Factors That Influence the Capital Structure of the Mining Company (Empirical Study Company In BEI)

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***Abstract*:** This study aims to examine the effect of sales growth, profitability, liquidity and asset structure on capital structure in mining companies listed on Indonesia Stock Exchange period 2012-2016. The population used in this study is all mining companies listed on the Indonesia Stock Exchange 7 companies. Based on sampling technique with purposive sampling method, 75 samples were obtained for five periods; the data analysis technique used was multiple linear regression analysis. The result of hypothesis testing shows the variables of sales growth, profitability, and liquidity have an effect on capital structure, while asset structure variable has no effect to capital structure. When viewed from the significance of the results of this study indicates that (1) there are variables sales growth, profitability, liquidity that have significant (2) only asset structure variable that has no significant effect on capital structure (3) model used is feasible is variable sales growth, profitability , liquidity, and asset structure.

***Keywords*:** GROWTH, ROA, ROE, AS and DER

1. INTRODUCTION

The optimal capital structure is a balance between the use of own capital and the use of long-term loans. The optimal capital structure can change when based on influencing factors. The right combination in selected capital selection, will be able to produce optimal capital structure, so as to be a strong foundation for the company. While the factors that affect the structure of capital is, sales growth, profitability, liquidity, and asset structure.

Research on capital structure has been done in Indonesia and abroad. For example Nnandi (2016) Independent Variable tangibility, profitability, firm size, net profit and growth, dependent variable of capital structure. The results show that the tangibility, profitability and size are strong and consistent throughout the period. A significant positive Relationship Between Growth and leverage can be explained by non monotonic behavior. Windayu (2016) examines the capital structure with the same test , with independent variables of firm size of industry characteristics / types, sales growth, asset structure, operating leverage, tax-free and profitability protector. These results show significant effect on capital structure. Previously Jubaeah, (2015) Examined The Effect of capital structure on financial performance and the implications on value companies listed on the BII using independent variables ie firm size, industry type, sales growth, asset structure, *laverage* operation , *non-debt tax shield,* and profitability . Dependent variable is capital structure. The results of this study indicate long-term capital structure and macroeconomic factor inflation have a positive effect on financial performance. Antoni, et al (2016) examines the capital structure using independent variables, liquidity, profitability, firm size, asset growth, on the dependent variable of capital structure. Through regression model test, finding variable of liquidity, profitability and firm size have significant effect, for asset growth variable has no significant effect to capital structure.

The existence of previous research results that still vary in measuring the capital structure as well as the importance of this concept in influencing corporate policy and establishing investor confidence. This research will discuss the factors affecting capital structure as measured by GROWTH, ROA, CR and AS. In addition, this research is conducted on mining companies as mining sector is one of industrial sectors that is able to attract investors, both domestic and abroad to invest in Indonesia. Indonesia's rich natural potential mineral resources make Indonesia as one of the leading countries in the world in terms of production as well as its role in sufficient mining commodities in the world.

2. RESEARCH METHODOLOGY

The population in this research is 45 mining companies that have been and are still listed in Indonesian securities period 2012-2016 period which publish financial report. The sample is chosen by *purposive sampling method.* The sampling criteria are: annual reports from pertambagan companies listed in Indonesia Stock Market and affix positive earnings and expressed in dollars.

2.1 Dependent Variable (Y)

Variable in this research variable dependennya capital structure. The capital structure is a source of funding for the company Bambang (2001) the asset structure is defined as the determination of the amount of allocation for each component of the asset, whether fixed assets or current assets. The formula used to calculate the asset structure is as follows:for long-term corporate expenditure derived from long-term debt.

$$DER=\frac{\text{Long} - \text{term debt}}{\text{Own capital}}\ x\ 100\%$$

2.2 Independent Variable (X)

2.2.1 Sales Growth

Sales growth shows the amount of funds allocated by each company to its assets. Antoni, et al (2016) The measurement scale used in this study using the ratio scale.

$$Growth = \frac{\text{[illegible]}}{\text{[illegible]}}$$

2.2.2 Profitability

Profitability is the ability of the company how to earn a profit, Kasmir (2010) This ratio provides a measure of the level of effectiveness of a company's management. Sansoethan, et al (2016) the formula used to calculate ROA is as follows:

$$ROA=\frac{\text{[illegible]}}{\text{[illegible]}}$$

2.2.3 Liquidity

Liquidity is defined as a current ratio to measure a company's ability to quickly settle short-term debt with its current assets. Sansoethan, et al (2016) rumus used to calculate the current ratio is as follows:

$$\text{Current ratio}=\frac{\text{Current asset}}{\text{Current liabilities}}$$

2.2.4 Asset Structure

Bambang (2001) the asset structure is defined as the determination of the amount of allocation for each component of the asset, whether fixed assets or current assets. The formula used to calculate the asset structure is as follows:

Asset structure= ———

2.3 Data Analysis Method

The data used in this research is secondary data. Secondary data is data collected and taken indirectly or through documentation. In this study data used in the form of financial statements of mining companies listed in Indonesia Stock Exchange 2012-2016. The data is taken from the official website listed in B ursa E fek Indonesia that is [www.idx.com .](http://www.idx.com)

3. RESEARCH RESULTS AND DISCUSSION

3.1 Types of research

Multiple analysis model was chosen because this research is designed to examine the factors that influence between independent variables to dependent variable, where independent variable used in this research more than one.The model of multiple linear regression equation is:

$$DER = \alpha + \beta 1SA + \beta 2CR + \beta 2SIZE + \beta 2ROA + \varepsilon$$

Based on sampling with *purposive sampling technique* , obtained sample of 7 manufacturing companies listed in Indosensia Stock Exchange to be examined for the sake of hypothesis testing. The research period is 5 periods (2012-2016). Descriptive statistics are presented in the following table:

	Min	Max	Mean	Std. Deviation
(Constant)	1.272	8.143	.000	.55087
GROWTH	.456	2.132	.042	.26016
ROA	-1.903	-2.290	.030	.06678
CR	-.158	-2.828	.008	1.03403
AS	-.623	-1.864	.072	.17785

3.2 Classic Assumption Test

The data normality test is used to determine the certainty of how the data obtained is normally distributed or not or close to normal. The data normality test was performed using *Kolmogorov Semenov* test, with significant view. If the value is significant > 0,05 then it can be concluded that data is normally distributed.

3.3 Data analysis method

From the multiple linear regression analysis in model (1), the results obtained in Table are as follows:

	Model		
	Koef.	T	Sig.
(Constant)	1.272	8.143	.000
GROWTH	.456	2.132	.042
ROA	-1.903	-2.290	.030
CR	-.158	-2.828	.008
AS	-.623	-1.864	.072

The table shows four models of multiple regression, namely the variable growth coefficient of sales (GROWTH) of -0.456 with a significance level of 0.042 this coefficient indicates there is influence between sales growth variables on capital structure. If sales growth rises by 1 unit, then the capital structure will decrease by 0.456 units. The results of the t test showed t count > t table (2,132) > (2.043) and a significant value < 0, 05 (0.042 < 0.05), it can be concluded that Ho is rejected and Ha accepted, meaning that there are significant sales growth (GROWTH) to the capital structure (DER). The result of this research is based on the research of Safira ana Marfuah, et al (2017). The result of research shows that there is no significant influence between sales growth on capital structure, because high or stable sales growth is related to company profit.

The table shows four multiple regression models, ie coefisein profitability variable (ROA) of -1.903 with a significance level of 0.030 this coefficient indicates there is influence between profitability variables on capital structure. If profitability rises by 1 unit, then the capital structure will decrease by 1,903 units. Results from t test t count > t table (-2290) > (2.043) and a significant value < 0, 05 (0.030 < 0.05), it can be concluded that ho ha accepted and rejected, meaning that there are significant profitability (ROA) of structure capital (DER).

Table shows 4 multiple regression model, that is coefficient of liquidity variable (CR) equal to -0.158 with significance level 0,008 this coefficient indicate there influence of variable liquidity to capital structure. If liquidity rises by 1 unit, then the capital structure will decrease by 0.158 units. Results test t count > t table (-2828 > (2.043) and a significant value < 0, 05 (0.0 08 < 0.05), it can be concluded that ho ha accepted and rejected, meaning that there are significant liquidity (CR) to the structure capital (DER) .

Table shows four multiple regression models, namely the coefficient of asset structure variable of -0.158 with a significance level of 0.072 this coefficient indicates there is influence between asset structure variable to capital structure. If the asset structure rises by 1 unit, then the capital structure will decrease by 0.158 units. Results of t> t table (-1864) > (2.043) and a significant value < 0, 05 (-0, 072 < 0.05), it can be concluded that Ho is rejected and Ha accepted, meaning that there is no influence asset structure (AS) to the capital structure (DER).

In the feasibility test the regression model shows the result that the value. significant < 0,05 (0,000 < 0,05), so it can be concluded that the model meets the feasibility test. From the results of calculations performed by the statistical analysis of the 35 companies in to the value of R square ($R^{2)}$ 0,729. From the calculation can be concluded that the model used free variables give a positive contribution that is equal to 48.1% of the dependent variable. While other variables that give effect to ROI but not included as variable in this research is a number of 51,9 % outside model.

4. CONCLUSIONS

Research this for test influence growth sales, profitability, liquidity, and asset structure against capital structure. The sample of 7 mining companies listed in Indonesian securities securities with financial statements between the year 2012 -201 6 .

Based on the results of hypothesis testing 1, hypothesis 2, hypothesis 3, proposed in this study which states that the variables of sales growth, profitability, liquidity affect the capital structure and supported by empirical evidence, hypothesis 4 which states that the asset structure does not affect the capital structure supported by empirical evidence.

The results of this study indicate that (1) the variable of sales growth, profitability, liquidity is the effect on capital structure (2) only asset structure variable has no effect on capital structure (3) model is feasible ie sales growth, profitability, liquidity and asset structure effect on capital structure. The Results Of This Study are consistent with Seftianne, et al (2011) which states that the asset structure has no effect on capital structure, but it is contradictory to the research, Wildan Hamidi, et al (2012) which states that the asset structure affects the asset structure.

It is expected to be the consideration of investors and creditors before deciding on investments to be made to the company. For the company, it is expected to be more careful with the factors that affect the capital structure in the fulfillment of funding. And, the company can take advantage of its profit before borrowing from creditors as an alternative funding company.

As well as previous research that used the effect on capital structure. This research limitation of relatively short period of observation only 5 years in mining company, examined 35 samples of mining company and this research only use some variables that influence factor of capital structure factor and there are still 51,9% factors not examined in this study. For further research it is suggested to add years of study period , so as to produce more accurate results in previous studies. In addition to expanding the existing population for results to be generalizable.

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