



## THE INFLUENCE OF INTERNAL COMPANY FACTORS ON CAPITAL STRUCTURE: AN EMPIRICAL STUDY OF THE IDX80 INDEX FOR THE 2019-2023 PERIOD

Nur Khofifah Safitri <sup>1)</sup>; Evi Octavia <sup>2)</sup>

<sup>1)</sup> [nur.safitri@widyatama.ac.id](mailto:nur.safitri@widyatama.ac.id), Widyatama University

<sup>2)</sup> [evi.octavia@widyatama.ac.id](mailto:evi.octavia@widyatama.ac.id), Widyatama University

### Abstract

Capital structure has a crucial role because it directly impacts a company's financial position. Capital structure is a fundamental factor related to a company's funding decisions, both through long-term and short-term debt. This study aims to analyze the effect of sales growth, profitability as measured by Return on Assets (ROA), and asset structure as measured by Tangibility Assets (TA), on capital structure as measured by Debt-to-Equity Ratio (DER). This study employed a quantitative approach with a purposive sampling technique. The population of the study was 32 companies listed on the IDX80 Index during the 2019–2023 period, resulting in a total of 160 samples. The analysis used panel data regression with Eviews 13 software. The results showed that sales growth, profitability, and asset structure did not affect capital structure in companies listed on the IDX80 index during that period.

**Keywords:** Asset Structure; Capital Structure; Profitability; Sales Growth

### INTRODUCTION

The company is faced with with development profitable business fierce competition must increase their ability to operate their business activities. Various ways that can carried out by the company with carry out innovation in the products produced, business expansion or market expansion, as well as increasing the quality of human resources, and so on. Companies that continue to grow will always need capital to support all company activities (Jalil, 2018) operations. Capital is funds provided by investors, such as long-term and short-term loans from individuals and institutions, preferred and common stock, and retained earnings (Brigham & Houston, 2019:4). The capital structure has important role because good or the bad impact capital structure direct to position finance company the company's capital structure be one of fundamental factors of a companies that include decision financial related debt term long or debt term short (Andika & Sedana, 2019).

PT Sri Rejeki Isman Tbk (SRIL) was declared bankrupt by the Semarang Commercial Court on October 23, 2024 due to failing to pay its debts. As of June 30, 2024, SRIL had total liabilities of USD 1.6 billion (Rp 25.01 trillion) and equity of USD 1.6 billion (Rp 25.01 trillion), with negative equity of USD 980.56 million (Rp. 15.41 trillion), with 28 banks as long-term creditors. Company performance declined with sales of only USD 847.52 million, down 33.92% compared to 2020 due to working capital limitations, both in the domestic market and export. Net loss reached USD 1.08 billion. In addition, the company leadership, Iwan S. Lukminto, is suspected misuse of loan funds to pay off other debts and buy non-productive assets in the form of land in Yogyakarta. Before existence SRIL case declared declared bankrupt by the Semarang Commercial Court, the Indonesian Stock Exchange (BEI) once announced that SRIL was included in the IDX80 index which was launched in 2019. The following table shows the fluctuations of Debt Equity Ratio (DER) of companies included in IDX80 in 2019-2023.



**Table 1 Debt Equity Ratio (DER) 2019-2023**

No	Code/ Year	DER				
		2019	2020	2021	2022	2023
1	JPFA	1,240171	1,274082	1.181965	1.394099	1,407632
2	JSMR	3,299176	3,201173	2.97026	2,557152	2.323258
3	MEDC	3.459694	3.863109	3.623538	2,966712	2.683335
4	PTPP	2.739054	2.817555	2.878106	2,887199	2.732654
5	SMRA	1,586047	1.743054	1,319608	1.41987	1.533384
6	TBIG	4,589376	2.925402	3,27719	2,950408	2,79956
7	TINS	2.87214	1.938725	1,328791	0.855603	1.059045
8	TOWR	2,15796	2,363059	4.457518	3,547091	3.143674
9	UNVR	2,909487	3,159024	3.412716	3,582672	3.928398
10	WIKA	2,232291	3.088818	2.979666	3,291358	5,893429

Source: Processed data (2025)

Based on table about The Debt Equity Ratio (DER) of companies indexed on the IDX80 for the 2019-2023 period reflects that a number of companies own high capital structure more than 100 percent or 1. Capital structure that exceeds number 1 which shows that companies indexed on IDX80 use debt more than their own capital. In addition, investors tend to more interested in companies with capital structure levels not exceeding 1 or 100 percent (Wulandari & Artini, 2019). A high DER level shows the composition of total debt is increasingly large compared to total equity so that can increase the risk borne by investors as a consequence of the interest burden on debt borne by the company (Sari & Nasution, 2024).

Various factors affecting capital structure including sales stability, financial leverage, company growth level, tax, control, attitude management, attitude creditors and institutions ratings, market conditions, internal company conditions, flexibility finance, profitability, asset structure, and liquidity. These factors show the company's ability in to manage its own assets to obtain funding (Brigham & Houston, 2019:36). In accordance the SRIL case above so factors used in this study are growth sales, profitability, and asset structure.

Growth sale is indicators used for measure sales stability and evaluation of company performance from time to time. When company sales increase rapidly, additional investment is needed for various assets, both fixed assets and current assets. With thus, the parties management need choose source proper funding for finance need asset said. Companies with improvement stable sales tend capable fulfil obligation financially although use financing through debt. On the other hand, if sales growth is low, the use of debt can cause greater financial risk for the company (Manek & As'ari, 2024).

Profitability is ratio that shows company's ability to obtain profit or profit (Kasmir, 2019:198). This ratio can be used as a gauge to measure level of management performance effectiveness, good performance can shown through success management to get profit maximum for company (Hery, 2016:192). The taller level profitability so capital structure is increasingly low due to company own internal funding in the form of profit high detention for develop company, if company own level low profitability so company have a chance for use funding external which results in capital structure increases (Adinda et al., 2020).

Asset structure is another factor that can influence capital structure. In general, companies have two types of assets, namely current assets and fixed assets, from second element the can form asset structure which are overall source power and wealth the company used for support activity operational company (Astakoni & Utami, 2019). The taller level structure asset so asset the can made into as guarantee for company get debt that results in capital structure is increasingly increases, if level structure asset low so company cannot use asset the for made into guarantee to get something loan from party creditors resulting in low capital structure (Deviani & Sudjarni, 2018).



Research conducted by Dzikriyah & Sulistyawati (2020), Wulandari & Artini (2019) and Miswanto et al. (2022) have an opinion that sales growth is influential to capital structure. Ifvananto & Kusumawati (2024) and Utama & Nugroho (2021) those who have opinions that sales growth has no influence to capital structure.

Research conducted by Lianto et al. (2020), Gunadhi & Putra (2019) and Tarigan et al. (2021) disclose that profitability own influence to capital structure. Research that Sahara et al. (2024) and Puspitasari (2022) own results research to the contrary namely profitability No own influence to capital structure.

Research conducted by Andika & Sedana (2019), Astakoni & Utami (2019) and Aurelia & Setijaningsih (2020) disclose that structure asset own influence to capital structure. Research conducted Ifvananto & Kusumawati (2024) and Indrayeni & Putri (2023) own results research to the contrary namely structure asset no own influence to capital structure.

## LITERATURE REVIEW

### Pecking Order Theory

Myers & Majluf (1984) reveals that information asymmetry and the tendency to prioritize the use of internal company funding are the basis of pecking order theory. This theory explains that a company makes funding decisions based on internal funding and then external funding. The funding sequence begins with funding sourced from retained earnings, then debt, and finally with the issuance of new equity. Myers & Majluf (1984) defines pecking order theory as a strategy undertaken by a company to obtain funding by selling its assets. For example, selling buildings, land, equipment, and other assets. Then, issuing and selling shares on the capital market and funding comes from retained earnings .

### Capital Structure

Capital structure Long-term funding sources are defined as sources of long-term funding invested in a company for more than one year. The capital structure itself consists of several components of long-term funding sources in the form of long-term debt, preferred stock, and common equity (Arifin, 2018:69). Capital structure is a comparison of the period of use of loan capital in the form of short-term debt which is fixed, long-term debt based on self-financing which consists of preferred stock and common stock (Oktaviana et al., 2020). The capital structure measurement in this study uses the Debt to Equity Ratio (DER). This ratio is commonly used to measure debt to equity by comparing total debt to total equity. The formula for measuring the Debt to Equity Ratio is as follows :

$$\text{Debt to Equity Ratio} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

Source:Thian (2022:82)

### Sales Growth

Sales growth company will reflect how company development from year to year. For operational company will large funds are required in frame reach level high growth. If internal funds are not sufficient will external funds are needed to cover company (Susilawati & Purnomo, 2023) operations. Companies with stable sales levels can safely take on larger amounts of external financing and incur higher fixed costs than companies with unstable sales levels (Brigham & Houston, 2019:36). Growth measurement sales in this study using presentation difference amount sales in the year that with sale a year previously compared with sales in the year previously. Formula for measuring growth sale or sales growth include:

$$\text{Sales Growth} = \frac{\text{Sales}_t - \text{Sales}_{t-1}}{\text{Sales}_{t-1}}$$

Source: Fitriana (2024:22)



### Profitability

Profitability is elements used for measure to what extent the company can control profit earned. For ensure growth sustainable, company need produce sufficient profit. Profitability reflect ability company for produce profit from activity operational. A capable manager pressing capital costs and minimize risk potential increase company (Budiarti et al., 2024). Problems profitability very much important for company due to size level ability company for get profit. This can assume if company own high profitability can associated with person with disabilities funding to invest because profitability used to show minimal debt levels with source more internal power (Oktaviana et al., 2020). Profitability measurement in this study uses Return on Asset (ROA) ratio. This ratio can describe if the taller level ratio so matters the show the better efficiency and effectiveness management assets owned by a company. Can be proxied (Hanafi, 2018:42) using the following formula:

$$ROA = \frac{\text{Net Profit}}{\text{Total Assets}}$$

Source:Brigham & Houston (2020:140)

### Asset Structure

Asset structure is the composition of a company's assets, indicating how much of the company's assets can be used as collateral to obtain external funding. Asset structure can influence capital structure because companies with large fixed assets are more likely to obtain loans because these assets can be used as collateral to increase operational activities (Tijow dkk, 2018). Structure asset used to determination size allocation for each component assets on a company (Sumardika & Artini, 2020). The measurement used in the asset structure is Tangibility Assets. As for the explanation related tangibility assets, namely description a number of assets that can utilized as collateral for company to submit something loan to party creditors (Novwedayaningayu & Hirawati, 2020). The following is the formula for tangibility assets:

$$TA = \frac{\text{Total Fix Assets}}{\text{Total Assets}}$$

Source: Novwedayaningayu & Hirawati (2020)

### Growth Influence Sales to Capital Structure

In accordance with the pecking order theory proposed by Myers and Majluf (1984), which states that if a company needs funding, it can use external funding if internal funding is insufficient to cover operational costs. Brigham & Houston (2019:36) This explains that if a company has a relatively stable sales level, it can safely take on larger amounts of external funding and incur higher fixed costs. indicate that the more big growth that is owned company will interesting attention of creditors to implant the capital so that make things easier management get debt Because existence creditors ' confidence to performance company, thing this is what causes company capital structure Conversely, if a company experiences unstable sales growth, it is certain that the company is not secure in obtaining larger amounts of external funding because it is less attractive to creditors for investment, so management does not obtain debt, which leads to a reduction in the company's capital structure. This can be concluded that sales growth can affect a company's capital structure. This research is supported by the results of research by Setiawan and Santoso (2022), Dzikriyah and Sulistyawati (2020), and Pramukti (2019).

H<sub>1</sub> : Growth sale influential to capital structure

### The Effect of Profitability on Capital Structure

In accordance with the pecking order theory proposed by Myers and Majluf (1984), which states that companies prioritize internal funding to fulfill the company's operational



activities. This can be described as a higher level of profitability, the higher the company's ability to generate profits, indicating that the company's retained earnings are increasing, indirectly increasing the company's internal funding. Increased internal funding can be used as additional capital for the company to fulfill the company's operational activities, meaning the use of external funding in the form of debt by the company is decreasing and resulting in a low capital structure in the company. Conversely, a lower level of profitability can be interpreted as a lower company's ability to generate profits, indicating that retained earnings are decreasing, resulting in low internal funding. Therefore, to fulfill the company's capital financing needs, company management can make the decision to utilize external funding, resulting in an increase in the company's capital structure. It can be concluded that profitability can influence a company's capital structure. This research is supported by the results of research conducted by Tarigan. et al. (2021), Lianto et al (2020), and Gunadhi and Putra (2019).

H<sub>2</sub> : Profitability affects capital structure.

**The Influence of Asset Structure on Capital Structure**

In accordance with the pecking order theory proposed by Myers and Majluf (1984), which states that if a company needs funding, the company can use external funding if internal funding is no longer sufficient to finance the operations. This can be described as the higher the asset structure owned by the company, the more assets can be utilized as a resource for the company to reduce financial obligations used for capital financing . This can reduce debt in the company and result in low Capital structure . If the asset structure is low, the company does not have sufficient resources to guarantee its financial obligations, resulting in a high capital structure. This suggests that asset structure can influence a company's capital structure. This research is supported by research by Aurelia and Setijaningsih (2020), Andika and Sedana (2019), and Astakoni and Utami (2019) , which argue that asset structure influences capital structure.

H<sub>3</sub> : Asset structure influences capital structure.

**Framework Thinking**

The framework used in this study describes the relationship between growth sales , profitability, and asset structure against capital structure are as follows :

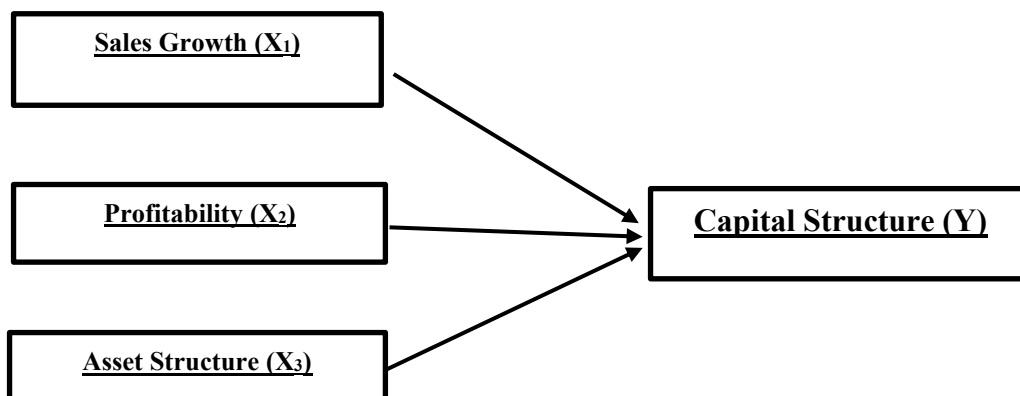


Figure 1 Framework

**METHOD**

Study This use approach quantitative with type study associative, which aims to identify connection as well as influence between variables independent and variable dependent. The data used in this study are secondary data which is obtained through the official website of the Indonesia Stock Exchange (IDX), namely [www.idx.co.id](http://www.idx.co.id), in the form of report finance incorporated companies in IDX80 index during 2019-2023. The data furthermore processed to



know whether there is influence variables independent growth sales, profitability, and structure asset to variables dependent that is capital structure. In data processing, research This utilise statistical software in the form of E-Views 13. The population used is 80 companies indexed in the IDX80 for the 2019-2023 period. By using 4 criteria including 1) companies that are consecutively included in the IDX80 index during the study period, 2) companies that consecutively report financial statements during the study period, 3) IDX80 index companies that do not experience losses during the study period, and 4) non-banking companies indexed in the IDX80 during the study period. So the number of companies used is 32 companies and the number of samples measured in the study is 160 samples. The data collection technique used secondary data in the form of annual financial reports, including financial position statements and profit and loss statements of companies indexed by the IDX80 for the 2019-2023 period. The data were obtained using documentation and literature techniques. Data analysis used descriptive statistical analysis, panel data model estimation methods, classical assumption tests in the form of multicollinearity and heteroscedasticity tests, panel data regression analysis, hypothesis testing, and coefficient of determination ( $R^2$ ) tests .

## **RESULTS AND DISCUSSION**

### **Analysis Statistics Descriptive**

Descriptive statistical analysis aims to provide an overview of the data, which can be determined from the mean, standard deviation, variance, maximum, minimum, sum, range, kurtosis, and skewness values. The following descriptive statistical test results are obtained:

**Table 2 Descriptive Statistical Analysis**

	DER	SG	ROA	TA
Mean	0.998019	0.063642	0.092580	0.564805
Median	0.725155	0.046495	0.067870	0.556905
Maximum	4.589380	1.058700	0.454270	0.944360
Minimum	0.088160	-0.998600	0.002250	0.172770
Std. Dev.	0.922677	0.244116	0.078205	0.169353
Skewness	1.883245	0.397996	2.186598	0.136129
Kurtosis	6.134251	8.296382	8.827751	2.734583
Jarque-Bera	160.0665	191.2351	353.9169	0.963804
Probability	0.000000	0.000000	0.000000	0.617608
Sum	159.6830	10.18269	14.81272	90.36882
Sum Sq. Dev.	135.3618	9.475207	0.972448	4.560191
Observations	160	160	160	160

Source: E-views 13 (2025)

Variable Y shows the average value is 0.998019 which means that the capital structure applied by managers averages 99.8019 %. The maximum value of 4.589380 or 458.9380% was applied by PT. Tower Bersama Infrastructure Tbk (TBIG) in 2019 and a minimum value of 0.088160 or 8.816% was applied by PT. Media Nusantara Citra Tbk (MNCN) in 2023. The standard value deviation of 0.922677 compared to the average value a little bigger, this shows that the capital structure variable data is less distributed with good.

Variable  $X_1$  shows mean value 0.063642 which means that the mean level growth sale of 6.3642%. Maximum value of 1.0587 or 105.87% was applied by PT. Adaro Energy Indonesia Tbk (ADRO) in 2022 and a minimum value of -0.998600 or -99.86% was applied by PT. Aneka Tambang Tbk (ANTM) in 2021. The standard value deviation by 0.244116 compared to higher mean value small, this shows variable data growth sale distributed with good.



Variable  $X_2$  show mark mean 0.092580 which means that mean level profitability of 9.258%. Maximum value of 0.454270 or 45.427% was applied by PT. Indo Tambangraya Megah Tbk (ITMG) in 2022 and a minimum value of 0.002250 or 0.225% was applied by PT. PP (Persero) Tbk (PTPP) in 2023. The standard value deviation by 0.078205 compared to higher mean value high, this shows variable data profitability not enough distributed with good.

Variable  $X_3$  show the average value is 0.564805 which means that the mean level asset structure of 56.4805%. The maximum value of 0.944360 or 94.436% was applied by PT. Sarana Menara Nusantara Tbk (TOWR) in 2022 and the minimum value was 0.172770 of or 17.277% was applied by PT. Hanjaya Mandala Sampoerna Tbk (HMSP) in 2020. The standard value deviation by 0.169353 compared to higher mean value big, this shows variable data structure asset not enough distributed with good.

### Panel Data Model Estimation Model

Panel data regression has three models of which are the Common Effect model, the Fixed Effect model, and the Random Effect model. Determining the appropriate model need testing the model. Research do test with three tests in determine models such as the Chow test, Hausman test, and Lagrange Multiplier test.

#### *Chow Test*

The Chow test aims to determine Is the Common Effect model better from the Fixed Effect model or on the contrary. The probability value of Chow test result of 0.000. This value smaller of 5% or  $< 0.05$ . Then it can be it is concluded that the Fixed Effect model is better good than the Common Effect model.

#### *Hausman test*

The Hausman test aims to determine Is Fixed Effect better from the Random Effect model or on the contrary. The probability value of The Hausman test result was 0.3904. This value bigger than 5% or  $> 0.05$ . Then it can be concluded Random Effect model better than the Fixed Effect model.

#### *Lagrange Multiplier Test*

Lagrange Multiplier Test used to determine what is the Common Effect model better from the Random Effect model or on the contrary. The probability value of Lagrange Multiplier test results seen from Breusch-Pagan of 0.000. This value smaller of 5% or  $< 0.05$ . Then it can be concluded that the Random Effect model is better good than the Common Effect model.

### Assumption Test Classic

#### *Multicollinearity Test*

The multicollinearity test aims to determine whether a regression model detects a correlation between independent variables. The multicollinearity test can be performed using the variance inflation factor (VIF) value. Based on the results of the multicollinearity test using the VIF value, the following results were obtained:

**Table 3 Multicollinearity Test**

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.094035	3.880285	NA
SG	0.011653	1.372930	1.370983
ROA	0.357682	1.803225	1.676722
TA	0.175041	3.616009	1.311868

Source: Eviews 13 (2025)

Based on table 3, the results of the multicollinearity test above can be seen that the VIF value shows that the value of each variable is less than 10 or  $< 10$ . Therefore, it can be concluded that there is no multicollinearity between the independent variables in the regression model.



### Heteroscedasticity Test

The heteroscedasticity test aims to show the condition in a regression model that experiences inequality between the variances of the residuals from one observation to another. Based on the results of the heteroscedasticity test using the Glejser Test, the following results were obtained:

**Table 4 Heteroscedasticity Test Results**

Variables	Coefficient	Std. Error	t-Statistic	Prob.
C	0.465001	0.248033	1.874754	0.0627
SG	0.038038	0.099489	0.382332	0.7027
ROA	-0.517589	0.535458	-0.966628	0.3352
TA	0.349190	0.357372	0.977106	0.3300

Source: Eviews 13 (2025)

Based on table 4 results glacial test show that at every variable significant independence in a way statistics can influence variables dependent. This is can known that probability can show that all variables own mark significance > 0.05 which indicates no occurrence heteroscedasticity.

### Analysis Panel Data Regression

This study uses a panel data model because the data in this study are cross-sectional and time series. The most appropriate model for this study is the Random Effect model based on the model determination test using E-views 13. The statistical results obtained are as follows:

**Table 5 Random Effect Model Panel Data Regression**

Variables	Coefficient	Std. Error	t-Statistic	Prob.
C	0.731883	0.306652	2.386688	0.0182
SG	0.164593	0.107947	1.524753	0.1293
ROA	-0.881137	0.598066	-1.473313	0.1427
TA	0.597085	0.418379	1.427139	0.1555

Effects Specification				
			Elementary School	Rho
Random cross-section			0.872459	0.9141
Idiosyncratic random			0.267474	0.0859

Weighted Statistics				
R-squared	0.045741	Mean dependent var		0.135564
Adjusted R-squared	0.027390	SD dependent var		0.271221
SE of regression	0.267481	Sum squared residual		11.16116
F-statistic	2.492555	Durbin-Watson stat		1.340177
Prob (F-statistic)	0.062168			

Source: E-views 13 (2025)

Based on table 5 can known that results the estimation of the capital structure model proxied by DER is as following:

$$Y = 0.731883 + 0.164593PP - 0.881137Pr + 0.597085SA + \varepsilon$$

Information:

- PP = Sales Growth
- Pr = Profitability
- SA = Asset Structure



$\varepsilon$  = error term

The results above can know that the growth variable sales ( $X_1$ ) have influence positive to capital structure (Y). Variable profitability ( $X_2$ ) has negative impact on capital structure (Y). Structure variables assets ( $X_3$ ) have influence positive to capital structure (Y). So that equality the can defined that:

- Constant of 0.731883 shows that existence influence growth sales, profitability, and asset structure, the Company tends to use capital structure of 0.731883.
- Coefficient growth sales ( $X_1$ ) of 0.164593 is marked positive show that every increase growth sale of 1 rupiah, then will increase capital structure of 0.164593 with assumptions of profitability variables ( $X_2$ ) and asset structure ( $X_3$ ) are considered constant or zero.
- Coefficient profitability ( $X_2$ ) of 0.881137 is negative, indicating that every increase profitability of 1 rupiah, then will lower capital structure of 0.881137 with growth variable assumptions sales ( $X_1$ ) and asset structure ( $X_3$ ) are considered constant or zero.
- Coefficient asset structure ( $X_3$ ) of 0.597085 marked positive show that every increase structure asset of 1 rupiah, then will increase capital structure of 0.597085 with growth variable assumptions sales ( $X_1$ ) and profitability ( $X_2$ ) are considered constant or zero.

### Hypothesis Test (t-Test)

The t-test is used to test coefficient regression in a way partial from variables independent to variables dependent, namely see How influence variables Growth Sales, Profitability, and Asset Structure against Capital Structure.

**Table 6 t-test**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.731883	0.306652	2.386688	0.0182
SG	0.164593	0.107947	1.524753	0.1293
ROA	-0.881137	0.598066	-1.473313	0.1427
TA	0.597085	0.418379	1.427139	0.1555

Source: Eviews 13 (2025)

Because of the value significant in the growth prob column sales, profitability, and asset structure big from 0.05. Then the thing This show that growth sales, profitability, and structure asset No influential to capital structure, so that hypothesis first, second, and third rejected.

### Coefficient Test Determination ( $R^2$ )

Coefficient determination used to measure model capabilities in explain variation variables dependent. The small  $R^2$  value means ability variables independent explaining variables very limited dependents. The following results testing coefficient determination among others:

**Table 7 Coefficient Test Determination ( $R^2$ )**

R-squared	0.045741	Mean dependent var	0.135564
Adjusted R-squared	0.027390	SD dependent var	0.271221
SE of regression	0.267481	Sum squared residual	11.16116
F-statistic	2.492555	Durbin-Watson stat	1.340177
Prob (F-statistic)	0.062168		

Source: E-views 13 (2025)

Based on results testing coefficient determination in table 7 above, shows that mark  $R^2$  of 0.045741, which means that the variability of the dependent variable, namely capital structure, cannot be explained by the independent variables, namely sales growth, profitability,



and asset structure because the value  $R^2$  This study was only 4.57%, while the remaining 95.43% was explained by other variables outside the research model.

#### **The Effect of Sales Growth on Capital Structure**

Research result show that growth Sales Growth is not influential to capital structure, proven with mark significance of 0.1293 ( $> 0.05$ ). With thus,  $H_0$  is accepted and  $H_1$  is rejected. Findings this no support pecking order theory states that company with growth tall tend use internal funding then in debt if necessary. In the case of SRIL, although sale had time grow, things the no influence capital structure because since 2020 sales decrease sharp and firm already own very high debt burden, so that difficult get additional debt due to decline trust creditors and pressure cash flow. Mismatch the theory also occurs in IDX80 companies which are sample, because company big generally have strong cash and access funding wide, so that no need increase debt even though there are growth sales. In addition, high interest rates make company more be careful take out a loan. Therefore that, growth sale no influential to capital structure, and results study this consistent with findings made Ifvananto & Kusumawati (2024) And Utama & Nugroho (2021).

#### **The Effect of Profitability on Capital Structure**

Research result show that proxied profitability with ROA no influential to capital structure with mark significant  $0.1427 > 0.05$ , so  $H_0$  is accepted and  $H_2$  is rejected. Findings this no supports the pecking order theory which states that company with profitability tall will reduce use of debt. In the case of SRIL, profitability precisely negative because loss big, but matter this no change capital structure due to accumulating debt far previously. Loans are also not used for produce benefits, but to close old debts and buy asset nonproductive. As a result, profitability no influential to SRIL's capital structure which has trapped in debt problems. In the company big IDX80, profitability is also not become factor determinant. Companies with profit tall still in debt to take advantage of tax shields or guard capital structure, whereas company with profit low no always increase debt for avoid perception risk. Funding decisions more influenced by management strategy, market conditions, and reputation in the eyes of investors. Mismatch with theory happen because company No always use retained earnings to finance operational. Research results this consistent with findings which is conducted Sahara et al. (2024) and Puspitasari (2022) that ROA is not influential to capital structure.

#### **The Influence of Asset Structure on Capital Structure**

Research result show that structure proxied assets with Tangibility Assets (TA) not influential to capital structure ( $p$ -value  $0.1555 > 0.05$ ). Therefore,  $H_0$  is accepted and  $H_3$  is rejected. Findings this no in line with the pecking order theory which assumes that company with asset still big can take advantage of it as guarantee to get funding external. In the case of SRIL, although own asset still big, some asset the nature non-productive and not support operational, so that no increase cash flow as well as trust creditors. Conditions negative equity also makes asset no again influential to capital structure. In IDX80 companies, the capital asset structure also not become factor main because company can use asset fluent like receivables or supply as collateral. With thus, the structure asset no in a way direct influence decision funding company. Research results This consistent with findings which is conducted Ifvananto & Kusumawati (2024) and Indrayeni & Putri (2023) that state that Tangibility Assets (TA) no influential to capital structure.

## **CLOSING**

### **Conclusion**

Research result show that growth Sales Growth is not influential to capital structure of IDX80 companies for the 2019–2023 period. This no in line with Pecking Order Theory which considers growth sale tall will push use of internal funds and then debt. In the case of SRIL,



although sale had time grow, height debt burden and its decline trust creditors make company no capable add funding external. In the company capitalized big, decision more capital structure influenced cash reserves, capital market access, stability income and risk finance term long. With thus, high low growth sale No determine capital structure.

Research result show that profitability (ROA) no influential to capital structure of IDX80 companies for the 2019–2023 period. The high and low profit No determine use of debt or equity. Findings this no in line with the Pecking Order Theory which states company with high profits will reduce use of debt. In the case of SRIL, the loss big no change capital structure because debt is already pile up previous and loan funds no increase profitability. In the IDX80 companies, companies with high profits still using debt to benefit taxes and maintain optimal capital structure, whereas company profitable low no automatic increase debt because risky lower trust creditors. With thus, profitability no factor main determinant capital structure, because decision funding more influenced by management strategy, market conditions, and image company.

Research result show that structure proxied assets with Tangibility Assets no influential to Capital structure of IDX80 companies for the 2019–2023 period. Proportion asset still and effectiveness its management no become factor main in decision funding. Findings this no in accordance with the Pecking Order Theory which states that asset still big can made into guarantee to obtain debt. In the case of SRIL, although own asset still the big one, some nature non-productive and not increase cash flow, plus equity deficit so that no strengthen trust creditors. As a result, the structure asset no play a role in determination capital structure, because solvency and reputation company more dominant. In IDX80 companies, assets still not always made into collateral because lots company use asset fluent like receivables or stock. With thus, the structure asset no influential significant to capital structure, because decision funding more influenced by management strategies and conditions finance company in a way overall.

### **Suggestion**

Companies need to ensure growth sustainable sales with notice quality income as well as efficiency operational. The SRIL case shows that improvement sale without healthy debt management can make things worse capital structure and cash flow. IDX80 companies are recommended implementing sales strategies adaptive like digitalization, diversification products, and market expansion, while consider condition macroeconomics and competition for growth sale truly support stability financial. Profit earned need allocated no only to pay obligations, but also for investment productive that increases mark company. Healthy profitability can strengthen position financial and investor confidence. Profitable companies tall can utilize debt effectively selective for tax shield, whereas company profitable low need increase efficiency and evaluate funding strategies to ensure the capital structure remains balanced and sustainable. Companies must ensure asset fixed owned productive and supportive improvement income. Optimization can do through repair utilization assets, sales asset nonproductive, or diversion asset to activity worth high. Companies can also utilise asset fluent like receivables or supply as collateral funding. Funding decisions should consider effectiveness management assets, productivity, liquidity, and management strategy to guard capital structure and sustainability finance term long.

### **REFERENCES**

Adinda, FZ, Triwahyuningtyas, N., & Sugianto. (2020). Profitability, Liquidity and Business Risk towards Capital Structure.



- Andika, IKR, & Sedana, IBP (2019). The Influence Profitability, Structure Assets, and Company Size Against Capital Structure. *E- Journal Udayana University Management*, 8 (9), 5803. <https://doi.org/10.24843/ejmunud.2019.v08.i09.p22>
- Arifin, Dr. Ir. AZ (2018). *Management Finance (Issue March 2018)*. Zahir Publishing. <https://doi.org/10.17605/OSF.IO/83U7Z>
- Astakoni, IMP, & Utami, NMS (2019). Determinant Corporate Capital Structure (A Study of Manufacturing Companies in the Cosmetics & Household Needs Subsector Listed on the Indonesia Stock Exchange for the Period 2010 – 2016). *Business and Accounting*, 18 (1), 1–16. [https://ejournal.warmadewa.ac.id/index.php/wacana\\_ekonomihttp://dx.doi.org/10.22225/we.18.1.987.1-16](https://ejournal.warmadewa.ac.id/index.php/wacana_ekonomihttp://dx.doi.org/10.22225/we.18.1.987.1-16)
- Aurelia, L., & Setijaningsih, HT (2020). Influence Asset Structure, Asset Growth and Company Size Against Capital Structure. *Journal of Management and Accounting Research*, 3 (1), 18–28. <https://doi.org/10.55606/jurima.v3i1.1106>
- Basuki, AT (2021). *Analysis Regression in Economic and Business Research (Completed with SPSS and Eviews Applications) (Vol. 18)*.
- Brigham, EF, & Houston, JF (2019). *Fundamentals Management Finance (M. Masykur, Ed.; 14th ed.)*. Salemba Four.
- Management Fundamentals Finance (M. Masykur, Ed.; 14th ed.)*. Salemba Four.
- Budiarti, D., Wikan Kinasih, H., Dian Pratiwi, R., Prajanto, A., Accounting Studies, P., & Dian Nuswantoro, U. (2024). The Influence Asset Structure, Profitability and Company Size against Capital Structure (Case Study in the Consumer Goods Sub-Sector) Non Cyclical 2019-2022). *Maneksi Journal*, 13 (1), 145–155.
- Deviani, MY, & Sudjarni, LK (2018). The Influence of Growth Rate, Structure Assets, Profitability, and Liquidity on the Capital Structure of Mining Companies In Bei. *E- Journal Udayana University Management*, 7 (3), 1222. <https://doi.org/10.24843/ejmunud.2018.v7.i03.p04>
- Dzikriyah, D., & Sulistyawati, AI (2020). The Influence Sales Growth, Structure Assets, Company Size and Profitability To Capital Structure. *Solutions*, 18 (3), 99–115. <https://doi.org/10.26623/slsi.v18i3.2612>
- Fahmi, I. (2020). *Financial Statement Analysis*. Alfabeta CV.
- Fitriana, A. (2024). *Textbook of Analysis Financial Report*. In *Academy Riau Finance & Banking (AKBAR) Pekanbaru (Issue July)*.
- Ghozali, I. (2018). *Application Multivariate Analysis with IBM SPSS 25 Program (9th ed.)*. Diponegoro University Publishing Agency.
- Gunadhi, GBD, & Putra, IMPD (2019). The Influence Profitability, Asset Structure, Liquidity, and Sales Growth Against Capital Structure of Food and Beverage Companies. *E- Journal Accounting*, 28, 641. <https://doi.org/10.24843/eja.2019.v28.i01.p25>
- Hanafi, MM (2018). *Management Finance (Aldila, Ed.)*. BPFPE.
- Hanafi, MM, & Halim, A. (2018). *Financial Report Analysis*. UPP STIM YKPN.
- Hery. (2016). *Financial Statement Analysis (Adipramono, Ed.; 1st ed.)*. PT Grasindo .
- Hidayat, Dr. WW (2024). *INDICATION OF FINANCIAL DIFFICULTY (FINANCIAL DISTRESS)*. PT. Pena Persada Kerta Utama.
- Ifvananto, F., & Kusumawati, E. (2024). Analysis Influence Profitability, Liquidity, Sales Growth, Asset Structure, and Business Risks Against Capital Structure. *YUME; Journal of Management*, 7 (2), 121–133.
- Indrayeni, & Putri, UA (2023). Factors Influencing Company Capital Structure (Case Study of Manufacturing Companies in the Food and Beverage Sub-Sector Listed on the



- Indonesian Stock Exchange in 2018-2022). *Journal Accountancy Finance And Business*, 1 (3), 186–198.
- Jalil, M. (2018). The Influence Risk Business and Structure Assets To Capital Structure in Companies Listed on the IDX. *Journal Accounting and Finance*, 9 (2), 1–10. <https://ejournal.unisi.ac.id/index.php/jak/article/view/453>
- Kasmir. (2019). *Financial Statement Analysis*. PT Raja Grafindo Persada.
- Lianto, V., Sinaga, AN, Susanti, E., Yaputra, C., & Veronica, V. (2020). Analysis Profitability, Company Size, Asset Structure, Liquidity, and Business Risk towards Capital Structure of Manufacturing Companies in Indonesia. *Journal of Economic, Business and Accounting (COSTING)*, 3 (2), 282–291. <https://doi.org/10.31539/costing.v3i2.1064>
- Mahadianto, MY, Setiawan, A., Salahudin, A., & Fatimah, SE (2017). *Introduction Statistics I (DM Nastiti, Ed.; 1st ed.)*. IPB Pres.
- Manek, MDR, & As'ari, H. (2024). The influence of sales growth, dividend policy, and financial performance on the value of food and beverages companies on the Indonesian stock exchange (2020-2023). *COSTING: Journal of Economics, Business and Accounting*, 7.
- Maulana, Y., & Aziz, MN (2024). The Influence Profitability, Liquidity, and Ownership Institutional To Capital Structure. *Business -Net Journal of Economics and Business*, 7 (1), 310–320. <https://doi.org/10.46576/bn.v7i1.4408>
- Miswanto, Setiawan, AY, & Santoso, A. (2022). Analysis Influence Sales Growth, Asset Structure, and Profitability to Capital Structure. *Journal Maksipreneur : Management, Cooperatives, and Entrepreneurship*, 11 (2), 212. <https://doi.org/10.30588/jmp.v11i2.945>
- MYERS, S. C. (1984). The Capital Structure Puzzle. *The Journal of Finance*, 39 (3), 574–592. <https://doi.org/10.1111/j.1540-6261.1984.tb03646.x>
- Novwedayaningayu, HC, & Hirawati, H. (2020). The Influence Profitability, Liquidity and Structure Assets To Capital Structure in Consumer Goods Companies. *JSMBI (Journal of Management Science and Indonesian Business)*, 10 (2), 255–262.
- Nugroho, V., & Utama, P. (2021). Analysis of Profitability, Liquidity, Sales Growth, Asset Structure Against Capital Structure. *Journal Paradigm Accounting*, 3 (4), 1595. <https://doi.org/10.24912/jpa.v3i4.15252>
- Oktaviana, O., Tampubolon, J., Purnasari, N., Safitri, J., & Manao, MA (2020). THE EFFECT OF PROFITABILITY, LIQUIDITY AND ASSET STRUCTURE ON CAPITAL STRUCTURE IN MANUFACTURING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (IDX) IN THE PERIOD 2015-2017. *COSTING: Journal of Economic, Business and Accounting*, 4, 345–353.
- Orlova, S., Harper, J. T., & Sun, L. (2020). Determinants of capital structure complexity. *Journal of Economics and Business*, 110 (August 2019), 105905. <https://doi.org/10.1016/j.jeconbus.2020.105905>
- Priyastama, R. (2017). *The Magic Book of Mastering SPSS Data Processing & Data Analysis (Tari, Ed.; 1st ed.)*. PT. Great Indonesian Child.
- Puspitasari, WA (2022). The Influence liquidity, asset structure and profitability to capital structure. *Journal Scholar Finance*, 1 (1), 42. <https://doi.org/10.32503/jck.v1i1.2258>
- Sahara, S., Sirat, A.H., & Rusandry, R. (2024). Factors Influencing Capital Structure in Tourism and Creative Economy Sector Companies at the Indonesian Stock Exchange (BEI) for the 2018-2022 Period. *Journal Scientific Management, Economics, & Accounting (MEA)*, 8 (3), 808–822. <https://doi.org/10.31955/mea.v8i3.4523>
- Sari, FDS, & Nasution, R. (2024). The Effect of Return on Equity (ROE), Debt to Equity Ratio (DER), and Current Ratio (CR) on Stock Returns in Coal Mining Subsector Companies



- for the Period 2016-2022. *Journal Scientific Educational Vehicle*, February, 10 (4), 297–307. <https://doi.org/10.5281/zenodo.10516470>
- Sekaran, U., & Bougie, R. (2017a). *Research Methods For Business 1* (DA Halim, Ed.; 6th ed.). Salemba Four.
- Sekaran, U., & Bougie, R. (2017b). *Research Methods For Business 2* (DA Halim, Ed.; 6th ed.). Salemba Four.
- Sugiyono. (2020). *Research Methods Quantitative, Qualitative and R&D* (2nd ed.). Alfabeta CV.
- Sumardika, IPA, & Artini, LGS (2020). Determinant Capital Structure in Property and Real Estate Companies in Indonesia. *E- Journal Udayana University Management*, 9 (3), 948. <https://doi.org/10.24843/ejmunud.2020.v09.i03.p07>
- Susilawati, E., & Purnomo, AK (2023). The Effect of Leverage and Company Growth on Profitability. *Owner*, 7 (2), 955–964. <https://doi.org/10.33395/owner.v7i2.1417>
- Tarigan, PNW, Effendi, I., & Amelia, WR (2021). Factors Influencing Capital Structure of Machinery and Labor Industry Companies in North Sumatra Listed on the Indonesia Stock Exchange. *Journal Scientific Management and Business (JIMBI)*, 2 (1), 57–64. <https://doi.org/10.31289/jimbi.v2i1.467>
- Tarwiyah. (2020). The Influence Company Size, Sales Growth, Liquidity and Profitability To Capital Structure in Manufacturing Companies Listed on the Indonesian Stock Exchange. *Journal Business and Economic Literacy*, 2 (2), 174–188.
- Thian, A. (2022). *Financial Statement Analysis* (Aldila, Ed.). ANDI.
- Tijow, AP, Sabijono, H., & Tirayoh, VZ (2018). The Influence Structure Assets and Profitability To Capital Structure of Consumer Goods Companies Listed on the Indonesia Stock Exchange. *Going Concern : Journal of Accounting Research*, 13 (04), 477–488. <https://doi.org/10.32400/gc.13.03.20375.2018>
- Wardani, DK, & Christiyanti, HV (2018). The Influence Asset Structure and Capital Structure Against Cash Flow Shock. *Dewantara Accounting*, 2 (2), 124–134. <https://doi.org/10.29230/ad.v2i2.2583>
- Wulandari, NPI, & Artini, LGS (2019). Influence Liquidity, Non-Debt Tax Shield, Company Size and Sales Growth Against Capital Structure. *E- Journal Udayana University Management*, 8 (6), 3560. <https://doi.org/10.24843/ejmunud.2019.v08.i06.p10>
- Yapi, J., & Wibowo, S. (2019). Factors Influencing Capital Structure in the Plantation Sector. *Business Media*, 11 (2), 123–134. <https://doi.org/10.34208/mb.v11i2.937>