

SPEED OF ADJUSTMENT OF CAPITAL STRUCTURE IN LISTED COMPANIES ON THE INDONESIA STOCK EXCHANGE

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Abstract: This study aims to analyze the speed of adjustment of capital structure in companies listed on the Indonesia Stock Exchange (BEI) by considering key variables such as SoA, Distance, Profitability (RoA), Growth, and Tangibility. SoA refers to the speed at which companies adjust to their target capital structure, and the results indicate that companies in Indonesia have not yet reached an optimal capital structure target. Distance reflects the difference between the actual and target capital structure, while profitability reflects the financial performance of the company. Growth and Tangibility refer to company growth and the level of tangible assets that can be pledged as collateral. This study involved 717 companies listed on the BEI from 2020 to 2022, with 2020 as the estimation period and 2021-2022 as the research period. The One Sample t-test with a test value of 1 and multiple linear regression analysis with classical assumption testing were employed to examine the relationship between these variables and SoA. Each variable that has been used in this study shows that the speed of adjustment of capital structure in companies listed on the Indonesia Stock Exchange is not at the optimal target. Of the five hypotheses made, it turns out that only three hypotheses were accepted while the other two hypotheses were rejected.

Keywords: Speed of Adjustment, Distance, ROA, Size, Growth, Tangibility
