

The Effect of Capital Structure, Assets Structure and Sales Growth on Company Performance

The Effect of Capital Structure

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ABSTRACT

This research aims to analyze the influence of Capital Structure, Asset Structure, and Sales Growth on Company Performance in Real Estate and Property sub-sector companies. The sampling method used in this research is the purposive sampling method. The samples obtained were 62 companies from 91 companies. Capital Structure is measured using the Debt-to-Equity Ratio (DER), Asset Structure is measured by dividing fixed assets by total assets, and Sales Growth is measured by comparing the difference between sales for the current year and the previous year with the sales of the previous year. The type of data used in this research is secondary data and the data analysis method uses classical assumption tests, multiple linear regression analysis, hypothesis testing and coefficient of determination tests. Based on the simultaneous test analysis of Capital Structure (X1), Asset Structure (X2), and Sales Growth (X3) simultaneously influence Company Performance. Then, based on partial test analysis, the Capital Structure variable (X1) has a significant negative effect on Company Performance, while Asset Structure (X2) and Sales Growth (X3) have no effect on Company Performance.

Keywords: *Capital Structure, Asset Structure, Sales Growth, Company Performance*

ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh Struktur Modal, Struktur Aktiva, dan Pertumbuhan Penjualan terhadap Kinerja Perusahaan pada perusahaan sub sektor Real Estate dan Property. Metode pengambilan sampel yang digunakan dalam penelitian ini adalah metode purposive sampling. Sampel yang diperoleh yaitu sebanyak 62 perusahaan dari 91 perusahaan. Struktur Modal diukur menggunakan Debt to Equity Ratio (DER), Struktur Aktiva diukur dengan cara membagi aset tetap dengan total aset, dan untuk Pertumbuhan Penjualan diukur dengan membandingkan selisih penjualan tahun berjalan dan tahun sebelumnya dengan penjualan tahun sebelumnya. Jenis data yang digunakan dalam penelitian ini adalah data sekunder dan metode analisis data menggunakan uji asumsi klasik, analisis regresi linear berganda, pengujian hipotesis dan uji koefisien determinasi. Berdasarkan analisis uji simultan Struktur Modal (X1), Struktur Aktiva (X2), dan Pertumbuhan Penjualan (X3) secara simultan berpengaruh terhadap Kinerja Perusahaan. Kemudian, berdasarkan analisis uji parsial variabel Struktur Modal (X1) berpengaruh negatif signifikan terhadap Kinerja Perusahaan, sedangkan Struktur Aktiva (X2) dan Pertumbuhan Penjualan (X3) tidak berpengaruh terhadap Kinerja Perusahaan.

Kata kunci: *Struktur Modal, Struktur Aktiva, Pertumbuhan Penjualan, Kinerja Perusahaan*

INTRODUCTION

Company performance reflects the company's financial condition in a certain period, including the collection and allocation of funds which are generally measured through indicators such as capital adequacy, liquidity and profitability (Herawati, 2019). By

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analyzing these aspects, it can be evaluated to what extent the company is able to manage and optimize its financial resources to achieve the desired goals. Company performance reflects not only internal evaluations, but also external assessments from customers, both directly of the company and through comparisons with competitors (Widyastuti, 2017). Company performance can be measured using various ratios, one of which is the profitability ratio (Nurjanah et al., 2021; Sukmawati et al., 2022). Profitability ratios are ratios used to measure the overall effectiveness of company management, which is indicated by the amount of profit earned by the company. The profitability ratio is measured by Return On Assets (ROA) which is used to measure a company's effectiveness in generating profits by utilizing its total assets (Nugrahayu & Retnani, 2015). Capital structure is the proportion in determining the fulfillment of the company's spending needs, where the funds obtained use a combination or guidance of sources originating from long-term funds consisting of two main sources, namely from within and outside the company (Murdiansyah, 2020). Capital structure is usually measured by the Debt to Equity Ratio (DER), to find out how much of your own capital is used as collateral for debt (Fajaryani & Suryani, 2018). Capital structure theory explains that when a company makes decisions about the use of its capital, the important thing to consider is the balance between risk and potential profit. According to the theory of Sunardi et al. (2020), the value of companies that use debt will produce better performance than companies that do not use debt. It can be concluded that a high Debt to Equity Ratio (DER) will improve company performance.

Asset structure is a balance or comparison in absolute and relative terms between current assets and fixed assets. The asset structure ratio can be measured by the Current Assets to Total Assets Ratio which is a comparison of the amount of current assets to the total assets in the company (Megasari et al., 2020). Companies need the support of current assets in an effort to create sales, so sufficient current assets play an important role in maximizing profitability (Owusu & Alhassan, 2021). Based on research results from Fatmawati & Srimindarti, (2022) states that asset structure has a significant positive effect on company performance. Sazili, (2022) found the partial influence of asset structure on the company's financial performance. Megasari (2020) states that asset structure has a significant positive effect on company performance. Sales growth, shows an increase in sales compared to the previous year. Therefore, its development can make ups and downs. Based on the results obtained from research Darmo, (2021), sales growth has a significantly positive effect on the company's financial performance. Then the research results from Yuliani (2021), which also states that sales growth has a significant positive effect on the company's financial performance. This is supported by Ayuba et al. (2019); Arianti & Yatiningrum (2022), who state that sales growth influences company performance. The real estate and property industries both have an important role in the property market. The real estate industry involves the process of procuring, providing, managing and constructing buildings on land. Meanwhile, the property industry involves managing property products for sale or rental. These two industries contribute significantly to driving the economy and meeting the need for housing and business (Rahmaliana et al., 2024). Several research results above show that there are still inconsistencies in the results of previous research. Therefore, it is very interesting to re-examine the effects of capital structure, asset structure and sales growth on the performance of companies in the real estate and property sectors listed on the Indonesian Stock Exchange for the 2021-2023 period.

Based on the explanation of the background and existing phenomena, researchers are therefore interested in conducting research on "The Influence of Capital Structure, Asset Structure and Sales Growth on Company Performance in Real Estate and Property Sub-Deposits Listed on the Indonesian Stock Exchange for the Period 2021-2023." This research has the following problem formulation: Does capital structure influence the performance of companies in the real estate and property sectors listed on the Indonesia Stock Exchange in the 2021-2023 period? Does the asset structure influence the performance of companies in the real estate and property sectors listed on the Indonesian

Stock Exchange in the same period? Does sales growth affect the performance of companies in the real estate and property sectors listed on the Indonesia Stock Exchange during the 2021-2023 period? Also, do capital structure, asset structure and sales growth simultaneously influence the performance of companies in the real estate and property sectors listed on the Indonesia Stock Exchange during the 2021-2023 period?

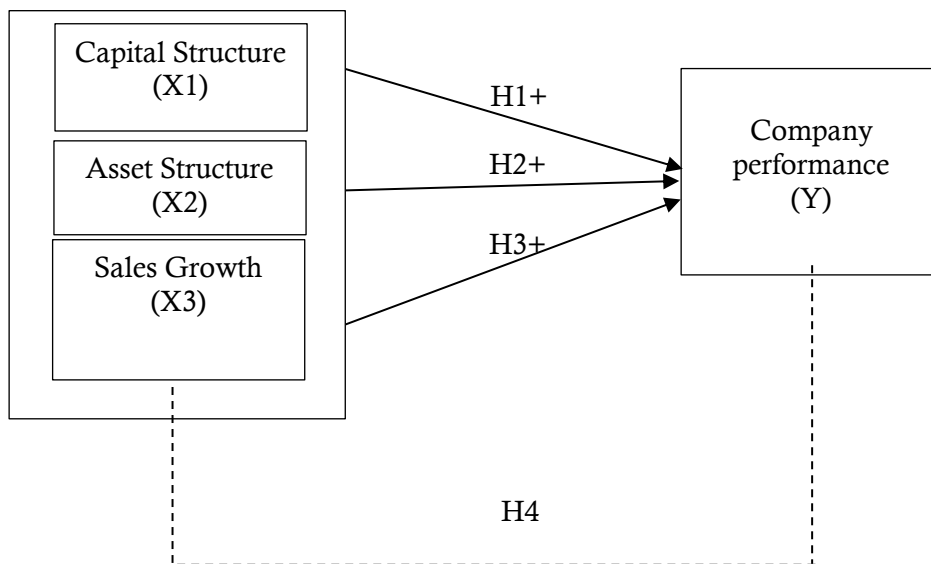


Figure 1. Research Framework

- H1: Capital structure has a significant positive effect on company performance
- H2: Asset structure has a significant positive effect on company performance
- H3: Company growth has a significant positive effect on company performance
- H4: Capital Structure, Asset Structure, and Sales Growth simultaneously influence Company Performance

METHOD

This research is a type of quantitative research that uses documentation and literature study methods. Data was obtained through financial report documents that have been published by real estate and property companies listed on the official website of the Indonesia Stock Exchange. The population in this study includes real estate and property sub-sector companies listed on the IDX consistently in the 2021-2023 period. In addition, the companies included in this research population are companies that publish financial reports consistently during that period and have complete data in accordance with research needs. The sample method used in this research is non-probability sampling with purposive sampling technique. According to Pasogli et al. (2023), purposive sampling technique is a sampling technique with certain considerations or objectives (purposive). This technique was chosen because it allows researchers to select samples that are considered to best meet the research criteria and can provide relevant and in-depth information. This quantitative research aims to analyze the financial performance of real estate and property companies listed on the IDX. By using published financial report data, researchers can evaluate various financial aspects such as profitability, liquidity and company solvency. This analysis is important for understanding the company's financial condition and providing recommendations for investors and other stakeholders. In addition, the use of documentation and literature study methods allows researchers to collect relevant and valid secondary data. This secondary data includes financial reports that have been audited and published, so that they can provide an accurate picture of the company's financial performance. In this context, quantitative research using documentation methods and literature studies makes an important contribution to

investment decision making and financial management of real estate and property companies in Indonesia. This research is expected to provide in-depth insight into the financial performance of real estate and property sub-sector companies and the factors that influence it. Thus, the results of this research can be used as a basis for developing more effective and efficient business strategies in the future.

RESULT

The constant value (α) is 0.035 or if the Company Performance variable is not influenced by other variables, namely the Capital Structure (X1), Asset Structure (X2) and Sales Growth (X3) variables, then the variable constant value is 0.035. β_1 (Capital Structure regression coefficient value) of -0.027 indicates that every one unit increase in the Capital Structure variable as measured by the Debt-to-Equity Ratio (DER) will reduce Company Performance by 0.029 units. β_2 (Asset Structure regression coefficient value) of -0.029 indicates that every one unit increase in the Asset Structure variable will reduce Company Performance by -0.029 units. β_3 (Sales Growth regression coefficient value) of 0.004 indicates that every one unit increase in the Sales Growth variable will increase Company Performance by 0.004 units.

Table 1. Analysis Table

Model	Unst. Coef. Beta	Std. Error	Std. Coef. Beta	t	Sig
(Constant)	0.035	0.010		3.568	0.000
LAG_DER	-0.027	0.006	-0.343	-4.376	0.000
LAG_SA	-0.029	0.023	-0.101	-1.297	0.196
LAG_GROWTH	0.004	0.007	0.041	0.525	0.600

The results of the normality test using the Kolmogrov-Smirnov test in table 3.2, the significance result is 0.000, so it can be concluded that if the probability is less than 0.05, it means the data is not normally distributed. Because it was not normal, the researchers carried out an outlier boxplot. Outliers are cases or data that have unique characteristics that look very different from other observations and appear in extreme values for either a single variable or a combination of variables.(Kurniawan et al., 2020). The results of the normality test after the outlier boxplot obtained an exact sig (2-tailed) value of 0.385, indicating that the significance value was $0.385 > 0.05$. It can be concluded that the data is normally distributed.

Table 2. Normality Test Results and Exact Normality Test

N		186	154
Normal Parameters	Mean	0.0000000	0.0000000
	Std. Deviation	0.07920658	0.04159597
	Absolute	0.172	0.072
	Positive	0.153	0.072
	Negative	-0.172	-0.067
Statistical Tests		0.172	0.072
Asymp. Sig. (2-tailed)		0.000c	0.050c
Exact Sig. (2-tailed)		0.000	0.385
Point Probabilities		0.000	0.000

The test results show that there are independent variables that have a tolerance value > 0.10 and VIF < 10 . This is shown by the tolerance value for Capital Structure of 0.952 and VIF of 1.050, Asset Structure with a tolerance value of 0.964 and VIF 1.037, Growth Sales with a tolerance value of 0.962 and VIF 1.040. Thus, in this study it was proven that there were no symptoms of multicollinearity.

Table 3. Multicollinearity Test Results

Model	Tolerance	VIF
LAG_DER	0.952	1.050
LAG_SA	0.964	1.037

LAG_GROWTH	0.962	1.040
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The Model Summary table, the Adjusted R Square () value is 0.105, which means it is close to 0, so the ability of the Capital Structure, Asset Structure and Sales Growth variables to be able to explain fluctuations in the Company Performance variable is getting weaker. This means that 10.5% of the variance in the Company Performance variable is influenced by the variance of the Capital Structure, Asset Structure and Sales Growth variables in this model, the remaining 89.5% is influenced by other models outside this model R².

Table 4. Coefficient of Determination Test Results

R	R Square	Adjusted R Square	Adjusted R Square
0.350	0.122	0.105	0.04201

The results obtained are the influence of Capital Structure (X1) on Company Performance (Y). From the table above it can be seen that the sign value is 0.000 < 0.05, then H1 is accepted. This means that there is a significant negative influence of Capital Structure on Company Performance. Influence of Asset Structure (X2) on Company Performance (Y). From the table above it can be seen that the sign value is 0.196 > 0.05, so H2 is rejected. This means that there is no significant influence of Asset Structure on Company Performance. Effect of Sales Growth (X3) on Company Performance (Y). From the table above it can be seen that the sign value is 0.600 > 0.05, so H3 is rejected. This means that there is no significant influence of Sales Growth on Company Performance.

Table 5. T Test Results (Partial Test)

Model	Unst. Coef. Beta	Std. Error	Stand. Coef. Beta	Q	Sig
(Constant)	0.035	0.010		3.568	0.000
LAG_DER	-0.027	0.006	-0.343	-4.376	0.000
LAG_SA	-0.029	0.023	-0.101	-1.297	0.196
LAG_GROWTH	0.004	0.007	0.041	0.525	0.600

The significance value for Capital Structure (X1), Asset Structure (X2), and Sales Growth (X3) on Company Performance (Y) is 0.000 < 0.05. This proves that there is a significant influence of Capital Structure, Asset Structure and Sales Growth on Company Performance simultaneously.

Table 6. F Test Results (Simultaneous Test)

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	0.037	3	0.012	6.960	0.000
Residual	0.265	150	0.002		
Total	0.302	153			

Based on data analysis and hypothesis testing which has been carried out using the IBM Statistical Package for the Social Science 25, the explanation of the results of this research is that the data analysis and hypothesis testing which has been carried out in this research shows that H1 is accepted, meaning that the Capital Structure variable has a significant negative effect on Company Performance. in real estate and property companies for the 2021-2023 period. This shows that the higher the capital structure, the company performance will decrease. Capital Structure is the proportion that determines how a company meets its financial needs, using a combination of various sources of funds. This is in accordance with the Pecking Order Theory which states that companies prefer internal funding to external funding, because internal funding allows companies not to have to open themselves up to external parties. With its capital structure capabilities, companies can reduce risks caused by external parties by reducing the amount of debt. The results of this research are supported by Amalia & Khuzaini, (2021) and Andarsari, (2021) states that capital structure has a negative effect on company performance.

Based on data analysis and hypothesis testing that has been carried out in this research, it shows that H2 is rejected, meaning that the Asset Structure variable has no significant effect on company performance in real estate and property companies for the 2021-2023 period. The average asset structure (SA) is higher than the average ROA/company performance. This shows that if the asset structure experiences an increase or decrease it will not affect the company's performance. Asset structure is a comparison between fixed assets and total company assets, which determines how funds are allocated to various asset components. In this research, asset structure does not have a significant effect on company performance. The insignificance of asset structure in the research is predicted because the increase in asset structure that occurs in real estate and property companies does not always reduce company performance, so changes in asset structure will not affect company performance. The results of this research are supported by Megasari et al. (2020); Irawan & Kusuma (2019), that asset structure does not have a significant effect on company performance. Based on data analysis and hypothesis testing that has been carried out in this research, it shows that H3 is rejected, meaning that the Sales Growth variable has no significant effect on company performance in real estate and property companies for the 2021-2023 period. The average sales growth is higher than the average ROA/company performance. This shows that if sales growth increases or decreases it will not affect the company's performance. Sales growth is a change in sales or increase from each financial year period. In this research, sales growth does not have a significant effect on company performance. The insignificant sales growth in the research is predicted because the increase in sales growth that occurs in real estate and property companies does not always reduce company performance, so changes in sales growth will not affect company performance.

The results of this research are supported by Reschiwati et al. (2020); Primary (2021); Fajriah et al. (2022) that sales growth does not have a significant effect on company performance. Based on the results of the tests that have been carried out, it can be seen that the variables of capital structure, asset structure and sales growth simultaneously have a significant effect on company performance. When independent variables jointly (simultaneously) experience increases or decreases, this can affect the performance of a company. In this research, the capital structure of real estate and property companies that have a high portion of debt can be risky if the company's asset structure is not strong enough to meet short-term obligations. Rapid sales growth requires support from an adequate asset structure so that the company can meet demand without increasing costs significantly. Thus, companies must balance capital structure, asset structure, and sales growth to optimize company performance. The results of this research are supported by Chandra et al. (2019); Yuliani (2021); Renalya & Purwasih (2022), that Capital Structure, Asset Structure, and Sales Growth simultaneously influence Company Performance.

CONCLUSION

The research results strengthen knowledge related to Company Performance, where research shows that Capital Structure has a significant negative effect on Company Performance. Meanwhile, Asset Structure and Sales Growth have no effect on Company Performance. Overall, capital structure, asset structure and sales growth simultaneously have a significant effect on company performance. The results of this research have practical implications for consideration for companies and investors. For companies, it can be used as a company reference in explaining whether the company's performance is good or not. It can be seen from research that the structure of assets owned by institutions can influence company performance. Apart from that, investors also refer to the debt-to-equity ratio and sales growth of institutions owned by the company, the company's relationships with partners, clients and others as a reference for their investment in determining company performance. Sourced from the results of data analysis regarding the influence of capital structure, asset structure and sales growth on company performance in Real Estate and Property companies listed on the Indonesia Stock Exchange for the 2021-2023 period, it is concluded that capital structure has a significant

negative effect on company performance in real estate companies. and Property listed on the Indonesian Stock Exchange for the 2021-2023 period. Asset structure does not have a significant effect on company performance in real estate and property listed on the Indonesia Stock Exchange for the 2021-2023 period. Sales growth does not have a significant effect on company performance in real estate and property listed on the Indonesia Stock Exchange for the 2021-2023 period. Capital Structure, Asset Structure and Sales Growth simultaneously influence Company Performance in Real Estate and Property listed on the Indonesia Stock Exchange for the 2021-2023 period.

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