



**THE EFFECT OF GROWTH LEVEL, ASSET STRUCTURE, LIQUIDITY AND
PROFITABILITY ON CAPITAL STRUCTURE****Wanitasari¹****Institut Pesantren KH. Abdul Chalim, Mojokerto, Indonesia
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Abstract

Competition in the business world encourages financial managers to take decisions carefully, one of which decisions related to capital structure. The purpose of the study is to find out and analyze the effect of growth rates, asset structure, liquidity, and profitability on capital structure in the three banking sector companies incorporated in the Sharia Stock Index Indonesia (ISSI) for the period of 2015 to 2018. The research uses quantitative methods with secondary data obtained from the official bank's website. It uses purposive sampling technique by certain criteria namely BRI Syariah (BRIS), Bank Tabungan Pensiunan Nasional Syariah (BTPS), and Bank Panin Dubai Syariah (BPNS) for the 2015-2018 period. Analysis of the data used in this research is using multiple linear regression analysis with the help of data processing tools IBM SPSS version 20 through the classic assumption test that is normalization test, multicollinearity test, autocorrelation test, and heteroscedasticity test, with hypothesis testing T test, F test and Adjusted R². It shows that partially the growth rate has no significant effect on capital structure, asset structure has a significant effect on capital structure, liquidity has no significant effect on capital structure, and profitability has a significant negative effect on capital structure. The results of the F test indicate that the growth rate, asset structure, liquidity and profitability have an effect on the capital structure. The amount of Adjusted R² is 0.857. In the sense that 85.7 percent of the independent variables, while the remaining 14.3 percent of the variables are explained outside the research model.

Keywords: Capital Structure, Asset Structure, Liquidity, and Profitability



INTRODUCTION

In today's business world, it is entering a global economy where competition in business occurs in various companies. Every company is required to take on several important roles in the company such as the role of personnel, the role of marketing, the role of financially efficiently and effectively so that the company is better prepared to face competition. In this case, it can be done in achieving a company goal to maximize the welfare of shareholders (stakeholders) through investment policies as well as decisions, funding, and dividends.

The funding aspect must be considered in carrying out the funding function. A company can allocate more funds to implement these functions. The source of funding can come from outside or inside, where internally can use retained earnings and share issuance, while from external, it is to carry out a debt policy related to the existing capital structure of the company. Each company will expand to require capital. Therefore, the company to fulfill and finance its business must determine how much capital it needs both internal and external funds.

The capital structure of the company is a very important factor in which there is a financial decision that has something to do with the composition of both short-term debt and long-term debt from the company. With this, the company must carry out several suitable funding plans for determining the best capital structure, namely where the condition of the company can make the right cooperation between debt and equity which can be calculated with the capital burden that arises. If the company's capital structure is optimal, the smaller the capital burden that will be borne.



In its implementation, the company prefers the tendency to use external funds or debt because there is a variable nature and the procurement burden also tends to be less than the issuance of several new shares. For the provision of increasing the capital, one of the ways by increasing debt provides a little benefit in reducing tax payments.

To determine its capital structure, the company needs to consider the optimal balance by applying and choosing a fast way to determine the appropriate funding. In that case, the company must consider the funds obtained from shares or debt, or a combination of the two (Hardanti & Gunawan, 2010). In improving the operational and financial work of the company, it is also necessary to consider carefully in choosing a source of fulfillment of funds so that it can increase the profits of the company.

The several factors influencing the company's capital structure are important and become the basis for considering the composition of the capital structure in the company. Many factors can influence the company's capital structure, namely liquidity, asset structure, asset growth rate, liquidity, profitability, management attitudes, and the size of the firm's financial flexibility (Bringham, F, & Houston, 2006).

The growth rate is an important variable in the company's growth making the company's ability to increase the size of the company. There are several factors influencing the company's growth, including internal and external factors and influencing the local industrial climate. For companies with high growth rates, related to leverage, it would be better if the capital used as a source of financing so that there is no swelling of owner costs between shareholders and company management. And vice versa, when the company



has a minimum growth rate, it would be better if the source of financing uses debt because the company will continue to increase profits to pay off its debts. The bigger the company is willing to hold its profit, the more financing needs that will occur. Thus, for companies that are growing, at least the profit should not be shared as profit shares and it is better if the business network expansion should be used.

Asset structure is a comparison between fixed assets and total assets. This asset structure is an important variable in the funding process because it is directly related to the company in order to increase profits. The asset structure of banking companies and other companies is generally different. Banking sector companies have a fairly high asset assignment than others. The use of external capital is usually used when the company already has high enough fixed assets. It can be done because fixed assets can be used as collateral (Priambodo, Topowijono, & Azizah, 2014).

Liquidity is the level of a company's ability to meet its short-term obligations with available assets (Y.P & C., 2019). Companies must maintain and keep the good liquidity to maintain credibility to creditors because in the banking sector company if it is not liquid, it can be a bad company. If a company has increased liquidity, it means that it has the ability to pay its short-term debt, so it tends to make debt decrease and will make the capital structure smaller (Armelia & Ruzikna, 2016).

Profitability is the company's ability to generate profits (Hanafi & Halim, 2000). The additional funds for the company will be included in retained earnings or used directly for investment and will generate profitability. In pecking order theory, a company that has a high level of profitability will use



more internal funding by using its profits, so the maximum level of profitability in the company will be smaller in using its debt (Yuliati, 2011).

As a country with the largest Muslim population in the world, Indonesia is the country that has the largest prey for the Islamic capital market in the world. From another perspective, the ratio of the market capitalization value to Indonesia's GDP (Gross Domestic Products) is still below 50%. With these conditions, it can show that the potential for developing the Islamic capital market in Indonesia is very large.

The Indonesian Sharia Stock Index (ISSI) was launched on May 12th, 2011 as a composite of Islamic stocks listed on the IDX. ISSI is an indicator of the performance of the Indonesian Islamic stock market. And it is regulated by an institution implementing sharia principles in the Indonesian capital market, namely the National Sharia Council of the Indonesian Ulama Council (DSN-MUI) in the form of issuing fatwas related to investment activities in the Indonesian Islamic capital market. In order to make the application of sharia principles in the Indonesian capital market more binding and have legal certainty, OJK has converted the sharia principles in the Indonesian capital market into OJK regulation no.15 / POJK.04 / 2015 concerning the application of sharia principles in the capital market.

In this study, the authors examined three banking sectors that are members of the ISSI. Where only these three banks are included in the Indonesian Sharia Stock Index listed on the Indonesia Stock Exchange in the 2015-2018 period.



Table 1
List of the Banks as Members of ISSI

No	Stock Code	Bank Name
1	BRIS	Bank Rakyat Indoneisa Syariah
2	BTPS	Bank Tabungan Pensiun Nasional Syariah
3	BPNS	Bank Panin Dubai Syariah

The researchers are motivated to examine several factors influencing the level of capital structure in a case study of three banking sector companies listed on the Indonesian Sharia Stock Index (ISSI). With the aim of proving that the growth rate, asset structure, liquidity and profitability have an influence on the existing capital structure of the three banking sector companies listed in ISSI.

The reason why the authors examined these variables was because the variables studied were interrelated with the banking capital structure where the growth rate had an effect on the expansion of the company's network, the asset structure had an effect on the increase in company assets, liquidity had an effect on long-term debt which was a faster search for funds, and profitability has an effect on the increase in company profits. These four variables are closely related to the capital structure of banking companies.

The reason for choosing the company in the banking sector is because these shares are very productive shares or can rotate their capital continuously. So, it is very possible that in their daily lives, people can use the capital owned by the bank as credit or financing.

Based on the prediction, the banking is a company that is needed in today's world because of the rapid advancement of technology so that it is unlikely to experience losses. By having banking stocks, it is expected that the



profit will be abundant. By determining the source of the funds needed, good financial structure guidelines can be used (Riyanto, 1999). In determining the level of debt used by the company, it must be wise in responding to it.

LITERATURE REVIEW

Capital Structure

Capital or called equity which shows an authority that is owned by the company because investors have invested in the company (Jusup, 2013). Equity is a funding at the beginning of a business or in starting something related to finance. Equity or capital is a fundamental part that must be owned by the company. According to Riyanto, capital or equity is the result of production that has been used to produce further. Then, in the further development, what is called capital or equity is assessed by its value, purchasing power, or power to use the capital (Riyanto, 1999).

What is meant by capital structure is the comparison in meeting the spending needs of a company, in many ways, namely by issuing shares, using capital, or by debt, which Brigham and Gapenski put forward. Keown, et.al said "the capital structure is a combination of long-term capital sources in the company". For this reason, the management of the capital structure itself has an objective, namely that the permanent sources of company funds are integrated in order to optimize the stock price (Keown & al, 2000).

The optimal capital structure can minimize costs used as total capital (Martono & Harjito, 2007). Thus, it can be taken a decision that the most optimal capital is a combination of debt and capital that can get profit for the company and will have an effect on the value of the company.

In achieving a good capital structure, it can be explained by using a



theory related to the capital structure. By studying some of these theories, it can add to the comparison of other theories and make it easier to formulate capital structure policies which are of course even better.

Trade-off Theory

In the theory, it can be explained that in a company, the profit from the lack of taxes due to the existence of debt, which is difficult because of the high size of the debt, is the company's attempt to balance it. The higher the proportion of debt, the bigger it will be and the company will find it difficult to manage it and will go bankrupt. When the company goes bankrupt, interest payments will increase and investors will use their debt securities as collateral for interest payments. In that sense, when it comes to achieving the desired capital structure, it can be said that a good capital structure, namely by increasing debt, will give rise to several options (Trade-off). That is the consideration of two different things, namely the profit in tax savings due to increased debt or the incidence of bankruptcy costs.

Pecking Order Theory

According to Stewart C. Myers and Majluf, internal sources of funds will invest the company with retained profits rather than external sources of funds. In this theory, there are several thoughts in this theory, namely (Bringham, F, & Houston, 2006); a) Why the companies choose sources of funds from within the company because the funds can make the stock price decrease, b) When the company is in urgent need of external funding sources, debt issuance will be carried out for the first step, while the last step is to issue equity. When a company has sufficient internal sources of funds that can be used to pay off its debts, it can also invest in securities companies. Likewise,



vice versa, if the company is suffering from losses, lowering the cash balance or selling to a securities company is an alternative to the company. If the company needs additional funds, the company will use debt and then securities. In such a case it can be shown that investors who have joined are less likely to perceive a bad signal due to issuing smaller debt. In the explanation, it is stated that the sequence in terms of sources of funds uses retained earnings, debt, and the last resort is the issuance of shares.

There are several implications related to the pecking order theory, namely, the first, there is no goal for the amount of debt because for funding needs the company can choose to use a debt ratio. The second, the use of less debt will be beneficial for the company. The increase in the company's debt capacity occurs because of the large cash flow of the company in generating profits.

Liquidity

Liquidity is the company's ability to meet financial obligations with available assets (Riyanto, 1999). By the liquidity, it is expected to reduce long-term debt. It is very important for banking sector companies to meet their financial obligations. The companies that have a high liquidity ratio will tend to reduce or even not at all will not use their debt because they have large enough internal funds, so they will choose to maximize the use of these funds. The liquidity is measured using the current ratio to determine the liquidity of the company by using the formula for the amount of current assets compared to current liabilities.

Profitability

Profitability is the ability of a company and allows it to make a profit.



Whatever is done to get maximum profit. The way for measuring profit uses profitability ratios. Profitability ratio is the ratio used to measure a profit. There are three types of ratios in profitability, including: Return on Assets (ROA), Return on Investment (ROI), Profit margin on sales (Profit margin) and Return on Equity (ROE). Profitability in this study is measured using the Return on Asset (ROA) ratio because the profitability of the company can show its overall size and by calculating the ratio of net income to total assets.

Asset Structure

Asset structure is the ratio of fixed assets to the total assets owned by the company. This asset structure plays an important role in the capital structure because if the company has debt and has difficulty paying, the debt will be paid off using tangible and intangible assets. In addition, the importance of the asset structure for providing information for lenders or investors as the basis for consideration in providing debt. The asset structure itself consists of: cash, current accounts, investments, accounts receivable, financing, all assets. Thus, the asset structure is the composition of the presentation of assets in a certain ratio of the financial statements, namely the comparison between current assets and fixed assets.

Growth Rate

The growth rate is a development process occurring in a company for the future. The companies with high growth rates will imply a higher demand for external funding needs. When external funds are needed to meet investment needs, according to Pecking Order Theory, the company will prefer to use debt first rather than issuing new shares, because the higher the growth opportunity, the higher the information asymmetry that occurs. Asset growth can provide an



explanation for the total funding needs of a company (Awat & Muljadi, 1989). Because it can be used as a guide for opportunities to develop the company in the future.

Hypothesis and Framework

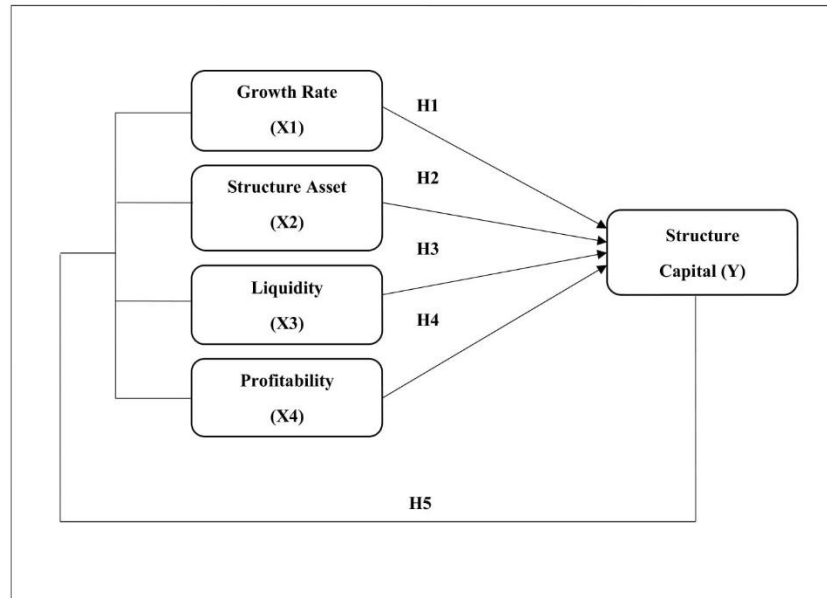
The hypothesis is taken as follows:

- H1: The growth rate has a significant effect on the capital structure of banking sector companies included in the Indonesian Sharia Stock Index listed on the Indonesia Stock Exchange.
- H2: The asset structure has a significant effect on the capital structure of banking sector companies included in the Indonesian Sharia Stock Index listed on the Indonesia Stock Exchange.
- H3: The liquidity has a significant effect on the capital structure of banking sector companies that are members of the Indonesian Sharia Stock Index listed on the Indonesia Stock Exchange.
- H4: The profitability has a significant effect on the capital structure of banking sector companies included in the Indonesian Sharia Stock Index listed on the Indonesia Stock Exchange.
- H5: The growth rate, the asset structure, the liquidity and the profitability have a significant effect on the capital structure of banking sector companies that are members of the Indonesian Sharia Stock Index listed on the Indonesia Stock Exchange.

Based on theoretical studies and previous research, the framework in the study can be presented as follow:

Figure 1

Framework



RESEARCH METHOD

The research design is the plan that will be carried out by the researcher in order to solve a problem investigated by the author. The study is a quantitative research, examined from previous research. Quantitative research is research based on positivism to examine certain populations or samples by collecting data in the form of numbers for analysis with the aim of being able to answer the problem formulations having been determined by the author and test the predetermined hypotheses (Sugiyono, 2016). Data obtained from three banks that are members of the Indonesian Sharia Stock Index (ISSI) by recording their financial reports. The research variables in the study are as follow: dependent or not independent variables in the study are the capital structure and the independent variables. The independent variables are growth rate, asset structure, liquidity and profitability.

Population and Sample



Population is a generalization area that the researcher has set to study and observe in relation to objects / subjects having a certain quantity for conclusions to be drawn (Sugiyono, 2016). The population in the study has criteria, namely banking sector companies, incorporated in the Indonesian Sharia Stock Index (ISSI) 2015-2018, registered on the IDX and issuing financial reports for the 2015-2018 period consecutively.

The sample is a part of the population. The samples in this study are companies that are members of the Indonesian Sharia Stock Index (ISSI) 2015-2018 consisting of three banking companies, namely Bank Rakyat Indonesia Syariah (BRIS), Sharia National Pension Savings Bank (BTPS), Bank Panin Dubai Syariah (BNPS).

Data Collection Technique

Data collection that will be used in the research is through secondary data whose reports come from the financial statements of companies whose sampling criteria have been met and included in the Indonesian Sharia Stock Index listed on the Indonesia Stock Exchange for the period 2015-2018 which is on the website www.idx.co.id, then taking the annual report from the related bank website which has been published for the 2015-2018 period.

RESULTS AND DISCUSSION

Research Result

The data used in the study is through secondary data on banking sector companies listed on the Indonesian Sharia Stock Index through www.idx.co.id, then taking the annual financial reports from the relevant bank's website included in the sample criteria during the 2015-2018 period using SPSS version



20 by performing classical assumption tests and hypothesis testing. The following are the results of the calculation of financial data that have been researched:

Bank Rakyat Indonesia Syariah (BRIS)

Bank Rakyat Indonesia Syariah is the banking sector company having gone public since May 9th, 2018, officially listed on the Indonesian stock exchange by releasing 27% of its shares to the public (Syariah, 2018). The research will discuss about the growth rate, asset structure, liquidity, profitability and capital structure of the banking sector company, namely BRIS. The following is the detailed table of the variables which will be discussed as follow:

Table 2
Results of the 2015-2018 BRIS Annual Financial Reports

Name	Year	Growth Rate	Asset Structure	Liquidity	Profitability	Capital Structure
BRIS	2015	0.19120	0.00645	3.77328	0.00506	2.74447
	2016	0.14267	0.00509	3.27101	0.00615	3.37226
	2017	0.13928	0.00564	3.46613	0.00320	3.49635
	2018	0.20200	0.00584	3.18750	0.00281	2.36638

The table above shows that the growth rate, asset structure, liquidity, profitability and capital structure of BRIS is unstable from year to year or can be said to fluctuate.

In 2015, the growth rate was 0.19120 with an asset structure of 0.00645 and a liquidity of 3.77328 and a profitability of 0.00506 followed by a capital structure of 2.74447. In 2016, the growth rate decreased to 0.14267 with the asset structure decreasing to 0.00509 and liquidity decreasing to 3.27101 and



profitability increasing to 0.00615 and the capital structure increasing to 3.37226.

In 2017, the growth rate increased to 0.1928 with the asset structure increasing to 0.00564 followed by a liquidity value of 3.46613 and profitability decreased to 0.00320 and the capital structure increased to 3.49635. In 2018, the growth rate has increased to 0.20200 with an asset structure of 0.00584 and the value of liquidity has decreased to 3.18750, while profitability has decreased by 0.00281, followed by the capital structure to 2.36638.

Bank Tabungan Pensiunan Nasional Syariah (BTPS)

Bank Tabungan Pensiunan Nasional Syariah is the banking sector company listed on the Indonesia Stock Exchange on July 14th, 2014 (Syariah B. , 2018). The research will discuss about the growth rate, asset structure, liquidity, profitability and capital structure of the banking sector company, namely BTPS. The following is a detailed table of the variables which will be discussed as follow:

Table 3
Results of the 2015-2018 BTPS Annual Financial Statements

Name	Year	Growth Rate	Asset Structure	Liquidity	Profitability	Capital Structure
BTPS	2015	0.40059	0.05177	5.29517	0.03256	0.84343
	2016	0.40937	0.04779	5.48189	0.05633	0.83877
	2017	0.25032	0.04745	5.53656	0.07319	0.73352
	2018	0.31483	0.04063	5.87430	0.08018	0.51276

The table above shows that the growth rate, asset structure, liquidity, profitability and capital structure of BTPS from year to year is unstable or can be said to fluctuate.



In 2015, the growth rate was 0.40059 with an asset structure of 0.05177 and a liquidity of 5.29517 and a profitability of 0.03256 followed by a capital structure of 0.84343. In 2016, the growth rate increased to 0.40937 with the asset structure decreasing by 0.04779 and liquidity increasing to 5.48189 and profitability increasing to 0.05633 and the capital structure increasing to 0.83877.

In 2017, the growth rate decreased to 0.25032 with the asset structure decreasing to 0.04745 followed by a liquidity value of 5.53656 and profitability increased to 0.07319 and the capital structure decreased to 0.73352. In 2018, the growth rate increased to 0.31483 with an asset structure of 0.04063 and the value of liquidity increased to 5.87430, while profitability increased to 0.08018, followed by capital structure to 0.51276.

Bank Panin Dubai Syariah (PNBS)

Bank Panin Dubai Syariah is the sharia banking stock that listed its shares on the stock exchange on January 15th, 2014 (Syariah P. B., 2018). The study will discuss the growth rate, asset structure, liquidity, profitability and capital structure of the banking sector company, namely PNBS. The following is a detailed table of the variables which will be discussed as follows:

Table 4
Results of the 2015-2018 PNBS Annual Financial Report

Name	Year	Growth Rate	Asset Structure	Liquidity	Profitability	Capital Structure
PNBS	2015	0.14948	0.00759	1.19327	0.00751	5.17420
	2016	0.22760	0.00961	1.15693	0.00223	6.37239
	2017	-0.01469	0.01104	1.03282	-0.11227	30.47119
	2018	0.01643	0.01015	1.23491	0.00237	4.25696

The table above shows that the growth rate, asset structure, liquidity,



profitability and capital structure of PNBS from year to year is unstable or can be said to fluctuate.

In 2015, the growth rate was 0.14948 with an asset structure of 0.00759 and a liquidity of 1.19327 and a profitability of 0.00751 followed by a capital structure of 5.17420. In 2016, the growth rate increased to 0.22760 with the asset structure increasing by 0.00961 and liquidity decreasing to 1.15693 and profitability decreasing to 0.00223 and the capital structure increasing to 6.37239.

In 2017, the growth rate decreased to -0.01469 with the asset structure decreasing to 0.01104 followed by a liquidity value of 1.03282 and profitability decreased to -0.11227 and the capital structure experiencing an increase to 30.47119. In 2018, the growth rate increased to 0.01643 with an asset structure of 0.01015 and the value of liquidity increased to 1.23491, while profitability increased to 0.00237 followed by capital structure to 4.25696.

Hypothesis Test

Partial Test (T)

Table 5 Partial Test Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error			
1	(Constant)	6,459	2,729		
	Growth Rate	-17,534	13,712	-,281	-1,279 ,242
	Asset Structure	232,175	84,943	,553	2,733 ,029
	Liquidity	-,117	1,004	-,027	-,116 ,911
	Profitability	-168,360	31,788	-1,010	-5,296 ,001

Hypothesis Test 1



Based on the output above, the significant value of the growth rate variable is 0.242. This significant value indicates that the T test for the growth rate variable is > 0.05 , which means that H_0 is accepted and H_a is rejected. Thus, it can be concluded that the growth rate has no effect on the capital structure.

Hypothesis Test 2

Based on the output above, the significant value of the asset structure variable is 0.029. This significant value indicates that the T test for the growth rate variable is < 0.05 , which means that H_0 is rejected and H_a is accepted. Therefore, it can be concluded that the asset structure has a significant effect on the capital structure.

Hypothesis Test 3

Based on the output above, the significant value of the liquidity variable is 0.911. This significant value indicates that the T test for the growth rate variable is > 0.05 , which means that H_0 is accepted and H_a is rejected. So, it can be concluded that liquidity has no effect on capital structure.

Hypothesis Test 4

Based on the output above, the significant value of the profitability structure variable is 0.001. This significant value indicates that the T test for the growth rate variable is < 0.05 , which means that H_0 is rejected and H_a is accepted. Thus, it can be concluded that profitability affects the capital structure.

Simultaneous Test (F)



Table 6
Simultaneous Test ANOVA^a

del	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	673,419	4	168,355	17,439	,001 ^b
Residual	67,577	7	9,654		
Total	740,996	11			

Based on the results of the output above, it shows that the significance value is $0.001 < 0.05$, therefore, it can be concluded that the independent variable (growth rate, asset structure, asset quality, and profitability) has a significant effect on the dependent variable (capital structure).

Determination Coefficient Test (R2)

The determination test is to measure a model's ability to explain the variation in the dependent variable. The value between zero and one is the coefficient of determination. The table below is the result of the SPSS output as follow:

Table 7
Test of the coefficient of determination Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,953 ^a	,909	,857	3,10706683

Based on the output above, it shows that the Adjusted R2 value is 0.857 or 85.7%. It can be seen that the growth rate, asset structure, liquidity, and profitability affect the capital structure by 85.7% while the remaining 14.3% is explained by other variables outside the research model.

DATA ANALYSIS AND DISCUSSION

The study examines the effect of growth rate, asset structure, liquidity



and profitability on capital structure

The Effect of Growth Rate on Capital Structure

Based on the results of the analysis for the growth rate variable, it is explained that the regression coefficient of the growth rate is negative at -17.534. While the results of the T-test for the growth rate variable obtained a significance value of 0.242 which is greater than the error tolerance of 0.05. It can be concluded that the growth rate has no significant effect on the capital structure of banking sector companies that are included in the Indonesian Sharia Stock Index listed on the Indonesia Stock Exchange for the 2015-2018 period.

According to Pecking Order Theory, if the growth rate is high, it will tend to prefer funds coming from outside, namely debt (Bringham, F, & Houston, 2006). To measure the growth rate, it can be found by calculating total assets now minus last year's total assets divided by last year's total assets. However, in this study, the growth rate of Bank Rakyat Indonesia Syariah, Bank Tabungan Pensiunan Syariah and Bank Panin Dubai Syariah from year to year shows that the higher the growth rate the lower the capital structure. Thus, it shows the opposite relationship with the Pecking Order Theory. The growth rate in the results of this study has no effect on the capital structure. The results of this study are supported by the results of previous research conducted by Made Yunitri Deviani and Luh Komang Sudjarni which explained that growth rates have a negative and significant effect on capital structure.

The Effect of Asset Structure on Capital Structure

Based on the results of the analysis for the asset structure variable, it is



explained that the regression coefficient of the asset structure has a positive value of 232.175. While the results of the T-test for the asset structure variable obtained a significance value of 0.029 which is smaller than the error tolerance of 0.05. It can be concluded that the asset structure has a positive and significant effect on the capital structure of banking sector companies included in the Indonesian Sharia Stock Index listed on the Indonesia Stock Exchange for the 2015-2018 period.

According to theory, the higher the assets, the higher the debt or the higher the asset structure, the higher the capital structure will be (Priambodo, Topowijono, & Azizah, 2014). It indicates that there is a positive relationship between asset structure and capital structure. The statement is supported by the theory put forward by Brigham and Houston that companies with high assets will be qualified to be used as collateral and tend to use more debt. The results of this study are supported by the results of previous research conducted by Yulia Ari Susanti (2017) explaining that the asset structure has an influence on the capital structure.

The Effect of Liquidity on Capital Structure

Based on the results of the analysis for the liquidity variable, it was explained that the regression coefficient of liquidity was negative at 0.117. While the results of the T-test for the liquidity variable obtained a significance value of 0.911 which is greater than the error tolerance of 0.05. It can be concluded that liquidity does not have a significant effect on the capital structure of banking sector companies included in the Indonesian Sharia Stock Index listed on the Indonesia Stock Exchange for the 2015-2018 period.

According to the theory, the higher the liquidity, the lower the capital



structure will be because short-term obligations have been fulfilled (Riyanto, 1999). However, in this study the liquidity of the Bank Rakyat Indonesia Syariah and Bank Panin Dubai Syariah from year to year shows instability in their liquidity because the lower the liquidity the higher the capital structure. In terms of liquidity, it does not have a significant effect on capital structure. The results of the study are supported by the results of previous research conducted by Shelly Armelia (2016) explaining that liquidity has no influence on the capital structure.

The Effect of Profitability on Capital Structure

Based on the results of the analysis for the profitability variable, it is explained that the regression coefficient of profitability is negative at 168.360. While the results of the T-test for the profitability variable obtained a significance value of 0.001 which is smaller than the error tolerance of 0.05. It can be concluded that profitability has a negative and significant effect on the capital structure of banking sector companies included in the Indonesian Sharia Stock Index listed on the Indonesia Stock Exchange for the 2015-2018 period.

According to Pecking Order Theory, companies tend to choose to use internal capital instead of using debt for funding because it has a high level of profit and can be used as capital.

In the study, the higher the level of profitability, the lower the capital structure. The results of this study are supported by previous research by Mima Urfatul Janah (2018) which explains that profitability has a negative and significant effect on capital structure.

The Influence of Growth Rate, Asset Structure, Liquidity and Profitability on Capital Structure



Based on the results of the analysis using the F test, it is explained that the calculated F value of the variable growth rate, asset structure, liquidity and profitability is 17.439 and a significant value of 0.001 with an error tolerance of 0.05. Thus, it can be concluded that the growth rate, asset structure, liquidity and profitability have a significant effect on the capital structure of banking sector companies included in the Indonesian Sharia Stock Index listed on the Indonesia Stock Exchange for the period 2015-2018.

The result of the coefficient of determination Adjusted R Square is 0.857. So, it can be concluded that the variable growth rate, asset structure, liquidity and profitability affects the capital structure by 85.7% while the remaining 14.3% is influenced by other variables outside the research model.

CONCLUSION

The test results show that the growth rate has a negative effect on the capital structure of banking sector companies included in the Indonesian Sharia Stock Index listed on the Indonesia Stock Exchange for the 2015-2018 period.

The test results show that the asset structure has a significant positive effect on the capital structure of banking sector companies included in the Indonesian Sharia Stock Index which is listed on the Indonesia Stock Exchange for the 2015-2018 period.

The test results show that liquidity has a negative effect on the capital structure of banking sector companies that are included in the Indonesian Sharia Stock Index which is listed on the Indonesia Stock Exchange for the 2015-2018 period.

The test results show that profitability has a significant negative effect on



the capital structure of banking sector companies that are included in the Indonesian Sharia Stock Index which is listed on the Indonesia Stock Exchange for the 2015-2018 period.

The test results show that the growth rate, asset structure, liquidity and profitability simultaneously affect the capital structure of banking sector companies that are included in the Indonesian Sharia Stock Index which is listed on the Indonesia Stock Exchange for the 2015-2018 period.

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