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Analysis of Capital Structure in Various Industry Companies on the Indonesia Stock Exchange

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ABSTRACT

The finances of a company are determined by the capital structure. There are variables that effect the capital structure of a company, for example, such as asset structure, liquidity (quick ratio), and profitability (GPM). This study aims to determine the effect that occurs between asset structure with capital structure, liquidity with capital structure, and profitability with capital structure. The data collection technique used a purposive sample, and there were 9 samples of companies from 39 populations of various industry companies listed on the Indonesia Stock Exchange (BEI) in 2014-2018. The analysis model uses multiple linear regression. Based on the results of the F test, it shows that the value of Fcount>Ftable is 9.508>2.83, so that simultaneously the asset structure, liquidity, profitability have an effect on the capital structure of companies in various industry companies on the Indonesia Stock Exchange. Whereas in the t test, asset structure, liquidity, profitability do not partially effect the capital structure.

Keywords: Asset Structure, Liquidity, Profitability, Capital Structure

INTRODUCTION

Company development, so that it can continue to develop in today's increasingly fierce competition, this will always be done by large and small companies.

For companies, this is another obstacle in realizing the required capital. If a company prioritizes its internal funding sources in meeting its funding needs, then its dependence on external parties will be greatly reduced. However, if the demand for funds increases due to the company's development and sources of funds have been used for business activities. In principle, every company always needs funds to develop a business. Funds can be accepted from internal and external sources of the company, it is necessary to determine a good and correct capital structure carried out by financial managers, in an effort to determine whether the company's capital needs are met with own funds or foreign capital (Kasmir, 2012).

Multi-industry companies are organizations with large financial support. A distinct automotive company is a business around the world that plans, develops, manufactures, assembles and sells motor vehicles. The ASEAN Automotive Federation Indonesia is the second largest car manufacturer in Southeast Asia and the ASEAN region, second only to Thailand. 50 percent of the ASEAN region's automotive production is managed by this country.

In the industrial sector, the capital requirements of different companies are very high, especially for long-term investment needs (such as company location, production machinery, and funding for production activities). In addition, a different manufacturing company is one whose goods is also used by many individuals and can withstand all conditions of the policy model, so that no matter how bad the situation, it is almost certain that the products of that business are already being bought and ordered by customers.

The finances of a company are determined by the capital structure. There are variables that effect the capital structure of a company, for example, such as asset structure, liquidity (quick ratio), and profitability (GPM) (Brigham and Houston, 2011).

The challenges of financial decision making are most often faced by different manufacturing companies, because financial decision making is very important for companies when facing competition. The company's capital structure that is not optimally controlled will give financial difficulties for the company. Short-term loans will be prioritized for businesses with significant reserves of liquid assets. Therefore, the organization's financial structure will also be strengthened by the growth of the asset structure. The use of leverage appears to be limited by businesses with high liquidity. The greater the liquidity of the company, the lower the company's capital structure. For large profits, in the form of retained earnings, the company will use internal funds from the company's profits. However, the company has bad income and even fluctuates every year, meaning that the company also needs debt.

This study aims to determine the effect that occurs between asset structure with capital structure, liquidity with capital structure, and profitability with capital structure.

LITERATURE REVIEW

According to Riyanto in Puspita and Kusumaningtias (2010:81) asset structure is a comparison or balance between current assets and fixed assets.

According to Fahmi (2012:70), the fast ratio (acid test rate) is often called the fast ratio. The quick ratio is a method of measuring current assets by eliminating the ratio of inventory to current liabilities.

According to Hantono (2017:11) Gross profit margin is the percentage of profit generated from product sales. Under normal circumstances, profit must be positive, which indicates that the company is able to sell goods at above the capital price. If it is negative, it means that the company has suffered a loss.

Fahmi (2011:106) Capital structure describes the form of a company's financial ratios, namely capital owned by long-term liabilities and shareholder equity which is a source of company financing.

Siregar and Fahmi (2018:4) with the high asset structure of the company, the higher the capital structure because of the debt value of the small company.

Widati and Nafisah (2017:2020) with an increase in company liquidity, the company's debt will be small. The converse is also true, with low company liquidity, the greater the debt that the company bears.

Hudan and Triyanto (2016:1598), companies with profits will use funds from internal sources, namely using profits rather than debt. High profitability will reduce the company's debt ratio.

RESEARCH METHODS

The description of the population as a general component consists of categories of entities with certain characteristics and parameters that are determined and determined by the study to be evaluated (Sugiyono, 2013:215). The data collection technique used a purposive sample, and there were 9 samples of companies from 39 populations of various industry companies listed on the Indonesia Stock Exchange (BEI) in 2014-2018.

The analysis model uses multiple linear regression.

RESULT

Descriptive Statistics

The results of the analysis show the following results:

1. Asset structure with a total research sample of 45 consisting of a minimum value (lowest) 0.16 at PT. Astra International Tbk in 2017, the maximum (highest) value of 0.79 at PT. Nusantara Inti Corpora Tbk in 2014, the mean (average) value was 0.4200 and the standard deviation value was 0.8530.

2. Liquidity with a total sample size of 45 consisting of a minimum value (lowest) 0.21 at PT. Nusantara Inti Corpora Tbk in 2014, the maximum value (highest) was 3.56 at PT. Indospring Tbk in 2018, the mean (average) value is 1.1318 and the standard deviation value is 0.70737.
3. Profitability with a number of research samples of 45 consisting of a minimum value (lowest) 0.08 at PT. Indorama Syntetics Tbk in 2018, the maximum (highest) value of 0.36 at PT. Nusantara Inti Corpora Tbk in 2014, the mean (average) value was 0.2091 and the standard deviation value was 0.07413.
4. Capital structure with a total research sample of 45 consisting of a minimum value (lowest) 0.13 at PT. Indospring Tbk in 2018, the maximum (highest) value of 1.98 at PT. Indorama Syntetics Tbk in 2016, the mean (average) value of 0.6887 and the standard deviation value of 0.72934.

Simultaneous Test (F Test)

Table 1. Simultaneous Test (F Test)

ANOVA[a]						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	3.328	3	1.109	9.508	.000[b]
	Residual	4.783	41	.117		
	Total	8.111	44			
a. Dependent Variable: Capital Structure						
b. Predictors: (Constant), Asset Structure, Liquidity, Profitability						

Based on the results of the F test, it shows that the value of Fcount>Ftable is 9.508>2.83, so that simultaneously the asset structure, liquidity, profitability have an effect on the capital structure of companies in various industry companies on the Indonesia Stock Exchange.

Partial Test (t Test)

Table 2. Partial Test (t Test)

Coefficients[a]						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	Std. Error	Beta		
1	(Constant)	1.313	.216		6.088	.000
	Asset Structure	.161	.283	.069	.568	.573
	Liquidity	-.332	.074	-.548	-4.466	.000
	Profitability	-1.509	.697	-.260	-2.165	.036
a. Dependent Variable: Capital Structure						

Whereas in the t test, asset structure, liquidity, profitability do not partially effect the capital structure.

The following is an explanation of the test as follows in Table 2:

1. The t value of the asset structure variable is 0.568 and the value is 0.573, while the ttable value (45-3=42) is 2.018 and the significance value is greater than 0.05. It can also be concluded that tcount<ttable 0.568<2.018 and the decision is Ho is approved and Ha is rejected, this means that the activity structure has no effect and has little effect on the capital structure of each organization in the industrial sector.
2. The t value of the liquidity (quick ratio) variable is -4.466, the effective value is 0.000 and the ttable is 2.018, the effective value of 0.000 is smaller than the effective value of 0.05, so that the tcount<ttable is -4.466<-2.018, so that the assessment is approved by Ho and rejected by Ha, which means that the quick ratio variable does not affect the financial structure of the business in various ways.
3. The t value of the profitability (GPM) variable is -2.165, the meaning value is

0.036, and the ttable is 2.018, and the meaning value is smaller than the significance value of 0.05. The result is the tcount<ttable -2.165<-2.018. Thus it is agreed that Ho is accepted and Ha is rejected, which means that the GPM attribute does not have a partial or large effect on different capital structures manufacturing company.

CONCLUSION AND SUGGESTION

Based on the results of the F test, it shows that the value of Fcount>Ftable is 9.508>2.83, so that simultaneously the asset structure, liquidity, profitability have an effect on the capital structure of companies in various industry companies on the Indonesia Stock Exchange. Whereas in the t test, asset structure, liquidity, profitability do not partially effect the capital structure.

After explaining the conclusion, the following suggestions can be given to the researcher:

1. In order for the company to have a higher asset structure, the company must add a fixed amount of assets and pay more attention to maintaining good assets.
2. Liquidity and profitability can be used as factors that need to be considered by managers when deciding on the best use of capital structures to achieve the firm's goals (i.e. to increase shareholder profits).
3. In order for a company to have a good capital structure, it must pay attention to the company's capital structure. A good capital structure is a company's long-term debt less than its own capital.

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