Determinant of Capital Structure of Coal Sub-Sector Mining Companies Listed on Indonesia Stock Exchange

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Abstract: This study aims to test the determinant of the capital structure consisting of variable profitability proxified by return on asset (ROA), asset structure, liquidity projected with current ratio (CR) and the size of the company against the structure of capital in the mining business of the coal subsector listed on the Indonesia Stock Exchange in 2014-2018. This research sample was obtained by purposive sampling method. Based on the criteria for selection of the sample, 10 companies were sampled for the study. The data analysis technique used is the regression of the data panel with the selected model random effect model. The Value Adjusted R-square (R²)=0.434760 means that independent variables are able to explain the variation of dependent variables by 43.47%, while the remaining 56.53% is explained by other factors beyond this study. The F test of 0.00000 is smaller than the level of significance of α=0.05, noting that simultaneously independent variables have a significant effect on the capital structure. The results show liquidity variables had a significant negative effect on the capital structure. While variable profitability, asset structure and size of the company have no effect on the capital structure.

Keywords: Capital Structure, Profitability, Asset Structure, Liquidity, Size of Business.

I. INTRODUCTION

The availability of natural resources is a staple in driving development growth. Indonesia is known as a country that has abundant natural resources. To create the security of national energy supply in a sustainable manner and efficient use of energy, it is necessary to use alternative energy resources, such as coal. Coal companies need considerable funds to manage and produce their products. Following up on the mandate of Law No. 4 of 2009, the government issued Government Regulation No. 1 of 2014 on the prohibition for mining companies in Indonesia to export raw mining materials starting in January 2014.

Mining sector companies also need very large capital to conduct natural resource investigations and mining sector development. So many mining companies enter the capital market to obtain investment and to strengthen their financial position.

The increase in the average DER of coal companies are most likely due to the value of debt greater than the capital held by coal companies.

The decision of the capital structure determined by each company will not only affect the company's operational activities, but will also affect the risks that must be borne by the company itself. The capital structure proxied by debt to equity ratio (DER) can be used to calculate the level of risk of the company's capital. Debt to equity ratio (DER) is a comparison between total debt and equity in the company's funding and demonstrates the company's own capital ability to meet all its obligations (Shahyunnan, 2015).

Brigham and Houston (2011), states there are several factors that affect the capital structure namely sales stability, asset structure, operating leverage, growth rate, profitability, taxes, control, management attitudes, lenders and rating agencies attitudes, market conditions, internal company conditions, and financial flexibility. According to Sartono (2010) several variables can be considered before determining the capital structure namely liquidity, asset structure, corporate growth, profitability, profit variables and tax protection, corporate scale and interen company conditions as well as macroeconomics.

Profitability is the company's ability to generate profit from its operations. Sartono (2010), Profitability is the company's ability to make a profit in relation to sales, total assets and its own capital. Profitability in this study is projected with return on asset (ROA). Return on asset is the company's ability to make a profit from the assets used (Sartono, 2010). Brigham and Houston (2013) stated that companies with high levels of profit generally use relatively little debt because with such high profits can be used by companies doing capital with retained profits only. This is in
accordance with the pecking order theory which is that the company prefers to choose a fundraiser that comes from its own capital first then for the latter option which is to raise funds from outside the company.

The asset structure is an important variable in the company's funding structure because the assets remain in touch with the liquidity company's production process. The higher the structure of the company's assets, showing the higher the ability of the company to be able to guarantee the long-term debt it borrows.

Liquidity is how much the company is able to meet its short-term obligations. According to Sartono (2010), Liquidity is the company's ability to pay for short-term financial capabilities in time. The liquidity of the company can be measured by the current ratio (CR) which is the ratio to measure the company's ability to meet its obligations that are due soon (Wiagustini, 2014). According to the pecking order theory, a company that has a high level of liquidity will prefer its internal funds to fund its debt and when it is underfunded, only to seek external funding.

The size of a company is how small a company's assets are. The size of the company describes the small size of a company indicated in the total assets, the number of sales, the average sales (Riyanto 2011). Because one of the advantages of large companies is that it tends to be more trusted by creditors because it is considered to have a smaller risk compared to companies that have small company sizes.

II. LITERATURE

1. Capital Structure

Riyanto (2011), the capital structure is a balance or comparison between long-term debt and self-capital. The capital structure is a mirror of the company's discretion in determining the type of securities issued, since the issue of capital structure is closely related to capitalization issues, which are composed of the types of funds that make up the capitalization of its capital structure.

2. Pecking Order Theory

Myers and Majluf (1984) raised the theory of pecking order, they established a sequence of funding decisions in which managers would first choose to use retained profits, then debt, and external own capital as a last resort (Weston and Copeland, 2010).

3. Trade-Off Theory

(Bradley, Jarrel and kim, 1984) This theory discusses the relationship between the capital structure and the value of the company.

4. Modigliani and Miller Theory (MM Theory)

Modigliani and Miller (1958) published theories about the modern capital structure of what it called the most influential financial article it had ever written.

\[ V = VB + VE \]
\[ V = \text{total market value of the company} \]

\[ V = \text{market value of debt} \]
\[ VE = \text{market value of equity} \]

5. Agency Theory

Jensen and Meckling (1976) described the agency as "an agency relationship as a contract under which one or more person (the principals) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent".

6. Signaling Theory

Signalling theory is a management move within the company that should provide implicit guidance to investors on how management views the company's prospects.

7. Financial Leverage

For companies that use debt, they certainly hope to be able to earn operating profit from the use of the debt which is greater than the cost of interest (Homnan, 1992).

8. Profitability

Profitability is the ability of the company to generate profit during a certain period (Riyanto, 2011).

9. Asset Structure

Brigham and Houston (2011) companies whose assets are sufficient to be used as collateral are likely to use enough debt.

10. Liquidity

Liquidity ratio is. Harahap (2010), stated that the ratios to measure liquidity are current ratio, fast ratio, cash-to-asset ratio, cash-to-current debt ratio, current asset ratio of total assets and current asset ratio and total debt. one of the liquidity ratios to be used in this study is the current ratio.

11. Company Size

The size of the company can be interpreted as the size of the company. The size of the company also indicates the activity that the company has.

Conceptual Framework

![Fig 2: Conceptual Framework](www.ijisrt.com)

Hypothesis

H1 : Effect of profitability on capital structure
H2 : Effect of asset structure on capital structure
H3: The effect of liquidity on the capital structure  
H4: The effect of the company's size on the capital structure

III. RESEARCH METHODS

The data used is secondary data from the financial statements and annual reports of coal sub-sector mining companies listed in IDX from 2014 to 2018. The method that researchers use to obtain secondary data is the documentation method. Data analysis method using data panel regression analysis method, according to Basuki (2017), data panel regression is a regression technique that combines time series data with cross section.

1. Population and Samples

The population in this study was a coal sub-sector mining company listed on the Indonesia Stock Exchange during the period 2014-2018. The population of this study was 25 coal sub-sector mining companies listed on the Indonesia Stock Exchange for the period 2014-2018.

<table>
<thead>
<tr>
<th>NO</th>
<th>ISSUER CODE</th>
<th>COMPANY NAME</th>
<th>IPO DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ADRO</td>
<td>Adaro Energy Tbk.</td>
<td>16 Jul 2008</td>
</tr>
<tr>
<td>2</td>
<td>BSSR</td>
<td>Baramulti Suses Sarana Tb.</td>
<td>08 Nov 2012</td>
</tr>
<tr>
<td>3</td>
<td>DEWA</td>
<td>Darma Henwa Tb.</td>
<td>26 Sep 2007</td>
</tr>
<tr>
<td>4</td>
<td>GEMS</td>
<td>Golden Energy Mines Tb.</td>
<td>17 Nov 2011</td>
</tr>
<tr>
<td>5</td>
<td>ITMG</td>
<td>Indo Tambangraya Megah Tb.</td>
<td>18 Des 2007</td>
</tr>
<tr>
<td>6</td>
<td>KKGI</td>
<td>Resource Alam Indonesia Tb.</td>
<td>01 Jul 1991</td>
</tr>
<tr>
<td>7</td>
<td>MBAP</td>
<td>Mitrabara Adiperdana Tb.</td>
<td>10 Jul 2014</td>
</tr>
<tr>
<td>8</td>
<td>MYOH</td>
<td>Samindo Resources Tb.</td>
<td>27 Jul 2000</td>
</tr>
<tr>
<td>9</td>
<td>PTBA</td>
<td>Bukit Asam Tb.</td>
<td>23 Des 2002</td>
</tr>
<tr>
<td>10</td>
<td>TOBA</td>
<td>Toba Bara Sejahtra Tb.</td>
<td>06 Jul 2012</td>
</tr>
</tbody>
</table>

Table 1: Research Sample

2. Data Panel Regression Method

The data Panel Regression method is a combination of cross section data and time series data, where the same cross section units are measured at different times. There are three approaches in the method of estimating the data panel regression model (Widarjono, 2013) namely Common Effect Model, Fixed Effect Model, Random Effect Model, Chow Test, Hausman Test, Lagrange Multiplier Test

3. Hypothesis Testing

The steps to test the hypothesis proposed in this study are the Goodness of Fit (R2) Test, the F Statistical Test, and the Partial Test (T Test).

IV. RESULTS

1. Common Effect Model Regression Model

In this estimation approach, intercept and slope are fixed all the time and individuals, the difference between the intercept and slope is assumed to be explained by their reference variable (error or residual). Here are the test results:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-statistic</th>
<th>Prob</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-0.626624</td>
<td>0.740545</td>
<td>-0.849666</td>
<td>0.4004</td>
</tr>
<tr>
<td>ROA</td>
<td>0.090426</td>
<td>0.050002</td>
<td>0.163562</td>
<td>0.6511</td>
</tr>
<tr>
<td>STRUKTUR AKTA</td>
<td>-0.087008</td>
<td>0.281374</td>
<td>-0.215756</td>
<td>0.8302</td>
</tr>
<tr>
<td>CR</td>
<td>-0.173775</td>
<td>0.054422</td>
<td>-3.094370</td>
<td>0.0000</td>
</tr>
<tr>
<td>SIZE</td>
<td>0.054069</td>
<td>0.023711</td>
<td>2.281175</td>
<td>0.0273</td>
</tr>
</tbody>
</table>

Table 2: Common Effect Model Estimation Results

It can be explained variabel current ratio dan ukuran perusahaan memiliki The effect of significance with a probability value smaller than α = 0.05. While roa variables and asset structures do not have a significant influence where the probability value is greater than α = 0.05.

2. Regression Fixed Effect Model

The model in which it will be used is between fixed effect estimation models, in this estimation approach, not considered individual dimensions or time. It is assumed that the behavior of data between companies is the same over a period of time. Here are the test results:

<table>
<thead>
<tr>
<th>Value</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-statistic</th>
<th>Prob</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-0.446807</td>
<td>0.622000</td>
<td>-0.720635</td>
<td>0.256032</td>
</tr>
<tr>
<td>Adjusted R-squared</td>
<td>0.39735</td>
<td>0.016712</td>
<td>2.992032</td>
<td></td>
</tr>
<tr>
<td>S.E. of regression</td>
<td>5.78907</td>
<td>0.210000</td>
<td>0.118031</td>
<td></td>
</tr>
<tr>
<td>Log likelihood</td>
<td>12.48208</td>
<td>0.220472</td>
<td>0.546038</td>
<td></td>
</tr>
<tr>
<td>F-statistic</td>
<td>0.036000</td>
<td>0.030000</td>
<td>0.950000</td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Fixed Effect Model Estimation Results
It can be explained that the current ratio variable has an effect of significance with a probability value smaller than $\alpha = 0.05$. As for the ROA variable, the Asset Structure and Company Size do not have a significant influence where the probability value is greater than $\alpha = 0.05$.

4. Data Panel Regression Model Selection

a) Chow Test

This test can see the p-value if the result is less than 5% (significant) then the estimated model to be used is a fixed effect, but if the p-value exceeds the number 10% (insignificant) thus the estimated model used is the common effect model.

<table>
<thead>
<tr>
<th>Redundant Fixed Effects Tests</th>
<th>Equation: Untitled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test cross-section fixed effects</td>
<td></td>
</tr>
<tr>
<td>Effects Test</td>
<td>Statistic</td>
</tr>
<tr>
<td>Cross-section F</td>
<td>5.465175</td>
</tr>
<tr>
<td>Cross-section Chi-square</td>
<td>43.066246</td>
</tr>
</tbody>
</table>

Table 5 : Hasil Uji Chow Test

Knows that value of Prob. is 0.0000 which is less than the value of $\alpha = 0.05$. From these results it can be concluded that the appropriate model for the data regression panel is the Fixed Effect Model, which means $H_0$ is rejected and $H_1$ is accepted.

b) Hausman Test

This study can see the p-value if the result is less than 5% (significant) then the estimated model to be used is a fixed effect, but if the p-value exceeds the number 5% (insignificant) thus the estimation model used is a random effect model. Here are the test results:

<table>
<thead>
<tr>
<th>Correlated Random Effects - Hausman Test</th>
<th>Equation: Untitled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test cross-section random effects</td>
<td></td>
</tr>
<tr>
<td>Test Summary</td>
<td>Chi-Sq. Statistic</td>
</tr>
<tr>
<td>Cross-section random</td>
<td>3.346556</td>
</tr>
</tbody>
</table>

Table 6 : Hausman Test Results

Knows that prob value is 0.5016, where the value is greater than the value $\alpha = 0.05$. From these results it can be concluded that the appropriate model for the data regression panel is the Random Effect Model, which means $H_0$ is rejected and $H_1$ is accepted.
c) *Langrange Multiplier Test (LM-Test)*

The Langrange Multiplier (LM-Test) test is a test to determine the use of methods between random effect models or common effect models. The Langrange Multiplier test hypothesis is:

<table>
<thead>
<tr>
<th>Lagrange multiplier (LM) test for panel data</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date:</strong> 08/25/20  <strong>Time:</strong> 20:08</td>
</tr>
<tr>
<td><strong>Sample:</strong> 2014 2018</td>
</tr>
<tr>
<td><strong>Total panel observations:</strong> 50</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Probability in ()</th>
<th>Cross-section</th>
<th>Period</th>
<th>Both</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alternative</td>
<td>One-sided</td>
<td>One-sided</td>
<td></td>
</tr>
<tr>
<td>Breusch-Pagan</td>
<td>16.56254</td>
<td>1.907226</td>
<td>18.47247</td>
</tr>
<tr>
<td>Honda</td>
<td>4.070042</td>
<td>-1.381024</td>
<td>1.901423</td>
</tr>
<tr>
<td>King-Wu</td>
<td>4.070042</td>
<td>-1.381024</td>
<td>1.108572</td>
</tr>
<tr>
<td>GHM</td>
<td>--</td>
<td>--</td>
<td>16.56254</td>
</tr>
</tbody>
</table>

The Probability Brusch-Pagan value looks at the probability value is 0.0000, the value is smaller than the value α = 0.05 then H0 is rejected, and H1 is accepted so it can be concluded that the more appropriate model is the Random Effect model.

**Regression Analysis Data Panel**

In this study used the Random Effects model method for the diagram model. The selection of the Random Effects model method as the data analysis method of the panel in this study was previously tested through chow test, hausman test, and langrange multiplier test first, so that it is selected the most appropriate Random Effect method for the model.

Table 8: Random Effect Model Data Panel Regression Estimates

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-1.553784</td>
<td>1.390978</td>
<td>-1.17048</td>
<td>0.2699</td>
</tr>
<tr>
<td>ROA</td>
<td>0.260403</td>
<td>0.350417</td>
<td>0.740653</td>
<td>0.4614</td>
</tr>
<tr>
<td>STRUKTUR AKTIVA</td>
<td>0.159486</td>
<td>0.375919</td>
<td>-0.421614</td>
<td>0.6754</td>
</tr>
<tr>
<td>CR</td>
<td>-0.184220</td>
<td>0.036950</td>
<td>-5.562225</td>
<td>0.0000</td>
</tr>
<tr>
<td>SIZE</td>
<td>0.033860</td>
<td>0.045566</td>
<td>1.828574</td>
<td>0.0741</td>
</tr>
</tbody>
</table>

**Table 7: Hasil Langrange Multiplier Test**

**Table 8: Random Effect Model Data Panel Regression Estimates**

The dependent variable DER has the value of \( F = 10.42221 \), and Prob value. = 0.000005 is smaller than the value \( \alpha = 0.05 \) which means H0 is rejected. This indicates that all independent variables consisting of return on asset (ROA), asset structure, current ratio and company size (Size) together affect the capital structure of coal sub-sector mining companies listed on the Indonesia Stock Exchange in 2014 – 2018.

**Hypothesis Goodness of Fit Test \( (R^2) \)**

Adjusted R-Squared value is 0.43476. This indicates that independent variables namely ROA, Asset Structure, Current Ratio and Size are able to explain the variation in dependent variables of capital structure by 43.47%, while 56.53% is influenced by other factors beyond these study variables.

**Simultaneous Test (Test F)**

The DER variable (Y) as a dependent variable has a value of \( F = 10.42221 \), and a Prob value. = 0.000005 is smaller than the value \( \alpha = 0.05 \) which means H0 is rejected. This indicates that all independent variables consisting of return on asset (ROA), asset structure, current ratio and company size (Size) together affect the capital structure of coal sub-sector mining companies listed on the Indonesia Stock Exchange in 2014 – 2018.
Partial Test (t-Test)

Hypothesis Testing in this study is as follows:

1. Effect of ROA on Capital Structure
   The ROA variable has a β coefficient value of 0.260403 with a t-count value of 0.742953 and a significance value of 0.4614 greater than α = 0.05. This indicates that the ROA variable proved to have no effect on the capital structure of coal sub-sector mining companies listed on the Indonesia Stock Exchange in 2014 – 2018.

2. Effect of Asset Structure on Capital Structure
   The Variable Asset Structure has a β coefficient value of 0.158486 with a t-count value of 0.421514 and a significance value of 0.6754 greater than α = 0.05. This indicates that variable Asset Structure proved to have no effect on the capital structure of coal sub-sector mining companies listed on the Indonesia Stock Exchange in 2014 – 2018.

3. Influence of Liquidity (Current Ratio) on Capital Structure
   The current ratio has a β coefficient value of -0.188422 with a t-count value of -5.558226 and a significance value of 0.0000 smaller than α = 0.05. This indicates that variable Asset Structure proved to have a negative and significant effect on the capital structure of coal sub-sector mining companies listed on the Indonesia Stock Exchange in 2014 – 2018.

4. Effect of Size on Capital Structure
   The Size variable has a β coefficient value of 0.083869 with a t-count value of 1.828574 and a significance value of 0.0741 greater than α = 0.05. This indicates that the ROA variable proved to have no effect on the capital structure of coal sub-sector mining companies listed on the Indonesia Stock Exchange in 2014 – 2018.

V. DISCUSSION

Discussion to prove the hypothesis set out in this study. The discussion was conducted by decrypting whether the independent variables used in this study consisting of Profitability, Asset Structure, Liquidity and Company Size on capital structure affect dependent variables namely capital structure proxied by debt to equity ratio (DER) in coal sub-sector mining companies listed on the Indonesia Stock Exchange in 2014 – 2018.

a. The Effect of Profitability on Capital Structure
   Empirical test results prove that variable profitability proxies with return on assets have no effect on the capital structure of coal sub-sector mining companies listed on the Indonesia Stock Exchange for the period 2014-2018. This is evidenced by a probability t-statistic value of 0.4614 greater than the value α = 0.05 which means H0 is accepted. These results contradict a previously established hypothetical statement stating that profitability negatively affects the capital structure.

b. Effect of Asset Structure on Capital Structure
   Empirical test results prove that variable asset structure has no effect on the capital structure of coal sub-sector mining companies listed on the Indonesia Stock Exchange for the period 2014-2018. This is evidenced by the probability value of t-statistic 0.6754 greater than α = 0.05 which means H0 is accepted. These results contradict a previously established hypothesis that the asset structure has a positive effect on the capital structure.

This means that coal sub-sector mining companies are able to use their own capital in investment activities to grow their businesses without using debt. In addition, the company's fixed assets can be used for the company's operating activities in generating profit, so that the profit earned by the company can be used to increase its investment back. The use of its own capital in conducting investment activities will reduce the risk of bankruptcy faced by the company.

Companies with large assets can use assets as collateral to obtain debt from outside parties. Companies with large asset values are easier to trust to get loans from outside parties because it is easier access to funds than smaller companies. This is contrary to Trade Off Theory and in line with Pecking Order Theory. When a company has a larger proportion of tangible assets, its asset valuation becomes easier so that the problem of information asymmetry becomes lower. Thus, the company will reduce its debt usage when the proportion of tangible assets increases.

The results of this study are in line with previous research conducted by Buchori (2018), Kartika (2016), Handayani and Darma (2018), Ghiesecua and Vaideanb (2014) stating that variable asset structures have no effect on capital structure. This study differs from the findings of Zulvia (2016), Lessy (2016), Astakoni and Utami (2019)
which states that variable asset structures have a significant negative effect on the capital structure.

c. The Effect of Liquidity on Capital Structure

Based on empirical test results proving that liquidity variable proxied with current ratio negatively and significantly affects the capital structure of coal sub-sector mining companies listed on the Indonesia Stock Exchange for the period 2014-2018. This is evidenced by a probability value of 0.0000 smaller than $\alpha = 0.05$ which means H0 is rejected. These results are in line with a forefined hypothesis statement stating that liquidity proxied by the current ratio negatively affects the capital structure.

Based on the pecking order theory, the company will choose a funding scenario with an internal source, namely retained profit. Companies that have high profitability then the flow of proceeds will also be high. Proceed is an inflow of cash in, if a company has a high inflow of cash, coupled with receivables and supplies in abundant conditions then the company can pay off its current debt as due. This will encourage the company to use its current assets to the maximum to cover its current debt.

The results of this study are in line with previous research conducted by Widayanti et al (2016), Pertwi and Darmayanti (2018), Lessy (2016), Ahmad et al (2017) which stated that liquidity variables negatively and significantly affect the capital structure. This study differs from the findings of Fitriany and Nuraini (2018) stating that liquidity variables have no effect on the capital structure of consumer goods companies listed on the Indonesian stock exchange.

d. The Effect of Company Size on Capital Structure

Based on empirical test results, the asset structure variable has no effect on the capital structure of coal sub-sector mining companies listed on the Indonesia Stock Exchange for the period 2014-2018. This is evidenced by the probability value of t-statistic 0.0741 smaller than $\alpha = 0.05$ which means H0 is accepted. These results contradict a previously established hypothesis statement stating that the size of the company has a positive effect on the capital structure.

Based on pecking order theory and trade-off theory, the relationship between the size of the company and the capital structure is positive. This means that the larger the size of a company, the easier it will be to find external sources of funds or debt. Because creditors will see that the larger the company, the more assets are owed, so that the assets can be used as collateral in debt. But in this study it was found that between the size of the company has no effect on the capital structure. From the results of the study has not been able to interpret from pecking orders or trade-off theory, because the increase in the size of the company measured by using natural logarithm of total assets very small each year will not affect the increase in debt significantly. Not necessarily every company will be willing to guarantee all its assets for funding through debt. In addition, there is the ability of internal companies to fund through internal by optimizing existing assets.

The results of this study are in line with previous research conducted by Lessy (2016), Ahmad et al (2013) which stated that the variable size of the company has no effect on the capital structure. In contrast to research conducted by Ariani and Wiagustini (2017), Saarani and Shahadan (2013) stated that the company's size variable negatively affects the capital structure.

VI. CONCLUSION

Based on the results of research on "Determinant of Capital Structure against Coal Sub Sector Mining Companies Listed on the Indonesia Stock Exchange for the period 2014-2018" using Eviews 10 software, the researchers successfully concluded that:

3. Liquidity Variables partially have a negative and significant effect on the capital structure of coal sub-sector mining companies listed on the Indonesia Stock Exchange in 2014 – 2018.

SUGGESTION

1. For companies, mining sub-sector coal listed on indonesia stock exchange, in decentralized capital structure needs to consider liquidity because it proves to have an effect on the capital structure. Perusahaan with a high level of liquidity can meet its internal operating needs with internal funds so that debt decreases and the risk of bankruptcy can be minimized. Internal funds through withheld profit or cash inflow that can be achieved by increasing the collection of receivables to customers.
2. For academics, this research can be useful for those who want to know how much influence profitability, asset structure, liquidity and size of companies on coal sub-sector mining companies listed on the Indonesia stock exchange for the period 2014-2018. For further researchers, in to get the maximum research results in providing information on factors that affect the capital structure, it is recommended to add other fundamental factors as well as the period of year of observation so that a larger number of samples will be obtained later.
3. For investors, it should be before investing understand all relevant information available in the capital market in the form of financial statements published or related to issues related to capital markets. investors should also consider a variety of factors that affect the capital structure before making a decision to invest in a company because the capital structure may affect a company's prospects in the future.
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