Effect of Its Size, Growth And Profitability of Company Capital Structure of Listed Companies In BEI Year 2015-2017

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Abstract

This study aims to Determine the effect of company size, company growth and profitability on the capital structure of manufacturing companies listed on the Stock Exchange in 2015-2017 partially. This study examines the hypothesis that states there are effects on company size, company growth and profitability on capital structure. The sampling technique of this study used purposive sampling with certain criteria. The population in this study were 152 manufacturing companies listed on the Indonesia Stock Exchange in 2015-2017, after a purposive sampling technique was Carried out. Obtained by the selected sample of 75 companies. The method of data collection used is the documentation method. The technique uses a data analysis of multiple linear regression analysis Because there are more than one independent variable.

Keywords: Company Size, Company Growth, Profitability and Capital Structure

INTRODUCTION

Tertiary corporate competition in providing products that can penetrate the free market is very varied, both between countries, regional and international multi. It is an opportunity and a challenge or threat to the country if they do not anticipate this (Primantara at all, 2016). In a competition the company will promote progress for the company one way associated with the operations of the company which capital structures that, faced by a financial manager in a company. Of course, in the face of competition companies need capital so great, to have substantial funds Integration must be meticulous in determining the source of the funds will be used to finance the company's investment.

The capital structure is one of a complex financial decisions related to the variable other financial decisions (Sundjaja Inge, 2003, 283). Companies should determine the rank of the increase in capital structure over time. Bertujuan capital structure combines permanent funding source then used the company in a manner that is expected to maximize the company's value.

The size of the company is the part that affects the decisions in the company. The size of the company can be seen from the number of workers in the company and sales undertaken company or assets owned by the company because of the size of the company also mempengruhi value of the company the larger the size or scale of the company, the more easily the company will acquire new sources either internal or external. The size of the size of the company will have an effect on the capital structure in the company, the larger the company the greater the company needed funds to invest (Aryanto, 2002).

Growth ratio is the ratio that measures how much a company's ability to maintain its position in the industry and the general economic development. To sustain the economic development of the company must be inovativ in selling a product that is produced( Irham Fahmi,2018.82),
Profitability ratio is the ratio to assess the ability of the enterprise for profit. From such understanding can be understood that the profitability ratio also provides a level of management effectiveness in the search for high-profit companies because semain company profitability will ensure the future of the company According to the (Kashmir, 2016.196).

METHOD
The method used in this research is quantitative method with the object of research is the variable size of the company, company growth and profitability and capital structure. This study uses secondary data, wherein the type of data used is quantitative data derived from the annual financial statements at companies that were sampled during the study period accessed through the website www.idx.com, In this study used population that is at all manufacturing companies that went public listed on the Indonesia Stock Exchange (BEI) during the study period ie in 2015-2017, respectively. This study population is 152 companies. The data analysis used multiple linear regression analysis method, before it must first be tested classical assumptions, then test the research hypothesis.

RESULT AND DISCUSSION
Classic assumption test conducted in this study are shown in the table - the table below:

<table>
<thead>
<tr>
<th>Table 1 Normality test</th>
<th>Residual Standardized</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>181</td>
</tr>
<tr>
<td>Kolmogorov-Smirnov Z</td>
<td>1.103</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>0.176</td>
</tr>
</tbody>
</table>

Source: SPSS output (data processing), 2019

Table 1 shows that by using the Kolmogorov-mirnov menunjukan that the data are normally distributed residuals. This can be seen in the column Asymp. Sig. (2-tailed), which showed a value of 0.176 which is greater than 0.05, so that (data) residuals are normally distributed.

Based on the scatterplot graph in Figure 1. seemed that the distribution of the data does not form a clear pattern, point - of data points spread above and below the number 0 on the Y axis This indicates that there is no heteroscedasticity in the regression model.

<table>
<thead>
<tr>
<th>Table 2 Autocorrelation Test Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>dL</td>
</tr>
<tr>
<td>----------</td>
</tr>
<tr>
<td>1.758</td>
</tr>
</tbody>
</table>

Source: Data Olah, 2019

In Table 2 can be seen autocorrelation test results on the column durbin-Watson value 2.127 by the number (n) = 225, k = 4 is composed of three independent variables and one dependent variable so that the value dL dU niali 1,758 and 1,810. Rated 4-dU 2,190 and 2,242 grade 4-dL. This shows that the value of DW is between 4-dU dU and that 1,810˂ 2,127˂2,190 so that it can be concluded that this research data is no autocorrelation in the regression model.
Table 3 Test Results Multicollinearity

<table>
<thead>
<tr>
<th></th>
<th>tolerance</th>
<th>VIF</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company size (SIZE)</td>
<td>0.975</td>
<td>1.025</td>
<td>Did not happen multicolinearity</td>
</tr>
<tr>
<td>Company Growth (GROWRH)</td>
<td>1</td>
<td>1</td>
<td>Did not happen multicolinearity</td>
</tr>
<tr>
<td>Profitabilitas (ROA)</td>
<td>0.975</td>
<td>1.026</td>
<td>Did not happen multicolinearity</td>
</tr>
</tbody>
</table>

Source: Data Olah, 2019

In Table 3 shows that each variable has a value of tolerance is more than 1 and VIF is less than 10. Value of firm size (SIZE), growth (GROWRH) and profitability (ROA) has a different tolerance value of 0.975 firm size, growth and profitability of the company amounted to 1,000 amounting to 0.975.

According to the table and the picture above, we can conclude that this research data passes classical assumption test so that it can proceed to the next stage to be processed in a multiple linear regression analysis.

Results of linear regression analysis to the equation can rgresi diliat in Table 4 as follows:

Table 4 Multiple linear regression test

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients unstandardized</th>
<th>Coefficients standardized</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>-3.192</td>
<td>1.921</td>
</tr>
<tr>
<td>1</td>
<td>Company size</td>
<td>3.344</td>
</tr>
<tr>
<td></td>
<td>Company growth</td>
<td>.347</td>
</tr>
<tr>
<td></td>
<td>profitability</td>
<td>-0.395</td>
</tr>
</tbody>
</table>

Source: Data Olah, 2019

Based on Table 4 it can be concluded that the regression equation in this study are:

\[ Y = -3.192 + 3.344 X_2 + X_1 + 0.347 - 0.395 + e \]

From the regression equation can be concluded that the regression coefficient of firm size obtained was 3.344, indicating that every increase of 1 size companies will cause an increase in the capital structure of 3.344, the regression coefficient company's growth was obtained for 0.347, this shows that any increase in 1 growth of the company will increase its capital structure by 0.347 and the value of regression coefficient of -0.395 obtained profitability this case shows that any increase in one variable will cause a decrease in the profitability of capital structures at 0.395.

Table 6 Determination Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.185</td>
<td>0.034</td>
<td>0.023</td>
<td>0.19882</td>
</tr>
</tbody>
</table>

Source: Data Olah, 2019
Based on Table 6 above can be seen that obtained value of R Square of 0.034. This suggests that the variation of X1 (the size of the company), X2 (growth) and X3 (profitability) may explain the variable Y (capital structure) of 3.4% and the balance of 96.6% is explained by other variables (which are not contained in our model) and error.

**Table 7 Result Partial regression test (t test)**

<table>
<thead>
<tr>
<th>variables</th>
<th>t</th>
<th>Sig</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>size of company</td>
<td>3.409</td>
<td>0.001</td>
<td>significant</td>
</tr>
<tr>
<td>growth companies</td>
<td>1.031</td>
<td>0.304</td>
<td>Not significant</td>
</tr>
<tr>
<td>profitability</td>
<td>-3.278</td>
<td>0.001</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Source: Data Olah, 2019

Based on the analysis that has been done in research, it can be seen that there is a significant positive effect of variable size companies (X1) on the capital structure (Y) on the companies listed on the Stock Exchange in the period 2015-2017. The results are consistent with research conducted by Umam (2014) that the size of the company (size) significant positive effect on the capital structure and Yudhiarti (2016) that company size has a positive and significant impact on the capital structure. However, bertetangan with the results of the Goddess (2018) that company size has no significant effect on the capital structure and Savitri (2015) that company size has no significant effect on the capital structure. The results of this study identified that the bigger the company, the greater the company's money should be spent on operating costs, with a high expenditure of funds, the company will increase debt to meet the costs of the company.

Based on the test results show that the second hypothesis in this study can be seen that the growth of the company (X2) partially positive effect but no significant effect on the capital structure (Y) on the companies listed on the Stock Exchange in 2015-2017. It supports research conducted by Lusangaji (2012) that the company's growth partial effect on the capital structure. However, bertetangan with Yudhiarti research results (2016) that the company's growth has no significant effect on the capital structure. The results of this study identified that the higher level of growth experienced by the company, the higher the proportion of the use of debt used by the company.

Based on the test results of the third hypothesis that in this study can be seen that the profitability (X3) partially have negative relationships and significant effect on the capital structure of the companies listed on the Stock Exchange 2015-2017. It supports research conducted by Friska (2011) which states that the profitability of negative significant influence on capital structure and Umam (2016) which states that the profitability of a significant negative effect on the capital structure. However, these results do not correspond to a study conducted by the Women (2012) stated that profitability and no significant positive effect on capital structure.

**CONCLUSION**

In the present study tested whether the size of the company, the company's growth and profitability affect the capital structure of the companies listed in Indonesia Stock Exchange in the period 2015-2017. The samples obtained 152 with a population of 225 at the company's annual report.

Based on the results of the analysis conducted in this study, it can be concluded as follows:

1. Based on the partial test results claimed variables firm size (size) is partially significant effect on the capital structure (debt ratio equiti) on companies listed in Indonesia Stock Exchange in the period 2015-2017.
2. Based on the partial test results claimed the company's growth variables (growth) partially positive effect but no significant effect on the capital structure (debt equiti ratio) at companies listed on the Stock Exchange in 2015-2017.

3. Based on the partial test results claimed variable profitability (return on assets) partially significant negative effect on the capital structure (debt equiti ratio) at manufacturing companies listed in Indonesia Stock Exchange in the period 2015-2017.

REFERENCES


https://www.idx.co.id


