ANALYSIS OF PROFITABILITY, COMPANY SIZE, SALES GROWTH AND BUSINESS RISK ON CAPITAL STRUCTURE

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ABSTRACT

This study aims to determine the effect of Profitability, Size, Sales Growth and Business Risk on the Capital Structure of the Food and Beverage Sub-Sector Companies listed on the Indonesia Stock Exchange (IDX) for the period 2015-2019. The sampling technique uses a sampling method the study population was 33 companies and the sample used was 15 companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange. The method used in this research is the hypothesis testing method (Hypothesis Testing). The analytical tool used is multiple linear regression analysis tested using the Statistical Package for the Social Science (SPSS) Version 25 program. The data used are secondary data in the form of complete financial reports during the study period. The results of this study indicate that the Profitability variable has a significant effect on capital structure, while the variables of company size, sales growth and business risk have no significant effect on capital structure.

Keywords: Profitability, Size, Sales Growth, Business Risk and Capital Structure

1. INTRODUCTION

Food and beverage companies are a sector that continues to experience growth. Along with the increasing population growth in Indonesia, the volume of demand for food and beverages continues to increase as well. The national food and beverage industry contributes greatly to economic growth in Indonesia. Therefore, the Ministry of Industry continues to encourage the development of the national food and beverage industry. In the first quarter of 2015, the growth of the national food and beverage industry reached 8.16% or higher than the growth of the non-oil and gas industry of 5.21%. Furthermore, the development of investment realization in the food and beverage industry sector in the first quarter of 2015 amounted to Rp. 6,167 billion for PMDN and PMA of USD 533.8 million (www.kemenperin.go.id). According to the General Chairman of GAPMM in the second quarter of 2016, this industry showed a significant increase, especially with the expectation of reaching an increase of 8% (m.tribunnews.com). The food and beverage industry continues to show positive performance with growth reaching 9.82% or Rp. 192.69 trillion in the third quarter of 2016 (www.kemenperin.go.id). In 2017 it reached 9.23%, an increase compared to 2016 which was 8.46%. In addition, exports of food and beverage products including palm oil in 2017 had a positive trade balance compared to 2016.

In 2018 the food and beverage industry became one of the sectors that supported the increase in the value of national investment, contributing Rp. 56.60 trillion (www.antarnews.com). The food and beverage industry during January-September only grew 7.9%. The Ministry assessed that the stalled growth of the food and beverage industry this year was caused by the low growth in the first semester of 2019 (www.bisnis.tempo.co). And the food and beverage industry absorbs the most workers in the manufacturing sector with a total of 4.74 million people as of August 2019 (www.mediaindonesia.com). Competition in various business sectors in the industry is increasingly competitive, both small and large companies are all racing to get a superior position in the competition. In this study used 5 variables, namely Profitability, Company Size, Sales Growth and Business Risk on Capital Structure. The population in this study is the Food and Beverage Sub-Sector Companies Listed on the IDX for the 2015-2019 periods.

2. RESEARCH METHOD

The method used in this study is a quantitative method. The sampling technique in this research is purposive sampling. The population used in this study is the Food and Beverage sub-sector companies listed on the Indonesian Stock Exchange (IDX) for the 2015-2019 period, totaling 33 companies. Samples obtained and meet the criteria of 15 companies. In selecting the sample there are several considerations and the criteria used in this study are:

a. Food and beverage sub-sector companies listed on the Indonesia Stock Exchange in the 2015-2019 periods.
b. Food and beverage sub-sector companies that publish complete financial reports consecutively during the year of observation, namely 2015 to 2019.

The method used in this study is a hypothesis testing method, the analytical tool used is multiple linear regression analysis tested using the Statistic Package for the Social Science (SPSS) Version 25 program.

3. RESULTS AND DISCUSSIONN

3.1. Normality Test

Table 1. Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		59
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.43210824
Most Extreme Differences	Absolute	.079
	Positive	.079
	Negative	-.059
Test Statistic		.079
Asymp. Sig. (2-tailed)		.200[c,d]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

This test is conducted to determine whether each variable is normally distributed or not. The method used to test normality is by looking at the significance value, if it is significant below 0.05, it means that there is a significant difference, and if it is significant above 0.05, there is no significant difference. Based on the table above, a significance value of 0.200 is obtained, indicating a significance value greater than 0.05 so it can be concluded that the regression model is normally distributed.

3.2. Multicollinearity Test

Table 2. Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.473	.930		.509	.613		
	PROFITABILITAS	-3.139	.923	-.432	-3.402	.001	.903	1.107
	UK_PRSHN	.020	.032	.075	.617	.540	.988	1.012
	PERTMHN_PNJLN	-.201	.525	-.049	-.384	.703	.904	1.106
	RISIKO_BISNIS	.006	.011	.069	.572	.570	.990	1.010

Based on the table above, it can be explained that the Tolerance value of the Profitability, Company Size, Sales Growth and Business Risk variables is greater than 0.1 and the VIF ilia of Profitability, Company Size, Sales Growth and Business Risk is less than 10. So it can be concluded that there is no multicollinearity in this regression model.

3.3. Autocorrelation Test

Table 3. Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.243ª	.059	.005	.924	1.312

a. Predictors: (Constant), RISIKO_BISNIS, PERTMHN_PNJLN, UK_PRSHN, PROFITABILITAS
b. Dependent Variable: STRUKTUR_MDL

dU<dW<4-dU

The results of the Durbin-Watson test obtained $1.7266 < 1.312 < 2.2734$, so it can be concluded that there is an autocorrelation.

3.4. Runs Test

Table 4. Runs Test

	Unstandardized Residual
Test Valueª	.01340
Cases < Test Value	21
Cases >= Test Value	22
Total Cases	43
Number of Runs	16
Z	-1.850
Asymp. Sig. (2-tailed)	.064
a. Median	

A good regression model should have no correlation or be free from autocorrelation, from the results of the Durbin-Watson test there is an autocorrelation, after the Run Test test, the Symp value is obtained. Sig. of $0.064 > 0.05$ then Ho is rejected and Ha is accepted, so it can be concluded that in this study there is no autocorrelation.

3.5. Coefficient of Determination Analysis (R^2)

Table 5. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.463ª	.214	.156	.448

a. Predictors: (Constant), RISIKO_BISNIS, UK_PRSHN, PERTMHN_PNJLN, PROFITABILITAS
b. Dependent Variable: STRUKTUR_MDL

Based on the table above, the Adusted R Square value shows 0.156 or 15.6%. This shows that 15.6% of the Capital Structure is influenced by Profitability, Company Size, Sales Growth and Business Risk. While the remaining 44.4% is influenced by other variables outside of this study.

3.6. F test (Model Feasibillity)

Table 6. F Test

ANOVAᵃ

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.952	4	.738	3.680	.010ᵇ
	Residual	10.830	54	.201		
	Total	13.782	58			

a. Dependent Variable: STRUKTUR_MDL

b. Predictors: (Constant), RISIKO_BISNIS, UK_PRSHN, PERTMHN_PNJLN, PROFITABILITAS

The feasibility test of the model is carried out by comparing Fcount with Ftable and by looking at the significance value. The table F value in the statistical table is calculated with a significance level of 0.05. From the table above shows that in this study Ha is accepted and Ho is rejected, meaning that the regression model used in the study shows that it is feasible with the proposed research model, because the Fcount > Ftable (3.680 > 2.54) and the research significance is less than 0, 05 that is (0.010 < 0.05).

3.7. T test (Partial Test)

Table 7. T Test

Coefficientsᵃ

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.473	.930		.509	.613		
	PROFITABILITAS	-3.139	.923	-.432	-3.402	.001	.903	1.107
	UK_PRSHN	.020	.032	.075	.617	.540	.988	1.012
	PERTMHN_PNJLN	-.201	.525	-.049	-.384	.703	.904	1.106
	RISIKO_BISNIS	.006	.011	.069	.572	.570	.990	1.010

a. Dependent Variable: STRUKTUR_MDL

The results of the t-test (Partial Test) are as follows:
a. The Effect of Profitability on Capital Structure
Profitability tcount obtained is -3.402 and has a significant value of 0.001 (0.001 <0.05) so it can be concluded that Ho1 is rejected and Ha1 is accepted, meaning that there is a significant influence between profitability and capital structure.
b. The Effect of Firm Size on Capital Structure
The size of the company has a tcount value of 0.617 and has a Sig value of 0.541 (0.541 > 0.05) so that it can be concluded that H02 is accepted and Ha2 is rejected, then Company Size has no significant effect on Capital Structure.
c. The Effect of Sales Growth on Capital Structure
Sales growth has a tcount value of 0.384 and a Sig value. 0.703 (0.703 > 0.05) so it can be concluded that Ho3 is accepted and Ha3 is rejected, then Sales Growth has no effect on Capital Structure.
d. The Effect of Business Risk on Capital Structure
Business risk has a tcount of 0.572 and has a Sig value of 0.570 (0.570 > 0.05) so it can be concluded that Ho4 is accepted and Ha4 is rejected, then Business Risk has no significant effect on Capital Structure.

3.7. Interpretation of Research Results

a. Effect of Profitability on Capital Structure

The results of this study indicate that profitability partially has a significant effect on capital structure. This shows that any increase in the value of profitability will result in a decrease in the value of the capital structure, high profitability can guarantee the company in meeting its investment needs because the company has a lot of available internal funds. So that with high profitability the company can reduce its dependence on outside parties. The results of this study are consistent with the results of research conducted by Ni Luh Amanda Mas Juliantika and Ade Rusmala Dewi S (2016) in their research findings that profitability has a significant effect on capital structure.

b. Effect of Firm Size on Capital Structure

The results of this study indicate that the size of the company partially does not have a significant effect on capital structure. Company size describes the size of a company where large companies will find it easier to get investors who will invest their capital and in terms of obtaining credit compared to smaller companies. The results of this study are inconsistent with the results of research conducted by Siti Hardanti and Barbara Gunawan (2010) with the results of research that firm size has an effect on capital structure. Because in this study the size of the company is not a measure of the size of the capital structure of the company. because the company will use a safer source of funds first than using external funding.

c. Effect of Sales Growth on Capital Structure

The results of this study indicate that sales growth partially has no significant effect on capital structure. The results of this study are not consistent with the results of research conducted by Ni Made Novione Purnama Dewi Suweta and Made Rusmala Dewi (2016) with the results of research that Sales Growth does not affect the rise or fall of capital structure. So that in meeting their funding needs, companies that experience increased sales do not always take funds from debt but rather use their own capital or retained earnings.

d. Effect of Business Risk on Capital Structure

The results of this study indicate that partially business risk has no significant effect on capital structure. Because the low risk will result in the company's management not considering business risks in determining the amount of debt. If the variability of income is high, then the company's business risk will be high so that the profit generated tends to fluctuate which means that income is unstable, with a high business risk the company does not reduce debt, but still uses debt to meet its funding needs. The results of this study are inconsistent with the results of research conducted by Annisa Mega Ratri (2017) with the results of research that Business Risk has an effect on Capital Structure.

4. CONCLUSIONS

Based on the results of this research, the results obtained are:

a. Profitability has a significant effect on Capital Structure.

b. Firm size has a significant effect on capital structure.

c. Sales growth has a significant effect on the Capital Structure.

d. Business Risk has a significant effect on Capital Structure.

Managerial implication from this research can result for some perspectives. First, for the company, it is expected that it can be used as a benchmark to assess the company's performance and improve the company's financial performance in order to obtain maximum profit or income in accordance with the targets set by the company so that it can attract investors to invest and ensure the survival and development of the company in the future.

For investors, it is hoped that the results of this study can be used as a reference for investing in food and beverage sub-sector companies listed on the Indonesia Stock Exchange by paying attention to the company's financial performance before deciding to invest, so that investment decisions taken can provide maximum benefits.

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