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The Influence Of Capital Structure And Company Size On Financial Performance On The Construction And Building Sub Sector Listed On IDX 2016-2020

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Abstract

The company's abilities to make profits using the exclusive period can b measured by the success and abilities of the company to use its assets productively. For profits to b achieved, companies need components that can increase their profitability. This research uses a quantitative approach method. The analysis was taken according to secondary data from the annuals report of construction & building sub-sector companies listed on the idx in 2016-2020. The population is 24 construction & building companies listed on the idx. The samples technique used purposive sampling, using the criteria the company carried out in the study there were still 8 samples of companies or 40 samples of observations. The results of this study reveal that the structure capital & sizes on financial performance.

INTRODUCTION

Construction and building companies are capital intensive business fields. Many investors choose other ways of investing in the construction business, because they are long-term and will grow in line with economic growth (Primadana, 2021). The decrease in demand for building rentals has contracted due to the implementation of working from home (WFH) & the operating hours of shopping centers are still not normal due to the implementation of the Large-Scale Social Border (PSBB) in the last year of 2020 due to covid-19. The decline in the level of office demand performance is due to a saturated market & investors who are wait and see (Bank Indonesia, 2021).

The use of external capital can affect the financial performance of the company. Usually the capital that is met is own capital & debt (Liando, 2021). The higher the external funding, of course, the company's burden, because the company will pay high interest. This can reduce the performance of the company itself

(Isynuwardhana, 2020). The optimal capital structure is in alignment between risk & return in order to maximize profitability (Tri Hastuti, 2017). This phenomenon is related to the size of the company, a company can be said to be large if it shows the ability to manage assets as well as sales both for profit or profit (Suryani, 2018).

The success of this financial performance is determined by the manager's ability to manage the business using decisions to create a capital structure & company size (Marija., et al, 2021). The profitability ratio is the ratio used to measure the company's achievement in obtaining profits (Indomo, 2019). The profitability ratio used is ROE. The rate of return on profits increases the value of the ratio, so the greater the funds that can be returned, namely capital as profit (Mukaram, 2018). Capital structure is a crucial decision for financial management to increase company profitability (Kasenda, 2020). DER is used as a reference for the company's capital structure, has a function to see the amount / quantity of the use of the company's debt. The higher the DER value, the higher the ROE value, which will have an impact on the higher return value according to the company's capital. The size of the company is said to be large or small, it can be measured using the assets it owns, the size of the company is also a size that can affect the increase in the company's financial performance (Irma, 2019). In this battle, creating a capital structure affects the company's financial performance (Kasenda, 2020). Isynuwardhana's research, (2020) shows that company size has an effect on financial performance.

METHODS

This study uses a quantitative approach. This research is serious about capital structure & company size on financial performance. The analysis was taken based on secondary annual report data of construction & building sub-sector companies listed on the IDX in 2016-2020. The population is 24 construction & building companies listed on the IDX. The technique of taking samples using purposive sampling, using company criteria carried out in the study there were still 8 samples of companies or 40 samples of observations.

RESULTS AND DISCUSSION

Test Assumption Classic

Classic assumption test	Results	Criteria	Information
Normality test	0.200	>0,05	Normal
Multicollinearity test:			
Capital structure (DER)	1,206	VIF< 10	Multicollinearity does not occur
Firm Size (X2)	1,206	VIF< 10	Multicollinearity does not occur
Heteroskedastistias Test			
Capital structure (DER)	0,827	>0,05	Heteroskedastisitas does not occur
Firm Size (X2)	0,055	>0,05	Heteroskedastisitas does not occur
Autocorrelation test	0,078	>0,05	Autocorrelation does not occur

The classical estimation test that was carried out included a normality test using the One-Sample Kolmogorov-Smimov test, obtained a value of 0.200 (0.20000.05). Shows the data used is normally distributed. The multicollinearity test uses the VIF10 value, obtained a value of 1.206 from the two independent variables of capital structure and firm size. Shows that there is no multicollinearity problem between the dependent variable. Heteroscedasticity test using the Glyjser method, the capital structure value is 0.8270.05 & the firm size is 0.05500.05. Indicates that there is no heteroscedasticity. Autocorrelation test using the run test test, obtained a value of 0.078 (0.078000.05). Indicates that there is no autocorrelation in the regression model.

Analysis Regression linear Double

Model	regression coefficient
(Constant)	0,244
Capital Structure (DER)	-0,004
Company Size (SIZE)	-0,005

Where score a & b in equality table 1. interpreted as following :

Y = 0.244 + (-0.004X 1) + (-0.005X 2) + e

1. The value of the constant (a) 0.224. This means that the capital structure variable (X1) & company size (X2) is 0, then the financial performance is 0.224.
2. Coefficient (b1) -0.004. This means that the higher the capital structure (X1), the higher the financial performance -0.004. A negative coefficient is a negative interaction between the capital structure using financial performance, the lower the capital structure, the lower the financial performance.
3. Coefficient (b2) -0.005. This means that the size of the company (X2) increases in units, then the financial performance will be higher -0.005. A negative coefficient is the occurrence of a negative interaction between the size of the company using financial performance, the lower the size of the

company, the lower the financial performance.

Test Simultaneous

F	Sig	Information
6,448	0,001b	significant

The significant value is 0.0010.05, meaning that the capital structure (X1) and firm size (X2) have a simultaneous effect on financial performance (Y).

Test Partial

Variable	t	Sig	Information
Capital Structure (DER)	-1,994	0,021	Significant
Company Size (SIZE)	-1,757	0,037	Significant

The significant value of the capital structure variable (X1) is 0.021 <0.05, that is, the capital structure has an effect on financial performance (Y). The significant value of the company-sized variable (X2) is 0.0370.05, which is the size of the company that has an effect on financial performance

Test Coefficient Determination

The coefficient of determination R Square is 0.466 (46.6%.) It shows that the variable capital structure (X1) & firm size (X2) has an effect on financial performance (Y) as much as 46.6%. While 53.4% determined other variables studied

DISCUSSION

Influence Structure Capital To Performance Finance

The results of this study affect the capital structure of financial performance. This is supported by research by Kasenda (2020) and Primadana (2021), which states that capital structure affects financial performance. This is in accordance with the Pecking Order theory, in this theory it is said that companies are more sure to use retained profits first based on their debts as the source of funds. After that the company chooses to use obligations that start with very low risk. Thus cutting profits which causes a reduction in ROE or financial performance (Ahmad, 2019).

Companies that have high liabilities in the form of debt-funded assets can result in high portfolio capital. The size of the amount of liability on the capital owned by the company will affect the size of the profits obtained by the company. Therefore, to increase profits, companies need to increase profitability and need to increase the amount of liability on capital

Influence Size Company To Performance Finance

The results of this study affect the size of the company's financial performance. This is supported by research by Aisyah (2019) & Isynuwardhana (2020) which shows that company size has an effect on financial performance. This is in sync using Signal Theory, in this theory it shows a positive frequency for users of financial statements. Because the published facts will be an announcement to put the frequency for investors in determining investments (Purwanto, 2020).

Companies using large assets can easily access the capital market. With this convenience, the company has the flexibility and ability to receive funds (Kristanti, 2018). Large companies are able to attract greater investor attention than small companies, because they have easy adjustments in better investments (Isbanah, 2015).

Influence Structure Capital And Size Company To Performance Finance

The results of this study that capital structure and firm size simultaneously affect financial performance. This is supported by Prabawani's research (2018), which shows that capital structure and firm size have a simultaneous effect on financial performance. This is in accordance with the Pecking Order Theory and Signal Theory, which give investors a positive frequency.

Companies with good capital structure and large assets will be able to easily access the capital market. Because to increase profits, companies need to increase profitability and need to increase the amount of debt on equity, and also large companies are able to attract larger investors with better investment placement flexibility (Isbanah, 2015).

CONCLUSION

1. Capital Structure (DER) has an effect on Financial Performance (ROE). This happens because a high capital structure will increase profits. Companies can make a minimum cost of funds in funding decisions to maximize financial performance. Maintain the company's liquidity well, considering that the construction services industry is a capital-intensive industry.
2. Company Size (SIZE) has an effect on Financial Performance (ROE). Companies that are large and have good prospects can attract many investors. Because the dimensions of a large company hold fast that the company does good development and growth, so as to improve the financial performance of a company.
3. Capital structure (DER) and firm size (SIZE) have a simultaneous effect on Financial Performance (ROE).

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