Islamiconomic: Jurnal Ekonomi Islam
Volume 13 No. 2 July - December 2022
P-ISSN: 2085-3696; E-ISSN: 2541-4127
Page: 137 - 156

ISLAMICONOMIC: Jurnal Ekonomi Islam
Department of Islamic Economics
Faculty of Islamic Economics and Business
Universitas Islam Negeri Sultan Maulana Hasanuddin Banten
Jalan Jenderal Sudirman No. 30 Serang 42118
BANTEN - INDONESIA

Phone: +62254 200323 || Fax: +62254 200022 || Website: www. journal.islamiconomic.or.id

DETERMINANTS OF CAPITAL STRUCTURE IN NON-FINANCIAL COMPANIES

Chairul Akmal

UIN Sultan Maulana Hasanuddin Banten, Indonesia

Corresponding author: chairul.akmal@uinbanten.ac.id

Information

Article History:

Received : 22.07.2022
Revised : 12.09.2022
Accepted : 07.10.2022

Keywords: *profitability, firm size, growth, asset.*

Abstract:

The purpose of this study is to determine whether company profitability, company size, growth rate and company asset structure affect the capital structure decisions of non-financial public companies included in the Kompas 100 index. The research method uses quantitative methods with descriptive statistical approaches and inferential statistics through regression analysis techniques. panel data. The results show that the effect of profitability, firm size, growth, and firm asset structure together on the capital structure of non-financial public companies listed in the Kompas 100 Index is positive and significant.

A. INTRODUCTION

The capital structure is an important issue for the company because the good or bad capital structure will have a direct effect on the company's financial position, especially with the existence of very large debt that will put a burden on the company. The capital structure itself is a balance or comparison between foreign capital and own capital. Foreign capital is a long-term and short-term debt. Investors need information to identify companies with good and optimal capital structure, namely by knowing the factors that can affect the capital structure by paying attention to the movement of shares and the company's stock index.

Stock index is a statistical measure that reflects the overall price movement of a group of stocks selected based on certain criteria and methodologies and evaluated regularly. The research focuses on the Kompas 100 index because the Kompas 100 index is an index that measures the price performance of 100 stocks that have good liquidity and large market capitalization. The Kompas 100 Index was launched and managed in collaboration with media company Kompas Gramedia Group. Thus, whether companies with good liquidity and large market capitalization can have an influence on capital structure decisions.

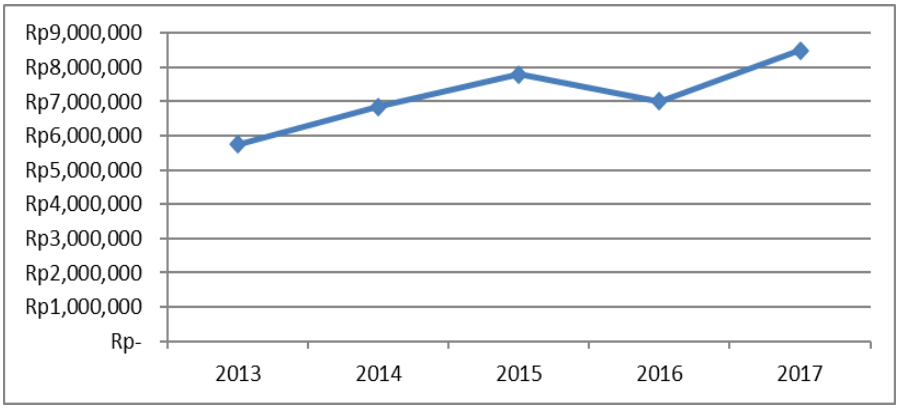
Stock index is a statistical measure that reflects the overall price movement of a group of stocks selected based on certain criteria and methodologies and evaluated regularly. The research focuses on the Kompas 100 index because the Kompas 100 index is an index that measures the price performance of 100 stocks that have good liquidity and large market capitalization. The Kompas 100 Index was launched and managed in collaboration with media company Kompas Gramedia Group. Thus, whether companies with good liquidity and large market capitalization can have an influence on capital structure decisions.

Problems in the capital structure when viewed from the long-term debt of non-financial companies listed in the Kompas 100 Index in the period 2013 to 2017 with the average value of long-term debt shows that there is an increase in long-term debt by 21.23 percent in 2016/2017 period with an average increase of Rp. 8,485,737 million although it experienced a decrease of 10.20 percent in the 2015/2016 period of Rp. 6,999,986 million as shown in Table 1 and Figure 1 as follows:

Table 1. Average Long-Term Debt of Non-Financial Companies Compass Index 100 Years 2013-2017 (In Million Rupiah)

No.	Year	Long-term debt		Growth
1.	2013	Rp	5.743.453	-
2.	2014	Rp	6.848.079	19,23%
3.	2015	Rp	7.794.700	13,82%
4.	2016	Rp	6.999.986	-10,20%
5.	2017	Rp	8.485.737	21,23%

Source: Indonesia Stock Exchange 2013-2017 (Data processed, 2019)



Source: Indonesia Stock Exchange 2013-2017 (Data processed, 2019)

Figure 1. Average Long-Term Debt of Non-Financial Companies Compass Index 100 Years 2013-2017 (In Million Rupiah)

B. LITERATUR REVIEW

Several research studies related to research explain that there is a relationship between profitability, size, growth rate, asset structure and company risk on capital structure, including research by Antoni, Chenita Chandra and Febri Susanti using the regression method to find that liquidity has a negative and significant effect on capital structure, profitability has a negative and significant effect on capital structure, firm size has a positive and significant effect on capital structure and asset growth has no significant effect on capital structure. Ni Komang Ayu Ariani and Ni Luh Putu Wiagustini using multiple regression analysis explain that profitability, non-debt tax shield and company size partially have a negative and significant effect on capital

structure, while asset structure and growth opportunities partially have a positive and significant influence on capital structure. capital structure (Ariani, et.al. 2017).

The research of Ataullah Shah and Safiullah Khan using panel data regression analysis techniques found that Tangibility was positively related to capital structure, firm growth and profitability, negatively related to capital structure and firm size, earnings volatility, and non-debt tax shield was not significant to capital structure (Ataullah, et.al. 2007). Correa, Basso and Nakamura explain that risk and prior year leverage are positively related to capital structure. Tangibility, profitability, and prior year profitability are negatively related to capital structure. Business growth, size, and industry have no significant relationship with capital structure. Foreign firms have more debt than domestic firms (Correa, et.al. 2007). Chen, Jean J. explained that overall leverage: profitability is negatively related to capital structure; growth, tangibility, and earning volatility are positively related to capital structure; while firm size and non-debt tax shield are not significantly related to capital structure. Long term leverage; profitability and size are negatively related to capital structure; growth and tangibility are positively related to capital structure; while earning volatility and non-debt tax shield have no significant relationship with capital structure (Chen, et.al. 2004). Sheridan Titman and Roberto Wessels found that capital structure is negatively related to uniqueness and past profitability. Short term debt ratios are negatively related to firm size, non-debt tax shields, volatility, growth, and collateral value are not significant to capital structure (Titman, et.al. 1988). According to Utami, there are several factors that can affect the capital structure, including the structure of assets or tangibility, growth opportunities, company size, profitability and business risk (Utami, et.al. 2019).

According to Nidar (Nidar, 2016), the factors that must be considered in determining the capital structure are: 1) Sales stability. Firms with relatively stable sales can safely take on more debt and bear higher fixed costs than firms with less stable sales. 2) Asset structure. Companies whose assets are suitable as collateral for loans tend to use debt more. 3) Leverage operation. Companies with less operating leverage have a better ability to apply financial leverage because these companies will have less business risk. 4) Ability level. Fast-growing companies must rely more on external funds. 5) Profitability. Companies that have very high returns on investment

use relatively little debt. 6) Taxes. Interest is an expense that can be tax deductible and tax deductible is a very valuable thing for companies with high tax rates. Therefore, the higher the tax rate of a company, the greater the benefits derived from debt. 7) Control. The impact of debt versus equity on management's control position can affect the capital structure. If management has a 50% vote on its shares, but the company is in a position where they can no longer owe debt, then management can go into debt as an alternative to new funding. 8) Management attitude. Conservative management attitudes will use less debt than the average company in their industry. Meanwhile, aggressive management uses more debt in their search for high profits.

C. METHODOLOGY

The method used in this study is a quantitative method with a descriptive statistical approach with inferential statistics through panel regression. The model formed is to make the capital structure as the dependent variable and use the company's profitability, company size, company growth rate and company's asset structure (tangibility) as independent variables. To examine the relationship between the dependent variable and the independent variable the author uses the following model:

$$\mathbf{LEV_{it} = \alpha + \beta 1\ PROF_{it} + \beta 2\ SIZE_{it} + \beta 3\ GROW_{it} + \beta 4\ TANG_{it} + u_{it}}$$

LEV_{it}	: The company's capital structure at time t
$PROF_{it}$	: Profitability of company i at time t
$SIZE_{it}$	: Firm size i at time t
$GROW_{it}$	: The growth rate of firm i at time t
$TANG_{it}$	: Tangibility of the firm (asset structure) i at time t
i	: Number of companies
t	: Time period

In this study using the panel data method. There are three major models in the estimation approach, namely common effects, fixed effects and random effects.

D. RESULT AND ANALYSIS

Multicollinearity testing of the research model shows that the research model does not experience multicollinearity because the correlation between the independent variables is less than 0.8, meaning there is no multicollinearity. So that the independent variables in the study can be used to analyze the research model. In addition, the results of the heteroscedasticity test showed that the research model did not experience it because the probability value of the residual value of the research model for each research variable showed p> 0.05. This means that there is no symptom of heteroscedasticity in the research model. The results of the autocorrelation test showed that Durbin Watson counted 1.828 with a sample (n=40) and the number of independent variables (k=4), the lower Durbin (dl) value was 1.284 and the upper Durbin (du) 1.720. Thus, the Durbin Watson value in the regression model lies at du < d < 4 – du or 1.720 smaller than 1.828 smaller than 4 – 1.720 = 2.280 which means that the regression model used is free from the classical assumption of autocorrelation where there is no positive autocorrelation or negative and there is no similarity between the independent variables. Thus, the research model can be used in answering the formulation of the problem in this study.

Panel data regression analysis with the simplest model, namely common effects. The first assumption introduced in panel data regression using the common effects method is the assumption that the intercept and slope are always constant both over time and between individuals. The following is a common effects model of the factors that influence the Capital Structure:

Table 2. Common Effects Model Results

Dependent Variable: MODAL
Method: Panel Least Squares
Date: 21/11/19 Time: 12:23
Sample: 2013 2017
Periods included: 5
Cross-sections included: 40
Total panel (balanced) observations: 200

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.090043	0.154624	0.582334	0.5610
PROFIT	-0.552227	0.099164	-5.568836	0.0000

SIZE	-0.001107	0.021073	-0.052519	0.9582
GROWTH	0.000978	0.000488	2.005185	0.0463
TANG	0.304580	0.043362	7.024087	0.0000

R-squared	0.331842	Mean dependent var	0.220165
Adjusted R-squared	0.318136	S.D. dependent var	0.148879
S.E. of regression	0.122937	Akaike info criterion	-1.329611
Sum squared resid	2.947121	Schwarz criterion	-1.247154
Log likelihood	137.9611	Hannan-Quinn criter.	-1.296242
F-statistic	24.21179	Durbin-Watson stat	0.448803
Prob(F-statistic)	0.000000		

Based on Table 2 above, it can be explained that the value of the constants and parameters of each independent variable, including the influence whether it is positive or negative on the dependent variable of Capital Structure (LEV). Judging from the equation, it can be seen that the independent variables that have a negative effect on the Capital Structure are the Profitability (PROFIT) variable and the Firm Size (SIZE) variable, meaning that if there is an increase in the Profitability and Company Size variables, the Capital Structure will change smaller (decrease). While the variables of Company Growth and Asset Structure have a positive effect on Capital Structure, meaning that if there is an increase in the variables of Company Growth (GROWTH) and Asset Structure (TANG) then the Capital Structure will change even more (increase). Judging from the test of each coefficient using the t test, it can be seen that there are two significant variables based on the test of 5%, namely Profitability, Company Growth and Asset Structure variables. This means that if there is a change in Profitability, Company Growth and Asset Structure, it will statistically affect changes in Capital Structure. The Common Effects model has a problem that is using simple assumptions, namely ignoring aspects of unit differences and time periods, it is very possible that this model has problems, so it is necessary to compare it with other models.

The condition of the economic data on each object analyzed is very likely to be different from each other, even from one object at a time to another. Therefore, the results of a regression require a model that can show differences in constants between objects, even with the same regression coefficient. This model is known as the fixed effect regression model. The fixed effect here means that an object of

observation has a constant of constant magnitude for various periods of time. The following is a fixed effects model of the factors that affect the Capital Structure:

Table 3. Result of Model *Fixed Effects*

Dependent Variable: MODAL
Method: Panel Least Squares
Date: 21/11/19 Time: 12:25
Sample: 2013 2017
Periods included: 5
Cross-sections included: 40
Total panel (balanced) observations: 200

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.123393	0.424444	-0.290717	0.7717
PROFIT	-0.173954	0.163277	-1.065392	0.2883
SIZE	0.041165	0.057703	0.713388	0.4767
GROWTH	-2.00E-05	0.000296	-0.067533	0.9462
TANG	0.102780	0.100736	1.020283	0.3092

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.858483	Mean dependent var	0.220165
Adjusted R-squared	0.819475	S.D. dependent var	0.148879
S.E. of regression	0.063256	Akaike info criterion	-2.491718
Sum squared resid	0.624204	Schwarz criterion	-1.766088
Log likelihood	293.1718	Hannan-Quinn criter.	-2.198067
F-statistic	22.00797	Durbin-Watson stat	1.828767
Prob(F-statistic)	0.000000		

Source: Results of Data Processing EViews 10.00 (2019)

Based on Table 3 above, it can be explained that the value of the constants and parameters of the independent variables of Profitability and Company Growth has a negative effect on the dependent variable of Capital Structure. Meanwhile, the independent variables of firm size and asset structure have a positive effect on the dependent variable of capital structure. Judging from the equation, it can be seen that the independent variables that have a negative effect on the Capital Structure are the Profitability variable (PROFIT) and the Company Growth variable (GROWTH), meaning that if there is an increase in the Profitability and Company Growth variable, the Capital Structure will change smaller (decrease). While the variables of Company Size and Asset Structure have a positive effect on Capital Structure, meaning that if

there is an increase in the variables of Company Size (SIZE) and Asset Structure (TANG) then the Capital Structure will change to a greater extent (increase).

Judging from the test of each coefficient using the t test, it can be seen that the four independent variables are not significant based on the test of 5%, namely the variables of Profitability, Company Size, Company Growth and Asset Structure. This means that if there is a change in Profitability, Company Size, Company Growth and Asset Structure, statistically it has no effect on changes in Capital Structure as a whole but the equation can show different intercept values for each object (issuer) but has a different slope coefficient. the same for each individual non-financial company (issuer). Both the intercept and the regression coefficient are constant throughout the time of observation of the data, namely the period from 2013 to 2017. The weakness of the assumption of this model is that there is still a possibility that the model does not match the actual situation. In a regression in addition to differences in intercepts, it may also be found that there are differences in intercepts which assume differences between objects and between times. In addition, the basic concept of regression is to minimize the residual value. The residual value can come from differences in individual characteristics or due to differences in time periods. These two assumptions have not been included in the fixed effects model. The next model that is able to answer these problems is the random effects model.

Random effects model as one of the models in panel data regression analysis. This model is accommodated through error. The technique also takes into account that errors may be correlated with regression coefficients and constants due to differences in time periods and differences between data units. This model assumes that the difference between the intercept and the constant is caused by the residual/error as a result of the differences between units and between time periods that occur randomly. On this basis, the random effects model is also known as the error component model (ECM). The following is a random effects model of the factors that influence the Capital Structure:

Table 4. Results of Random Effects Model

Dependent Variable: MODAL
Method: Panel EGLS (Cross-section random effects)
Date: 21/11/19 Time: 12:29
Sample: 2013 2017
Periods included: 5
Cross-sections included: 40
Total panel (balanced) observations: 200
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.029134	0.254632	0.114416	0.9090
PROFIT	-0.318662	0.126787	-2.513369	0.0128
SIZE	0.012913	0.034580	0.373425	0.7092
GROWTH	0.000167	0.000288	0.578470	0.5636
TANG	0.215156	0.066783	3.221698	0.0015

Effects Specification		
	S.D.	Rho
Cross-section random	0.107292	0.7421
Idiosyncratic random	0.063256	0.2579

Weighted Statistics			
R-squared	0.101084	Mean dependent var	0.056131
Adjusted R-squared	0.082645	S.D. dependent var	0.066806
S.E. of regression	0.063986	Sum squared resid	0.798371
F-statistic	5.481986	Durbin-Watson stat	1.467249
Prob(F-statistic)	0.000334		

Unweighted Statistics			
R-squared	0.286157	Mean dependent var	0.220165
Sum squared resid	3.148631	Durbin-Watson stat	0.372038

Source: Results of Data Processing Eviews 10.00 (2019)

Based on Table 4 above, it can be explained that the value of the constant and parameter of the independent variable Profitability has a negative effect on the dependent variable of Capital Structure. Meanwhile, the independent variables of firm size, firm growth and asset structure have a positive effect on the dependent variable of capital structure. Judging from the equation, it can be seen that the independent variable that has a negative effect on the Capital Structure is the Profitability variable (PROFIT), meaning that if there is an increase in the Profitability variable, the Capital Structure will change smaller (decrease). While the variables of Company Size, Company Growth and Asset Structure have a positive effect on Capital Structure,

meaning that if there is an increase in the variables of Company Size (SIZE), Company Growth (GROWTH) and Asset Structure (TANG) then the Capital Structure will change even greater (increase). Judging from the test of each coefficient using the t test, it can be seen that the three independent variables are not significant based on the test of 5%, namely the variable Company Size, Company Growth and Asset Structure except Profitability which significantly affects the dependent variable Capital Structure. This means that if there is a change in Profitability, it will statistically affect the change in Capital Structure. While the variables of Company Size, Company Growth and Asset Structure have no effect on changes in Capital Structure. Just as with the fixed effects model, of course it is not always the best model for estimating random effects, in other words, it is not always the assumption that the intercept and slope are different for each individual and/or the time is correct. This is the basis for testing (testing) the model to be used whether common effects, fixed effects and random effects. The results of testing the selection of the Common Effects model with Fixed Effects are as follows:

Table 5: Testing Results of Common Effect Model Selection with Fixed Effects

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	14.885619	(39,156)	0.0000
Cross-section Chi-square	310.421274	39	0.0000

Source: Results of Data Processing Eviews 10.00 (2019)

Based on the results of the F test, it can be seen that the probability value of the F-Statistics is sig. 0.000. If the significance level of 0.05 or 5% is used, it can be concluded that we reject H0 and accept Ha because p < . This means that the fixed effects model is better to use than the common effects model. Testing the selection of the Fixed Effects model with Random Effects as follows:

Table 6. Test Results for Fixed Effect Model Selection with Random Effects

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	8.527353	4	0.0741

Source: Results of Data Processing Eviews 10.00 (2019)

Based on the results of the Hausman test (Chi Square) it can be seen that the probability value of Chi Square Statistics is sig 0.074. If the significance level of 0.05 or 5% is used, it can be concluded that H0 is rejected and Ha is accepted because p > . This means that the fixed effects model is better to use than the random effects model. Based on the results of testing the classical assumptions of the research model and the selection of research models, the best model is the fixed effects model to answer the research formulation can be explained as follows:

$$\mathbf{LEV(Y) = -0{,}123393 - 0{,}173954\ PROFIT(X_1) + 0{,}041165\ SIZE(X_2) - 0{,}000052\ GROWTH(X_3) + 0{,}102780\ TANG(X_4)}$$

1. If every one percent increase in the profitability variable (the variables of company size, company growth and asset structure are considered constant) it will decrease the capital structure by 0.173954.
2. If every one percent increase in the company size variable (the variables of profitability, company growth and asset structure are considered constant) it will increase the capital structure by 0.041165.
3. If every one percent increase in the company's growth variable (the variables of profitability, company size, and asset structure are considered constant) it will decrease the capital structure by 0.000052.
4. If every one percent increase in the asset structure variable (the variables of profitability, company size and company growth are considered constant) it will increase the capital structure by 0.102780.

5. If the variables of profitability, company size, company growth and asset structure are omitted, it will reduce the capital structure by 0.123393. This figure means that if the variables of profitability, company size, company growth and asset structure are omitted, the capital structure only reaches 0.123393, meaning there is no increase or decrease or no change in capital structure.

The contribution of the independent variables of profitability, company size, company growth and asset structure to the capital structure of non-financial companies listed on the Kompas 100 Index for the period 2013 to 2017 can be seen in Table 7 below:

Table 7. Contribution of the Effect of the Research Model

Model	Connection	RSquare value	Results
Regression Panel Model	Profitability, Company Size, Company Growth and Asset Structure Variables on Capital Structure	0,858 or 85,8%	Influence Contribution of 85,8%

Source: Results of Data Processing Eviews 10.00 (2019)

Based on Table 7. above, it can be seen that the influence of Profitability, Company Size, Company Growth and Asset Structure on the Capital Structure of non-financial companies listed on the Kompas 100 Index for the period 2013 to 2017 can be shown by the coefficient of determination, namely R2 = 0.858. This means that 85.8% of the capital structure is influenced by Profitability, Company Size, Company Growth and Asset Structure, while the remaining 24.2% is influenced by other factors.

To see the effect of the variables Profitability, Company Size, Company Growth and Asset Structure partially on the Capital Structure of non-financial companies listed on the Kompas 100 Index for the period 2013 to 2017 explains that the results of t-count profitability variables are smaller than t-table (-1 0.065392 < 2.021) where t table for n = 40 (df = 40 – 4 = 36) at a confidence level of 95.0% (two-way test) obtained t table = 2.021. This shows that the effect of profitability on capital structure is not significant. The results of the t-count variable of firm size are smaller than t table (0.713388 < 2.021) where t table for n = 40 (df = 40 – 4 = 36) at a degree of

confidence of 95.0% (two-way test) obtained t table = 2,021. This shows that the effect of firm size on capital structure is not significant. The results of the t-count variable for company growth are smaller than t table (-0.067533 < 2.021) where t table for n = 40 (df = 40 – 4 = 36) at a degree of confidence of 95.0% (two-way test) obtained t table = 2,021. This shows that the effect of company growth on capital structure is not significant. The result of t-count variable asset structure is greater than t table (1.020283 < 2.021) where t table for n = 40 (df = 40 – 4 = 36) at a degree of confidence of 95.0% (two-way test) obtained t table = 2,021. This shows that the effect of asset structure on capital structure is not significant.

While the results of hypothesis testing simultaneously with the F test, it can be explained that the calculated F value is greater than F table (22.00977 > 2.45) where F table (n = 40, df numerator = k – 1 = 5 – 1 = 4, and df denominator = n – k = 40 – 4 = 36) at a degree of confidence of 95.0% (two-way test) in accordance with F table obtained = 2.61, then the effect of profitability, firm size, firm growth and asset structure the capital structure of non-financial companies listed in the Kompas 100 index in the period 2013 to 2017 is significant.

Discussion

The effect of company profitability on capital structure decisions of non-financial companies listed in the Kompas 100 index based on the results of t arithmetic where the profitability variable is smaller than t table (-1.065392 < 2.021) which means that the effect of profitability on capital structure is negative and not significant. This is in line with the results of the research of Ataullah Shah and Safiullah Khan (2007) and the research of Correa, Basso and Nakamura (2007) which explained in the study that profitability was negatively related to capital structure. In addition, this is because almost all non-financial companies listed in the Kompas 100 index which are the sample of this study experienced a decline in the period from 2014 to 2016 due to economic turmoil and unstable commodity prices in the world. There are even some companies that experienced a decline in profitability until 2017, so that profitability has a negative effect on the company's capital structure decisions.

The effect of firm size on the capital structure decisions of non-financial companies listed in the Kompas 100 index based on the results of t arithmetic where

the firm size variable is smaller than t table (0.713388 < 2.021), then the effect of firm size on capital structure is positive and not significant. This is in accordance with the results of previous studies, namely the research of Ataullah Shah and Safiullah Khan (2007), Correa, Basso and Nakamura (2007) and Chen, Jean J. (2003) which found that firm size had a positive and insignificant effect on capital structure. This means that the increase in the size of the company from total assets or assets is not accompanied by a decrease in the company's long-term debt, but an increase in long-term debt in order to improve the company's financial performance.

The effect of the company's growth rate on the capital structure decisions of non-financial companies listed in the Kompas 100 index based on the results of the t-count of the company's growth variables is smaller than t table (-0.067533 < 2.021) so that the effect of not firm growth on capital structure decisions is negative and not significant. This is in accordance with the results of previous studies where Antoni, Chenita Chandra and Febri Susanti (2016) explained that the company's growth had no significant effect on the capital structure. This is due to the company's growth for non-financial companies listed in the Kompas 100 index that fluctuates but tends to decline, but the company's capital structure is only able to survive with existing conditions.

The effect of the company's asset structure on the capital structure decisions of non-financial companies listed in the Kompas 100 index based on the results of the t-count of the asset structure variables greater than t table (1.020283 < 2.021) indicating that the effect of asset structure on capital structure is negative and not significant. This is different from the research results of Ni Komang Ayu Ariani and Ni Luh Putu Wiagustini (2017) and Chen, Jean J. (2003) who found that the asset structure (tangibility) had a positive and significant effect on capital structure. This is because the fixed assets of non-financial companies listed on the Kompas 100 index mostly experienced a significant increase, so that most non-financial companies invested in fixed assets so that they prioritized fulfilling their capital from permanent capital, namely own capital, while debt was complementary.

The contribution of the influence of Profitability, Company Size, Company Growth and Asset Structure to the Capital Structure of non-financial companies listed on the Kompas 100 Index for the period 2013 to 2017 can be shown by the coefficient

of determination, namely R2 = 0.858. This means that 85.8% of the capital structure is influenced by Profitability, Company Size, Company Growth and Asset Structure, while the remaining 24.2% is influenced by other factors. Furthermore, based on simultaneous hypothesis testing with the F test, it can be explained that the calculated F value is greater than F table (22.00977 > 2.45), then the effect of profitability, firm size, firm growth and asset structure simultaneously (together) the capital structure of non-financial companies listed in the Kompas 100 index in the period 2013 to 2017 is positive and significant.

E. CONCLUSION

Based on the results of the study, several conclusions related to the formulation of the research questions can be drawn that the effect of partial profitability on the capital structure decisions of non-financial public companies listed in the Kompas 100 Index is negative and insignificant. The partial effect of firm size on the capital structure decisions of non-financial public companies listed in the Kompas 100 Index is positive and not significant. The effect of the company's growth rate partially on the capital structure decisions of non-financial public companies listed in the Kompas 100 Index is negative and insignificant. The influence of the company's asset structure (tangibility) on the capital structure decisions of non-financial public companies listed in the Kompas 100 Index is positive and not significant. Furthermore, the effect of profitability, company size, growth, and company's asset structure (tangibility) together on the capital structure of non-financial public companies listed in the Kompas 100 Index is positive and significant.

F. REFERENCES

Abbadi, S. M., & Abu-Rub, N. (2012). The effect of capital structure on the performance of Palestinian financial institutions. *British Journal of Economics, Finance and Management Sciences*, *3*(2), 92-101.

Abdullah, T. T. Y., Laadjal, A., Ries, E., & Al-Asadi, Y. A. A. (2018). Board features and capital structure in emerging markets. *Journal of Advanced Management Science*, *6*(2).

Alnori, F., & Alqahtani, F. (2019). Capital structure and speed of adjustment in non-financial firms: Does sharia compliance matter? Evidence from Saudi Arabia. *Emerging Markets Review*, *39*, 50-67.

Antoni., Chenita Chandra and Febsri Susanti., Factors Affecting the Capital Structure of Manufacturing Companies on the Indonesia Stock Exchange. Ministry of Research Technology and Higher Education Kopertis Region X. Benefita Journal, Volume 1 Number 2 of 2016.

Ariani, Ni Komang Ayu and Ni Luh Putu Wiagustini., Factors Influencing the Capital Structure of Property & Real Estate Companies Listed on the IDX. Journal of Management Unud, Volume 6 Number 6 of 2017: 3168-3195.

Ariani, Ni Komang Ayu and Ni Luh Putu Wiagustini., Factors Influencing the Capital Structure of Property & Real Estate Companies Listed on the IDX. Journal of Management Unud, Volume 6 Number 6 of 2017: 3168-3195.

Brigham, Eugene dan Louis C, Gapenski. *Intermediate Financial Management.* Orlando: The Dyden Press. 1997.

Brigham, Eugene F; Joel F. Houston., Fundamentals of Financial Management. Jakarta: Publisher Salemba Empat. 2010.

Chen, Jean J., *Determinants of Capital Structure of Chinese Listed Companies.* Journal of Business Research, 57, 1341-1351. www.sciencedirect.com. 2004.

Chen, Jean J., *Determinants of Capital Structure of Chinese Listed Companies.* Journal of Business Research, 57, 1341-1351. www.sciencedirect.com. 2004.

Chinaemerem, O. C., & Anthony, O. (2012). Impact of capital structure on the financial performance of Nigerian firms. *Oman Chapter of Arabian Journal of Business and Management Review*, *34*(969), 1-19.

Correa, Basso dan Nakamura., *What Determines the Capital Structure of the Largest Brazilian Firms? An Empirical Analysis Using Panel Data*. http://ssrn.com/abstract=989047. 2007.

Correa, Basso dan Nakamura., *What Determines the Capital Structure of the Largest Brazilian Firms? An Empirical Analysis Using Panel Data*. http://ssrn.com/abstract=989047. 2007.

Gujarati, Damodar., *Basic Econometrics, 4^{th} edition*. New York: Mc Graw Hill, inc. 2009.

Harmono., Balanced Scorecard-Based Financial Management Approach Theory, Cases and Business Research. Jakarta: Earth Literacy. 2016.

Jayusman, Rio., Determining Factors in Capital Structure for Go Public Companies and Theory That Can Explain It: Case Analysis of Indonesia and All Industries, 2003 – 2007 period. Depok: University of Indonesia. 2008.

Kasmir., Analysis of Financial Statements. Jakarta: PT. RajaGrafindo Persada. 2014.

Michaelas, N., Chittenden, F., & Poutziouris, P. (1998). A model of capital structure decision making in small firms. *Journal of small business and enterprise development*, *5*(3), 246-260.

Mwangi, L. W., Makau, M. S., & Kosimbei, G. (2014). Relationship between capital structure and performance of non-financial companies listed in the Nairobi Securities Exchange, Kenya. *Global Journal of Contemporary Research in Accounting, Auditing and Business Ethics*, *1*(2), 72-90.

Nidar, Sulaeman Rahman., (2016). Modern Corporate Financial Management. Bandung: Reka Cipta Library. 2016. Pg 292-293

Nidar, Sulaeman Rahman., Modern Corporate Financial Management. Bandung: Reka Cipta Library. 2016.

Pratomo, W. A., & Ismail, A. G. (2006). Islamic bank performance and capital structure.

Rajan dan Zingales. *What Do We Know About Capital Structure? Some Evidence From International Data.* The journal of finance. Cambridge, vol 50, 155.5 : pg 1421-40. 1995.

Rodoni, Ahmad; Ali, Herni., Modern Financial Management. Jakarta: Media Wacana Partner Publisher. 2014.

Rouf, D., & Abdur, M. (2015). Capital structure and firm performance of listed non-financial companies in Bangladesh. *The International Journal of Applied Economics and Finance*, *9*(1), 25-32.

Salawu, R. O., & Agboola, A. A. (2008). The determinants of capital structure of large non-financial listed firms in Nigeria. *The International Journal of Business and Finance Research*, *2*(2), 75-84.

Sekaran, Uma. *Research Method for Business : A Skill Building Approach*. John-Wiley & Sons, inc. 2003.

Shah, A., Hijazi, T., & Javed, A. Y. (2004). The determinants of capital structure of stock exchange-listed non-financial firms in Pakistan [with comments]. *The Pakistan Development Review*, 605-618.

Shah, Attaullah dan Safiullah Khan., *Determinants of Capital Structure: Evidence from Pakistani Panel Data.* International review of business research paper, 3, 2, 265 – 282. 2007.

Shah, Attaullah dan Safiullah Khan., *Determinants of Capital Structure: Evidence from Pakistani Panel Data.* Internatinal review of business research paper, 3, 2, 265 – 282. 2007.

Shah, S. Z. A., & Hussain, Z. (2012). Impact of ownership structure on firm performance evidence from non-financial listed companies at Karachi Stock Exchange. *International Research Journal of Finance and Economics*, *84*(3), 6-13.

Sheikh, N. A., & Wang, Z. (2013). The impact of capital structure on performance: An empirical study of non-financial listed firms in Pakistan. *International Journal of commerce and Management*.

Singh, D. (2016). A panel data analysis of capital structure determinants: An empirical study of non-financial firms in Oman. *International Journal of Economics and Financial Issues*, *6*(4), 1650-1656.

Sobana, Dadang Husen., Islamic Financial Management. Bandung: Faithful Library. 2018.

Titman, Sheridan dan Roberto Wessels., *The Determinant of Capital Structure Choice*. The Journal of finance vol 43 no 1 pp1-19. 1988.

Titman, Sheridan dan Roberto Wessels., *The Determinant of Capital Structure Choice*. The Journal of finance vol 43 no 1 pp1-19. 1988.

Utami, Novia Widya. Understanding and Factors Affecting Capital Structure. Entrepreneur Journal. 2019. http://www.journal.id.com.

Utami, Novia Widya. Understanding and Factors Affecting Capital Structure. Entrepreneur Journal. 2019. http://www.journal.id.com. Thing. 2

Van Horne, James C., *Financial Management and Policy,12 edition.* Prentice Hall International. 2005.

Wetson, J. Fred and Eugene F. Brigham. Fundamentals of Financial Management. Jakarta: Erlangga. 2005.

Wiwattanakantang, Y. (1999). An empirical study on the determinants of the capital structure of Thai firms. *Pacific-Basin Finance Journal*, *7*(3-4), 371-403.