

THE EFFECT OF ASSET STRUCTURE, FIRM SIZE, OPERATING LEVERAGE, AND SALES GROWTH ON CAPITAL STRUCTURE IN IDX80 INDEX COMPANIES LISTED ON THE IDX IN 2020-2022

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ABSTRACT This study aimed to analyze the effect of Asset Structure, Firm Size, Operating Leverage, and Sales Growth on Capital Structure in IDX80 Index Companies Listed on the Indonesia Stock Exchange 2020-2022. The type of research is quantitative research using secondary data sourced from annual financial reports published on the Indonesia Stock Exchange for 2020-2022. The population in this study is the IDX80 index company listed on the Indonesia Stock Exchange in 2020-2022. The sample selection in this study using purposive sampling, namely 42 companies that have been selected with predetermined criteria. Data collection techniques in this study using documentation techniques. Methods of data analysis using multiple linear regression analysis. The results of this study indicate that 1) Asset Structure has a significant negative effect on capital structure. 2) Firm Size has a significant negative effect on capital structure. 3) Operating Leverage has a significant negative effect on capital structure. 4) Sales growth has a significant positive effect on capital structure. 5) Asset Structure, Firm Size, Operating Leverage, and Sales Growth simultaneously have a significant effect on capital structure

Keywords: Asset Structure, Firm Size, Operating Leverage, Sales Growth, Capital Structure

INTRODUCTION

The increasing pace of global economic growth requires countries to have the capacity to adjust their conditions according to existing circumstances and be able to react effectively in managing this progress. Indonesia offers many prospects in the business world, especially in the field of corporate development that allows growth and expansion in many sectors. As competition intensifies, organizations must consistently improve and maintain their competitive advantage (Haryanti et al., 2021). The Ukraine-Russia war that occurred in early 2022 had an impact on the capital market. The potential influence of Russia's invasion of Ukraine on the value of the stock market, both decreasing and rising, is expected to have an impact on a country's stock exchange, including the Indonesia Stock Exchange (IDX). The stock market in Indonesia is expected to have a significant influence due to the broad participation of stock exchanges from European and American countries around the world, with many branches of companies in Indonesia (Apriyadi et al., 2022). Companies listed in the IDX80 Index which are companies with high liquidity and large capitalization also have an impact. The economic impact includes world oil prices, inflation risks, stock market volatility, interest rate hikes, and slowing economic growth.

Table 1

Dept to Equity Ratio (DER) in IDX80 Index companies for the 2020-2022 period

No.	Company Name	Year	Capital Structure	Information
1.	(JPFA) JAPFA Comfeed Indonesia Tbk.	2020	78,48%	
		2021	118,19%	↑
		2022	139,41%	↑
2.	(TLKM) Telekomunikasi Indonesia (Persero) Tbk.	2020	104,27%	
		2021	90,63%	
		2022	84,36%	↓
3.	(INCO) Vale Indonesia Tbk.	2020	14,56%	↓
		2021	14,77%	
		2022	12,88%	↑
4.	(ANTM)	2020	150,03%	↓

No.	Company Name	Year	Capital Structure	Information
	Aneka Tambang (Persero) Tbk.	2021	57,96%	
		2022	41,85%	
5.	(BBCA) Bank Central Asia Tbk.	2020	479,40%	↓
		2021	502,72%	↑
		2022	491,50%	↓

Data Processed by Researchers, 2024

The changes or fluctuations that occur in some of the companies above, illustrate that the impact of the Ukraine-Russia war has an impact on its capital structure for the 2020-2022 period. JAPFA Comfeed Indonesia Tbk. has experienced an increase every period in its capital structure, in the companies Telekomunikasi Indonesia (Persero) Tbk. and Aneka Tambang (Persero) Tbk. experienced a decrease in capital structure in each period, and Vale Indonesia Tbk. and Bank Central Asia Tbk. experienced an increase in capital structure in 2021 but a depreciation occurred in 2022. Sourced from the background of the problem and the research phenomenon from the explanation above, the researcher is encouraged to research related *to the Capital Structure* in IDX80 index companies. The goal is to analyze the influence of *asset structure, firm size, operating leverage, and sales growth on capital structure* either partially or simultaneously.

METHOD

This research method uses a quantitative methodology. This research uses *purposive sampling* as a sample sampling approach, which is the selection of samples with certain criteria and factors (Sugiyono, 2022:133). In the use of the documentation method for this study, the necessary data were obtained. Documentation obtains data on the variables to be studied, followed by checking the adequacy of the data. This includes collecting, examining, and documenting various data sources, including *company profiles*, financial statements, and other relevant information. This study uses multiple linear regression tests in its research method. In multiple linear regression, it is necessary to go through the stages of testing classical assumptions (Normality Test, Multicollinearity Test, Autocorrelation Test, and Heteroskedasticity Test), as well as significance testing (Partial Test/t-Test, Simultaneous Test/F Test, and Coefficient Determination Analysis).

RESULTS AND DISCUSSION

Classical Assumption Test, Multiple Linear Regression Analysis, and Hypothesis/Significance Test

a. Normality Test Results:

Tabel 2
Uji Normalitas
One-Sample Kolmogorov-Smirnov Test

	Unstandardized Residual	
N		126
Normal Parameters ^{a,b}	.0000000	.0000000
	.13896763	.05183196
Most Extreme Differences	.075	.103
	.075	.103
	-.063	-.057
Test Statistic		.075
Asymp. Sig. (2-tailed)		.079 ^c

Source: Data Processed, 2024

b. Results of Multicollinearity, Multiple Linear Regression, and Partial Test (t-test):

Table 3
Multicollinearity Test, Multiple Linear Regression Analysis, and Partial Test (t-test)

Model	Unstandardized Coefficients		Beta	t	Sig.	Collinearity Statistics	
	B	Std. Error				Tolerance	VIF
1 (Constant)	.733	.170		4.305	.000		
	Asset Structure	-.109	.027	-.150	-4.097	.000	.804 1.244
	Size	-.500	.137	-.131	-3.648	.000	.832 1.201
	DOL	-1.712	.064	-.921	-26.879	.000	.912 1.096
	Sales Growth	.168	.051	.112	3.303	.001	.938 1.067

Source: Data Processed, 2024

The multiple linear regression is obtained as a regression equation:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

$$\text{Capital Structure} = 0,733 - 0,109 - 0,5 - 1,712 + 0,168$$

c. Autocorrelation Test Results and Coefficient of Determination:

Table 4
Autocorrelation Test and Coefficient Determination Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.933 ^a	.870	.866	.14125	1.954

Source: Data Processed, 2024

Heteroscedasticity Test Results:

Table 5
Heteroscedasticity Test

Model	Unstandardized Coefficients		Beta	t	Sig.
	B	Std. Error			
1 (Constant)	-4.423	2.637		-1.677	.096
	Asset Structure	.715	.414	.168	1.727 .087
	Size	-.489	2.122	-.022	-.230 .818
	DOL	.872	.987	.081	.883 .379
	Sales Growth	1.483	.790	.169	1.877 .063

Source: Data Processed, 2024

d. Simultaneous Test Results (F Test):

Table 6
Simultaneous Significance Test (F Test)

Model	Sum of Squares	Df	Mean Square	F	Sig.

1 Regression	16.204	4	4.051	203.058	.000 ^b
Residual	2.414	121	.020		
Total	18.618	125			

Source: Data Processed, 2024

DISCUSSION

1. The Influence of Asset Structure on Capital Structure

This study states that *asset structure* has a negative and significant effect on *Capital Structure* and the results are in line with previous research by Yuliarti & Triyonowati (2020). These results suggest that improving asset structure can help companies maximize their funding by reducing *Capital Structure* or the need for external funding by utilizing internal funds before using external funds, in accordance with the *Pecking Order* theory which explains if a company uses its source of funds more from internal. This research is not in line with the research of Manja & Suryantari (2020) stating that *Asset Structure* has no effect on *Capital Structure*.

1. The Effect of Firm Size on Capital Structure

In this study, *Firm Size* has a significant negative effect on *Capital Structure*, as shown by the results of her research Nuridah, Dwi, Sopian & Indah (2023). The company's large asset base will influence the lender's decision to provide a loan. Compared to small businesses that have difficulty making money from the capital market, large businesses have easier access to the capital market. A decision by an investor who will later buy shares or invest his funds based on various criteria, including prospects and company size. The results are in accordance with the *pecking order theory*, namely that the larger the *Firm Size* has an influence on the virtues of management by using lower debt. However, this study is not in line with his research, Junita & Lumbanraja (2019) stated that *firm size* has no influence on *Capital Structure*.

2. The Effect of Operating Leverage on Capital Structure

In this study, *operating leverage* has a significant negative effect on *Capital Structure*, in line with the research of Junita & Lumbanraja (2019). The *pecking order* theory, explaining why companies will use internal funding instead of debt, is consistent with the findings of the study. This happens because operating leverage measures how much of the company's borrowed money is used for operations. Through the use of operating leverage, the company expects increased sales resulting in a profit that turns into higher before taxes and interest. This research is not in line with the research of Dewi & Indriyani (2018) showing that *operating leverage* has no effect on *Capital Structure*.

3. The Effect of Sales Growth on Capital Structure

Sales Growth in this study has a significant positive effect or in the same direction on *Capital Structure*, in line with the research of Saenah & Rijanto (2021). The company prefers to raise internal funds to support its operational activities rather than using debt because every increase in the sales growth rate is always accompanied by an increase in profits realized by the company. The result is in accordance with the *pecking order* theory, which is that if the company develops rapidly, its profits will also increase, and the company will later use its profits to transact. The results of this study are not in the same direction as the results of the research of Sembiring, Sitanjak, Hutabarat, & Nasution (2021) stating that *Sales Growth* does not have a significant effect on *Capital Structure*.

CONCLUSION

CONCLUSION

1. *Asset Structure* has a negative effect on *capital structure*.
2. *Firm Size* has a negative effect on *the capital structure*.
3. *Operating Leverage* has a negative effect on *the capital structure*.
4. *Sales Growth* has a positive effect on *the capital structure*.

5. *Asset Structure, Firm Size, Operating Leverage, and Sales Growth* have a simultaneous effect on *Capital Structure*.

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