



ACCOUNTING DEPARTMENT

FACULTY OF ECONOMICS

**UNIVERSITAS ANDALAS
ANDALAS UNIVERSITY**

THESIS

**THE EFFECT OF CAPITAL STRUCTURE AND PROFITABILITY TO
FIRM VALUE**

**(EMPIRICAL STUDY ON INFRASTRUCTURE SECTOR COMPANIES
LISTED ON INDONESIA STOCK EXCHANGE IN 2018-2020 PERIOD)**

By:

IOBAL FATHURRAHMAN HARAHAP

1710532001

Thesis Advisor: Drs. Amsal Djunid, M.Bus., Ak., CA

Submitted to fulfill the requirements to obtain Bachelor Degree in Accounting

PADANG

2021

**ACCOUNTING DEPARTMENT
ECONOMIC FACULTY
ANDALAS UNIVERSITY**

THESIS APPROVAL LETTER

Herewith, stated that:

Name : **IQBAL FATHURRAHMAN HARAHAAP**
Student ID : **1710532001**
Degree : Bachelor Degree (S1)
Field of Study : International Accounting
Thesis Title : **The Effect of Capital Structure and Profitability to Firm Value (Empirical Study on Infrastructure Sector Companies Listed on Indonesia Stock Exchange in 2018-2020 Period).**

Has already passed the thesis seminar on August, 10th, 2021 based on procedures and regulation prevailed in the Faculty of Economics, Andalas University

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**The Effect of Capital Structure and Profitability to Firm Value
(Empirical Study on Infrastructure Sector Companies Listed on
Indonesia Stock Exchange in 2018-2020 Period)**

Thesis by: Iqbal Fathurrahman Harahap

Thesis Advisor: Drs. Amsal Djunid, M.Bus., Ak., CA

ABSTRACT

This study aims to analyze the effect of Capital Structure and Profitability to Firm Value. This research is developed by using the quantitative approach. Capital Structure is measured by Debt to Equity Ratio (DER) while Profitability is measured with Return on Equity (ROE) and Firm Value used Tobin's Q ratio as the measurement. The sample in this research is historical data from infrastructure sector companies listed on the Indonesia Stock Exchange in period of 2018 - 2020. This study used multiple linear regression analysis to analyze and process the data. The result of this research shows that Debt to Equity Ratio (DER) have negative and significant effect towards Firm Value, Return on Equity (ROE) have no significant effect on Firm Value, and Debt to Equity Ratio (DER) and Return on Equity (ROE) have significant effect towards Firm Value simultaneously.

Key words: *Debt to Equity ratio, Return on Equity, Tobin's Q, Capital Structure, Profitability, and Firm Value.*

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