Effect of Capital Structure, Liquidity, and Earnings Per Share on Profitability in Gold Mining Companies Listed on the Indonesia Stock Exchange

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ABSTRACT

Purpose: *This study aims to analyze the effect of capital structure, liquidity, and earnings per share (EPS) on the profitability of gold mining companies listed on the Indonesia Stock Exchange (IDX). The research is important due to the financial volatility faced by the gold mining industry and the limited number of studies focused on this sector in Indonesia.* ***Methodology:*** *A quantitative associative approach was applied using panel data from eight purposively selected gold mining companies during 2020–2024, with 40 observations.* ***Results:*** *Capital structure, liquidity, and EPS simultaneously have a significant effect on profitability. Partially, only capital structure and EPS significantly influence profitability, while liquidity does not. Findings: Efficient capital structure management and consistent EPS growth are key drivers of profitability. Liquidity, however, is not a direct determinant of profit generation in the observed companies.* ***Novelty:*** *This research specifically focuses on gold mining companies in Indonesia, using updated data and a comprehensive panel regression approach.* ***Originality:*** *The study offers new insights into the financial determinants of profitability in the mining sector, emphasizing the role of EPS and capital structure.* ***Conclusion:*** *Effective use of capital and maximizing EPS are essential to improve profitability, while liquidity alone is not a reliable predictor.* ***Type of Paper****: Research article*

INTRODUCTION

The gold mining sector in Indonesia is a strategic sector that contributes significantly to the national economy. However, gold mining companies have challenges maintaining financial stability and increasing profitability amid fluctuations in commodity prices and global market dynamics. Therefore, managing capital structure, liquidity, and economic performance is crucial to achieving the company's goals. The gold mining sector plays an essential role in the Indonesian economy, both as a contributor to foreign exchange through exports and as a job opportunity. In recent years, the industry has shown massive growth with the high global demand for gold as a safe-haven asset, especially amid global economic uncertainty. The level of profit-making ability of various gold mining business entities listed on the Indonesia Stock Exchange (IDX) fluctuates, even though the demand for gold seems stable. This raises questions about all the components affecting business performance, especially profitability. Although several internal variables, such as liquidity, capital

structure, and Earnings per Share (EPS), are considered to have a powerful impact, there is a lack of research specifically on the gold mining industry in Indonesia.

Gold mining companies have many significant problems. One of them is the high volatility of commodity prices, high operating costs, and dependence on the global macroeconomic situation. While a poor capital structure can increase financial risk, low liquidity can deter businesses from meeting short-term obligations. On the other hand, investors strongly consider EPS as an indicator of performance per share when evaluating a company's profitability. During fierce industry competition, these three components can reduce the company's competitiveness and sustainability if not managed properly.

This research is very important for several reasons. First, an in-depth understanding of how liquidity, EPS, and capital structure affect profitability can help management make better financial decisions. Second, investors need accurate information to evaluate the issuer's performance before investing. Third, regulators can use these findings as part of the evaluation material for mining sector policies. In addition, previous research specializing in gold mining companies on the IDX is still limited, so this study is expected to complement the existing literature.

Previous studies have investigated the connection between financial variables and profitability, but the results have been inconsistent. For example, Nurhayati and Haryanto (2020) found that the profitability of mining companies on the Indonesia Stock Exchange is influenced by liquidity and capital structure. Meanwhile, Setiawan & Rahayu (2021) found that EPS changes manufacturing companies' Return on Assets (ROA). On the other hand, a study by Ghozali and Latan (2019) revealed that liquidity does not always have a notable impact on profitability levels, depending on the industry characteristics. The resource structure, which reflects the proportion between debt and equity, is crucial in determining a company's cost of capital and financial risk. There is also Research made by (Arini Nilam Sari & Wulan Suryandani, 2023) that proves the capital structure, although not real, harms the profitability of mining companies in Indonesia. This shows that excessive use of debt can potentially increase interest costs and bankruptcy risks, which ultimately negatively impact profitability. Meanwhile, liquidity reflects a business entity's capacity to solve its short-term liabilities on time, demonstrating the company's liquidity level and being an integral part of business continuity. The study by (Roswita & Sisharini, 2023) found that, although insignificant, liquidity positively impacted the profitability of mining companies in Indonesia. High liquidity allows companies to deal with market uncertainty and maintain financial stability.

Although many studies have discussed how capital structure, liquidity, and EPS affect profitability, there is still a gap in the literature related to gold mining companies listed as issuers on the Indonesia Stock Exchange (IDX). These variations or dissimilarities indicate the importance of further scientific studies specifically focusing on gold mining companies.

METHOD

This research was conducted with a quantitative approach. It used an associative method to analyze the influence of capital structure, liquidity, and *earnings per share* (EPS) on the profitability of gold mining companies listed on the Indonesia Stock Exchange (IDX) from 2020 to 2024. The research was carried out on the IDX as a data source, and data from the last five years was used to obtain an accurate and representative picture. This type of research is quantitative because it operates on numerical data and statistical analysis, and it is associative because it aims to test the connection or influence between variables. The independent variables in this study consist of capital structure (X1) calculated with Debt to Equity Ratio (DER), liquidity (X2) calculated by Current Ratio, and *earnings per share* (X3) measured by net profit per share. Meanwhile, the dependent variable is profitability (Y), which is proxied by Return on Assets (ROA).

The selection of research samples was performed through *purposive sampling* techniques, with the criteria of gold mining companies that are consistently listed on the IDX during 2019–2024, have audited annual financial statements, and provide complete data related to capital structure, liquidity, EPS, and profitability. Based on these criteria, 8 companies were selected as research samples, namely PT United Tractors Tbk (UNTR), PT Merdeka Copper Gold Tbk (MDKA), PT Aneka Tambang Tbk (ANTM), PT Medco Energi Internasional Tbk (MEDC), PT Bumi Resources Mineral Tbk (BRMS), PT J Resources Asia Pacific Tbk (PSAB), PT Archi Indonesia Tbk (ARCI), and PT Hartadinata Abadi Tbk (HRTA). Data was collected using literature study techniques and documentation of annual financial statements as secondary data, which was accessed through the official IDX website and each company's website.

The data were analyzed using a multiple linear regression approach through the EViews 12 program, which aims to analyze the collective connection between independent variables and dependent variables. Before regression is performed, the data must be analyzed descriptively and tested with classical assumption tests, including normality, multicollinearity, heteroskedasticity, and autocorrelation tests. Because the data type used is panel data, a combination of *time series* and *cross-section*, panel data regression is also applied to obtain more in-depth and accurate analysis results.

RESULTS AND DISCUSSION

RESULTS

Panel Data Analysis

In this study, a panel data analysis approach was used to measure and evaluate the effect of capital structure, liquidity, and earnings per share (EPS) on profitability (ROA) in gold mining companies listed on the Indonesia Stock Exchange (IDX) in a specific time. Panel data analysis is a method that combines time series data *and* data across individuals or entities within a particular time *(cross-section)* of data between companies to provide more accurate and time-saving estimates than typical data analysis methods.

Through this approach, researchers can observe the dynamics of changes in each company from year to year and compare between companies in one sector. In the panel data analysis, there are generally three main approaches that are often used, namely *the Common Effect Model (CEM), the Fixed Effect Model (FEM),* and *the Random Effect Model (REM).* Several stages of testing were performed to identify the most appropriate model to use, namely the Chow test, the Hausman test, and *the Lagrange Multiplier (LM) test.* By operating this technique, the research can simultaneously measure how the three independent variables affect the company's profitability more comprehensively, both from the individual aspects of the company and based on the time development.

Table 1. Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	3.821306	(7,29)	0.0047
Cross-section Chi-square	26.142645	7	0.0005

Source : Data Processed by Researchers in 2025

The Hausman test is applied to compare the *Fixed Effects Model* (FEM) with the *Random Effects Model* (REM) to select the most appropriate model to apply based on the test results using EViews. Based on these outputs, the probability value for the *chi-square cross-section* is 0.0005, which is smaller than 0.05, indicating that the *Fixed Effects Model (FEM)* is superior to the *Common Effects Model (CEM)*.

Table 2. Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	2.567871	3	0.4632

Source : Processed by Researchers in 2025

Referring to the test results using EViews, as shown in the previous table, a probability value for *Cross-section* random is obtained with a value of 0.4632, which is above the significance threshold of 0.05. These findings indicate that, based on the *Lagrange Multiplier test,* the *Random Effects (REM) model* is more feasible than the *Common Effects Model (CEM)* in determining the most suitable model for this study.

Table 3. Lagrange Multipler Test

	Test Hypothesis		
	Cross-section	**Time**	**Both**
Breusch-Pagan	5.527031 (0.0187)	1.541334 (0.2144)	7.068365 (0.0078)
Honda	2.350964 (0.0094)	-1.241505 (0.8928)	0.784506 (0.2164)
King-Wu	2.350964 (0.0094)	-1.241505 (0.8928)	0.427306 (0.3346)
Standardized Honda	3.389833 (0.0003)	-1.059217 (0.8552)	-1.731360 (0.9583)
Standardized King-Wu	3.389833 (0.0003)	-1.059217 (0.8552)	-2.067041 (0.9806)
Gourieroux, et al.	--	--	5.527031 (0.0251)

Source : Processed by Researchers in 2025

Based on the results of data testing using EViews. The table above shows that the *Cross-section* value in the Breusch-Pagan test is recorded at 0.0187, below the significance limit of 0.05. These results show that using *the Random Effects (REM)* model is more appropriate than the *Common Effects Model (CEM)*. Therefore, the model determination has been established, and the following analysis will use the *Random Effects Model* (REM) approach.

Because the model applied in this study is a Random Effect Model, classical assumption testing is not performed. This is due to the *Generalized Least Squares (GLS)* estimation approach, which is bound by the *Random Effect Model* approach. The GLS method is believed can overcome the autocorrelation problems in *time series* data and correlation between observation units *(cross-section).* This approach results in estimates that include the *Best Linear Unbiased Estimator* (BLUE) requirements, so it is considered effective in handling violations of heteroskedasticity and autocorrelation assumptions.

Panel Data Regression Analysis

The panel data regression analysis findings, which evaluate the effect of debt-to-equity ratio, current ratio, and earnings per share on return on assets, are presented below.

Table 4. Regression Data Panel

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.939882	1.679823	1.154813	0.2558
X1	2.015006	0.898776	2.241945	0.0312
X2	0.223846	0.346602	0.645830	0.5225
X3	0.001166	0.000303	3.849464	0.0005

Source : Processed by Researchers in 2025

Referring to the table above, regression equations can be formulated to analyze the influence in question, namely capital structure (DER), liquidity (CR), and earnings per share (EPS) on profitability (ROA) as follows:

$$Y = 1.93988174769 + 2.01500612463*X1 + 0.223845866723*X2 + 0.00116612501191*X3$$

Information:
Y = Profitability (ROA)
a = Constant
X_1 = Capital Structure (DER)
X_2 = Liquidity (CR)
X_3 = Earning Per Share (EPS)

The meaning of the regression equation obtained is described as follows:
1. The constant (1.9399) indicates that if the variables of capital structure (X_1), liquidity (X_2), and EPS (X_3) are zero, then the profitability value (Y) or Return on Assets (ROA) of the gold mining company is at 1.9399 units.
2. The coefficient X_1 (2.0150) means that every 1 unit increase in the capital structure increases profitability by 2.0150 units. Thus, assuming the other variables do not change, profitability will increase by 2.0150 units. This indicates that the capital structure has a positive and real effect on profitability.
3. The X_2 coefficient (0.2238) indicates that assuming the other variables remain unchanged, any one-unit increase in liquidity (CR) can increase profitability by 0.2238 units. This means that liquidity also positively affects profitability, although the effect is smaller than capital structure.
4. The coefficient X_3 (0.0012) indicates that every 1 unit increase in EPS will increase profitability by 0.0012 units, showing the EPS effect on profitability is positive but relatively small compared to the other two variables.

Classic Assumption Test
1. Normality Test

Figure 1. Normally test
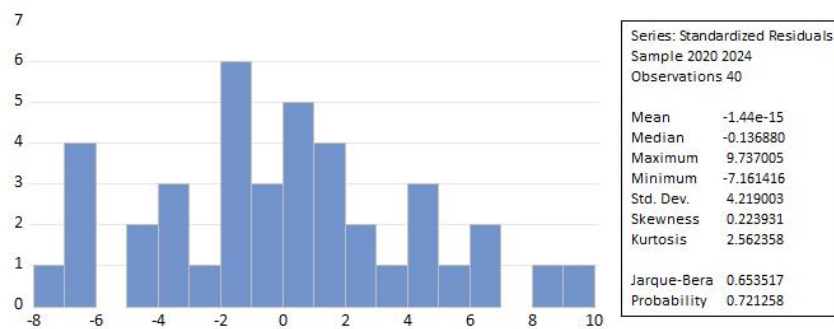
Based on the image above, the Probability value is 0.72 1258 > 0.05, and then the data is distributed normally.

2. Multicollinearity Test
Table 5. Multicollinearity Test

	X1	X2	X3
X1	1.000000	-0.093819	-0.389326
X2	-0.093819	1.000000	0.007287
X3	-0.389326	0.007287	1.000000

Source : Processed by Researchers in 2025

There is no multicolony problem, as the connection level between X_1, X_2, and X_3 shows a value of -0.389326, less than 0.90, referring to the table above.

3. Heteroskedasticity Test

Table 6. Heteroskedasticity Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.386506	0.649980	2.133152	0.0398
X1	1.721304	0.388247	4.433533	0.0001
X2	0.037750	0.159491	0.236692	0.8142
X3	2.10E-05	0.000142	0.148028	0.8831

Source : Processed by Researchers in 2025

From the table above, the result X1 is 0.0001 < 0.05, which means that there is an indication of heteroskedasticity of the Capital Structure variable (X_1), while Liquidity (X_2) and EPS (X_3) have a value of > 0.05, which means it does not cause heteroskedasticity of these two variables.

4. Autocorrelation Test

Table 7. Autocorrelation Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.939882	1.679823	1.154813	0.2558
X1	2.015006	0.898776	2.241945	0.0312
X2	0.223846	0.346602	0.645830	0.5225
X3	0.001166	0.000303	3.849464	0.0005
Effects Specification				

	S.D.	Rho
Cross-section random	3.083833	0.4491
Idiosyncratic random	3.415182	0.5509
Weighted Statistics		
Root MSE	3.220422	R-squared	0.322888
Mean dependent var	2.096810	Adjusted R-squared	0.266462
S.D. dependent var	3.963512	S.E. of regression	3.394623
Sum squared resid	414.8447	F-statistic	5.722327
Durbin-Watson stat	1.231976	Prob(F-statistic)	0.002616
Unweighted Statistics		
R-squared	0.330162	Mean dependent var	4.724500
Sum squared resid	694.1994	Durbin-Watson stat	0.736213

Source : Processed by Researchers in 2025

DW (1.23) and 0.73 → indicate a positive autocorrelation in this model. This panel regression model is revealed to have a positive autocorrelation, as indicated by the low DW value (especially the unweighted value is only 0.736). This autocorrelation can make coefficient estimation inefficient, even though it remains unbiased.

Hypothesis Test
1. F-Test (Simultaneous Test)
The simultaneous F-test plays a crucial role in this study as a preliminary test to validate the feasibility of a model built for multiple linear regression. This test fundamentally determines whether the independent variables of capital structure (DER), liquidity (CR), and earnings per share (EPS) in gold mining sector companies listed on the Indonesia Stock Exchange (IDX) have explanatory power that has a real effect on other dependent variables.

Table 8. F-Test (Simultaneous)

Effects Specification		
	S.D.	Rho
Cross-section random	3.083833	0.4491
Idiosyncratic random	3.415182	0.5509
Weighted Statistics		
Root MSE	3.220422	R-squared	0.322888
Mean dependent var	2.096810	Adjusted R-squared	0.266462
S.D. dependent var	3.963512	S.E. of regression	3.394623
Sum squared resid	414.8447	F-statistic	5.722327
Durbin-Watson stat	1.231976	Prob(F-statistic)	0.002616
Unweighted Statistics		
R-squared	0.330162	Mean dependent var	4.724500
Sum squared resid	694.1994	Durbin-Watson stat	0.736213

Source : Processed by Researchers in 2025

The results of the simultaneous F-test showed that the F-statistical value obtained is 5.722327, with a probability value of 0.002616, compared to the F-table value of 2.8663. In this model, each independent variable can significantly impact the dependent variable simultaneously. The results show that the F calculation value (5.7223) is greater than the F-table value (2.8663), and the probability value (0.0026) is lower than the significance level of 0.05.

2. t-test (Partial test)

In this study, the partial t-test serves to determine how much of an effect the actual effect of each individual independent variable has on the business profitability. After the simultaneous F-test proves that the overall regression model is significant, the partial t-test performs a more in-depth analysis by measuring the unique contribution of each variable – capital structure (X_1), liquidity (X_2), and Earnings Per Share (X_3) to the dependent profitability variable (Y). The results of a partially significant t-test with a p-value less than 0.05 for a variable prove that the variable uniquely contributes to predicting profitability after controlling for the effect of other variables in the model. Conversely, insignificance may indicate that the variable has no direct influence or its influence is distributed through different variables. In this study context, the partial t-test is particularly relevant because it can reveal whether factors such as leverage (DER) that are usually important in other sectors remain relevant for gold mining or whether EPS is the dominant predictor of profitability in the industry.

Table 9. t-test (Partial)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.939882	1.679823	1.154813	0.2558
X1	2.015006	0.898776	2.241945	0.0312
X2	0.223846	0.346602	0.645830	0.5225
X3	0.001166	0.000303	3.849464	0.0005

Source : Processed by Researchers in 2025

Based on the hypothesis testing table above, the following factors affect the partial relationship between dependent and independent variables:

1. The Capital Structure variable (X1) obtained a t-value of 2.2419 with a significance level (p-value) of 0.0312. Because the t-value is higher compared with the t-table value of 2.0244 and the p-value is below the threshold of 0.05, these results suggest that the variable X1 has a noticeable effect, partially on the dependent variable (Y).
2. The Liquidity variable (X2) shows a t-value of 0.6458 with a p-value of 0.5225. Based on this comparison, it can be seen that the t-value is lower than the t-table value, which means the p-value exceeds the significance limit of 0.05. Therefore, it can be stated that X2 does not have a partially significant impact on the dependent variable (Y).
3. The Earning Per Share (X3) variable recorded a t-value of 3.8495 with a probability level 0.0005. Since that t-value far exceeds the t-table value and the p-value is far below the significance level of 0.05, it can be partially argued that the variable X3 has a real effect on the dependent variable (Y).

From the three independent variables, only X_1 and X_3 have a noticeable effect on the dependent variable Y partially, while X_2 does not. Based on the t-test results, it can be identified that the variable X_2 has no real influence. These results indicate that not all independent variables in the model have individually relevant contributions to variations of dependent variables.

Determination Coefficient Test (R^2)

In this study, the determination coefficient (R^2) is used to show that the high level of change in the dependent variable (profitability/ROA) can be explained by changes in the three independent variables: liquidity, capital structure, and earnings per share. The R^2 value is in the range from 0 to 1, where a higher value indicates an increase in intensity, indicating that the regression model has a stronger explanation for the change in the profitability of gold mining companies.

The results of the R^2 analysis in this study make a significant contribution, both in the theory development and its practical application. Theoretically, a significant R^2 value will strengthen the research model and support the underlying financial theories of the connection between variables.

Practically, for company management, these findings help identify the portion of each financial factor's contribution to profitability, supporting the formulation of more optimal actions. However, it should be noted that high R² does not necessarily indicate causal connections and further analysis is still needed to understand the dynamics that occur more comprehensively in the gold mining industry.

Table 10. Determination Coefficient Test (R^2)

Effects Specification			
		S.D.	Rho
Cross-section random		3.083833	0.4491
Idiosyncratic random		3.415182	0.5509
Weighted Statistics			
Root MSE	3.220422	R-squared	0.322888
Mean dependent var	2.096810	Adjusted R-squared	0.266462
S.D. dependent var	3.963512	S.E. of regression	3.394623
Sum squared resid	414.8447	F-statistic	5.722327
Durbin-Watson stat	1.231976	Prob(F-statistic)	0.002616
Unweighted Statistics			
R-squared	0.330162	Mean dependent var	4.724500
Sum squared resid	694.1994	Durbin-Watson stat	0.736213

Source : Processed by Researchers in 2025

Based on the results of the Determination Coefficient test (R²), the adjusted R-squared value of 0.266462, or equivalent to 26.65%, indicates that the independent variables in the model, namely capital structure (X1), liquidity (X2), and earnings per share (X3), can explain around 26.65% of the variation that occurs in the dependent variable, which can explain the variation of 26.65% from the dependent variable profitability (Y). After adjusting the number of variables and findings made, other uncovered variables in this regression model are responsible for the remaining 73.35% (100-adjusted R-squared values).

DISCUSSION

The Effect of Capital Structure, Liquidity, and Earnings Per Share on Profitability

Referring to the results of the simultaneous F test in the output, it is found that the F-statistical value is 5.722327 with a probability value (Prob. F-statistic) of 0.002616. This value is then compared with the F-table value of 2.8663. Since the F-value (5.7223) exceeds the F-table value (2.8663) and the probability value (0.0026) is below the significance level of 0.05, it can be stated that all the independent variables used in the overall model show a notable effect on the dependent variables. That means all the independent variables in this system can simultaneously describe the variability in the dependent variables. These results align with previous studies by (Tristiawan et al., 2023), which found that capital structure, liquidity, and earnings per share simultaneously affect the level of share returns in food and beverage companies listed on the Indonesia Stock Exchange from 2017 - 2021. Similarly, (Septiani & Handayani, 2024) found that liquidity and capital structure simultaneously have implications for profitability in their research on the transportation and logistics business. Moreover, (Rizaldo & Efendi, 2024), indicates that liquidity and capital structure greatly affect profitability, impacting company value.

The Effect of Capital Structure on Profitability

According to the partial t-test results, the capital structure variable (X1) impacts the profitability level (Y). This is concluded because the t-value of 2.2419 exceeds the t-table result of

2.0244 and has a probability result below the significance threshold of 0.05. The research results presented by Hapsari and Fauzi (2020) are consistent: capital structure affects the profitability of Business Entities noted in the basic and chemical industry sectors listed on the Indonesia Stock Exchange (IDX). However, some studies have produced different results. For example, a study by Muliana and Ahmad (2021) revealed that capital structure does not contribute significantly to the manufacturing business's profitability. These condition differences have the potential to be caused by variations in industry sectors, company size, and unique research periods. Therefore, companies need to consider their specific characteristics when evaluating the effect of capital structure on profitability.

The Effect of Liquidity on Profitability

Based on the partial t-test results, the liquidity variable (X2) shows a t-value of 0.6458 and a probability value of 0.5225. Since the t-value of 0.6458 does not exceed the t-table value of 2.0244, and the probability value exceeds the significance limit of 0.05, the findings suggest that the company's liquidity level does not have a notable effect partially on the company's ability to generate profits. Chances are, businesses with high liquidity are not necessarily efficient at utilizing their current assets to generate profits or liquid funds are used for purposes that do not directly increase profitability. However, these findings are not aligned with previous studies that have shown a significant influence between liquidity and profitability. For example, a study by (Lusi et al., 2021) showed that liquidity affects the profitability level of telecommunications companies listed on the Indonesia Stock Exchange. In the same method, the research results by (Ayyub Pratama & Wahyudi, 2021), found that liquidity significantly impacts profitability in textile and garment companies.

The Effect of Earnings Per Share on Profitability

Earning Per Share (EPS) variable Price per share (EPS) has a t-value of 3.8495 with a probability value of 0.0005. This shows that EPS has its own effect on profitability (Y) because the t-table value is greater than 2.0244, and the probability value is less than 0.05. According to the partial t-test results, the EPS increased, which shows that net income per share significantly increased the company's profitability. These findings are consistent with research by (Eurhika & Triyanto, 2023), which found that EPS significantly affected the share price of telecommunications companies on the Indonesia Stock Exchange during the period 2019–2023. Similarly, a study by (Riziyah & Dewi, 2025) indicates that EPS benefited the share returns of food and beverages on the Indonesia Stock Exchange.

However, some studies have also produced various findings. For example, a study by Muliana and Ahmad (2021) states that the profitability of companies in the manufacturing industry is not much influenced by their capital structure. Variations in industry sectors, company sizes, and varying research periods can cause these differences in results. Therefore, companies should consider their specific characteristics when evaluating the influence of EPS on profitability.

CONCLUSION

The study results show that capital structure and *earnings per share* (EPS) significantly influence the profitability of gold mining companies listed on the Indonesia Stock Exchange, while liquidity has no real effect. Partially, the capital structure has been proven to affect profitability, as shown by a t-value of 2.2419, greater than the t-table, and a significance value of 0.0312, smaller than 0.05. These findings significantly impact company management, namely the need to manage an efficient and balanced funding structure between debt and equity to maximize profits without burdening the company's finances with excessive debt interest. Management is also challenged to make optimal use of leverage to increase the company's returns.

Meanwhile, the results revealed no significant connection between liquidity and profitability (probability value 0.5225 > 0.05), which indicates that the potential to achieve short-term expenses does not guarantee a direct impact on the company's profit performance and is not always directly proportional to the increase in profit. For regulators such as the OJK and IDX, this emphasizes the need to encourage companies to focus not only on current ratios but also on profitability indicators that are more relevant to stakeholders.

The strongest finding in this study is the significant influence of EPS on profitability, proved with a probability of 0.0005, which is far below 0.05. This directly impacts investors, as EPS reflects how much the Return on earnings per share is for shareholders. Thus, EPS can be used as one of the main indicators in evaluating a company's profit and risk prospects. Investors must also pay attention to capital structure in their fundamental analysis, given its strong connection to a company's ability to generate profits.

Capital structure, liquidity, and EPS variables had a notable effect on profitability, as shown by an F-value of 5.7223 that exceeded the F-table value and a significance value of 0.0026. This fact proves that the combination of these three variables can statistically explain the variation in profitability. The implications of these findings for academics and researchers are the importance of considering EPS variables and capital structure in profitability studies while also opening the space to develop research by adding other variables such as company size, operational efficiency, sales growth, and external factors such as inflation and exchange rates. More complex methods, such as *path analysis* or SEM, are also recommended to capture the effects of mediation and moderation between variables. On the other hand, extending the research object to different industry sectors, extending the observation period, and incorporating qualitative techniques through in-depth interviews with financial managers can enrich the findings and provide a more comprehensive picture of the factors that affect profitability.

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