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TANGIBILITY, UNIQUENESS, VOLATILITY ON CAPITAL STRUCTURE AND STOCK RETURN IN THE KOMPAS 100 COMPANIES

Ni Putu Yeni Astiti[1*], Putu Kepramareni[2], Agus Wahyudi Salasa Gama[3]
Universitas Mahasaraswati Denpasar
Correspondence email : yeni.astiti@unmas.ac.id[1]

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ABSTRACT

This research aims to examine the factors influencing stock return. The criteria for sample selection in this study are companies in the Kompas 100 index that publish complete financial reports. The sample in this study consisted of 82 companies with a total observation period of 3 years, resulting in a total of 246 observations. The data analysis technique used to test the research model is SEM–PLS. This research is limited to companies listed on the Indonesia Stock Exchange and included in the Kompas 100 index during 2021-2023. Tangibility positively affects profitability, capital structure, and stock return. Uniqueness has a positive effect on profitability and capital structure. Uniqueness does not affect stock return. Volatility positively affects profitability, capital structure, and stock return. Capital structure does not affect profitability but does affect stock return. Profitability has a positive effect on stock return. Further research will use other variables influencing capital structure, stock return, profitability, and mediating or moderating variables.

Keywords: Tangibility, Uniqueness, Volatility, Capital structure, Profitability, Stock Return

A. INTRODUCTION

Foreign debt in Indonesia tends to increase every year. The debt reached $353.35 billion in 2019, and in 2023, it reached $400.9 billion. (Bank Indonesia and Ministry of Finance, 2024). The debt is a combination of public and private. Government debt reached $US 180.62 billion in 2017, while private debt reached $US 171.63 billion. In 2023, government debt was $US 192.6 billion and private debt was $US 196.2 billion. Private company debt increased over the four years. This shows that companies in Indonesia are still dependent on debt as a source of funding. Many studies have examined the factors influencing capital structure, while some researchers have also found that debt does not affect capital structure. As seen in Figure 1, the stock performance has improved, as is evident from the stock returns from 2021 to mid-2022. One of the challenges to survive during this recovery period is maintaining the company's financial performance stability. A stable financial performance signals to stakeholders such as investors, creditors, or the public who wish to invest that the company's prospects in the future will grow, thereby increasing the company's value, which is reflected in the stock price.

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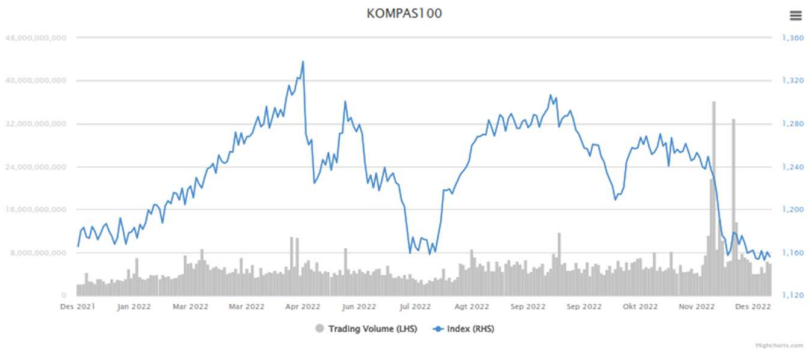

Figure. 1 Performance of the Kompas 100 Index Stocks
Source: Indonesia Stock Exchange (2023)

The role of the Indonesia Stock Exchange for companies that go public is not only for capital development but also for overseeing the firm performance. Companies must focus on capital management and profitability to maintain healthy capital ratios to support the business and maximize profits for all shareholders (Anandita & Septiani, 2023). Companies included in the Kompas 100 index are considered leaders in their respective industries and are expected to have better management, including capital structure. Companies in the Kompas 100 index tend to have better financial stability and are viewed as more credible, possessing a strong reputation and financial stability. Financial stability can be seen from the capital structure owned or in managing the capital structure. Capital structure analysis provides an overview of the company's financing of investments and growth.

Based on previous research, capital structure positively affects profitability (Rani et al., 2020; Dasilas & Papasyriopoulos, 2015; Goyal, 2013; Adewale & Ajibola, 2013). The increase in the company's debt leads to an increase in the company's profitability. The findings regarding capital structure have a positive effect on stock return (Khan et al., 2013). A company's debt is an increase in the capital owned by the company in developing its business, which, in the long term, will impact the improvement of the company's performance. This aligns with the Trade-Off Theory, which states that a company's funding sources can come from debt. The main benefit of debt is the role of interest expense as a deduction in the calculation of taxable income, which results in lower corporate income tax payments compared to companies that use 100% equity and achieve higher ROE because the amount of equity capital invested is smaller. Thus, using debt will increase stock prices and enhance the firm's value.

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Another study found that capital structure has a negative impact on profitability (Ahmed Sheikh & Wang, 2013; Sohrabi & Movaghari, 2020; Zhong & Zhang, 2018; Sofat & Singh, 2017; Abdulla, 2017). The high use of debt will reduce the company's profitability. Debt is considered a heavy burden because there are interest payments, which is viewed as a negative signal for investors. In line with signaling theory, some investors perceive the remaining company debt negatively and will reduce stock returns when investing.

Many factors can influence a company's capital structure, profitability, and stock return. Tangibility or ownership of tangible assets refers to physical assets such as property, factories, machinery, and equipment. Companies with large tangible assets tend to use more debt in their capital structure due to the ability to collateralize the assets. The findings regarding Tangibility have a positive impact on profitability, as stated by Vătavu (2015), Lazăr (2016) and Işık, 2017). This means that tangibility is one of the most stable factors when measuring capital structure based on the long-term debt ratio. Different findings regarding Tangibility negatively affect profitability as said previous research (Ahmed Sheikh & Wang, 2011; Dawar, 2014; Chadha & Sharma, 2015). Companies with large fixed assets tend to have large debts. Theoretically, there is a trade-off in bankruptcy risk for companies with large debts.

Uniqueness is the distinctiveness that shows how unique or different a company's operational activities, products, services, or business model are compared to its competitors. The uniqueness possessed by a company can influence its capital structure, profitability, and investors' assessment of the expected return. Companies with high uniqueness tend to obtain higher funding, both from debt issuance and the issuance of company shares. Some previous studies found differing results regarding Uniqueness having a positive impact on capital structure, as discovered by (Chandra et al., 2022; Chang, et al., 2014). The more unique the product, the more it is in demand. Uniqueness negatively affects capital structure. The uniqueness of a company's product will result in high costs, causing the company to be very illiquid and difficult to shift to another business. For this reason, creditors find it hard to lend to the company. Regarding Uniqueness, it was found that it does not affect the capital structure (Chang et al., 2014; Kim et al., 2006).

Volatility measures the change or fluctuation in a company's revenue, profit, stock price, and cash flow. Volatility can affect investment decisions, dividend policies, and market responses to companies. Volatility positively affects capital structure as stated by previous research (Sofat & Singh, 2017; Soykan & Ulucak, 2016; Zhang & Liu, 2017; Chen et al., 2014;

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Tse & Rodgers, 2014). A different aspect regarding Volatility negatively affecting capital structure was found by Neves et al., (2020) and Alipour et al., (2015). Companies with high volatility tend to have less capital structure. High earnings variability necessitates an increased likelihood of bankruptcy.

Inconsistency in findings regarding the influence of tangibility on stock return was found by (Chandra et al., 2019). Tangibility affects stock return as found by Maki, (2024). Findings regarding uniqueness negatively affect stock returns, as stated by (Yang et al., 2010). Previous empirical studies found uniqueness to have a positive effect on stock return (Soni & Koshy, 2016). The finding that uniqueness does not affect stock return was discovered (Chandra et al., 2019). Volatility has a positive effect on stock return (Dichev & Zheng, 2024; Kao, et al., 2024; Vuong et al., 2024; Oh, 2024). Different findings were stated by Li et al., (2024) and Manganelli, (2005) which found that volatility negatively affects stock return. Further research is being conducted based on the inconsistency of previous findings regarding the influence of tangibility, uniqueness, and volatility on profitability. The mediating variables, namely capital structure and stock return, are being used to address the inconsistency of the findings.

This research aims to analyze the factors of tangibility, uniqueness, volatility, capital structure, and stock return on companies in the Kompas 100 Index to understand how the company's fundamental characteristics affect its capital structure and stock performance. Previous research has largely focused on fundamental factors but has paid less attention to aspects of company resilience such as tangibility, uniqueness, and volatility in the Kompas 100 Index. This analysis provides insights into how tangibility, volatility, and uniqueness determine profitability, mediated by capital structure and stock return. This analysis provides insights into how the fundamental characteristics of a company influence capital structure decisions and stock performance in the market. In the context of companies listed on the Kompas 100 Index, a collection of the largest and most liquid companies in Indonesia, this analysis can provide strategic guidance for company management on optimizing funding policies and maximizing stock returns for shareholders. For investors, this understanding can assist in making investment decisions by considering the company's risk factors and potential returns

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B. LITERATURE REVIEW

Signaling Theory

Signaling theory was developed by Ross, (1977) is one of the pillar theories in understanding financial management. Generally, a signal is defined as a gesture by the company (manager) to external parties. (investor). The signal can take various forms, both those that can be directly observed and those that require more in-depth examination to understand. This theory asserts that debt financing signals investors about the company's cash flow because managers change the capital structure to generate profits.

Packing Order Theory

Pecking Order Theory was first introduced by Donaldson, (1961) then presented by Myers,(1984) which assumes that the company aims to minimize the cost of capital. According to the Pecking Order Theory, the order of using funding sources starts with internal funds, debt, and equity. This theory states that companies prefer internal funds. If a company requires external funds, it will first issue securities in the form of bonds, as bonds are considered safer than securities with option-like characteristics. However, the company will issue new shares if the funds are still insufficient. (Myers, 1984) In the Pecking Order Theory, it is stated that the main issue in corporate capital structure decisions is the presence of asymmetric information between managers and investors regarding the company's internal conditions, as well as the argument that managers tend to favor existing shareholders. The existence of this asymmetric information issue is the cause of the emergence of a funding hierarchy in the pecking order theory. Several studies that use the pecking order theory as a determinant of capital structure (Moradi & Paulet, 2019; Alnori & Alqahtani, 2019; Daskalakis et al., 2017; Kaur et al., 2020; Kedzior et al., 2020; Sikveland & Zhang, 2020).

Trade Off Theory

Myers, 1977 developed the trade-off theory as developed by Miller and Modigliani 1963. Capital structure explains that in reality, there are factors that prevent companies from using as much debt as possible. The Trade-off Theory conceptually shows that there is an optimal capital structure where the optimal amount of debt is determined by the trade-off between the benefits and costs of using debt. The main benefit of debt is the role of interest expense as a deduction in the calculation of taxable income, which results in lower corporate income tax payments compared to companies that use 100% equity and achieve a higher ROE because the amount of equity capital invested is smaller. Therefore, using debt will increase

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stock prices and enhance the firm's value. The researchers who adopt the trade-off theory as a determinant of the company's capital structure (Sohrabi & Movaghari, 2020; Šarlija & Harc, 2016; Saif-Alyousfi et al., 2020; Rani et al., 2020).

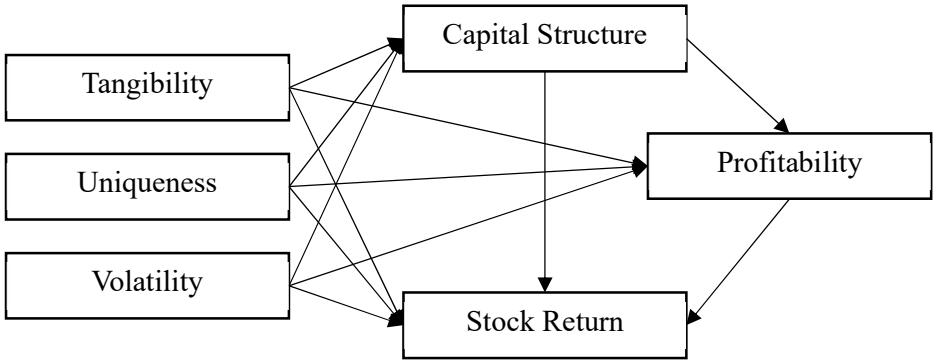

Figure 2. Research Model
Source : Research Author (2024)

The Influence of Tangibility, Uniqueness, Volatility on Capital Structure, Profitability, and Stock Return

Miller & Modigliani, (1963) assuming that investors have the same information about the company's prospects as the managers, but in reality, managers have more information than outside investors. This is called asymmetric information and it greatly influences the optimal capital structure decision. Signaling theory states that debt is used as a costly signal to inform public investors about the company's prospects, so in this case, the company will increase its use of debt.

Tangibility in every company becomes important and attracts trust because it serves as an additional guarantee for the company (Kumar et al., 2017). This trust includes fixed assets as a percentage of total assets. Tangibility is a determinant and has a relationship with capital structure (Bilgin & Dinc, 2019; Sikveland & Zhang, 2020). Tangibility has a positive impact on capital structure (Morri & Parri, 2017; Rashid et al., 2023; Rovolis & Feidakis, 2014; Šarlija & Harc, 2016). Tangibility has a positive impact on profitability (Vătavu, 2015; Lazăr, 2016; Işık, 2017).

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The uniqueness of a product will make it more appealing to consumers and lead to an increase in its sales (Cheema & Kaikati, 2010). Consumers who desire products with uniqueness will increase their purchasing interest (Soni & Koshy, 2016). Uniqueness has a positive impact on capital structure (Chandra et al., 2022; Chang et al., 2014).

Higher revenue volatility may indicate a greater likelihood that a company will be unable to meet its bills when they are due. The debt capacity of a company can also decrease with an increase in revenue volatility (Sheikh & Wang, 2011). Volatility has a positive impact on capital structure (Sofat & Singh, 2017; Soykan & Ulucak, 2016; Zhang & Liu, 2017; Chen et al., 2014; Tse & Rodgers, 2014).

This study explores the relationship between key financial characteristics—tangibility, uniqueness, and volatility—and their effects on profitability, capital structure, and stock returns. The hypotheses propose that tangibility, representing the proportion of physical assets, positively influences profitability (H1), capital structure (H4), and stock returns (H7). Similarly, uniqueness, defined as a firm's distinctiveness in its products or services, is hypothesized to positively impact profitability (H2), capital structure (H5), and stock returns (H8). Lastly, the study posits that volatility, often associated with the variability of a firm's performance or financial outcomes, has a positive effect on profitability (H3), capital structure (H6), and stock returns (H9). These hypotheses aim to comprehensively understand how these financial attributes contribute to a firm's overall financial performance and market outcomes.

The Influence of Capital Structure and Profitability on Stock Return

Packing order theory predicts that retained earnings will be used; first, the safest securities (debt) will be issued next to cover financial deficits, and debt will be used as a last resort. Using the pecking order theory of capital structure complexity, investors expect companies with financial deficits to rely on debt as the primary source of external capital. The increase in financial deficits will lead to greater complexity in the capital structure as companies exhaust safer capital sources and shift to more risky ones. Companies with financial surpluses should ideally have a relatively simple capital structure (Orlova et al., 2020). Using the company's capital structure serves as a signal for investors, which will affect changes in stock return and profitability. Capital structure has a positive effect on profitability (Rani et al., 2020; Dasilas & Papasyriopoulos, 2015; Goyal, 2013; Adewale & Ajibola, 2013). Profitability has a positive impact on stock return (Ahmad et al., 2013; Hermuningsih, 2013). Capital structure has a positive impact on stock return (Khan et al., 2013).

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This study further examines the interconnectedness between capital structure, profitability, and stock returns. It is hypothesized that capital structure, which reflects a firm's mix of debt and equity financing, positively influences stock returns (H10) and profitability (H11). Additionally, profitability, as a measure of a firm's financial success, is expected to have a positive impact on stock returns (H12). These hypotheses aim to shed light on the critical financial relationships that drive market performance and firm valuation.

C. RESEARCH METHOD

This research was conducted on the Indonesia Stock Exchange on companies included in the Kompas 100 Index. This research is limited to companies listed on the Indonesia Stock Exchange included in the Kompas 100 index during the research years 2021-2023. This research uses secondary data, which is data obtained from the financial statements of companies included in the Kompas 100 Index for the years 2021-2023. Determination of the research sample using the purposive sampling technique. Purposive sampling is a technique for determining samples based on specific criteria. The criteria for sample determination in this study are companies that publish complete financial reports and companies listed on the Indonesia Stock Exchange during the study period. Based on the criteria, the sample in this study consists of 82 companies with a total observation period of 3 years, resulting in a total of 246 observations. The data used in this study is secondary data, specifically in the form of company financial statements obtained from the review of financial statements published on the official website of the Indonesia Stock Exchange. The data analysis technique used to test the research model is SEM–PLS. Inferential analysis is used to test the hypotheses formulated in this research. The hypothesis testing aims to produce a viable model. (fit). The analysis technique used is the Structural Equation Modeling (SEM) based on variance or Component-based SEM, known as Partial Least Square (PLS) (Hair et al., 2019). The stages of evaluating the PLS model are first to evaluate the measurement model, and then to evaluate the structural model. The measurement of each research variable is presented in Table 1.

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Table 1. Variables and Variable Measurements

Variable	Ratio	Source
Tangibility	$\frac{\text{Total Fixed Asset}}{\text{Total Asset}}$	(Teddy Chandra, 2015), (Ahmed Sheikh & Wang, 2013)
Uniqueness	$\frac{\text{Selling Expencess}}{\text{Total Revenue}}$	(Yang et al., 2010), (Saurabh Chadha & Anil K. Sharma, 2015)
Volatility	$\frac{\text{Std Dev. EBIT}}{\text{Total Asset}}$	(Yang et al., 2010)
Capital Stucture	$\frac{Total\ Debt}{Total\ Asset}$	(Ahmed Sheikh & Wang, 2013), (Lazăr, 2016)
Stock Return	$\frac{\text{Price}_{t1} - \text{Price}_{t-1}}{\text{Price}_{t-1}}$	(Yang et al., 2010)
Profotability	$\frac{Earning\ After\ Tax}{Total\ Asset}$	(Saurabh Chadha & Anil K. Sharma, 2015), (Teddy Chandra, 2015)

Source: Research Autor (2024)

D. RESULTS AND DISCUSSION

Outer Model Testing

The results of the convergent validity test show that all indicators have an outer loading value > 0.6, thus all indicators are declared to meet the convergent validity requirements. The variables of tangibility, uniqueness, volatility, capital structure, stock return, and profitability each have an outer loading value of 1.000, making all indicators of each variable valid. The AVE values of each variable Tangibility, uniqueness, volatility, capital structure, stock return, and profitability have an AVE value of 1.000 and an AVE value > 0.05, meaning all variables meet the criteria for convergent validity. The results of the discriminant validity test show that the √AVE values of each variable—tangibility, uniqueness, volatility, capital structure, stock return, and profitability—are greater than the variance with other variables, thus supporting the discriminant validity. The results of the discriminant validity test are presented in Table 2.

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Table 2. Discriminant Validity based on AVE and Correlation

Variable	Capital Structure	Profitability	Stock Return	Tangibility	Uniqueness	Volatility
Capital Structure	1,000					
Profitability	-0,066	1,000				
Stock Return	-0,050	0,068	1,000			
Tangibility	-0,119	0,081	0,034	1,000		
Uniqueness	-0,075	0,101	-0,008	0,219	1,000	
Volatility	-0,202	0,128	0,123	0,131	-0,129	1,000

Source: Processed data (2024)

The reliability value indicates a consistency of results even when measurements are repeated. Therefore, reliability can be defined as a calculation free from random error. Reliability testing is calculated using PLS through internal consistency reliability. The composite reliability and Cronbach's alpha values must be greater than or equal to 0.7. Table 3 shows that the composite reliability and Cronbach's alpha results are greater than 0.7, which means the latent variables in this study have consistent and reliable results.

Table 3. Cronbach's Alpha and Composite Reliability

Variable	**Cronbach's Alpha**	**Composite Reliability**
Tangibility	1,000	1,000
Uniqueness	1,000	1,000
Volatility	1,000	1,000
Capital Structure	1,000	1,000
Stock Return	1,000	1,000
Profitability	1,000	1,000

Source: Processed data (2024)

Inner Model Test

R Square

The R square value represents the variance in the research model. The R2 value is presented in Table 4. Based on the test results, the tangibility, uniqueness, and volatility variables can explain the capital structure variable by 5.6 percent. In comparison, the remaining 94.4 percent is the contribution of other variables not included in the research model. The stock return variable can be explained by tangibility, uniqueness, volatility, capital structure, and profitability by 1.9 percent. In comparison, the remaining 98.1 percent is contributed by other variables not included in the research model. The profitability variable can be explained by

tangibility, uniqueness, volatility, and capital structure by 3.2 percent, while the remaining 96.8 percent is contributed by other variables not included in the research model.

Table 4. R Square Value (R^2)

Variable	R Square
Capital Structure	0,056
Stock Return	0,019
Profitability	0,032

Source: Processed data (2024)

Hypothesis Testing

Hypothesis testing can be determined from the p-value and the t-statistic value calculation results. In the p-value, the relationship between two variables is categorized as significant if the p-value is less than 0.05 (5 percent) or the t-statistic value is greater than 1.96. The relationship of each variable is presented in Figure 3.

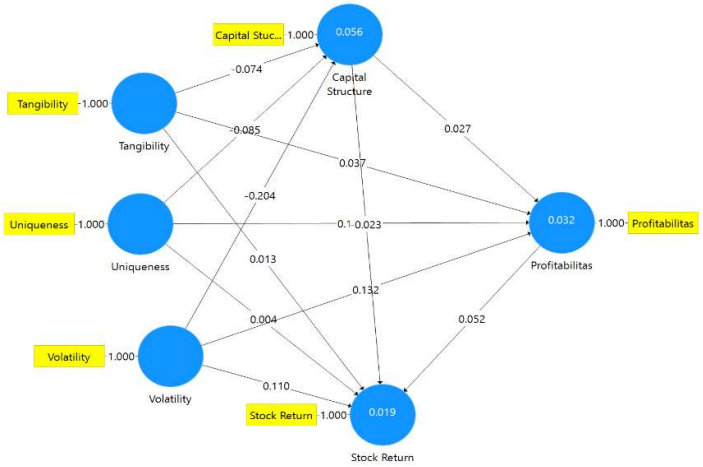

Figure 3. Testing the Research Model
Source: Processed data (2024)

Based on the hypothesis testing conducted by comparing the p-value and t-statistic values of each variable relationship or formulated hypothesis, it can be concluded that H_1, H_2, H_3, H_4, H_5, H_6, H_7, H_{10}, and H_{12} are significant or the hypotheses are accepted. At the same time, H_8, H_9, and H_{11} are not significant or the hypotheses are rejected. The p-value and t-statistic values are presented in Table 5.

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Table 5. T-statistic values and P values between variables

Hipotesis	Exogenous variable	Endogenous variable	Original Sample (O)	T Statistic	P Value	Keterangan
H_1	Tangibility	Profitability	0,282	3,442	0,001	Significant
H_2	Uniqueness	Profitability	0,265	2,904	0,004	Significant
H_3	Volatility	Profitability	0,298	3,914	0,000	Significant
H_4	Tangibility	Capital structure	0,388	3,442	0,000	Significant
H_5	Uniqueness	Capital structure	0,180	2,499	0,013	Significant
H_6	Volatility	Capital structure	0,348	4,835	0,000	Significant
H_7	Tangibility	Stock Return	0,344	5,231	0,000	Significant
H_8	Uniqueness	Stock Return	0,069	1,015	0,311	Not Significant
H_9	Volatility	Stock Return	0,063	0,934	0,351	Not Significant
H_{10}	Capital Structure	Stock Return	0,211	2,824	0,005	Significant
H_{11}	Capital Structure	Profitability	-0,053	0,546	0,585	Not Significant
H_{12}	Profitability	stock return	0,283	4,819	0,000	Significant

Source: Processed data (2024)

The discussion of the research results will cover each research variable to provide an overview of the research findings.

Tangibility positively and significantly affects profitability, capital structure, and stock return. These results indicate that high tangibility can enhance the company's profitability, capital structure, and stock return. The Kompas 100 companies with high tangibility are used as a guideline in obtaining loans or capital structure. High tangibility does not significantly burden Kompas 100 companies in generating profits. Investors also use a high level of tangibility as a consideration when buying and selling stocks, which will impact the returns obtained. Tangibility has a positive effect on capital structure (Morri & Parri, 2017; Rashid et al., 2023; Rovolis & Feidakis, 2014; Šarlija & Harc, 2016). Tangibility has a positive effect on profitability (Vătavu, 2015; Lazăr, 2016; Işık, 2017).

Uniqueness. Uniqueness has a positive and significant impact on profitability and capital structure. This result shows that high uniqueness can enhance profitability and capital structure. This is because the more unique the products produced by the company, the higher

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the consumer desire for those products. This has led to an increase in the profits obtained by the company and has become a strength in securing funding both from internal and external sources because Kompas 100 can achieve high profits from its unique characteristics. Uniqueness positively impacts capital structure (Chandra et al., 2022). Uniqueness does not affect stock return. This result shows that a company's high uniqueness is not used to improve its performance or obtain profits. Investors do not view uniqueness as an advantage.

Volatility positively and significantly impacts profitability, capital structure, and stock return. Higher volatility can enhance profitability, capital structure, and stock return. In deciding capital structure policies, Kompas 100 companies consider the high volatility of the company. Companies operating for a long time can achieve high profitability despite high volatility. This indicates that Kompas 100 companies are well-established and can leverage high volatility to achieve even greater profits. This is certainly a positive signal for investors looking to increase stock returns. Volatility has a positive impact on capital structure (Sofat & Singh, 2017; Soykan & Ulucak, 2016; Zhang & Liu, 2017; Chen et al., 2014; Tse & Rodgers, 2014).

Capital Structure does not affect profitability. This result shows that Kompas 100 companies with high capital structure do not use it to obtain profits. Kompas 100 companies do not utilize their high capital structure to gain profits. Most companies with high capital structures are more focused on their ability to pay their obligations. Capital structure has a positive and significant effect on stock return. This result indicates that the Kompas 100 companies with high capital structure are a guideline in enhancing the ability to maximize profits and impact the increase in stock return. Capital structure positively affects stock return (Khan et al., 2013).

Profitability has a positive and significant impact on stock return. This result shows that companies in the Kompas 100 index with high profitability are used as a basis for assessing company performance that affects stock return. This proves that investors in Indonesia consider the company's financial fundamentals when deciding to buy and sell shares. Most investors in Indonesia consider the long-term results that will be obtained, not just speculators who invest in the short term. These findings are consistent with the research conducted by Ahmad et al., (2013) and Hermuningsih, (2013) profitability has a positive impact on stock return.

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E. CONCLUSION

Tangibility positively and significantly affects profitability, capital structure, and stock return. Uniqueness has a positive and significant effect on profitability and capital structure. Uniqueness does not affect stock return. Volatility positively and significantly affects profitability, capital structure, and stock return. Capital structure does not affect profitability. Profitability has a positive and significant effect on stock return.

This research is limited to companies included in the Kompas 100 index for 2021-2023. Further research is encouraged using other variables influencing capital structure, stock return, and profitability, and mediating or moderating variables. This research was only conducted on companies included in the Kompas 100 index, which are stocks with good performance. Future research could be conducted on different indices and on all companies listed on the Indonesia Stock Exchange to obtain more generalizable results.

Based on the research results, the company should pay attention to the factors of tangibility, uniqueness, and volatility that the company possesses in improving stock return, capital structure, and profitability. The company should not only focus on the fundamental factors of the company in improving stock return, capital structure, and profitability. Companies with high tangible assets tend to have a lower perception of risk, thereby increasing the attractiveness of their stocks. Uniqueness reflects the unique characteristics of a company, such as products, services, business models, or brands that are difficult for competitors to imitate, thus becoming a competitive advantage for the company. Companies that can manage the volatility of their stock prices will be more attractive to investors, thereby increasing stability and stock prices.

The R^2 value of the capital structure, stock return, and profitability variables is classified as having a small influence from the affecting variables, with many other factors playing a more significant role. Companies and investors need to pay attention to the fact that various other factors, both internal and external, may have a greater influence in determining financial performance, and a more comprehensive analysis is required to understand the company's performance holistically. Investors in investing do not only look at the fundamental factors of the company, but long-term investments can consider factors such as tangibility, uniqueness, and volatility. These are the strengths possessed by the company that will create a competitive advantage, thereby enabling the company to generate profits.

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