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The Determinants Of Firm Performance Of Indonesian Listed Companies

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Abstract

One of the important aspects in the company is company performance. In company performance, there are aspects of financial performance that are important to measure in order to get a picture of the company's financial condition. This study aims to examine the effect of firm size, growth opportunity, and asset structure on financial performance with capital structure as an intervening variable. This research is a quantitative research. The samples of this study are property and real estate companies listed on the IDX for the 2015-2019 period. The data collection method uses the documentation method from secondary data in the form of an annual report that has been published on the IDX. The data analysis method used is multiple regression method and single test. Firm size, growth opportunity, asset structure and capital structure have a 74. 51% influence on the performance of property and real estate companies. This study shows that firm size, asset structure and capital structure have a negative effect on firm performance, while growth opportunity has no effect on financial performance. The capital structure has not been able to mediate the effect of independent variables on financial performance.

INTRODUCTION

The business in this world has made competition even tighter. The competition that occurs makes the company must have a goal in order to be able to continue operating for a long period of time. The main goal of the company in general is to maximize company profits. Without a profit, it will be difficult for the company to achieve the company's targets. If the performance of a company increases, it can be seen from the incessant activities of the company in order to generate profits. Based on the process of increasing the profitability of income, companies with large sizes have the potential to invest in the available resources and manage them as much as possible for the interests of shareholders (Antonius & Sudirgo, 2020).

The company's financial performance can be interpreted as the company's work performance that reflects the company's ability to provide benefits from assets, capital and debt. Financial performance is one of the indicators needed by company management to measure the effectiveness of company performance (Widiatmoko & Mayangsari, 2016)discretionary accrual, leverage, company size, and tax planning on earnings management. Financial performance is an indicator that is required by company management to measure the effectiveness of company performance. This research used secondary data that was got from annual report published in www.idx.co.id and data from Indonesian Capital Market Directory (ICMD. A good company's financial performance is when the company is successful in achieving its goals. Measurement of the company's financial performance can be used as a basis for decision making by internal and external parties. The company's performance can be a reference in determining investment decisions in

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the capital market.

The capital structure has a strategic influence on the achievement of the company's long-term goals (Kristianti, 2018). Capital structure is important for companies because good or bad capital structure will have a direct impact on the company's financial position (Firmanullah & Darsono, 2017)firm size, operating leverage, profitability, liquidity, growth of sales, and capital structure. Testing manufactures listed in Indonesian stock market resulted in the estimation structural equation model which is fit and acceptable. Multiple R-square of 0.259 indicate that the change in capital structure is defined by structure of assets (SA. Capital structure is the most important part of all operational financing in a company. Each company will determine the proportion of debt (capital structure) based on the needs and financial conditions of the company at hand (Haryanto, 2016). The capital structure describes how the company finances its operations as well as the growth it seeks to achieve by using various sources of funds. The capital structure describes how the company finances its operations as well as the growth it seeks to achieve by using various sources of funds. Investors in their investment decisions consider the size of the capital structure as measured by using DER (Nisasmara & Musdholifah, 2016).

According to research conducted by Violita and Sulasmiyati (2017) capital structure has a significant positive effect on financial performance. Meanwhile, the research conducted by Kristianti (2018) and Ramaiyanti et al. (2018) found that there is a negative influence between capital structure on financial performance.

The firm size can be measured by the total assets owned by the company. Company size is a value that indicates the size or size of a company. Companies with large assets tend to use existing resources to the maximum extent possible to obtain business profits. Meanwhile, companies that have small assets generate profits in accordance with the number of assets owned by the company. Firm size can have a positive effect on financial performance because large companies can take advantage of company size to get a better deal on financial terms.

Research conducted by Fajaryani and Suryani (2018) and Ho and Mohd-Raff (2019) show that firm size has a positive effect on financial performance. While Dwi Cahyani and Isbanah (2018) show that firm size has a negative effect on financial performance.

Another indicator that can measure the performance of a company is growth opportunity. Growth opportunity can be used as a reference to determine how far the company's growth rate is in the future. Growth opportunity can also be defined as the change in total assets owned by a company. An increased and positive growth opportunity rate can indicate that the company has an opportunity to develop its business and expand its business. The high growth opportunity value is also expected to be able to generate greater profits in the future and can be used as an analysis of the prosperity of the company's shareholders (Kusna & Setijani, 2018).

According to research conducted by Kusna and Setijani (2018), growth opportunity has a positive effect on company performance. Meanwhile, research by Febriani and Sari (2019) shows that growth opportunity has no effect on company profitability.

One of the important factors in corporate funding decisions is the asset structure. This is because the asset structure describes the fixed assets associated with the company's production process. In addition, if the company's assets can be used as credit collateral, the company will tend to use a larger amount of debt (Maftukhah, 2013). The amount of loans owned by the company can increase its operating expenses so that the company's profits will be smaller.

According to the results of research conducted by Kharizmatullah et al. (2017), the asset structure has a positive effect on financial performance. While the results of the research of Megasari et al. (2020) show that the asset structure has a negative effect on financial performance.

In previous studies there were inconsistent research results. Researchers are interested in re-examining the effect of firm size, growth opportunity, and asset structure on company performance with capital structure as an intervening variable.

This research is based on agency theory and pecking order theory. Agency theory explains the relationship between agents and principals.. Shareholders or principals are assumed to be only interested in increasing the return on their investment in the company. Meanwhile, the manager or agent is assumed to be interested in financial compensation and the terms that accompany the relationship. This difference in interest can create a conflict called agent conflict. The principal wants to get the largest and fastest possible return on his investment, namely by getting an increase in dividends from each share he owns.

Pecking order theory explained that companies tend to prefer issuing debt to equity when internal funds are not enough (Brealey et al., 2017). If the company requires external funding, the company tends to issue debt rather than equity to avoid the information effect of the issuance of new shares. the internal capital of the company is limited to the funding for investments and dividends and the company would access external funding. External funding priorities will take precedence to prioritize the issuance of debt compared to company equity (Yulianto et al., 2016). When a company needs external funding and has a risky debt as a monitoring device, it also tends to increase its dividend payment propensity (Martono, Yulianto, et al., 2020).

Companies that have a large profit opportunity generally have small amounts of debt because these companies require little external funding. Profitability shows the company has the capacity to generate profits from its own resources (Riantani & Nurzamzam, 2015). The use of long-term debt is only carried out when the funders with retained earnings and short-term debt are not sufficient for the company's needs (Brigham & Eisenhadrdt in Wirajunayasa & Putri, 2017). In this theory, companies are advised to choose the safest funding first, namely retained earnings and short-term debt. Changes in the proportion of capital structure can allow the company's performance to be better, so that company managers can try to improve company performance by selecting funding priorities using the various risks and costs that will arise.

The phenomenon that occurs in the property and real estate business is that based on the Banking Survey for the fourth quarter of 2019 issued by Bank Indonesia, there is new credit growth that has increased from the previous quarter. The phenomenon of the increasing trend of consumption credit for property and real estate purchases is predicted by Bank Indonesia to continue in 2020. This is reflected in the Weighted Net Balance of 70.6% (yoy), whereas the previous one was 68.3% (yoy).). In this event, it can be concluded that the potential for the development of property and real estate companies will increase.

The reason the authors conduct research on property and real estate companies is because the property and real estate business in Indonesia tends to increase from year to year because land prices tend to increase and land supply increases along with the increasing population and increasing human needs for homes, offices, centers. shopping, and so on, followed by property prices which continue to rise continuously. The author wants to know whether several internal factors in the company are able to influence the company's performance even though on the other hand property prices continue to increase from time to time.

The purpose of this study is to analyze the effect of firm size, growth opportunity, and asset structure on company performance with capital structure as an intervening variable.

Hypothesis development

Firm Size describes the size of the company which can be seen in one way, namely seeing the total wealth owned by the company. Companies that are included in large-scale sizes will also require a large amount of capital. The size of the company as measured by the total asset indicator shows that the larger the size, the company will also use a large amount of debt (Suweta, 2016). This is because the funds needed by the company are increasing along with the growth of the company (Setiawan et al., 2016).

Another previous studies that examined the effect of Firm Size on Capital Structure, Purba and Yadnya (2015) and Setiawan et al. (2016), which states that Firm Size has a positive effect on Capital Structure.

H1: Firm Size has a positive and significant effect on Capital Structure.

Companies that have high growth opportunities need more funds, so they must increase their fixed assets and maintain company profits. The retained earnings will increase as the company grows, so that these companies will owe more debt to maintain the targeted debt ratio. The above statement is in accordance with Khairani (2015) which states that companies that are growing at a faster pace tend to use debt more than companies that are growing at a slow pace. In addition, several studies that support the relationship between growth opportunity and capital structure are research from Khairani (2015), and Ananda et al. (2016) which states that growth opportunity has a significant positive effect on capital structure.

H2: Growth Opportunity has a positive and significant effect on Capital Structure.

Capital structure theory reveals a positive correlation between levels of debt and tangible assets. Companies that have a lot of tangible assets have adequate collateral for their loans. Tangible assets also mean that the company has a high liquidation value, so creditors can receive their funds back in the event of company liquidation. Thus, the more tangible assets the company has, the higher the creditor's motivation to agree to credit level debt.

H3: Asset structure has a positive and significant effect on capital structure.

Companies with a large firm size have more interest for investors to invest because large companies are believed to have better company performance than companies with small sizes. Large companies have better market access and have larger operational activities than smaller companies, so that a company with a large firm size may benefit from a certain larger share capital. The amount of company profits can increase the company's performance so that the relationship between company size and firm performance is positive. Companies with large sizes have greater financial strength in supporting company performance (Fudianti & Wijayanto, 2019).

Prijanto (2017) in his research states that companies with large assets can optimize resources to get maximum benefits, Purba & Yadnya (2015) also state that there is a positive influence between firm size and company performance.

H4: Firm Size has a positive and significant effect on Company Performance.

A high growth opportunity will affect its financial performance due to the company's ability. Basically, growth opportunity is a picture of the company's productivity and the expectations desired by both internal parties (managers) and external companies (investors and creditors).

Another studies related to growth opportunity and financial performance include, Kopong and Nurzanah (2016) which states that companies with high growth opportunities cause a sizeable investment value, especially in fixed assets whose economic age is less than one year. In addition, it is evidenced by research from Sardo and Serrasqueiro (2018) will the same result, growth opportunity has a positive effect on company performance.

H5: Growth Opportunity has a positive and significant effect on Company Performance.

Asset structure has an important role in determining financing. Companies with high fixed assets tend to use long-term debt in their financing. Companies that have a high level of fixed assets need a source of funds that require a larger source of funding so that it will increase the cost of capital which will reduce the company's revenue. The results of research conducted by Mudjijah and Hikmanto (2018) stated that asset structure has a negative effect on profitability.

H6: Asset Structure has a negative and significant effect on Firm Performance.

The higher the capital structure shows the greater the burden the company has on outsiders, this is very likely to reduce the company's performance because the level of dependence on outsiders is higher.

Several studies examining the relationship between asset structure and capital structure are Ranitasari and Maftukhah (2018) which states that asset structure has a positive and insignificant effect on financial performance. Meanwhile, research conducted by Denziana and Yunggo (2017) states that asset structure has a significant positive effect on capital structure.

H7: Capital Structure has a negative and significant effect on Firm Performance.

According to Ambarwati et al. (2015) companies with large sizes have a higher level of profitability than small companies because companies with larger sizes are considered more critical by investors and creditors. In financing operating expenses, the company will usually incur debt or issue shares in search of external sources of funds. If the funding decision issued by management is not correct, it can cause high fixed costs in the form of capital costs which can lead to a decrease in company profitability (Setiadewi & Purbawangsa, 2014).

Research on capital structure that mediates the effect of company size on company performance includes Fressilia and Pratiwi (2017) and Setiadewi and Purbawangsa (2014) which states that there is an effect of company size on company performance with capital structure as an intervening variable.

H8: Capital structure is able to mediate the influence of Firm Size on company performance.

Growth opportunityis a high and low growth opportunity for a company in the future that can determine investors' decisions to invest. The greater the debt the company has, the greater the interest cost, and vice versa (Oktarina, 2015). Research on this subject is Khairani (2015) who argues that capital structure can mediate the effect of growth opportunity on firm performance with ROA as a proxy.

H9: Capital Structure is able to mediate the influence of Growth Opportunity on Firm Performance.

Companies that have a lot of tangible assets have adequate collateral for their loans. Tangible assets also mean that the company has a high liquidation value, so creditors can receive their funds back in the event of company liquidation. Thus, the more tangible assets the company has, the higher the creditor's motivation to agree to credit level debt. Based on the description above, it can be concluded that companies that have high fixed assets on total assets tend to use larger debt to meet their funding needs.

H10: Capital Structure is able to mediate Asset Structure on Firm Performance

METHOD

This research is a research using secondary data. The data used in this study are the annual reports of property and real estate companies obtained from the official website of the Indonesia Stock Exchange, www.idx.co.id. The study population consisted of 46 property and real estate companies listed on the Indonesia Stock Exchange in 2015-2019. The sample in this study was selected using purposive sampling method so that 35 companies were selected for 5 years with an analysis of 175 units. The sample selection criteria in the study are presented in table 1.

Table 1. Sample selection criteria

No	Criteria	Companies	Year	Total
1	Property and real estate companies listed on the Indonesia Stock Exchange	46	5	230
2	Property and real estate companies that are not listed on the Indonesia Stock Exchange and do not publish consecutive financial reports on the IDX during 2015-2017	(11)	5	55
Number of Units Analysis		35	5	175

This study used 1 dependent variable, namely company performance, 1 intervening variable, namely capital structure, and 3 independent variables which are thought to have a significant effect, such as firm size, growth opportunity, and capital structure.

Table 2. Operational Definition of Variables

No.	Variables	Equations
1	Firm Performance	$\frac{\text{Net Profit After Tax}}{\text{Equity}}$
2	Firm Size	Total Asset
3	Growth Opportunity	$\frac{\text{Asset Total t - Asset Total t-1}}{\text{Asset Total t-1}}$
4	Assets Structure	$\frac{\text{Fixed Asset}}{\text{Asset Total}}$
5	Capital Structure	$\frac{\text{Debt Total}}{\text{Asset Total}}$

The data was collected by using literature study method and documentation obtained from the official website of the Indonesia Stock Exchange. Hypothesis testing is done using panel data regression analysis using data processing application Eviews 12 and manual intervening test.

$DER = \alpha + \beta 1FSIZE + \beta 2GROWTH + \beta 3AKTV + e$

Which are:
DER = Capital Structure
α = Constan
FSIZE = Firm Size
GROWTH = Growth Opportunity
AKTV = Assets Structure
e = Variance in capital structure that is not explained by exogenous variables (firm size, growth opportunity, and asset structure).

$ROE = \alpha + \beta 1SIZE + \beta 2GROWTH + \beta 3AKTV + \beta 4DER + e$

Which are:
ROE = Firm Performance
DER = Capital Structure
α = Constan
FSIZE = Firm Size
GROWTH = Growth Opportunity
AKTV = Assets Structure
e = Variance in firm performance that is not explained by exogenous variables (firm size, growth opportunity, and asset structure, and capital structure).

RESULTS AND DISCUSSION

This research used descriptive statistical analysis to describe each variable individually with the results shown in table 3.

Table 3. Decriptive Statistics

	ROE	DER	FSize	Growth	S_AKTV
			n=175		
Mean	8.42	0.69	29.33	9.49	56.01
Median	7.25	0.59	29.54	6.88	59.36
Max	41.16	2.20	31.67	117.49	96.28
Min	-10.41	0.04	25.69	-25.93	0.06
Std. Dev.	7.47	0.48	1.34	15.48	24.47

Based on table 3, it can be seen that the number of observations (n) is 175, it is obtained that the average (mean) company performance is 8.42. This means that the average net profit generated by the company is 8.42 of the total capital owned by the company. Table 3 shows the average value of the capital structure is 0.69, which means that the ratio of the use of debt and equity in the capital structure is 0.69 or the use of debt in the capital structure is 69%. In table 3, it can be seen that the average company size is 29.33. This means that property and real estate companies have an average size of 29.33.

Table 3 shows that the average growth opportunity is 9.49. This means that property and real estate companies have an average growth opportunity of 9.49.

Based on the results of statistical tests in table 3, the average value of the asset structure was 56.01: 1. This means that the use of fixed assets of property and real estate companies is greater than current asset. Based on the Chow and Hussman Test, the appropriate model for model 1 is the random effects model, while for model 2 is the fixed effects model. The classical assumption test conducted concluded that there was no violation of the normality and multicollinearity assumptions in the research model so that it was feasible to test the hypothesis on the research model. The panel data regression estimation results are as follows.

Table 4. Regression (Model 1)

Variable	Coeff	Std. Error	t-Statistic	Prob.
C	-2.40	1.57	-1.52	0.13
S_FSIZE	0.67	0.29	2.33	0.02
S_GROWTH	0.01	0.00	1.54	0.02
S_AKTV	-0.07	0.01	-5.01	0.00

Table 5. Regression (Model 2)

Variable	Coeff	Std. Error	t-Statistic	Prob.
C	83.75	21.63	3.87	0.00
S_DER	-0.11	0.69	-0.15	0.02
S_Fsize	-14.66	3.97	-3.69	0.00
S_Growth	-0.08	0.07	-1.17	0.24
S_AKTV	-0.192	0.20	-0.94	0.05

$$DER = -2{,}396958 + 0{,}669611\ FSIZE + 0{,}012428\ GROWTH - 0{,}073178\ AKTV + \varepsilon$$

A constant value of -2.396958 means that if the independent variables such as company size, growth opportunity, and asset structure are 0 or constant, then the capital structure value is -2.396958. The firm size variable (FSIZE) has a regression coefficient of 0.669611 with a positive sign. This means that company size has a positive effect on capital structure. When the company size increases by 1 unit, it will increase the capital structure by 0.669611. When the growth opportunity increases by 1 unit, it will increase the capital structure by 0.012428. The asset structure variable has a regression coefficient of 0.073178 and is negative. This means that the asset structure has a negative effect on the capital structure, when the value of the asset structure increases by 1 unit, it will increase the capital structure by 0.073178.

$$ROE = 83.74986 - 0.105592\ DER - 14.65761\ FSIZE - 0.078624\ GROWTH - 0.186272\ AKTV + \varepsilon$$

A constant of 83.74986 means that if all independent variables, namely Capital Structure, Firm Size, Growth Opportunity, and Asset Structure in model 2 are constant or 0 (zero), then the Company Performance variable has an average of 83.74986. The DER regression coefficient is 0.105592 and it is negative. This may imply that the higher the capital structure, the lower the company's performance. This figure means that if the value of the Capital Structure increases by 1 unit, it will decrease the company's performance by an average of 0.105592. The FSIZE regression coefficient is 14.65761 and is negative. This can illustrate that the higher the size of the company, the lower the company's performance. This figure means that if the growth opportunity value increases by 1 unit, it will reduce the company's performance by 0.078624. The Asset Structure regression coefficient is 0.186272 and is negative.

This can illustrate that the higher the asset structure of the company, the lower the company's performance. This figure means, if the value of the Asset Structure increases by 1 unit, it will decrease the company's performance by 0.186272.

The t-table value is 1.96, so that the capital structure has not been able to mediate the variables of company size, growth opportunity, and asset structure on firm performance. The results of hypothesis testing are presented in table 6.

of the firm size is accompanied by movements in the capital structure. The size of the company is able to influence the capital structure because the larger the size of the company will tend to use a larger debt. One of the advantages of large companies is that they tend to be more trusted by creditors because they are considered to have less risk than smaller companies (Akhmad & Khoiruddin, 2020). The results of this study are not in line with the opinion of Lusiana and Sudarma

Tabel 6. The Results of Hypothesis Testing

No.	Hypotheses	Explanation	Prob.	Result
1	H1	Firm size has a positive and significant effect on the capital structure.	0.0207	Supported
2	H2	Growth opportunity has a positive and significant effect on the capital structure.	0.0240	Supported
3	H3	Assets structure has a positive and significant effect on the capital structure.	0.0000	Not Supported
4	H4	Firm size has a positive and significant effect on the firm performance.	0.0003	Not Supported
5	H5	Growth opportunity has a positive and significant effect on the firm performance.	0.2447	Not Supported
6	H6	Assets structure has a negative and significant effect on the firm performance.	0.0473	Supported
7	H7	Capital structure has a negative and significant effect on the firm performance.	0.0193	Supported
8	H8	Capital structure can mediate firm size on company performance	0.8793	Not Supported
9	H9	Capital structure can mediate growth opportunity on company performance	0.8796	Not Supported
10	H10	Capital structure can mediate assets structure on company performance	0.8791	Not Supported

(2018) which states that large companies use relatively small debt.

The results of this study are in line with Nuswandari (2013) and Siddik and Chabachib (2017) which prove that firm size has a positive and significant effect on capital structure. Meanwhile, research conducted by Dewi and Sudiartha (2017) proves that firm size has a significant negative effect on capital structure.

The Effect of Firm Size on Capital Structure

The results of hypothesis testing indicate that firm size has a positive direction and has a significant effect on capital structure, so the first hypothesis in this study which states that firm size on capital structure is accepted.

The results of this study are in line with the pecking order theory. Companies with a relatively large scale have the ability to obtain relatively stable profits compared to small scale companies. This can affect the capital structure because the larger the size of the company, the company tends to need funding from the side of larger debt. So that large companies can increase the level of debt to meet the capital structure. The trend of firm size fluctuates as well as its capital structure. It can be concluded that the movement

The Effects of Growth Opportunity on Capital Structure

Hypothesis test results show that growth opportunity has a negative direction and has no significant effect on capital structure, so the second hypothesis in this study which states that growth opportunity has a positive effect on capital structure is rejected.

The results of this study are not in line with study that conducted by Setiawan et al. (2016) which shows that growth opportunity has a significant negative effect on capital structure. High growth opportunity allows these companies to have a low cost of equity Setiawan et al., (2016). The results of this study are in line with Brigham and Weston (1998) which stated that companies that are growing faster tend to use debt more than companies that are growing slowly.

The Effects of Assets Structure on Capital Structure

Hypothesis test results indicate that the asset structure has a negative direction and has a significant effect on capital structure, so the hypothesis of asset structure in this study which states that asset structure has a positive effect on capital structure is rejected.

The results of this study are in line with Fajaryani and Suryani (2018) which indicates that there is an insignificant negative relationship between the asset structure and the capital structure but it is not in accordance with the research conducted by Denziana and Yunggo (2017) which shows that the asset structure has a positive effect on capital structure. The higher the asset structure indicates that the greater the debt taken by the company. It can be concluded that a high asset structure cannot increase the guarantee provided by the company to creditors. Creditors can be very careful in giving debt to the company. The creditor may only provide it to the company with a guarantee that provides certainty of protection for the interests of the creditor.

The Effects of Firm Size on Firm Performance

The results of hypothesis testing show that firm size has a negative direction and has a significant effect on company performance, so the fourth hypothesis in this study which states that firm size has a positive effect on company performance is rejected.

The results of this study are in line with Isbanah (2015) which indicates that there is a negative influence between firm size and firm performance. This shows that the size of the company can reduce the company's performance. The size of a company can be assumed that the company increasingly requires costs to carry out its operational activities such as salary costs, administration, building maintenance, and so on. This causes the company's performance to decline due to the large size of the company that is not balanced with good management (Isbanah, 2015). The size of the company cannot be used as a guarantee that the company has a good financial performance.

The Effects of Growth Opportunity on Firm Performance

Hypothesis test results show that growth opportunity has a negative direction and has no significant effect on company performance, so the fifth hypothesis in this study which states that growth opportunity has a positive effect on company performance is rejected. A competitive advantage in creative industries is needed to compete globally because market orientation is the key to the success of a business (Martono et al., 2020).

The results of this study are not in line with study that conducted by Yunita (2018) which shows a positive and significant relationship between growth opportunity and company performance. The results of the research by the author didn't prove that the higher the level of opportunity for the company to grow, the higher the company's performance in the future. Companies that have high growth opportunities can become obstacles to the company in producing better performance than before because the management is much adjusted to the circumstances of the company. However, there are other obstacles that have a more significant effect on the decline in company performance. In this study, it illustrates that growth opportunity cannot be used as a reference in describing company performance.

The Effects of Assets Structure on Firm Performance

Hypothesis test results indicate that the asset structure has a negative direction towards company performance, so the sixth hypothesis in this study which states that asset structure has a negative effect on company performance is accepted.

The results of this study are not in line with study that conducted by Kharizmatullah et al. (2017) which indicates that there is a positive and significant influence between asset structure on financial performance. Research by this author proves that the greater the fixed assets can reduce the company's profit which can affect the company's performance to be not good. The results of this study are in line with study that conducted by Megasari et al. (2020) illustrates that the asset structure has a significant negative effect on financial performance. With a high level of asset structure, company performance can experience a decline.

The Effects of Capital Structure on Firm Performance

Hypothesis test results indicate that the capital structure has a negative and significant direction of company performance, so the seventh hypothesis in this study which states that capital structure has a negative and significant effect on company performance is accepted.

The important decision faced by financial management which relates to the continuity of company operations is funding decision which is capital structure. Capital structure achieves optimal value if the composition of debt and capital are able to increase firm value (Iswarini & Ardiansari, 2018).

The results of this study are not in line with study that conducted by Marinda et al. (2014), Violita and Sulasmiyati (2017) which proves that the capital structure has a positive and significant effect on company performance. When the capital structure increases, it will also increase the company's performance. Companies that have a large proportion of debt are able to generate large net profits. The results of this study are in line with study that conducted by Ramaiyanti et al. (2018) and Kristianti (2018) that an increase in the proportion of debt to equity has a negative effect on the effectiveness of equity in generating company net income. The company's profit will decrease when the proportion of debt is increased, but if the company decreases the proportion of debt to equity, the rate of return on equity will increase.

Effect of Firm Size on Company Performance with Capital Structure as an Intervening Variable

Hypothesis test results show that capital structure cannot mediate the effect of firm size on firm performance, so the eighth hypothesis in this study which states that capital structure can mediate the effect of firm size on firm performance is rejected.

The results of this study are not in line with study that conducted by Fressilia and Pratiwi (2017) that the capital structure has an indirect effect between company size and firm performance. The bigger the company size, the opportunity to get bigger external funding. Companies with a large scale will need more funds to finance their operational activities. The results of this study do not prove that the level of debt in large-scale companies will also increase the company's expenses to be paid so that it can affect company profits. Large companies with a high capital structure do not in fact affect the company's risk related to expenses that must be paid to outsiders which will affect the company's performance.

Effect of Growth Opportunity on Company Performance with Capital Structure as an Intervening Variable

Hypothesis test results show that capital structure cannot mediate the effect of growth opportunity on firm performance, so the ninth hypothesis in this study which states that capital structure can mediate the effect of growth opportunity on firm performance is rejected.

The results of this study are not in line with study that conducted by Khairani (2015). In the results of this study, the capital structure is able to mediate the growth opportunity variable with company performance. Growth opportunity gives companies the opportunity to make profitable investments. The size of the debt held by companies with high growth opportunities has an influence on the company's profit. The results of this study do not prove that companies with large growth opportunities will increase their debt to achieve higher profits with the intention of improving company performance. Companies that have high growth opportunities are not sure to increase their debt due to additional debt in a condition that is still in the sense of "opportunity" related to the reality of the good and bad conditions of the company in the future will not necessarily increase the company's net profit.

Effect of Assets Structure on Company Performance with Capital Structure as an Intervening Variable

Hypothesis test results indicate that capital structure cannot mediate the effect of asset structure on company performance, so the tenth hypothesis in this study which states that capital structure can mediate the effect of asset structure on company performance is rejected.

The results of this study cannot prove that companies that have tangible assets have sufficient collateral for the company's loans or capital structure. Performance also shows everything that employees do (Martono et al., 2018). The quality of employees can affect how the realization of the funding decisions made by managers. The large number of tangible assets cannot prove that the higher the creditor's motivation to approve long-term credit can increase the company's profit.

Based on the test results that have been done, the level of debt to equity does not affect fixed assets which will measure the performance of the company.

CONCLUSIONS AND RECOMMENDATIONS

This article which aims to determine the effect of company size, growth opportunities, and akiva structure on financial performance through this capital structure produces several conclusions. The results of this study indicate that companies with large company sizes and high growth opportunities can be used as a benchmark for changes in internal and external company funds because these two variables affect the capital structure of property and real estate companies. The higher the asset structure, the lower the decision on the capital structure of the asset structure. A high asset structure cannot be a guarantee that the company will give to creditors the higher it is.

A low asset structure can improve financial performance because the larger the assets can reduce the company's profits which will affect the company's performance to be not good. The lower the level of capital structure, the higher the financial performance because the capital burden that must be paid by the company is reduced so that the profit can be higher.

The limitation of this study is the use of the Ordinary Least Square (OLS) model and the single test to interpret the results of the panel data regression test and whether there is an indirect effect (intervening). Further research can use the Structural Equation Modeling (SEM) testing model using the Partial Least Squares (PLS-SEM) technique.

The suggestion for further research is expected to use other independent variables which are thought to have a significant effect on company performance. Independent variables that may be used are inflation, credit risk, market risk, and so on. In addition, it can also add variables related to good corporate governance. In further research, we can also find other alternatives that are able to strengthen the relationship between independent variables on company performance such as dividend policy. Then it is expected to develop a research model using a wider range of objects to maximize research the results.

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