
EFFECT OF ROA, ASSET STRUCTURE, GROWTH OPPORTUNITY, SALES GROWTH AND CURRENT RATIO ON CAPITAL STRUCTURE EMPIRICAL STUDY ON INDUSTRIAL SECTOR MANUFACTURING COMPANIES ON THE INDONESIA STOCK EXCHANGE 2013-2016

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ABSTRACT

Research in this study aims to determine the effect of return on assets, asset structure, growth opportunity, sales growth and current ratio of corporate capital structure simultaneously and partially. Capital structure is the ratio of total debt to own capital measured using the debt equity ratio (DER). With the object of research of manufacturing industry sector which experienced an increase that is food, beverage, cigarette, pharmacy, cosmetics, household and chemical goods listed in IDX period 2013-2016. This study was conducted as many as 44 population and 21 samples during the four-year period with a total of 84 samples using purposive sample method. The type of data used is secondary data sourced from Indonesia stock exchange and analyzed using multiple linear regression analysis. The results of this study show that simultaneously independent variables influence the dependent variable of the capital structure, but the growth of the asset structure and current ratio affect the capital structure with the conclusion the five independent variables contained 21% influence on capital structure.

Keyword: Return On Asset, Asset Structure, Growth Opportunity, Sales Growth, Current Ratio and Capital Structure

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INTRODUCTION

In the business world the company is doing various ways to develop its company. Such as innovating its products to increase the competitiveness of the products produced, expanding the business or expanding the market, improving the quality of human resources and so on to face this competition. (Novione and Rusmala, 2016)

Companies in expanding require additional capital. The financial manager must determine the right source of funding, so that the optimal source of funding can be achieved. Optimal funding should pay attention to the magnitude of the need for funds, the level of return demanded by the fund owner, the length of attachment of funds and the composition of funds. In general, the source of the company's funds comes from debt and capital. This condition also affects how the company determines funding choices.

Sources of funding can come from internal or external. If the internal funds are insufficient, the new company issues debt securities that can be used only to the maximum extent and the last step is to issue shares. Thus, before deciding which source of funds to use, the company's

management conducts a comparative analysis of the costs of the sacrifices that the company bears compared to those obtained from each source of funds.

Classification of company sources of funds from short-term sources of funds and medium/long-term sources of funds. The company's short-term sources of funds are used to fund inventory needs or fund trade receivables. Short-term sources of funds derived from loans are not used to fund long-term funding needs. Medium/long-term sources of funds are used to fund the purchase of fixed assets or business expansion (Toto Prihadi, 2013;13-14). This study is to analyze the determinants of capital structure in industrial sector manufacturing companies listed on the Indonesia Stock Exchange.

The Ministry of Industry of the Republic of Indonesia targets manufacturing companies to contribute 40 percent of GDP in the next few years of the Ministry of Industry, (2016) (Tika and Dana, 2017). Industrial sector manufacturing companies In contributing to the national GDP in 2015 reached 18.1% with a value of Rp2,097.71 trillion, an increase compared to 2014 which was only 17.8% with a value of Rp1,884 trillion (Kemenprin,2015). And towards the end of 2016, In the third quarter, the industry grew by 5.7% or higher compared to the previous quarter which was 5.01%. The growth of the manufacturing industry in the third quarter reached 5.7%," said Head of the Central Statistics Agency (BPS) Kecuk Suhariyanto in a press conference at BPS Head Office, Jakarta, Tuesday (1/11/2016). The three main industry groups with the highest growth are pharmaceuticals, chemical medicinal products and traditional medicines with 11.26%, food with 7.70% and leather, leather goods and footwear with 7.28%. (finance.detik.com, 2016). In conclusion, in terms of value, the manufacturing industry is still experiencing growth caused by increasing investment, both from new investors and business actors who are expanding.

Product development in the manufacturing industry sector will require large funding so it must be very careful in determining its capital structure. Which can be measured using the Debt to Equity Ratio which shows how much the proportion of the company's capital comes from debt.

The phenomenon of capital structure experienced by the increase in net profit in industrial sector manufacturing companies recorded a positive achievement from 2013 to 2016. The Ministry of Industry continues to encourage investment and expansion in the manufacturing sector in order to further increase national economic growth," said Industry Minister Airlangga Hartarto". Manufacturing companies in the subsector that experienced the highest growth achieved by the food and beverage industry group became the largest contributors to industrial growth, namely 33.61 percent; followed by the metal goods industry, computers, electronic goods, optics and electrical equipment by 10.68 percent; and the transportation equipment industry by 10.35 percent (antaranews.com, 2016). This achievement is inseparable from the increasing sales due to the high level of public consumption, and the increase in production activities in the manufacturing industry sector. Being associated with increasing sales growth requires the expansion of additional capital to finance production activities which are also increasing. So that efforts that will continue to be made by emphasizing the cost of loans or debt in the capital structure in the hope that it can continue to grow, the net profit level for the following years is expected to increase.

With the efforts made its management is left to professional managers to improve the capital structure and the manager must analyze and take into account the various variables that

affect it. This study uses three variables that affect the capital structure of manufacturing companies on the Indonesian stock exchange, namely ROA (Return On Asset), Asset Structure and Growth Opportunity.

This ratio can benefit the company if the return on assets increases, the company's profit increases. According to Eni and Budiyo (2015), the greater the ROA, which means that the more efficient the use of company assets or in other words, with the same amount of assets, a greater profit can be generated. This measurement will show how much net profit can be generated by the total assets of the company.

The asset structure and the number of assets that describe the success of the company can be used as collateral. Assets are divided into two, fixed assets and current assets. The company's fixed assets are widely used as collateral where the greater the assets owned, the more the assets owned will be able to maintain trust to lend capital. Fixed assets such as land, buildings, equipment and machinery. Meanwhile, the company's current assets tend to use debt such as cash/banks, short-term investments, accounts receivable, and other receivables. Asset structure plays a role by comparing total assets with fixed assets. Companies engaged in the manufacturing sector of the industrial sector in financing their investments use fixed assets, because industrial sector companies have a lot of machinery and equipment to produce from raw goods to finished goods. So that it can be used as a guarantee and the production process will continue to grow. This will affect the capital structure. The capital structure is related to the comparison of total debt with total equity. These two combinations are the goals in the company to further develop and advance in its financial turnover.

Asset structure in the enterprise Part of the company's debt capacity is covered with intangible assets as an asset structure. Because usually what is purchased through debt is considered the support of creditors at the time of the liquidation of the company. The greater the number of asset structures owned by the company will lead to an increase in the debt ratio or funding activity by using the debt itself. The factor that causes this phenomenon is the guarantee factor. When the amount of the company's asset structure is said to be large, it can be ascertained that the number of assets owned is also a lot. Diamond (2017).

If the company is predicted to have a high growth rate, sales will be high and require additional capital which will affect the capital structure. According to Selly and Nur (2014) Companies that have a high growth rate will face a high information gap between managers and investors on the quality of the company's investment projects. The existence of this information gap causes the cost of equity capital to be greater than the cost of debt capital because from an investor's point of view, share capital is seen as risky compared to debt.

Companies with a high level of sales growth in the fulfillment of their capital carry out external funding, namely by using debt in their capital structure. In the use of debt can cause a high burden so that the company expects a large profit that can be used to cover the company's borrowing costs. According to Rista and Bambang in Cicilia and Gusti (2016) the higher the company's sales growth rate, the use of borrowed capital (debt) will be suppressed.

The Current Ratio shows the company's ability to indicate the company's ability to pay its short-term liabilities using its current assets. According to Febri (2016) in his research, companies

with a high current ratio tend not to use financing from debt. This is because companies with a high level of liquidity have large internal funds so that companies use their internal funds more to finance the company's investments before using their external funds.

Based on the description above, the author is interested. to conduct a study entitled "THE INFLUENCE OF ROA, ASSET STRUCTURE, GROWTH OPPORTUNITY, SALES GROWTH AND CURRENT RATIO ON CAPITAL STRUCTURE EMPIRICAL STUDY OF MANUFACTURING COMPANIES IN THE BASIC CHEMICAL AND CONSUMER GOODS INDUSTRY SECTOR ON THE IDX 2012-2015"

METHOD

The population in this study is all industrial sector manufacturing companies that experienced an increase in the profits of companies listed on the IDX (Indonesia Stock Exchange) for the period 2013-2016. The sample in this study is the industrial sector of manufacturing companies listed on the Indonesia Stock Exchange which is consistently listed on the IDX for three consecutive years starting from the period of 2013 to the period of 2016.

The criteria used to select the sample are as follows:

- a. Industrial sector manufacturing companies that issue complete financial statements
- b. Industrial sector manufacturing companies that issue Annual Reports using rupiah currency.
- c. Industrial sector manufacturing companies did not experience a decline in assets

The data used in this study are secondary roa (return on asset) data, asset structure, growth opportunity, sales growth and current ratio from the financial statements of manufacturing companies for the period 2013-2016. The method of data collection carried out is in the form of financial statements that have been collected with a population of 44 companies and published

RESULTS AND DISCUSSION

A. Descriptive Statistics

Through the application of statistical methods, the characteristics of the variables tested can be described to be measured by the large amount of research sample data using the average value (mean), the lowest value (minimum), the highest value (maximum) and the standard deviation. As the descriptive test results obtained below.

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Roa	84	,009	,885	,19804	,168047
Sa	84	,029	,784	,33073	,161420
GROWTH	84	-,813	5,783	,21204	,642943
Sg	84	-,462	1,273	,11583	,240609
Cr	84	,514	13,871	2,82082	2,377000
Der	84	,083	3,029	,74423	,484433
Valid N (listwise)	84				

- a. **Return On Asset (ROA)** has a mean average value of 0.198 and a standard deviation of 0.168, meaning that the standard deviation is lower than the average value in the return on asset variable indicating the effectiveness of the company in managing assets. When viewed from the value of the minimum value of 0.009 and the maximum of 0.885, it shows the company's ability to generate net profit. The variable return on assets in this study descriptively achieves the company's performance in generating profits, reflects the effectiveness of the company being managed and encourages the company to fund it using internal funds so that the debt level will be smaller.
- b. **The Asset Structure** has a mean average value of 0.330 and a standard deviation of 0.161, meaning that the standard deviation is lower than the average value in the asset structure variable, indicating the effectiveness of the company in managing assets. a minimum value of 0.029 and a maximum value of 0.784, in the asset structure variable in this study reflects a fixed asset greater than other asset components and each company's assets can be used as collateral.
- c. **Growth Opportunity** has a mean average value of 0.212 and a standard deviation of 0.642 meaning that the standard deviation is higher than the average value in the growth opportunity variable indicating that the result is not good. Because the standard deviation is a very high reflection of deviations, so that the distribution of data shows poor representation and causes bias. The value of the minimum growth opportunity of -0.813 and the maximum 5,783 means the company's ability to manage assets by showing a high asset growth rate.
- d. **Sales Growth** has a mean average value of 0.115 and a standard deviation of 0.240 meaning that the standard deviation higher than the average value in the growth variable indicates that the results are not good. Because the standard deviation is a very high reflection of deviations, so that the distribution of data shows poor representation and causes bias. The minimum sales growth value of -0.462 and the maximum of 1.273 means the company's ability to manage assets by showing a high level of sales growth.
- e. **The Current Ratio** has a mean average value of 2,820 and a standard deviation of 2,377, meaning that the standard deviation lower than the average value in the current ratio variable indicates the effectiveness of the company in maintaining liquidity. The minimum value of 0.514 and the maximum value of 13.871, in the current ratio variable in this study shows that the company has increased a lot of collection of receivables and is able to maintain its liquidity by paying off short-term obligations so that the company is said to be good at managing its financial statements.
- f. **Capital structure (DER)** has a mean average value of 0.744 and a standard deviation of 0.484, meaning that the standard deviation is lower than the average value in the capital structure variable (DER) indicating the effectiveness of the company. The minimum value of the capital structure (DER) of 0.083 and the maximum of 3.029 provides the company's ability to increase its capital.

B. Test of Classical Assumptions

The classical assumption test can analyze the regression model well where the calculation results show a significant and reflective relationship with the conclusion that the regression model has no effect and is free from the assumptions of the classical assumptions tested.

The Normality Test is used to test whether in the research regression model the disruptive or residual variables have a normal distribution. Regression models can be analyzed well by having a normal data distribution. It can be tested using the one sample kolmogorov-smirnov test. To detect it is by residual significance value. If the significance of >0.05 indicates a residual value of normal distribution or meets the requirements of the classical assumption.

Table 2. Kolmogorov-Smirnov Normality Test
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		84
Normal Parameters ^{a,b}	Mean	0E-7
	Std. Deviation	,41752110
Most Extreme Differences	Absolute	,139
	Positive	,139
	Negative	-,115
Kolmogorov-Smirnov Z		1,270
Asymp. Sig. (2-tailed)		,079

a. Test distribution is Normal.

b. Calculated from data

Based on the test results in table 4.2, it shows that the normal distributed residual value with a significant value of 0.079 is greater than 0.05. This means that H_a is accepted to prove that data analysis can continue because the residual value has been normally distributed.

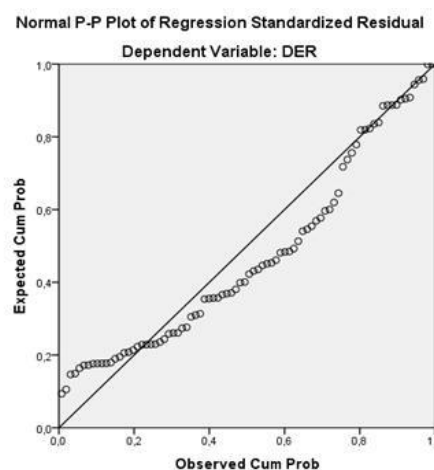


Figure 1. Normality Test Results

Source : Spss processed data (2018)

Based on the results of testing figure 4.1 of the p-plot chart analysis above, it can be concluded that this research analysis is normally distributed and meets the assumption of normality because the intended data is in the form of points that spread around the diagonal line and follow the direction of the diagonal line.

C. Multicollinearity Test Results

A multicollinearity test is performed to test the regression model. The regression model can be said to be good by showing that there is no correlation between independent variables. This test uses a variance inflation factor (VIF) value that is declared free of multicollinearity if the VIF value is below 10 and the tolerance (t) value is above 0.1.

Table 2. Multicollinearity Test Results
Coefficients^a

Type	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Roa	,968	1,033
Sa	,799	1,252
GROWTH	,960	1,042
Sg	,875	1,143
Cr	,801	1,249

a. Dependent Variable : DER

Source : Spss processed data (2018)

Based on the test results in table 4.3, it shows that the variable return on assets with a tolerance value of 0.968 and a VIF value of 1.033, an asset structure variable with a value of 0.799 and a VIF value of 1.252, a growth opportunity variable with a value of 0.960 and a VIF value of 1.042, sales growth with a tolerance value of 0.875 and a VIF value of 1.143 and a current ratio with a value of 0.801 and a VIF value of 1.249 then it can be concluded that these five independent variables are not multicollinearity because each independent variables have a greater tolerance value of 0.1 and a variance inflation factor (VIF) value of less than 10.

D. Heteroskedasticity Test Results

The heteroskedasticity test was carried out by looking at the plot graph between the predicted value of the bound variable (dependent) namely ZPRED and the residual SRESID.

Based on the test results figure 4.2 sees a dot pattern on the scatterplot method. It can be concluded that heteroskedasticity does not occur in the regression model due to the pattern of dots that spread randomly below the number 0 on the Y axis.

Table 4. Glejser Test Results
Coefficients^a

Type	Sig.
1 (Constant)	,040
Roa	,405

Sa	,184
GROWTH	,448
Sg	,109
Cr	,799

a. Dependent Variable : AbsUt

Source : Spss processed data (2018)

Based on the test results in table 4.4, it shows that the results of the five independent variables of significance greater than 0.05 It can be concluded that the regression model does not occur heteroskedasticity.

E. Autocorrelation Test Results

The autocorrelation test is carried out using durbin-watson testing where the model is free from autocorrelation interference if it has a DW value located between $du < DW < (4-du)$. The value of du is obtained from the durbin-watson table.

Table 4. Autocorrelation Test Results
Model Summary^b

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,507 ³	,257	,210	,430695	1,918

a. Predictors : (Constant), CR, ROA, GROWTH, SG, SA

b. Dependent Variable : DER

Source : Spss processed data (2018)

Based on the tests in table 4.5, it shows that the regression model did not autocorrelate. This can be proven by the DW value of 1.918, the dU value for the sample number of 84 with 5 independent variables is 1.773 and dL is 1.5219. Data did not occur autocorrelation on $dU < d < 4-dU$, so it was concluded that the results obtained from this study were $1.7732 < 1.918 < 2.2268$ so that it can be said to be free from autocorrelation.

F. Model Due Diligence

a) Xsimultan regression test results (F test)

The F test was performed to determine simultaneously the influence between independent variables on the dependent variable by comparing the calculated f value with the table f by looking at the signification column 0.05.

Table 4. F Test Results
ANOVA^a

Type		Sum of Squares	Df	Mean Square	F	Sig
1	Regression	5,009	5	1,002	5,401	,000 ^b
	Residual	14,469	78	,185		
	Total	19,478	83			

a. Dependent Variable : DER

b. Predictors : (Constant, CR, ROA, GROWTH, SG, SA)

Source : Spss processed data (2018)

Based on the test results in table 4.6, it shows that the value of F 5.401 with a significance level of 0.000 is less than the required significance value of 0.05. It can be concluded that the results of this study simultaneously on independent variables of return on assets (ROA), asset structure, growth opportunity, sales growth and current ratio have a significant effect on the capital structure.

b) Determination Coefesience Test Results (R2)

The determination coefficient test is performed to illustrate how much the independent variable affects the dependent variable.

Table 5. Determination Coefesience Test Results

Model Summary ^b				
Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,507 ³	,257	,210	,430695

a. Predictors : (Constant), CR, ROA, GROWTH, SG, SA

b. Dependent Variable : DER

Source : Spss processed data (2018)

Based on the test results in table 4.7, it shows that the amount adjusted R2 is 0.210. This indicates that the contribution of independent variables to dependents has an influence of 21% and by 79% is determined by other variables that were not analyzed in this study.

c) Hypothesis Test

A hypothesis test is carried out to find out whether the hypothesis that has been proposed is acceptable or rejected. In other words, any decisions on variables are made through this study.

d) Test Results t

The t-test was performed to determine individually the influence between the independent variables on the dependent variables in how to compare the values of t-count and t -table by looking at the signification of 0.05.

Table 6. Test Results t

Coefficients ^a				
Type	Unstandardized Coefficients	t	Sig.	
	B			
(Constant)	,748	4,636	,000	
Roa	,088	,306	,760	
Sa	,689	2,101	,039	
GROWTH	,034	,454	,651	
Sg	-,236	-1,121	,266	
Cr	-,081	-3,646	,000	

a. Dependent Variable : DER

Source : Spss processed data (2018)

Based on the test results in table 4.8 of the t test, it shows the influence of independent variables on dependent variables entered into the regression model, it can be explained as follows:

- The return on assets (ROA) variable partially does not affect the capital structure. This can be addressed by knowing that the variable return on assets (ROA) has a significant level of $0.760 > 0.05$. The results of the regression analysis that ROA is positively related insignificantly to DER can be concluded hypothesis rejected.
- On the variable asset structure, it is partially affecting the capital structure. This can be addressed by knowing that the asset structure variable has a significant level of $0.039 > 0.05$. The results of the regression analysis that SA is significantly positively related to DER can be concluded hypothesis is accepted.
- In the growth opportunity variable, partial means do not affect the capital structure. This can be addressed by knowing that the growth opportunity variable has a significant level of $0.651 > 0.05$. The results of regression analysis that GROWTH is positively related insignificantly to DER can be concluded hypothesis rejected.
- In the variable sales growth, partial means, it does not affect the capital structure. This can be addressed by knowing that the sales growth variable has a significant level of $0.266 > 0.05$. The results of regression analysis that SG is negatively related insignificantly to DER can be concluded hypothesis rejected.
- The current ratio variable partially affects the capital structure. This can be addressed by knowing that the asset structure variable has a significant level of $0.000 > 0.05$. The results of regression analysis that CRbe is significantly negatively related to DER can be concluded hypothesis is accepted.

e) Multiple Linear Regression Analysis Test Results

Multiple linear regression tests were carried out to determine the direction and magnitude of the influence of independent variables on dependents on industrial sector manufacturing companies on the Indonesian stock exchange in 2013-2016. The results of the multiple linear regression test can be seen in table 4.9.

Table 4. Multiple Linear Regression Analysis Test Results
Coefficients^a

Type	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
(Constant)	,748	,161	
Roa	,088	,286	,030
Sa	,689	,328	,229
GROWTH	,034	,075	,045
Sg	-,236	,210	-,117
Cr	-,081	,022	-,398

a. Dependent Variable : DER

Source : Spss processed data (2018)

Based on the test results in table 4.9 of the multiple linear regression analysis test for this study, $DER = 0.748 + 0.088 ROA + 0.689 SA + 0.034 GROWTH - 0.236 SG - 0.081 CR$ from the regression coefficient equation above can be explained as follows:

- a. The results of the research from the regression model are known to be a constant of 0.748 which means that if the value of the independent variable (return on assets, asset structure, growth opportunity, sales growth and current ratio) is zero, then the dependent variable (capital structure) is 0.748.
- b. The results of the study from the regression model for return on assets are known to be 0.088. The value of the return on assets generated positively shows that there is a relationship that is in the same direction as the capital structure which means that any increase in return on assets by 1% will increase the capital structure by 0.088 assuming other independent variables are constant.
- c. The results of the study from the regression model for the asset structure are known to be 0.689. The value of the asset structure generated positively indicates a relationship that is in the same direction as the capital structure which means that any increase in the asset structure by 1% will increase the capital structure by 0.689 assuming other independent variables are constant.
- d. The results of the study from the regression model for growth opportunity are known to be 0.034. The positive growth opportunity value shows a relationship that is in the same direction as the capital structure, which means that every increase in growth opportunity by 1% will increase the capital structure by.
- e. The results of the research from the regression model for sales growth are known to be - 0.236. The resulting sales growth value negatively indicates a decrease in the capital structure which means that any increase in growth by 1% will reduce the capital structure by -0.236 assuming other independent variables are constant.
- f. The results of the study from the regression model for the current ratio are known to be -0.081. The resulting negative current ratio value indicates a decrease in the capital structure which means that every increase in the Current Ratio by 1% will reduce the capital structure by -0.081 assuming that other independent variables are constant.

f) Effect of Return On Assets On Capital Structure

Based on the test results of statistical analysis it was found that the H1 hypothesis was rejected. So it can be concluded that the return on assets does not affect the capital structure with a significant value of $0.760 > 0.05$. The results of this study do not support Riski (2015) and Intan (2014) but on the contrary support research from Febri (2016).

The results of this study show that increasing or decreasing return on assets does not affect the capital structure. In this case, the company prioritizes the amount of sacrifice and the profit it has. As the amount of benefits obtained from sacrifices arising from the use of

company capital to support the company's operations. And don't look at the small amount of return on assets. This is because industrial sector manufacturing companies have assets that can be used for the company's operational activities, so that they can use existing assets, as long as the company is still running normally and has profits. With the conclusion that the increase or decrease in return on assets does not affect the capital structure. Judging from the ability of manufacturing companies in the industrial sector to always increase and generate profits because consumer factors always believe in the products produced without the need for capital increase expansion.

g) Effect of Asset Structure on Capital Structure

Based on the test results of statistical analysis it was found that the H2 hypothesis was accepted. So it can be concluded that the asset structure affects the capital structure with a significant value of $0.039 < 0.05$. The results of this study do not support Mukhlani (2016) and Selly (2014) but instead support research from Novione and Rusmala (2016).

The results of this study show that when the asset structure experiences an increase, the company's capital structure increases. This happens because the asset structure is measured by the amount of fixed assets that can be used as collateral by indicating that a large number of assets will be able to maintain investor confidence to lend capital as a guarantee of the company's ability to pay off debts. Regarding guarantees, the company in establishing the capital structure by increasing the amount of income so that it is able to increase assets. According to Selly and Nur (2014) in Harjati and Eduardus (2007) the higher the fixed assets owned, the company also has a guarantee of greater ability to carry out external funding which means it has the potential to improve capital structure.

h) The Effect of Growth Opportunity on Capital Structure

Based on the results of statistical analysis testing for this study, it was found that the H3 hypothesis was rejected. So it can be concluded that growth opportunity does not have a significant effect on the capital structure with a significant value of $0.651 > 0.05$. The results of this study support Tika and Dana (2017).

The results of this study show that when growth opportunities experience an increase or decrease, it does not affect the capital structure. This is because the company prioritizes the company's performance and generates profits, the profit comes from asset growth where the results of asset growth can increase the company's profit. According to Arief (2016) companies that have a high growth rate tend to be more willing to hold their profits to finance growth than to divide it as dividends. The highest growth is owned by three industry groups, namely pharmaceuticals, food and beverages and cosmetic goods. Indicating that the future growth opportunity will be more developed so that the company knows the growth rate of the company generated from profits in the company to fund its growth.

i) The Effect of Sales Growth on Capital Structure

Based on the results of statistical analysis testing for this study, it was found that the H4 hypothesis was rejected. So it can be concluded that Sales Growth does not affect the capital structure with a significant value of $0.266 < 0.05$. The results of this study support Nudzunul and Suwitho (2015).

The results of this study show that increasing or decreasing sales growth does not affect the capital structure. This is because the company's growth rate uses more profit from the sales proceeds obtained to re-finance production activities so as to generate profits. According to Edwarddkk (2010) companies can develop product sales using the total quality management method where management assures that the company's products and services can exceed customer expectations, useful for measuring quality aspects of product sales. So there is no need to use debt because the profit obtained will increase. This is due to the increasing and growing sales of products. However, this result is not in accordance with the research of Cicilia and Gusti (2016) which states that the faster the growth rate of the company's sales, the more it will increase financing with debt.

j) Effect of Curren Ratio on Capital Structure

Based on the results of statistical analysis testing for this study it was found that the H5 hypothesis was accepted. So it can be concluded that the Curren Ratio has an effect on the capital structure with a significant value of $0.000 < 0.05$. These results do not support the research of Arief et al (2016), Riski and Suwitho.

The results of this study show that the current ratio increases further decreases the company's capital structure, this is due to the company's current assets increasing and the company can cover short-term liabilities using current assets. So that companies use less debt. Stephen et al (2014) this is in accordance with the theory of pecking Order is one of the alternatives for companies to choose to use funding from within the company (internal) namely current assets. If a company has a large profit, the company may never need funding from outside the company (external). So the company will probably have a little debt.

This research in accordance with Febri (2016) states that companies with a high current ratio have funds from within large companies. So that the company does not use additional capital from debt, but rather uses its internal funds to finance investments

CONCLUSION

This study aims to determine the effect of return on assets, asset structure, growth opportunity, sales growth and current ratio on capital structure. Based on the results of regression model testing that has been carried out with 84 samples used in the research period from 2013 to 2016, the following conclusions can be drawn: Return on assets has no effect on the company's capital structure. So it is concluded that increasing or decreasing on assets does not affect the capital structure. This is because the company prioritizes the amount of sacrifice and has the advantage of supporting the company's operations, by not looking at the small size of the return on assets. The asset structure positively affects the company's capital structure. With the conclusion that the

increasing asset structure, the company's capital structure is increasing. This happens because the asset structure is measured by the size of fixed assets, so that the amount of fixed assets can be used as collateral for additional funds or capital using debt so that it can provide confidence to investors that the company is able to pay off its debts. Growth opportunity does not affect the company's capital structure. So it is concluded that when the growth opportunity increases or decreases, it does not affect the capital structure. This is because the company prioritizes company performance and generates profits derived from asset growth that can increase production activities and encourage company performance to be able to generate profits that are produced. Sales growth does not affect the company's capital structure. So it is concluded that when sales growth increases or decreases, it does not affect the capital structure. This is because the company uses the company's profits more to finance its production activities so that it can generate profits that can be used as company capital. Current ratio negatively affects the company's capital structure. This means that the more current assets increase, the lower the capital structure, this is due to the current ratio using current assets more for company funding. because the company's current assets increased the company used receivables and inventories to be able to pay its short-term liabilities first to collect receivables and sell inventory to be cashed to pay current liabilities.

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