

Determinants of Capital Structure in Energy Sector Companies Listed on the Indonesia Stock Exchange

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Abstract

Capital structure is the balance between long-term debt and company capital. The source of capital itself can be obtained from debt sources and shareholder capital. which is also owned by the investor so that through a combination of these sources of funds, namely through debt and company capital, it can increase company profits. This study aims to determine the effect of return on assets, growth opportunity, sales growth, and asset structure on capital structure in energy sector companies listed on the Indonesia Stock Exchange in 2021-2023. This research uses a descriptive method with a quantitative approach. The population observed in this study were all energy sector companies listed on the Indonesia Stock Exchange, totaling 87 companies. The sample selection method in this study was determined by the purpose sampling method. The number of samples taken in this study were 20 companies. The results showed that the variable return on assets has no significant effect on capital structure, growth opportunity has a significant negative effect on capital structure, sales growth has a significant positive effect on capital structure, and asset structure has no significant effect on capital structure. This research implies that it is expected to provide input as a consideration for investors in making investments. In addition, this research is expected to contribute and refer to further research.

Keywords: Capital Structure, return on assets, growth opportunity, sales growth, asset structure.

JEL Codes: G10 G11, G12

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1. Introduction

The era of globalization has brought intense competition in the business world. In order to be able to face global competition, companies are faced with making financial decisions, namely funding decisions and investment decisions. Funding decisions are very important for companies in facing competition (Deviani, 2018). Companies are required to be able to maintain the availability of funds in the company, to support the company's operational activities in order to develop the company, make investments, and to carry out other activities. Capital structure is an important aspect in funding decisions. Funding or capital structure of the

company if not managed optimally, it can cause financial difficulties for the company. (Yanto, 2023).

Each company determines the capital structure by taking into account various aspects on the basis of the owner's strategic plan for possible access to funds, the company's courage to bear risks, and analysis of costs and benefits obtained from each source of funds. Where the source of company funds comes from internal and external companies. Sources of funds originating from internal companies are paid-up share capital and retained earnings, while external sources of funds come from third party loans, namely creditors and investors. When the company's own capital cannot optimally meet its operational needs, the company can finance its investment with external funding through debt. (Kusna & Setijani, 2018). Pecking order theory explains that companies determine the hierarchy of sources of funds used. Where investment will be financed from the cheapest source of funds, namely internal sources of funds (retained earnings), then issuing new debt, to shares as the last source. (Putri, 2015).

Capital structure is a permanent expenditure of the company that reflects the ratio or balance between the company's long-term debt and the company's own capital in the form of retained earnings and issuance of shares. The company's capital can be sourced from internal or external sources. Funding sourced from internal companies comes from retained earnings and accumulated depreciation. External funding comes from the use of debt or issuance of shares. (Yanto, 2023). The definition of capital structure is the balance between the use of long-term loans and the use of own capital, which means how much own capital and how much long-term debt will be used so that it can be optimal. With an optimal capital structure, companies that have an optimal capital structure will produce an optimal rate of return so that not only the company will benefit, but shareholders will also benefit. (Kartika, 2019). Where the source of capital can be obtained from debt sources and also shareholder capital which is also owned by investors so that through a combination of these sources of funds, namely through debt and company capital, it can increase company profits.

The phenomenon that occurred was that in the sectoral index, energy sector stocks were the main ballast of the correction rate of the Composite Stock Price Index (CSPI). This sector recorded a decline of up to 1.24%. Some of the stocks that corrected from this sector such as PT Aneka Tambang Tbk (ANTM) which fell 2.82% to Rp 2,480 per share. Then, there is PT Adaro Energy Tbk (ADRO) which fell 2.28% to Rp 1,070 per share. In addition, PT Vale Indonesia Tbk (INCO) corrected 0.31% to Rp 3,240 per share. PT Medco Energi Internasional Tbk (MEDC) fell 2.47% to Rp 790 per share. And PT Bukit Asam (PTBA) also fell 2.36% to Rp 2,480 per share. The decline in the stock price index shows that investor interest in investing has decreased. Capital structure (capital structure) has a relationship with the company's share price, where one of the elements that form the share price is the investor's perception of the company's performance and capital structure is one of the elements that determine the good and bad performance of the company, where in this case the capital structure can be influenced by several factors. Energy sector companies are companies with a large scale of production or have large trading volumes and require large capital to develop their products so that it will affect the capital structure or funding of a company. (Nuridya, 2020).

Based on previous studies, there are several factors that can affect capital structure. These determinants include return on assets, sales growth and asset structure. However, there are differences in this study, namely the existence of growth opportunity variables.

Return on assets (ROA) is a ratio used to measure the efficiency of the company to generate

profits or profits for the company. Companies that have a high level of profit tend to use less external funds. (T. A. Aditya, 2023). Return on Assets is a ratio that shows the results on the number of assets used in the company. The higher the ROA value of a company, the better the company's ability to manage assets. (Rahmanita, 2022). Research conducted by (D. Aditya, 2023) and (Nastiti & Andayani, 2016) states that return on assets has a negative effect on capital structure. Meanwhile, research conducted by (Nuridya, 2020) states that return on assets has a positive effect on capital structure.

Growth Opportunity is a company that has the opportunity or opportunity to grow or achieve a growth rate or develop its company. Companies with high growth rates need more and in the future, especially external funds to meet their investment needs or to meet the need to finance their growth (Wijaya, 2015). The company's growth opportunity is a point of view to determine how far the company will grow in the future. The results of research conducted by (Hidayah, 2018) and (Adiwiguna, 2020) state that growth opportunity has a positive effect on capital structure. Meanwhile, research conducted by (Ni'mah, 2018) states that growth opportunity has no effect on capital structure.

Sales growth can be interpreted as an increase in the number of sales from year to year or period to period. Sales growth reflects the success of past period investments and can be used as a prediction of future company growth. (Hertina et al., 2022). Sales growth is the level of stability in the number of sales made by the company for each period of the financial year. Sales growth is an increase in terms of quantity, productivity of the company to sell its products from the previous year. The results of research conducted by (D. Aditya, 2023) show that sales growth has a positive effect on capital structure. While research conducted by (Ni'mah, 2018) and (Rahmawati, 2019) stated that sales growth has no effect on capital structure.

According to (Lubis & Arief, 2022) Asset structure is defined as the composition of the company's assets which is used to determine how much funds are in each asset component consisting of fixed assets and current assets. Asset structure is a comparison between the amount of fixed assets owned by the company and total assets. Companies that have larger fixed assets that can be used as collateral, the easier it is for companies to get funding from external parties. Because external parties usually consider collateral by a company in providing loan funds (debt). (Hidayah, 2018). The results of research conducted by (Hidayah, 2018) and (Utama, 2020) which state that asset structure has no effect on capital structure. However, it is not in line with research conducted by (D. Aditya, 2023) which states that assets structure has a positive effect on capital structure.

This study was conducted to determine the effect of return on assets, growth opportunity, sales growth, and asset structure on capital structure in energy sector companies listed on the Indonesia Stock Exchange in 2021-2023.

2. Literature Review

2.1 Theoretical Foundation

2.1.1 Trade-Off Theory

Trade Off Theory was first introduced by Modigliani and Miller in 1963; this theory explains how much corporate debt there is an assumption that the benefits of tax savings from the use of debt will be exchanged for problems caused by the use of debt, which causes the potential for bankruptcy. This Trade-Off Theory states that the optimal capital structure will maximize the stock price. Trade-off theory in capital structure is to balance the benefits and sacrifices that

arise as a result of the use of debt. According to (SHERLY & Abdul, 2019) Capital structure policy involves balancing (trade-off) risk and rate of return. According to Stiglitz (1969) trade-off theory states that companies that have an optimal level of debt will try to adjust the debt level towards the optimal point either when the company is at a debt level that is too high (overlevered) or too low (underlevered). Additional funds from external parties is an alternative that companies can choose by considering a number of factors, especially internal factors.

2.1.2 Pecking Order Theory

Pecking order theory states that companies prefer to use internal funding rather than external funding. This theory was first introduced by Donalson, 1961, but the naming of pecking order theory was done by (Myers & Majluf, 1984). Pecking order theory arises because of the information asymmetry between the internal company and external parties. Pecking Order theory suggests that companies use funding obtained from internal sources such as retained earnings rather than external funding unless the internal funding does not meet the company's growth, then the company is allowed to use funding from external companies (Hidayah, 2018). According to (Myers & Majluf, 1984) Companies prefer the use of funding from internal capital, namely funds derived from cash flow, retained earnings and depreciation. The order of use of funding sources with reference to pecking order theory is internal funds, debt, and equity. Internal funds are preferred over external funds because internal funds allow the company to not need to open itself up again from the spotlight of outside investors.

2.2 Research Variables

2.2.1 Capital Structure

Capital structure is part of the financial structure which can be interpreted as permanent spending that reflects the balance between long-term debt and equity (Naur, 2017). The capital structure aims to combine permanent sources of funds which will then be used by the company in a way that is expected to maximize company value. Capital structure has components consisting of internal sources and external sources (Ni'mah, 2018)). With this understanding, the capital structure can be measured using the Debt to Equity Ratio (DER). DER is the ratio of total debt to equity (Hidayah, 2018).

$$DER = \frac{\text{Total Debt}}{\text{Total Equity}}$$

2.2.2 Return On Assets

Return on assets (ROA) is a ratio used to measure the efficiency of the company to generate profits or profits for the company. Companies that have a high level of profit tend to use less external funds (T. A. Aditya, 2023). Return on Assets is a ratio that shows the results on the number of assets used in the company. The higher the ROA value of a company, the better the company's ability to manage assets (Rahmanita, 2022).

The formula for calculating ROA is:

$$ROA = \frac{\text{net profit after tax}}{\text{Total Assets}} \times 100\%$$

2.2.3 Growth Opportunity

The company's growth opportunity is a point of view to determine how far the company will grow in the future (Anggraini & Suprihhadi, 2022). Companies that have a high growth rate, may use greater debt than companies that have low growth. Companies with relatively high

growth rates will require large capital to support their operational activities (Kusna & Setijani, 2018). According to (Taylor et al., 2015), the measurement of this variable uses a ratio scale which can be formulated as follows:

$$GROWTH = \frac{Total\ Assets_{(t)} - Total\ Assets_{(t-1)}}{Total\ Assets_{(t-1)}}$$

2.2.4 Sales Growth

Sales growth is the ratio between the sales of the year in question minus the sales in the previous year then divided by the sales of the previous year (Harahap et al., 2023). According to (Rahmawati, 2019) companies with high growth rates are generally more dependent on capital from outside the company. In companies with low growth rates, the need for new capital is relatively small so that it can be met from retained earnings. Companies with high growth rates tend to use greater debt than companies with low growth. Mathematically, the formula is formulated as follows:

$$GROWTH = \frac{Sales_t - Sales_{t-1}}{Sales_{t-1}}$$

2.2.5 Assets Structure

Asset structure is defined as the composition of the company's assets which is used to determine how much funds are in each asset component consisting of fixed assets and current assets. Asset structure is the ratio between the amount of fixed assets owned by the company and total assets. The higher the asset structure, the better the assets owned by the company so that the capital structure decreases. Companies that have larger fixed assets that can be used as collateral make it easier for companies to get funding from external parties. Because external parties usually consider collateral by a company in providing loan funds (debt) (Hidayah, 2018). Thus the asset structure can be proxied by the ratio between fixed assets and total assets.

$$ASSET\ STRUCTURE = \frac{Fixed\ Assets}{Total\ Assets} \times 100\%$$

2.3 Hypothesis Building

2.3.1 The effect of return on assets on capital structure

According to Fahmi (2017) This ratio measures the effectiveness of overall management as indicated by the size of the level of profit obtained in relation to sales or investment. The better the return on assets ratio, the more it illustrates the high ability to obtain company profits. The higher the level of profit generated by the company, the lower the company's capital structure will be, because with a high level of profit the company is able to provide internal funds. This is supported by research (Nastiti & Andayani, 2016) which states that return on assets has a negative effect on capital structure.

H1: Return on assets has a negative effect on capital structure.

2.3.2 The Effect of growth opportunity on capital structure

Companies with high growth tend to require funding for business development so that they require external funds (debt) and ultimately increase the company's capital structure. In research (Hidayah, 2018) shows that company growth has a significant positive effect on changes in capital structure. While in research (Kusna & Setijani, 2018) stated that growth opportunity has no effect on capital structure.

H2: Growth opportunity has a negative effect on changes in capital structure.

2.3.3 The effect of sales growth on capital structure

Companies with high sales and profit growth rates tend to use debt as a source of external funds will be greater when compared to companies that have relatively low sales growth rates. Companies with high sales growth will be more willing to take external capital to improve company operations. With higher sales, it is expected that the company will be able to increase its production, for which additional capital is needed from outside the company (Ni'mah, 2018). Research (T. A. Aditya, 2023) shows that sales growth has a positive effect on capital structure.

H3= Sales Growth has a positive effect on Capital Structure

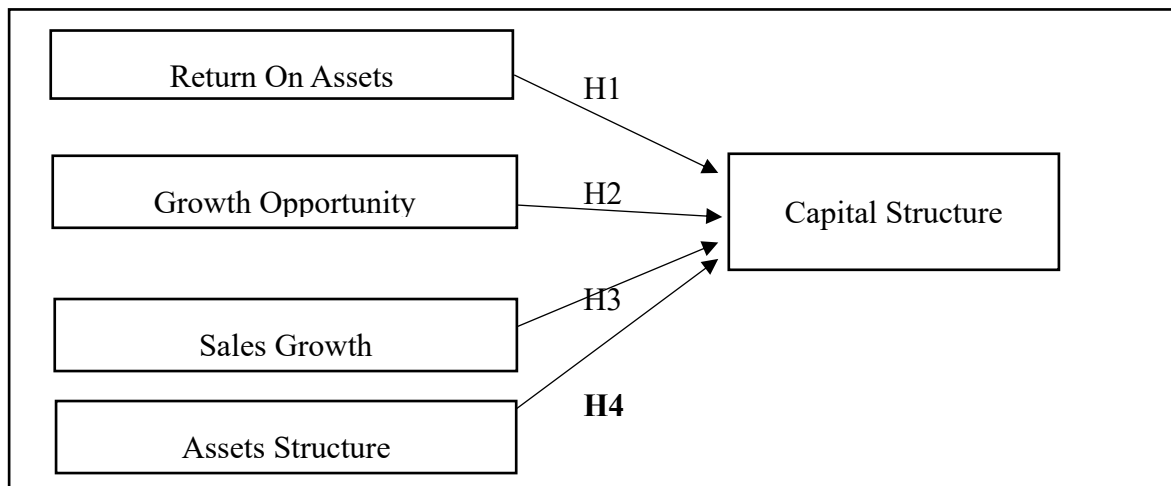
2.3.4 The effect of assets structure on capital structure

Asset structure is the ratio between the amount of fixed assets owned by the company and total assets. The higher the asset structure, the better the assets owned by the company so that the capital structure decreases. Companies with high asset structure in funding their operational activities can use capital from internal sources because the assets generated by the company increase (Lubis & Arief, 2022). The results of research conducted by (Hidayah, 2018) and (Utama, 2020) state that assets structure has no effect on capital structure. However, it is not in line with research conducted by (D. Aditya, 2023) which states that assets structure has a positive effect on capital structure.

H4: Asset structure negative affects capital structure

2.4 Thinking Framework

Based on the description above, the framework can be described as follows:



3. Research Method

3.1 Research Object

The object of this research is energy sector companies listed on the Indonesia Stock Exchange in 2021-2023.

3.2 Population and Sample

The population in this study are energy sector companies listed on the Indonesia Stock

Exchange in 2021-2023. The data used is taken from the Indonesia Stock Exchange (IDX). The population to be observed in this study are all energy sector companies listed on the Indonesia Stock Exchange, totaling 87 companies.

The sample selection method in this study was determined by the purpose sampling method which aims to obtain a sample that matches the specified criteria.

3.3 Type and Source of Data

The type of data used in this research is secondary data. Secondary data is data that has been generated by other parties. The data source used in this study comes from the financial statements of energy sector companies on the website www.idx.co.id.

4. Findings and Discussions

4.1 Descriptive Statistical Analysis Results

Table 1 Descriptive Statistical Analysis Results (Descriptive Statistics)

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Capital Structure	60	-1.99	15.05	1.4653	2.74281
Return On Assets	60	-41.06	59.26	10.7333	17.24708
Growth Opportunity	60	-.87	2.51	.1895	.54548
Sales Growth	60	-.82	7.63	.6190	1.50469
Assets Structure	60	.60	117.15	51.0997	27.43841
Valid N (listwise)	60				

Based on Table 1, the descriptive statistical test results of the return on assets variable have a minimum value of -41.06, while the maximum value is 59.26, an average value of 10.7333, and a standard deviation of 2.74281. Growth opportunity has a minimum value of -0.87, while the maximum value is 2.51, an average value of 0.1895, and a standard deviation of 0.54548. Sales growth has a minimum value of -0.82, while the maximum value is 7.63, an average value of 0.6190, and a standard deviation of 1.50469. Assets structure has a minimum value of 0.60, while the maximum value is 117.15, an average value of 51.0997, and a standard deviation of 27.43841. Capital structure has a minimum value of -1.99, while the maximum value of

4.2 Classical Assumption Test

4.2.1 Normality Test

Table 2 Kolmogorov-Smisnov (K-S) Test Results

			Unstandardized Residual
N			60
Normal Parameters ^{a,b}	Mean		.0000000
	Std. Deviation		.23071354
Most Extreme Differences	Absolute		.162
	Positive		.162
	Negative		-.125

Test Statistic	.162
Asymp. Sig. (2-tailed)	.000 ^c
Monte Carlo Sig. (2-tailed) Sig.	.080 ^d
99% Confidence Interval	Lower Bound .073
	Upper Bound .087

To determine whether the residual data is normally distributed or not, the significance value is greater than $\alpha = 0.05$ (Ghozali, 2016). In accordance with the calculation table above, the significance value of 0.080 is greater than 0.05. So the conclusion is that the data is normally distributed.

4.2.2 Multicollinearity Test

Table 3 Multicollinearity Test (Coefficients^a)

odel	Collinearity Statistics	
	Tolerance	VIF
1. (Constant)		
Return On Assets	.991	1.009
Growth Opportunity	.547	1.829
Sales Growth	.549	1.822
Assets Structure	.996	1.004

Source: Data processed

Based on the multicollinearity test in table 4.3, the calculation results show that all variables have a tolerance value ≥ 0.1 and a VIF value ≤ 10 , so it can be concluded that the regression model in this study does not occur multicollinearity and the regression model is suitable for use.

4.2.3 Heteroscedasticity Test

Table 4 UJi Heteroscedasticity Glejser Test Method (Coefficients^a)

Unstandardized Coefficients			Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
1 (Constant)	.161	.024		6.828	.000
Return On Assets	.000	.000	-.061	-.462	.646
Growth Opportunity	.026	.021	.221	1.242	.219
Sales Growth	-.009	.015	-.112	-.628	.532
Assets Structure	-1.276-5	.000	-.114	-.867	.390

a. Dependent Variable: Abs_Res

In Table 4, it is known that the significance level of return on assets is $0.646 > 0.05$, the significance level of growth opportunity is $0.219 > 0.05$, then the significance level of sales growth is $0.532 > 0.05$, and the significance level of asset structure is $0.390 > 0.05$. so it can be concluded that there is no heteroscedasticity in the data tested.

4.2.4 Autocorrelation Test

To detect autocorrelation, a statistical test can be carried out through the run test. The run test

is used as part of non-parametric statistics and can also be used to test whether there is a high correlation between residuals. Autocorrelation arises because successive observations over time are related to each other. The regression model is said to have no autocorrelation if the significance value is more than 0.05.

Table 5 Autocorrelation Test Run Test

Runs Test	
	Unstandardized Residual
Test Value ^a	-.05757
Cases < Test Value	30
Cases >= Test Value	30
Total Cases	60
Number of Runs	28
Z	-.781
Asymp. Sig. (2-tailed)	.435

a. Median

It is known that the value of Asymp. Sig. (2-tailed) value of 0.435 which is greater than 0.05. Thus there is no autocorrelation problem in the data tested.

4.3 Multiple Linear Regression Analysis Results

Table 6 Multiple Linear Regression Analysis Results (Coefficients^a)

		Unstandardized Coefficients		Standardized Coefficients		
Coefficients ^a Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.599	.033		48.599	.000
	Return On Assets	.000	.001	-.015	-.662	.511
	Growth Opportunity	-1.043	.029	-1.079	-36.253	.000
	Sales Growth	.105	.021	.150	5.049	.000
	Assets Structure	8.814-6	.000	.009	.429	.670

a. Dependent Variable: Capital Structure

Based on table 6, the regression equation formed in this regression test is :

$$Y = 1,599 - 0,015 - 1,079 + 0,150 + 0,009 + E$$

4.4 Hypothesis Test Results

4.4.1 Determination Coefficient Test (R²)

The Coefficient of Determination (R²) aims to measure the degree of relationship between all independent variables taken into account together with the dependent variable (Y) and is always positive. The coefficient of determination is between 0 and 1. When R² is close to 0, the independent variable has little influence. The closer to 1, the greater the influence of the independent variable.

Based on table 7, which shows the display model summary, the Adjusted R Squared value is 0.971 or 97.1%. This means that changes that occur in the capital structure variable are explained by the variables of return on assets, growth opportunity, sales growth, and asset

structure. While the remaining 2.9% is explained by other variables that are not explained in this study or other factors outside the research model.

Table 7 Determination Test Results R^2 (Model Summary^b)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.987 ^a	.973	.971	.23896

a. Predictors: (Constant), X4.1, X1.1, X3.1, X2.2

4.4.2 Simultaneous significance test (F Statistical Test)

Table 8 Simultaneous Significance Test Results / F Test (ANOVA^a)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	114.647	4	28.662	501.960	.000 ^b
	Residual	3.140	55	.057		
	Total	117.788	59			

a. Dependent Variable: Y11

b. Predictors: (Constant), X4.1, X1.1, X3.1, X2.2

Based on table 8 for the ANOVA or F test results above, the calculated F value = 501,960 with a significance value of $0.000 < 0.05$, which means significant, then the alternative hypothesis is accepted. This means that the variable return on assets (X1), growth opportunity (X2), sales growth (X3), and asset structure (X4) simultaneously affect the capital structure as the dependent variable (Y).

4.4.3 Partial Test (T Test)

Table 9 Partial Significance Test / T Test (Coefficients^a)

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	1.599	.033		48.599	.000
	Return On Assets	.000	.001	-.015	-.662	.511
	Growth Opportunity	-1.043	.029	-1.079	-36.253	.000
	Sales Growth	.105	.021	.150	5.049	.000
	Assets Structure	8.814	.000	.009	.429	.670

a. Dependent Variable: Capital Structure

Based on table 9, the relationship on assets variable has a significant value of $0.511 > 0.05$. Because the significance value is greater than 0.05, the conclusion is that the return on assets variable has no effect on capital structure. Growth Opportunity variable has a significance value of $0.000 < 0.05$. Because the significance value is smaller than 0.05, it is concluded that the variable growth opportunity unity affects the capital structure. Sales growth variable has a significance value of $0.000 < 0.05$. Because the significance value is smaller than 0.05, it is concluded that the sales growth variable affects the capital structure. The assets structure variable has a significance value of $0.670 > 0.05$. Because the significance value is greater than

0.05, it is concluded that the assets structure variable has no effect on capital structure.

4.5 Discussion

4.5.1 The effect of Return On Assets on Capital Structure

The results of testing the first hypothesis show that the first hypothesis is rejected. The test results show that the return on assets variable has no effect on capital structure with a significance level of $0.511 > 0.05$ and a regression coefficient of -0.015 . Therefore, based on this hypothesis, it is stated that return on assets has no significant effect on capital structure.

This ratio measures the overall effectiveness of management as indicated by the size of the level of profit earned in relation to sales or investment. Return On Assets is the ability of a company to generate profits from its assets. Companies that have a high level of profit tend to use less external funds. Return on assets is a ratio that shows the results on the number of assets used in the company. The better the return on assets ratio, the more it illustrates the high ability to obtain company profits. The higher the level of profit generated by the company, the lower the capital structure of the company will be, because with a high level of profit the company is able to provide internal funds. The higher return on assets of a company encourages management to use own funds or retained earnings to continue the company's operations, because it has low risk so that the company does not need debt.

This is in line with pecking order theory, which states that companies prefer to use internal funding rather than external funding. With a high rate of return, it is possible to finance most of the funding needs with internally generated funds. Companies using internal funds will have less risk than using external funds. Research conducted by (T. A. Aditya, 2023) and (Nastiti & Andayani, 2016) stated that return on assets has a negative effect on capital structure. Meanwhile, research conducted by (Ni'mah, 2018) and (Nuridya, 2020) stated that ROA has a positive effect on capital structure.

4.5.2 The effect of growth opportunity on Capital Structure

The results of testing the second hypothesis show that the second hypothesis is accepted. The test results show that the growth opportunity variable affects the capital structure with a significance level of $0.000 < 0.05$ and a regression coefficient of -1.079 with a negative sign. Therefore, based on this hypothesis, it is stated that growth opportunity has a significant negative effect on capital structure.

Growth opportunity is another important factor that affects firm value. The good condition of the company's financial turnover is characterized by a positive company growth opportunity. High company growth allows the company to expand its business. With a high growth opportunity value, the company is expected to be able to achieve and generate high profits in the future. High growth opportunity can be used as an analysis of the achievement of shareholder prosperity. Companies with high growth tend to use funding for business development so that they require external funds (debt) and ultimately increase the company's capital structure.

The results of this study support the trade off theory which explains that the optimal capital structure will maximize the stock price. Trade off theory in capital structure is to balance the benefits and sacrifices that arise as a result of the use of debt. trade-off theory states that companies that have an optimal level of debt will try to adjust the level of debt towards the optimal point either when the company is at a level of debt that is too high (overlevered) or too

low (underlevered). Additional funds from external parties are an alternative that companies can choose by considering a number of factors, especially internal company factors. The results of research conducted by (Hidayah, 2018) and (Adiwiguna, 2020) stated that growth opportunity has a positive effect on capital structure. Meanwhile, research conducted by (Ni'mah, 2018) stated that growth opportunity has no effect on capital structure.

4.5.3 The effect of sales growth on Capital Structure

The results of testing the third hypothesis show that the third hypothesis is accepted. The test results show that the sales growth variable affects the capital structure with a significance level of $0.000 < 0.05$ and a regression coefficient of 0.150 with a positive sign. Therefore, based on this hypothesis, it is stated that sales growth has a significant positive effect on capital structure.

Companies with high sales or growth rates are more likely to use greater debt than companies with low growth rates. The need for funds used by a company for sales growth is getting bigger or higher. Increased sales growth will encourage management to use or increase debt. The addition of this debt can be considered as an increase in investor confidence in spite of the consequences of increasing debt is an increase in risk for the company, but investors will believe that management is able to manage debt well.

This is in line with the trade off theory which states that the optimal capital structure will maximize the stock price. Trade off theory in capital structure is to balance the benefits and sacrifices arising from the use of debt. The relationship with trade off theory is that the higher the sales growth rate, the higher the capital structure. Increased sales growth will encourage management to use or increase debt. The addition of this debt can be seen as an increase in investor confidence in spite of the consequences of additional debt is an increase in risk for the company, but investors will believe that management is able to manage debt well. The results of this study are in line with research conducted by (T. A. Aditya, 2023) which shows that sales growth has a positive effect on capital structure. Meanwhile, research conducted by (Ni'mah, 2018) and (Rahmawati, 2019) stated that sales growth has no effect on capital structure.

4.5.4 The effect of assets structure on Capital Structure

The results of testing the fourth hypothesis show that the fourth hypothesis is rejected. The test results show that the asset structure variable has no effect on capital structure with a significance level of $0.670 > 0.05$ and a regression coefficient of 0.009. Therefore, based on this hypothesis, it is stated that assets have no significant effect on capital structure.

In this study, asset structure is not the main factor for companies to make decisions on the use of corporate debt. In this study, company management uses other factors to make decisions on the use of debt besides the asset structure. In addition, on average, companies use more internal sources of funds than use debt resources in meeting company needs. This also explains that from the creditor's side fixed assets cannot be used as collateral for the provision of debt to the company in this case as a debtor. This is the reason why in this study assets structure has no effect on capital structure.

This is in accordance with pecking order theory, which states that companies prefer to use internal funding rather than external funding. Companies prefer the use of funding from internal capital, namely funds derived from cash flow, retained earnings and depreciation. The order of use of funding sources with reference to the pecking order theory is internal funds, debt, and equity. Internal funds are preferred over external funds because internal funds allow the company to not need to open itself up again from the spotlight of outside investors. Companies

should be able to balance the benefits and costs of using debt. That way if a company has a large amount of fixed assets, it will be easier for the company to get capital from outside parties.

The results of this study are in line with research conducted by (Hidayah, 2018) and (Utama, 2020) which states that asset structure has no effect on capital structure. However, it is not in line with research conducted by (T. A. Aditya, 2023) which states that assets structure has a positive effect on capital structure.

5. Conclusion and Suggestions

5.1 Conclusion

Based on the results of the discussion regarding the effect of return on assets, growth opportunity, sales growth, and asset structure on capital structure in energy sector companies listed on the Indonesia Stock Exchange in 2021-2023. So the conclusion of the first hypothesis testing results shows that the return on assets variable has no significant effect on capital structure. This shows that the greater the level of return on assets, the smaller the capital structure. This is because if the company has a high level of return on assets, the company will use retained earnings and reduce debt. The second hypothesis testing result shows that the growth opportunity variable has a significant negative effect on capital structure. This shows that every time there is an increase in the growth opportunity of a company, the capital structure will increase. The third hypothesis testing result shows that sales growth variable has a significant positive effect on capital structure. This shows that companies with high sales or growth rate are more likely to use more debt than companies with low growth rate. The results of testing the fourth hypothesis show that the assets structure variable has no significant effect on capital structure. This shows that the assets structure is not the main factor for companies to make decisions on the use of corporate debt.

Suggestions

1. For Investors

For investors and creditors in investing in the company, they should consider all aspects of the company because it will relate to the company's ability to pay off its long-term debt. This needs to be considered because it involves the level of return expected by investors and the risk of bad credit that may be faced by creditors.

2. For the Company

Companies can use all the variables in this study as consideration in making decisions related to capital structure.

3. For Future Researchers

For future researchers who are interested in examining the variables that affect capital structure, it is recommended to increase the number of independent variables used so that it can be seen how the influence of other variables on capital structure and different sectors with a larger number of samples so that the research results have a wider scope.

Research Limitations

This study has several limitations that are expected to be refined in future studies. The limitations of this research include:

1. The scope of this research is limited, namely only using energy sector companies listed on the Indonesia Stock Exchange. This results in the possibility that the results of this study cannot be generalized to all types of companies.
2. This study only examines several factors that affect capital structure, namely return on assets, growth opportunity, sales growth, and asset structure.

3. The observation period chosen is only three years, namely 2021-2023, which is too short and limited to be able to describe the comparison of the company's capital structure.
4. The sample withdrawal in this study only uses 20 energy selector companies listed on the Indonesia Stock Exchange, so many energy selector companies still need to be included in this study.

Implications

The implication of this research is that it is essential to provide input as a consideration for investors in making investments. In addition, this research is expected to contribute and refer to further research that will take the title and topic of mellngelnai factors that affect capital structure.

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