This means that H2 is accepted, where the liquidity variable has a negative and signiffcant effect the capital structure. These results of this study are in line the hypothesis formed.

The results are also in line research Wijaya & Jessica whose results show that liquidity has a negative and significant effect on capital structure [13]. Research from Guna & Sampurno also has results that show that liquidity has a negative and significant effect on capital structure[28], meaning that if a company has a high level of liquidity, the debt level is low. This is in line with the pecking oreder theory, that companies with high levels of liquidity have large internal funds to fund their operational activities so that the propotion of debt usage is relatively low.

The results of this study have differeces with the results of research conducted by Murti[14]. This result of his research indicate that liquidity does not affect the capital structure. The indicates that companies with high levels of liquidity tend not to use external funds or debt because they have sufficient internal funds to meet their funding needs. The differences in the above research occur because the objects and periods used are different.

c) Effect of Profitability on Capital Structure

Based on the test results obtained the probability value of the variable profitability of 0,293 < 0,05 with t-statistic of 1,069. This shows H3 is rejected, where the variable profitability does not affect the capital structure.

The results of this study are in line with research from Lestari & Yuni whose results show that profitability does not affect the capital structure. This is in line with the pecking order theory, namely that companies with high profitability tend to fund their operational activities with internal fund first. A high level of profitability indicates that the company is able to manage its assets optimally, so that the net income obtained from operational activities can be used to meet funding needs without using debt.

But it is not in line with the research of Setyawan & Nuzula , namely that profitability has a signiffcant effect on the positive direction of the capital structure [18], meaning that the higher the level of profitability, the higher level of debt. This is in line with the trades off

theory, that companies with high profitability, the tax rate is also high so that to reduce tax payments, debt is used interest costs from uisng debt can be used to reduce tax payemnts. So, the use of debt is used by companies to reduce tax payments.

d) The influence of Tangibility on Capaital Structure

Based on the test result obtained the probability value of the Tangibility variable is 0,042 < 0,05 with t-statistic of -2,113. This explains H4 was rejected, where the tangibility variable has a negative and significant effect on the capital structure. The result of these studies were different from the hypothesis formed in this study.

But in line with research from Setyawan & Nuzula [18] and from Wijaya & Jessica [13], the results show that tangibility has a negative and significant effect on capital structure. The results of this study can be interpreted that if the level tangibility in a company increases, the capital structure decreases and vice versa. The higher the level of tangibility, then to meet its funding needs the company will no lack, because companies that have large tangibility means that the company is able to generate stable profits[18].

This study also shows different results from the research conducted by Corina, Murhadi & Wijaya whose results show that tangibility has a positive and significant effect on capital structure[17]. These results explain that the higher level of tangibility, the debt level will increase. Companies that have large tangible assets, the company has a position that allows it to make loans, because assets owned be used as collateral to obtain loans. The difference in results from several studies above is due to difference in objects and periods used.

e) Effect of Growth Opportunity on Capital Structure

Based on the results obtained by probability value of the growth opportunity variable of 0,009 < 0,05 with a t-statistic value -2,7791. This means that H5 is accepted, where the growth opportunity variable has a negative and significant effect on the capital structure. The results of this study are in line with the hypothesis formed in this study.

The results of this study are also in line with research from Setyawan & Nuzula, that if growth opportunity a negative and significant effect on capital structure[18]. The results of this study confirm that if growth opportunity increases, the debt level will decrease and vise verza. This due to the fact that companies that a high level of opportunity for growth tend to hold back profits to finance growth. The company's high growth potential allows companies to have low equity funding costs because companies prefer funding with their internal funds[18].

The results of this study are not in line with the research from Wijaya & Jessica , that growth opportunity has a positive and significant effect on capital structure [13]. The results of this study cover the shortfall it is necessary to use debt. The difference in the results of the study can be caused because the objects and periods used differ.

5. CONCLUSION

Based on research conducted on the effect of firm size, liquidity, profitability, tangibility, and growth opportunity on capital structure, it can be concluded that: Firm Size (Size Company) and Profitability do not significantly influence the capital structure on a company registered in Jakarta Islamic Index 2008-2017 period. While, Liquidity, Tangibality, and growth opportunity have significantly negative effect of the capital structure on. a company registered in Jakarta Islamic Index 2008-2017 period..

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