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THE EFFECT OF COMPANY SIZE AND GROWTH SALES ON CAPITAL STRUCTURE AT PT. MATAHARI DEPARTMENT STORE TBK REGISTERED ON THE INDONESIAN STOCK EXCHANGE

Aris Triyono [1], Nessie Illona Amorita [2] .

[1)2)] Lecturer in Management Study Program at The Indragiri Institute of Technology and Business (ITB Indragiri) Indonesia

*Corresponding Author: aris3yono@itbind.ac.id. [1.] ,nessieamorita@gmail.com [2.]

Abstract: Place of research in manufacturing sector companies at PT. Matahari Department Store Tbk which is listed on the Indonesia Stock Exchange is located at Menara Matahari 12th Floor, Palem Raya Bulevar Street, No.7, Lippo Village, Tangerang. With the aim of knowing and analyzing the effect of company size and sales growth simultaneously on the capital structure, to find out and analyze the size of the partial effect on the capital structure, to find out and analyze the effect of partial sales growth on the capital structure at PT. Matahari Department Store Tbk. The method used by the author in this research is a quantitative approach method, quantitative data types, secondary data sources; Data analysis in this study used Multiple Linear Regression: Multiple Correlation Coefficient (R), Multiple Determination Coefficient (R2); Hypothesis Test (F Test) and (t Test), using software statistics with SPSS version 21. The results of this study show that: Company size and sales growth simultaneously have a significant effect on capital structure, Company size partially has no significant effect on capital structure, Partial sales growth has a significant effect on capital structure at PT. Matahari Department Store Tbk which is listed on the Indonesian Stock Exchange.

Keywords: Company Size, Sales Growth, Capital Structure.

1. Introduction

A company must have good management in managing its company, with that the company is likely to experience a healthy condition. The aim of establishing a company is to make a profit so that it can be used to maintain the survival of the business. In general, when running a business, the phenomenon of ups and downs is a normal thing that companies have to face. This is caused by changes in economic conditions, thus having an influence on the activities and performance of companies, both small, medium and large companies.

World market conditions are changing very quickly, having an impact on the economy in Indonesia, including the economic sector, especially retail trade. The retail business is a big opportunity that Indonesia has considering that the majority of people earn an income from selling retail goods, however retail companies in Indonesia in recent years have shown a weakening of people's purchasing power and many companies have closed their retail outlets for various reasons. The decline in people's purchasing power has an impact on the retail industry in Indonesia. When a company is unable to survive this situation, then in the long term, the company is likely to suffer financial distress.

The country's retail industry is experiencing quite complicated problems. One by one the retail industry in Indonesia began to stop operating its retail outlets due to unfair competition, because the government had to regulate taxes and regulations related to competition between online and offline. According to the deputy general chairman of the Indonesian Retail Entrepreneurs Association (APRINDO), Tutum Rahanta, explained that until now sales have been. Online is still not properly regulated by the government, even though there are many related licensing elements such as complying with Indonesian National Standards (SNI), POM, Tax and Employment.

PT. Matahari Department Store Tbk is one of the largest retail companies in Indonesia that provides products fashion, beauty and household goods. As of the first quarter of 2017, Matahari Department Store already has 151 outlets in more than 60 cities in Indonesia. However, based on information gathered from www.rappler.com stated that Matahari Department Store was one of five retail stores that went bankrupt due to a shift in shopping trends among Indonesians.

Based on sources from CNBC Indonesia, Lippo Group Company, LPPF's net profit at PT. Matahari Department Store Tbk fell 42% in 2016 to IDR 1.10 trillion from 2017 of IDR 1.91 trillion. This decrease in net profit was caused by intense competition both globally online or offline. Apart from the problem of decreasing profits, there are many phenomena of PT outlets closing.

Capital Structure at PT. Matahari Department Store Tbk which is listed on the Indonesia Stock Exchange is proxied by debt to equity ratio. Debt to equity ratio experiences fluctuations, increases and decreases debt to equity ratio over the last 11 years, this indicates that there is a problem with the company's ability to pay off debt with the assets it owns.

One of the factors that influences capital structure is company size. Company size is the scale of the company as seen from the company's total assets at the end of the year. Company size at PT. Matahari Department Store Tbk tends to experience fluctuations, company size which is based on total assets is generally due to the manager's opinion that a company that has large total assets shows that the company is relatively stable and capable of generating large profits.

Sales growth is also an important factor in capital structure. Based on sales growth data at PT. Matahari Department Store Tbk, which is listed on the Indonesia Stock Exchange in 2011-2022, shows that the company's sales growth fluctuates and fluctuates. This indicates that the company's condition is in the unfavorable category.

Based on the description of the background to the problem, the researcher raised the research title: The Influence of Company Size and Sales Growth on Capital Structure at PT. Matahari Department Store Tbk which is listed on the Indonesian Stock Exchange. The aim of this research is to determine and analyze the influence of company size and sales growth simultaneously on the capital structure of PT. Matahari Department Store Tbk. Then, to find out and analyze the influence size partially on the capital structure of PT. Matahari Department Store Tbk. Apart from that, it also aims to determine and analyze the partial effect of sales growth on the capital structure of PT. Matahari Department Store Tbk.

2. Literature Review

Capital Structure

According to Sulindawati (2018:112), Capital structure (capital structure) is the balance or comparison between foreign capital and own capital. Capital structure shows the proportion of debt used to finance investments, so knowing the capital structure allows investors to balance investment risk and return. Factors that can influence capital structure decisions consist of Sales Stability, Asset Structure, Leverage Operations, Company Size, Growth Rate, Profitability, Interest Tax, Control of Debt Influence, Management Attitude, Internal Conditions, Financial Flexibility (Houston, 2014: 188).

Capital structure analysis can be carried out using various measures, including: Debt to Asset Ratio, Debt to Equity Ratio, and Long Term to Equity Ratio (Kasmir, 2018:158). A company's capital generally consists of foreign capital and its own capital. Capital structure theory, which is used in Balancing theories, is a policy adopted by companies to seek additional funds by seeking loans from banks, leasing or also by issuing bonds (bonds). Bond (bonds) is a securities (commercial paper) which includes the nominal value, interest rate, and time period over which it is issued either by the company or government to then be sold to the public (Fahmi, 2017:187).

Company Size

Company size is a value that shows the size of the company. The three definitions above show that company size is the value of the size of the company as seen from the amount of equity, sales value and assets which act as context variables that regulate the demand for services or products produced by the organization (Kurniasih, 2012: 148). Company size is measured by the Natural Logarithm (LN) of the average total assets of the company. The use of total assets is based on the consideration that total assets reflect the size of the company and are thought to influence timeliness (Harahap, 2011:23).

According to Sartono (2016), company size greatly influences three main factors, including the size of total assets, the size of sales proceeds, and the size of market capitalization. Other factors of company size can be determined by workforce, sales level, total debt, total assets (Wiksuana, 2016). Sartono (2016:249) also stated that company size is basically divided into three categories, namely Large Companies (Large Firm), Medium Company (Medium Firm), and Small Companies (Small Firm). Sulistiono (in Anita, Djayani, and Cici, 2015) states that to determine company size is to use the natural log of total assets. Company size classification according to Law no. 20 of 2008 is divided into 4 (four) categories, namely micro businesses, small businesses, medium businesses and large businesses.

Sales Growth

Sales growth (Sales growth) is a ratio that describes a company's ability to maintain its economic position in the economy and its business sector. (Kasmir, 2018:107). Sales growth calculated by comparing the percentage that shows the change in sales in a particular year compared to sales in the previous year. Sales growth A high level will encourage an increase in profits earned by the company which will also encourage an increase in retained earnings and will ultimately influence the growth of its own capital. Vice versa, low sales growth will encourage a decrease in profits earned which will ultimately affect the amount of retained earnings and growth of own capital (Tanjung, 2014: 6).

The indicators used are sales growth or net sales growth ratio because this ratio shows the increase in sales numbers from year to year (Kasmir, 2018:107). A company's high sales growth rate will require more investment in various asset elements, both fixed assets and current assets. Company management needs to prepare appropriate funding sources for spending on these assets. According to Subramanyam (2014:487), factors that influence sales growth are price changes, volume changes, acquisitions/divestments, and changes in exchange rates.

Previous Research Journals

Marfuah and Nurlaela (2017), The Effect of Company Size, Growth Asset, Profitability and Sales Growth on Company Capital Structure Cosmetics and Household on the Indonesian Stock Exchange. Company size has an effect on capital structure and Sales Growth has no effect on capital structure; Rialdy (2021), The Influence of Company Size, Sales Growth and Nondebt Tax Shield on Capital Structure in Manufacturing Companies on the Indonesian Stock Exchange. Company size influences the capital structure and Sales Growth also influences the capital structure; Nuridah, et.al (2023), Influence Profitability and Company Size on Capital Structure in Retail Companies. Company size influences capital structure; Putri and Meirisa (2023), Analysis of the Influence of Company Size, Profitability, and Asset Structure on Company Capital Structure (Study of Basic and Chemical Sector Companies Listed on the BEI in 2017-2021). Company size influences capital structure; Salsabila (2020), Effect of Sales Growth and Operating Leverage on Capital Structure (Case Study of Telecommunication Companies Listed on the IDX for the 2011-2018 Period). Sales growth affects capital structure; Ashry and Fitria (2019), The Influence of Sales Growth and Profitability on Capital Structure in Companies Real Estate and Property on the Indonesian Stock Exchange. Sales growth affects capital structure.

Framework

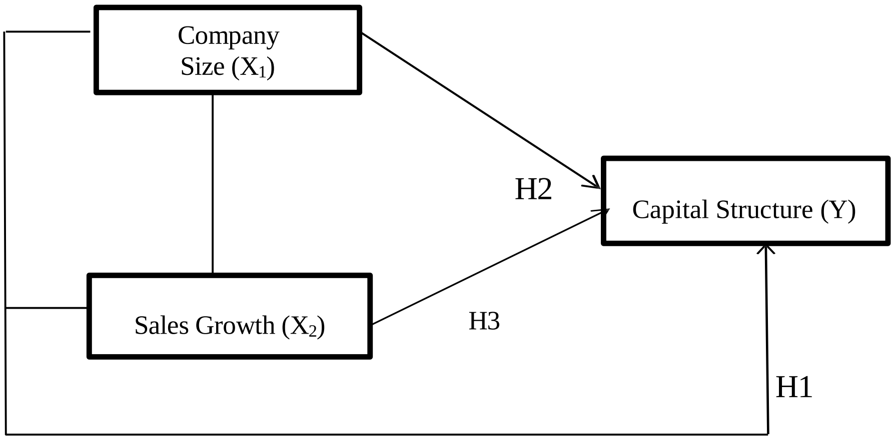

Figure 1. Thinking Framework

Hypothesis

1. It is suspected that company size and sales growth simultaneously influence the capital structure of PT. Matahari Department Store Tbk.
2. It is suspected that company size partially influences the capital structure of PT. Matahari Department Store Tbk.
3. It is suspected that sales growth partially influences the capital structure of PT. Matahari Department Store Tbk.

Method

This research uses a quantitative approach method which describes company size and sales growth on the capital structure of PT. Matahari Department Store Tbk is listed on the Indonesian Stock Exchange. The research location is in one of the manufacturing sector companies at PT. Matahari Department Store Tbk which is listed on the Indonesia Stock Exchange is located at Menara Matahari 12th Floor, Palem Raya Bulevar Street, No.7, Lippo Village, Tangerang. This research uses quantitative data and is sourced from secondary data. Data collection techniques using interviews, documentation and literature study. Data analysis in this research uses path analysis by using software statistics using SPSS version 21. The tests carried out were the classical assumption test, multiple linear regression test, F test, and t test.

Results and Discussion

Research result

Model Feasibility Test

The F test is often called a model accuracy or feasibility test (Goodness Of Fit), The model feasibility test is to test whether there is an overall significant influence on the regression model.

Table 1. F Test Results

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	430.245	2	215.123	11.378	.003[b]
1	Residual	170.168	9	18.908		
Total		600.413	11			

a. Dependent Variable: Capital Structure

b. Predictors: (Constant), Sales Growth, Company Size

Source: Research Results Output SPSS Version 21.00, Data Processed (2024)

So, it can be concluded that the calculation results from the F test statistics show that calculated F > F table, namely 11.378 > 4.26 with a significance of 0.003 < 0.05. This means that Ho is accepted and Ha is rejected, meaning that simultaneously company size and sales growth have a significant effect on capital structure.

Path Analysis

Correlation Analysis (R) is used to find the direction and strength of the relationship between two or more variables, whether the relationship is symmetrical, causal, and reciprocal. Correlation value for the company size variable (X_1) and sales growth (X_2) can be shown in the following table:

Table 2. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.647[a]	.517	.654	4.34828	1.193

a. Predictors: (Constant), Sales Growth, Company Size

b. Dependent Variable: Capital Structure

Source: Research Results Output SPSS Version 21.00, Data Processed (2024).

Table 3. Path Analysis Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	26.080	6.783		3.845	.004
Company Size	-1.003	.623	-.552	-1.610	.142
Sales Growth	-.364	.098	-1.270	-3.700	.005

a. Dependent Variable: Capital Structure

Source: SPSS Output Research Results Version 21.00, Data Processed (2024).

Based on the table above, the results of calculating company size (X_1) and sales growth (X_2) to

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the capital structure (Y) then the following equation is obtained:

$$\boxed{\mathbf{Y = 26{,}080 - 1{,}003\ X_1 - 0{,}364\ X_2 + e}}$$

From the results of the calculations and statistical analysis equations of the multiple linear regression coefficients above, it can be explained as follows:

a) The constant value (a = 26.080) is a constant (fixed value) if all the values of the company size variable (X_1) and sales growth (X_2) = 0, then the capital structure value (Y) remains at 26,080.
b) The value of the company size coefficient (X_1) = -1.003. This means that if the variable amount of sales growth (X_2) is fixed and company size (X_1) increases by 1 Rupiah, then the capital structure (Y) will decrease by 1.003. A negative coefficient means that there is a negative relationship between company size and capital structure. The larger the company size, the lower the capital structure.
c) Sales growth coefficient value (X_2) = -0.364. This means that if the company size variable (X_1) remains and sales growth (X_2) increases by 1 Rupiah, then the capital structure (Y) will decrease by 0.364. A negative coefficient means that there is a negative relationship between sales growth and capital structure. The greater the sales growth, the lower the capital structure.
d) The R Square value in table 2 is 0.517. This shows that there is a contribution from company size (X_1) and sales growth (X_2) to capital structure (Y) amounting to 51.7% while the remaining 48.3% is the contribution of other variables not examined in this research. The value of e can be found using the formula e = 1-0.517= 0.483.

Based on the explanation of the results above, they can be summarized using a model path diagram structural as follows:

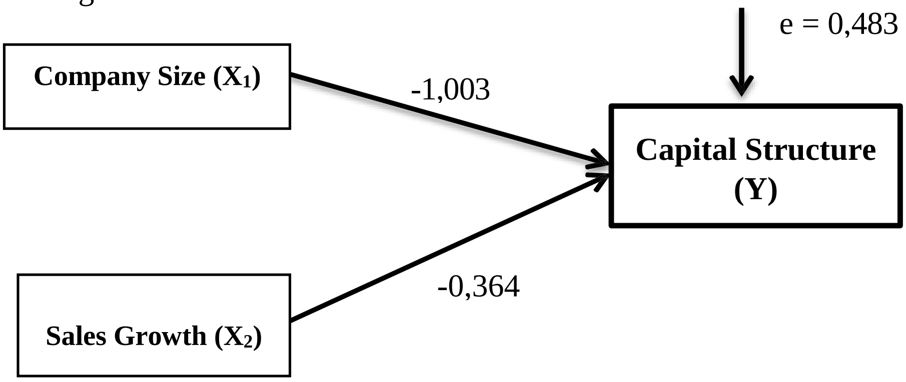

Figure 2. Model structural

t Test (Partial Test)

The t test is intended to test whether the independent variable partially has a significant effect on the dependent variable. The hypothesis test calculations use the SPSS program with the following calculation results:

Table 4. t test results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	26.080	6.783		3.845	.004
Company Size	-1.003	.623	-.552	-1.610	.142
Sales Growth	-.364	.098	-1.270	-3.700	.005

a. Dependent Variable: Capital Structure

Source: SPSS Output Research Results Version 21.00, Data Processed (2024).

Partial test results show that:

1. In table 4 it can be seen that t count X_1 > t table or -1.610 > -2.22814 with a significance of 0.142 > 0.05 then Ho is accepted and Ha is rejected, meaning the size of the company (X_1) partially has no significant effect on capital structure (Y).
2. In table 4 above it is known that t_{count} X_2 > t_{table} or -3,700 < - 2.22814 with a significance of 0.005 < 0.05 then Ho is rejected and Ha is accepted, which means sales growth (X_2) partially has a significant effect on capital structure (Y).

Discussion

Company Size and Simultaneous Sales Growth Have a Significant Influence on Capital Structure

Based on the results of multiple linear regression tests according to data that has been processed at PT. Matahari Department Store Tbk, which is listed on the Indonesia Stock Exchange, is known to show that company size and sales growth simultaneously have a significant effect on capital structure. One of the funding sources most often used by companies is long-term debt.

So, it can be concluded that the size of the company will affect the company's capital structure. Sales growth rate shows the rate of change in sales from year to year. The higher the growth rate, the more a company will rely on external capital. This research is in line with research by Rialdy (2021), which states that company size and sales growth have a significant effect on capital structure.

Partially company size does not have a significant effect on capital structure

Based on data testing and hypothesis results that have been carried out in this research, it is found that company size does not partially have a significant effect on capital structure. Based on the results of multiple linear regression, company size has a negative coefficient value, meaning that there is a negative relationship between company size and capital structure. This shows that companies that have a large company size tend not to use debt.

According to the pecking order theory, company size is predicted to have a negative relationship with capital structure. The use of debt in large companies is connoted as a bad thing. As a result, large companies prefer to use their own capital rather than debt. Large companies have large total assets and internal funding sources, so they will reduce funding through debt.

Large companies can finance their investments easily through the capital market because the information asymmetry of large companies is small compared to small companies. So, by obtaining funds through the capital market, the proportion of debt becomes smaller in the capital structure. The influence is not significant because company size is not a consideration factor for capital structure because the size of a company does not affect capital structure. This result is not in line with research from Marfuah and Nurlaela (2017), Nuridah, et.al (2023) and Putri and Meirisa (2023), which states that company size partially has a significant effect on capital structure.

Partial Sales Growth Has a Significant Influence on Capital Structure

Based on data testing and hypothesis results that have been carried out in this research, it is found that sales growth partially has a significant effect on capital structure, based on the results of multiple linear regression, sales growth in the company has a negative coefficient value, meaning that there is a negative relationship between sales growth and structure. capital.

This sales growth is in accordance with the trade off theory which states that companies that have faster growth must rely more on external capital, where a company with a high level of sales will have a larger sales volume so that it requires quite a lot of additional funds to finance its operational activities. The use of funds is not only used for operations, but for company expansion or expansion and for investment activities to support high company sales.

This research is in line with research conducted by Salsabila (2020), and Ashry and Fitria (2019) which shows that sales growth results have a positive effect on the company's capital structure. However, this research is not in line with that conducted by Marfuah and Nurlaela (2017), where their research shows that sales growth results have no effect on capital structure.

Conclusion

Company size (X_1) and sales growth (X_2) simultaneously has a significant effect on the capital structure (Y) at PT. Matahari Department Store Tbk is listed on the Indonesia Stock Exchange. Then, company size (X_1) partially has no significant effect on capital structure (Y) at PT. Matahari Department Store Tbk is listed on the Indonesia Stock Exchange. Lastly, sales growth (X_2) partially has a significant effect on the capital structure (Y) at PT. Matahari Department Store Tbk which is registered at Indonesia stock exchange.

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