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artikel purwo

by Purwohandoko Purwo

Submission date: 27-Feb-2018 12:51PM (UTC+0700)
Submission ID: 922146401
File name: IRJFE_147_01.pdf (141.47K)
Word count: 7876
Character count: 42877

International Research Journal of Finance and Economics
ISSN 1450-2887 Issue 147 May, 2016
http://www.internationalresearchjournaloffinanceandeconomics.com

Determinants of Capital Structure: Case of Property and Real Estate Companies Listed in Indonesian Stock Exchange (IDX)

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Abstract

This study investigates the impact of the variables: tangibility, profitability (ROA), firm growth (growth), firm size (size), corporate tax rate (CTR) and Good Corporate Governance (GCG) on the capital structure of sector property and real estate in Indonesian Stock Exchange (IDX) from 2008-2014. The population of the analysis are all property and real estates listed in Indonesian Stock Exchange (IDX) during 2008-2014, there were totally 52 companies. Using purposive sampling method, the samples of the study are 16 companies. The result of the analysis showed that tangibility firm growth and Good Corporate Governance (GCG) had negative significant on the capital structure. On the other side, firm size (size) has shown positive significant on the capital structure. Finally, profitability (ROA) and corporate tax rate (CTR) was not significant on the capital structure.

Keywords: Tangibility, Profitability (ROA), Firm growth (growth), Firm size (size), Corporate tax rate (CTR), and Good corporate governance (GCG)

1. Introduction

The capital structure or how the firm's investments are financed still becomes one of the most controversial issues in finance. Since the Modigliani and Miller's landmark paper (1958) delivers an argument that capital structure was irrelevant in determining the firm's value and performance under perfect market conditions with limitless arbitrage opportunities, a number of theories have been developed to explain whether one form of optimal capital structure or financing policy existences were taken into consideration, and they have shown a relation with the imperfections in the capital markets such as agency costs, taxes, and information asymmetries.

Kim and Sorensen in Kurniati (2007) explain that the companies whose shares are owned by management will require more debt, because of the control of the owner easily maintains effective power if their shares are not replaced. Gaud et al., (2005) and Deari and Deari (2009) in one hand suggest that there is a negative influence between the tangibility of the company's capital structure. Tangibility shows the amount of property owned by the company that can be used as a means of collaboration by the company at the time of the debt policy to another party. While the study (Gurunlu and Gursoy, 2010; Harris and Raviv, 1991; and Zare et al., 2013) on the other hand approve that tangibility gives positive effect on the capital structure. The higher the assets that can be pledged as collateral, the easier companies to get debt compared to the ones which do not have this kind of relation.

Kurniati (2007) that states profitability does not affect the company's capital structure at the direction of a negative relationship. Gill et al. (2009), Hossain and Ali (2012), Syadeli (2013) and Shah (2007), Chen (2015), Deari and Deari (2009) have noted that profitability has a negative effect on the capital structure. This means that the higher the level of profitability of the company, the smaller the debt used in financing activities, because companies can use internal equity derived from the retained earnings in advance. While Simiyu and Huo (2013) and Margaretha (2014) suggested that profitability has a positive influence on the capital structure. The higher profitability of the company, the higher level of debt will do on their business expansion.

Susanto (2011) and Gill et al. (2009) find out that there is no significant influence of the company's growth in the capital structure. The company's high growth rates do not always use a high proportion of debt to meet the funding requirements of the company. Gill and Mathur (2011) found a negative influence among the company's growth of the capital structure. The smaller companies which use external funds will make this company to have sufficient internal funds to finance its own operations. In the meantime, Hossain and Ali (2012), Simiyu and Huo (2013), Deari and Deari (2009), Chen, JC (2015), and Margaretha (2014) found that there is a positive influence between the growth of firms in the capital structure.

Gill et al. (2009), Mulianti (2010), Susanto (2011), Gill and Mathur (2011), Zare et al. (2013), Simiyu and Huo (2013), Deari and Deari (2009), Chen, JC (2015) and Syadeli (2013) ellaborate that there is a positive influence between firm size of the capital structure. The size of the company will be resulting in an increase number of the use of debt. Pujiani and Prasetiono (2012) in the contradiction found a negative influence of it. According to the pecking order theory, when the company use smaller external funding, it means that large companies tend to use smaller debt. At the same time, the oppinion of the researchers such as Joni and Lina (2010), Hossain and Ali (2012), Keni and Goddess (2013) and Margaretha (2014) revealed no effect of firm size of the capital structure. The basis of management in making funding policy is how to minimize the cost of funds, then the large-small companies will have no effect on the size of the debt level of the company.

Gill et al. (2009) in their research on companies in the United States found that the Corporate Tax Rate (CTR) gives positive effect on the capital structure. They concluded that the high CTR will make companies elevate to the level of their debt with the purpose of tax evasion. Gill and Mathur (2011) found that there is a negative relationship between the capital structure CTR. While Hastalona (2013) and Margaretha (2014) found that CTR has no effect on the capital structure.

Corporate governance refers to how companies ought to be run, directed and controlled (Abor, 2007). It is related to supervising and holding to account to those who direct and control the management. Claessens *et al.* (2002) also maintain that better corporate frameworks benefit firms through greater access to financing, lower cost of capital, better performance and more favorable treatment of all stakeholders. The countries that have implemented sound corporate governance practices generally experienced a vigorous growth of corporate sector, and grasp more ability in attracting capital to lubricate the economy (Sheikh and Wang, 2012). Lee (2010) in his research states that the ownership will signify positive influence to the debt/*leverage* of the company. On the otherhand, Tong and Ning (2004) conclude that the ownership will signify a negative impact to the leverage level of the company.

Funding for the company can be obtained from the company's internal and external partners. Internal funding in this study is viewed as the level of profitability of the company. While external funding is reflected in the capital structure. The level of profitability of the company property and real estate sector from 2008 to 2014 has undergone a significant increase from 0.011 to 0.073 points in 2013. However, the level of profitability of the sector companies decreased in 2014 from 0.073 points to 0.070 points. Capital structure in the property sector and the real estate each year fluctuates significantly. In 2008 to 2010 debt ratio of company property and real estate sector had declined from 0.480 to 0.406 but rebound in 2011 to 2014 from 0.420 to 0.446 (source: www.idx.co.id, authors' data processed).

The increasing levels of property's corporate capital structure and real estate sector in 2011 to 2013 were directly proportional to the level of profitability of the company. Pproperty and real estate sectors are also experiencing an increased profit in 2011 until 2013. This is not relevant to the pecking order theory which states that companies with a high level of profitability is likely to use its own internal funds and avoid to use of debt in funding its own operations. The study aims at analyzing the influence of tangibility, profitability, growth, firm size, and the corporate tax rate (CTR) of the company's capital structure on the property and real estate sectors listed in the Indonesia Stock Exchange during 2008- 2014.

2. Previous Studies

There are several previous studies that adopted as the basic ideas of this study. Research conducted by Kurniati (2007) aimed to determine the effect of stock ownership by management and ownership by the institution against corporate debt policy to reduce the agency conflict, using variable structure control of assets, dividends, and profitability. The samples used were 46 companies of textile/garments listed in the Jakarta Stock Exchange during 2001-2006. The data analysis technique used is multiple linear regression.

The analysis shows that stock ownership by management has a significant negative effect on the debt policy. Share holdings by institutions gives significant negative effect on the debt policy, asset structure shows significant negative effect on the debt policy, the dividend signifies a significant negative effect on debt policy and negatively affect profitability but not significant in gives response to fight back against corporate debt policy. This shows that stock ownership by management and by the institution can reduce the agency conflict.

Research conducted Gill et al (2009) seeks to replicate the research conducted by Biger, Nguyen and Hoang (2008) who found the determinants of capital structure. The empirical results show that leverage is negatively related to the profitability of the company. This research offers a useful insight for the service industry owner or operator and manager based on empirical evidence. Theoretical studies predict a positive relationship between collateral assets and leverage. The findings show the opposite result: a decrease in leverage occurred while the proportion of fixed assets in total assets increased company. The service industry is usually characterized by a relatively low level of fixed assets. Current assets can be easily converted into cash and thus have a capacity of more liquid than fixed assets.

This study also found no significant association between the level of taxes and leverage. The tax rate is not a significant determinant of capital structure in the service industry. Non-debt tax shield has no effect on leverage. The tax rate is not the determinant of capital structure in the service industry. Previous studies reported a positive correlation between firm size and leverage. It is found that no significant relationship between firm size and leverage. There is no significant relationship between growth opportunities and found leverage. The growth opportunities are not the determinants of capital structure in the service industry. The findings of this study can only be generalized to a service company similar to those included in the present study. Future research should investigate the generalizability of the findings outside the service sector. Important control variables such as industry, etc., should be used to determine other factors affecting capital structure.

Joni and Lina (2010) noted that the purpose of their research is to test and analyze the impact of profitability, firm size, asset growth, asset structure and business risks of the company's capital structure. This research was conducted at a manufacturing company listed on the Stock Exchange with the study during 2005 to 2007. There were 43 companies that met the criteria of the study and the study was conducted by using multiple regression analysis to test all the hypotheses. The results indicated that the growth in assets, profitability, and asset structure have an influence on the company's capital structure manufacturing. While the size of the company, dividends and business risks do not affect the company's capital structure.

Mulianti (2010) analyzed the influence of variables firm size (SIZE), business risk (BRISK), liquidity (CR) on debt policy (DTA) and the effect of debt policy on firm value (PBV) in manufacturing companies listed on Indonesia Stock Exchange during 2004-2007. Susanto (2011) empirically tested the effect of managerial ownership and institutional ownership, dividend policy, the company's growth, profitability, company size, systematic risk, investment opportunity set and the asset structure of the debt policy. The population used in his study was all of the companies listed in BEI with the observation during 2005-2008. The sample collection was done by using purposive sampling method. The data used in this study were obtained from the financial statements, and a summary of the performance of the company issued by the company and Bapepam-LK.

Gill and Mathur (2011) have investigated the determinant factors that affect the company's financial leverage in Canada. A sample of 166 Canadian companies listed on the Toronto Stock Exchange for 3 years (2008-2010) were gathered. Their study used a co-relational and non-experimental research design. Results showed that the company's financial leverage in Canada were affected by collateralized assets, profitability, the effective rate of tax, company size, growth opportunities, the number of children, and the doll industries. This study contributes to the literature on the factors that affect the company's financial leverage. The findings may be useful for financial managers, investors, and financial management consultant.

Pujiani And Prasetiono (2012) study was conducted to examine the effect Return on Assets, Sales Growth, Asset Structure, Firm Size, and Investment Opportunities size of the company's financial leverage. This study compared two sectors of manufacturing companies that have been launcged to public in Indonesia Stock Exchange during 2008-2011. The sampling technique used was purposive sampling method and the data obtained were 15 companies manufacturing a variety of industrial sectors and 25 of the consumer goods sector. Analysis of the data used was the classic assumption test, multiple linear regression analysis, T test, F test, the coefficient of determination, and the latter is the use of different test (test chow). The study showed that in companies of various industries will share retun on assets, asset structure, and significant investment opportunities. To test the equivalence coefficients from a variety of industrial and consumer goods companies, this study used a different test of chow test. The test results demonstrated that the value of F count chow more than F table (2:26> 1.53) and showed no difference between the determination of the company's various industrial sectors and the funding decision of the consumer goods sector.

Hossain and Ali (2012) This study attempts to explore the impact of specific factors on the company's capital structure decisions for a sample of 39 companies listed on the Dhaka Stock Exchange (DSE) during 2003-2007. To achieve the objectives, this study tested the null hypothesis that there are certain factors that the company is profitability, tangibility, non-debt tax shield, opportunitiy growth, liquidity, volatility of income, size, dividend payment, managerial ownership, and industry classification has significant the impact on leverage using a fixed effect model estimation under Ordinary Least Squares (OLS) regression. Multikolinearitas checking and estimating through regression analysis and Pearson correlation autoregressive model of each study found that profitability, tangibility, liquidity, and significant managerial ownership and the negative impact on leverage. Positive and significant effect on growth opportunities and non-debt tax shield on leverage have been found in this study. On the other hand size, income volatility, and dividend payments are not found significant explanatory variable leverage. Results also showed that the amount of debt to assets ratio differed significantly across the industry of Bangladesh.

Hastalona (2013) the purpose of this study was to analyze the effect of firm size, business risk (BRISK), liquidity (CR), profitability (profit), the corporate tax rate (CTR), and non-debt tax shield (NTS) on leverage (DTA) in manufacturing companies listing on the Stock Exchange with the range 2007-2010. The selected population is a company manufacturing sector with more than 123 companies. Taking the sample using purposive sampling method, so that the sample obtained by 30 companies and total observation in this study reached 120 observations. The analysis technique used is multiple regression analysis. The data used is secondary data obtained from financial statements. Hypothesis testing using statistical F test and t test using an alpha of 5%. Of testing using the F test can be seen that the size of the company, business risk, liquidity, profitability, corporate tax rate and non-renewable energy tax shield jointly significant effect on corporate leverage. Statistical results of the partial t test showed liquidity and non-debt tax shield significant effect on corporate leverage. While the size of the company, the profitability of the business risk, and the corporate tax rate does not significantly influence the company leverage.

Zare et al (2013) This study tested the company's size, the structure of assets and the effect of age on the financial leverage; This is in line with and based on the theories presented the best known in the field of capital structure (Pecking Order Theory and the Trade off theory) of three factors: the size of the company, asset structure and age has been defined as variables that affect financial leverage. In the next step the influence of these factors has been tested on the financial leverage based on different lifecycle (Growth, maturity and decline steps). That is why the necessary data for this study were collected from 69 companies members of the Tehran stock exchange in 2001-2010. The evidence showed that the company's financial leverage 'is influenced by three variables: firm age, size and structure of its assets in companies listed in Tehran Stock Exchange. Also the companies' life cycle affect the manager's decision to secure finance.

Simiyu and Hou (2013) real estate companies in China need to restructure capital to deepen and expand additional funding sources such as real estate investment trusts, venture capital, mezzanine finance and commercial mortgage backed securities. This study aimed to analyze the factors that influence the harness between the quoted real estate development company in China. Sample 90 real estate companies quoted on the Shanghai Stock Exchange (SSE) and the Shenzhen Stock Exchange (SZSE) for the period covering 2005-2011 was chosen, however, because the information is not capable, only 68 samples were analyzed using fixed effects regression.

Results of research conducted as follows: management experience, company size, "guanxi" in Chinese common sense (personal relationship / business), the company's growth, the company's profitability, assets tangibility positive and significant impact on leverage, whereas; The amount of interest is negative and significant, business risk and age of the company is negative and not significant to leverage the company. Overall, the results of this study are consistent with the predictions of various theories documented and previous works.

Syadeli (2013) This study aims to determine whether the ownership structure, profitability, and the size of the company simultaneously significantly influence debt policy. Additionally in this study also tested whether the ownership structure, profitability, and the size of the company partially significant effect on debt policy and which of the ownership structure, profitability, and the size of the company the dominant influence on debt policy. Sample collection techniques used in this research is purposive sampling to manufacturing companies in the Indonesia Stock Exchange (BEI) from 2008 to 2010.

The analytical method used is multiple regression analysis. The results showed that the variables simultaneously ownership structure, profitability, and firm size has a significant influence on the policy loan. Besides profitability (ROI) has a negative influence on the size of the company, selanjutnnya size of the company has significant influence. While the ROI (return on investment) has a dominant influence terhadp company size.

Keni and Goddess (2013) This study aimed to examine the effect of institutional ownership, growth companies, asset structure, company size, earnings volatility and dividend policy on corporate debt policy. The samples used were the data 108 manufacturing companies listed in Indonesia Stock Exchange during the years 2007-2010. Data analysis was performed with the help of the program PASW Statistics version 18.00. The results show that institutional ownership, growth companies, asset structure and dividend policy has an influence on the policy of the company, while the size of the company's debt and earnings volatility has no influence on corporate debt policy.

Margaretha (2014), this study aims to find the factors that influence the policy of debt of public companies in Indonesia. The sample used in this study is a non-financial companies listed on the Indonesian Stock Exchange (BEI) for the period 2007-2011. The independent variable in this study is the size of the company, tangibility of assets, profitability, tax rate, non-debt tax shield, and the growth rate of the industrial sector, while bound is leverage.

The analytical method used is multiple regression. Based on t test results showed that the tangibility of assets, profitability and growth rates have an impact on leverage, whereas the size of the company, the rate of tax, non-debt tax shield and industry classification had no effect on leverage. These results demonstrate the company's management needs to consider factors that include asset tangibility, profitability, and growth rates, debt policy decisions.

3. Hypotheses
In studying the superiority of comprehensive income to net income for capital structure, the following hypotheses were granted:

(H1) tangibility gives positive impact to capital structure. Tangibility (*TNG*) is a ratio of fixed assets to the total assets

(H2) profitability gives positive effect to the capital structure. Profitability measures are selected as Return on Assets (*ROA*). Return on Assets (ROA) is a ratio of earning after tax to the total assets

(H3) company's growth gives positive effect to capital structure,

(H4) company's size gives positive effect to capital structure

(H5) *corporate tax rate (CTR)* gives positive effect to capital structure

(H6) Good Corporate Governance gives positive effect to capital structure

4. Research Method
For the proposed research models for testing the hypotheses Property dan Real Estate companies listed in Indonesian Stock Exchange for the time 2007-2014 were sampled. It is estimated that the research models will last for eight years. Finally, it is estimated that the research models used cross-sectional data for each year (2007 to 2014). It is estimated that the research models for the sample of companies in the same way as:

$$\mathbf{Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + e}$$

Description:
Y = capital structure
a = Constant
$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$ = Regression coeficient
X1 = Tangibility
X2 = Profitability
X3 = Company's growth
X4 = Company's size
X5 = *Corporate Tax Rate*
X6 = Good Corporate Governance
e = error

4.1. Hypotheses Testing

4.1.1. Testing Impact of Tangibility on Capital Structure (H1)
Tangibility is the ratio between the fixed assets to total assets that can determine the funding allocations to each asset component (Kurniati, 2007). The average of all companies have tangible assets in the form of fixed assets and the value of liquidity that can be sold. Creditors would be willing to provide loans if the assets are used as collateral mortgages that have a value proportional to the amount of borrowed funds. It is predicted that if the debtor is unable to pay the loan, assets that are pledged as collateral can be sold by the bank as the lender to repay the loan of the debtor (Susanto, 2011).

Tangibility negatively affect the company's capital structure. Tangibility shows the amount of property owned by the company that can be used as collateral by the company at the time of the debt policy to another party. This is expected to support the company in implementing the debt policy, because the company has sufficient assets to use as collateral (Kurniati 2007; Pujiani and Prasetiono, 2012). Tangibility gave positive effect on the capital structure. The higher the assets that can be pledged as collateral, the easier companies to get debt compared to companies that do not have collateral against debts (Susanto, 2011; Keni and Dewi, 2013; and Zare et al. 2013).

4.1.2. Testing Impact of Profitability on Capital Structure (H2)

Profitability is the ratio used to assess the company's ability to generate profits in a given period (Purwohandoko et. Al., 2014). Profitability also reflects the level of effectiveness achieved by an operational company (Ukago in Hastalona, 2013). Companies that have high levels of high profitability will generate more funds for the company so that it can be used for the company to cover liabilities or funding so that it will be able to have an impact on the reduction in the level of corporate debt. In other words, if the company is profitable then they have to suppress the use of debt (Susanto, 2011).

The implications of the pecking order theory states that the company profitable use debt in small amounts, it is not because the company's target debt ratio is low but it is because they need relatively little external financing. Pecking order theory suggests that managers prefer to use the first financing to retain earnings then debt and finally the sale of new shares. This finding has shared the same opinion as that of Kurniati (2007), Gill et al. (2009), Hossain and Ali (2012), Syadeli (2013) and Shah (2007). They said that profitability have a negative effect on the capital structure. At the same time, Simiyu and Huo (2013) and Margaretha (2014) also suggested that profitability have a positive influence on the capital structure.

4.1.3. Testing Impact of Growth on Capital Structure (H3)

The company's growth is the company's ability to increase the size of the company. The company's high growth rate should be used as a source of equity financing in order to avoid agency costs between principal and agent. But if the company's growth rate is low, then the company is better off using debt to finance their operations. In determining external funding, the company should consider whether the fund will be obtained through debt or the issuance of new shares. On average level, the company would prefer to use debt than if it had to issue new shares due to share issuance costs to be borne greater than the loan interest expense (Susanto, 2011).

Gill et al. (2009) and Susanto (2011) also approve that there is no significant influence of the company's growth (growth) in the capital structure. The company's high growth rates do not tend to use a lot of debt to meet funding needs. The company's growth with increasing assets from debt, because companies are more likely to avoid the risk if it is not able to pay it off. Gill and Mathur (2011) found a negative influence among the company's growth (growth) to the capital structure. The smaller companies will use external funds because the companies have sufficient internal funds to finance its own operations.

4.1.4. Testing Impact of Firm Size on Capital Structure (H4)

Size companies describe the size of a company that can be expressed by total assets or total net sales. The greater the total assets or sales, the greater the size of the company. The greater the assets, the greater the capital invested and more and more also in the company's turnover. Thus, the size of the company is the size or magnitude of the assets owned by the company (Hastalona, 2013). The bigger a company, the greater the trend of using external funds. This is because large companies tend to have large funding requirements and fulfills one of the available funds than use external one (Titman and Wessels in Pujiani and Prasetiono, 2012). In the meantime, Gill et al. (2009), Mulianti (2010), Susanto (2011), Gill and Mathur (2011), Zare et al. (2013), Simiyu and Huo (2013) and Syadeli (2013) states that there is a positive influence between firm size of the capital structure. This is because large companies have a high risk of bankruptcy and therefore large companies prefer to fund the company to use internal funding and to be careful in using debt. Large companies can easily access the capital markets. Ease of access to the capital markets means that companies have the flexibility and ability to obtain funding. Many studies stating that the company's debt policy is influenced by the size of the company and suggested a positive relationship between firm size and debt policy.

4.1.5. Testing Impact of Corporate Tax Rate on Capital Structure (H5)

Corporate tax rate is a certain percentage that is determined by the tax laws to determine the amount of income tax rate imposed on the company. The amount of the tax rates set forth in article 17 of Law No.

36 of 2008, so the rate is known as the general rate of income tax Article 17 (Tjahjono and Husein 2009). This variable is related to the amount of wealth that can be used as collateral. The company will tend to use larger debts if he did not have a flexible asset structures or are more smoothly. Investors will be easier to grant loans or debt if there is a guarantee. Myers and Majluf (1984) states that the composition of the collateral value of the company's assets affects the financing sources. Brigham and Gapenski (1996) stated that in general companies that have a guarantee, it will be easier to get debt than companies that do not have a guarantee.

From the research conducted by Gill et al. (2009) it is suggested that CTR gives positive effect on the capital structure. They considered that the high CTR make companies elevate the level of their debt with the purpose of tax evasion. Gill and Mathur (2011) also suggests that there is a negative relationship between the capital structure CTR. The higher the CTR, the more the manager will reduce the level of corporate debt. While Hastalona (2013) and Margaretha (2014) approve that CTR has no effect on the capital structure.

4.1.6. Testing Impact of Good Corporate Governance on Capital Structure (H6)

Corporate governance concerns the relationships between internal governance with corporate mechanism and conception of a society within the scope of corporate accountability (Deakin and Hughes, 1997). Capital structure is also very important because it is a relationship strong financial management capabilities to meet the needs of stakeholders (Velnampy and Aloy, 2012) .According to the new theories of capital structure, the decision can be influenced by various factors; corporate governance is one of them (Kajananthan, 2012).

Good corporate governance factors used in this study is the Board of Directors (BOD), which consists of board independence and managerial ownership. Board Independence is a high degree of board independence which enables nonexecutive directors to monitor the actions of the management more closely (Sheikh and Wang, 2012). Managerial ownership in the company's financial statements, as shown by the percentage of ownership of shares of the company by the manager. According to Wahidahwati (2002) the percentage ownership of shares by the management of the board of commissioners and directors who took the decision managerial ownership gives picture that the magnitude of the managerial ownership can be calculated from a specific period in units of percentage.

4.2. Scope of the Research

We study the Property and Real Estate Companies listed in Indonesian Stock Exchange (IDX) because ease of access to the corporate data and the Property and Real Estate Companies in Indonesia is still growing and strong against the global crisis. Therefore it is important for us to know how the company's capital structure in Property and Real Estate Companies and which factors influence it. At the time of this study the financial statements for seven years are available, therefore, the time period of the study restricted to 2008-2014.

4.3. Sample

The samples in this study using purposive sampling method. The company which publishes the annual financial statements of the period 2008 to 2014. This period became one of the sampling criteria for completeness of research data which will affect whether or not valid research will be obtained. Additionally, the studied company is a company that has ownership board.

4.3. Source of Data

The secondary data were obtained from the company financial management published in Bursa Efek Indonesia(BEI). The data used are financial reports during 8 years that was started from 2008 to 2014.

Tabel 1: Data Sampel

No	Criteria	Total
1	The companies in Property dan Real Estate agents which were listed in Bursa Efek Indonesia (BEI)	52
2	The companies which released the the report of companies' annual report from 2008-2014.	50
3	Property dan Real Estate companies which have board ownership	15
Research Sample		**15**

source : IDX (the data were analyzed in 2015)

5. The Results of Hypotheses Testing

In this section of the paper, it presents the analysis of research hypotheses. The following subsections provide analysis of results of hypotheses testing at total sample level, industrial group level, and year level.

The result of regression test:

Variabel	Coefficients	t-statistic	Probability	VIF
TANGIBILITY	-0,148	-2,332	0,022*	1,056
ROA	0,311	0,945	0,347	1,248
GROWTH	-0,055	-2,876	0,005*	1,040
SIZE	0,032	2,362	0,020*	1,300
CTR	-0,015	-1,598	0,113	1,111
GCG	-0,005	-2,073	0,041*	1,113
f-statistic		4,449	0,001*	
Ad R^2 Square	0,166			

Description : *significant is under 5% of the level of significant
Source : the data were analyzed in 2015

Based on table 1, we can see that tangibility is a significance level of 0.022, size have a significant level of 0,020, GCG is a significance level of 0.041, and a significance level of growth (growth) of 0,005. Because the significance value of 0.05 it can be concluded there is influence between variables tangibility, size, GCG, and growth (growth) on the capital structure. While the significance of a variable level of profitability (ROA) of 0.347 and a significance level of corporate tax rate (CTR) of 0.113 due to the significant value of these variables is greater than 0.05, it can be concluded there is no influence between the variables of profitability (ROA) and the corporate tax rate (CTR) of the capital structure.

Results Table 1 shows that the adjusted R-square value is equal to 0.166. This suggests that the variation of the independent variables can only explain 16,6% variation of the dependent variable, while the remaining 83,4% is explained by other variables outside the independent variables.

5.1 Results of Testing H1

Tangibility gives negative effect on the capital structure means that companies with a high tangibility tends to reduce the use of external funds or debt to finance operational activities for internally assessed and safer from the risk of bankruptcy and more quickly obtained. Tangibility is negatively related to leverage and consistent with The implications of the pecking order theory. According Gaud et al., (2005) the possibility of explanation for the negative relationship between asset tangibility and leverage could be based on the assumption of Pecking order theory. The authors share the same ideas that the company with a lower level of intangible assets is subject to the asymmetry of information problems, and consequently, more willing to use debt to finance their activities.

5.2 Results of Testing H2

The significant value of the variable profitability of> 0.05 showed that there is no significant influence between the variables of profitability (ROA) of the capital structure. The results of the testing are in accordance with a research by Kurniati (2007) and Hastalona (2013) which state that the profitability (ROA) has no effect on the capital structure. Profitability has no effect on the capital structure shows that revenue growth is not sufficient to purchase the company's assets. Therefore the use of funds from external parties or the debt can not be avoided.

This phenomenon occurs in the company's property and real estate business because of competition in this sector is largely determined by the availability of lands where the number of them is getting smaller. Every company is trying to get cheaper land before it was bought by other companies. In the opinion of Teguh Satria in Kurniawan (2014) as a real estate expert on Indonesia, the parties may take advantage of government programs to build housing for the middle to lower is the big developers, the article in Law No. 1 of 2011 stated that development must complete 20% of development before the property can be sold (source: www.rei.or.id). So as to be able to do the construction of large capital needs, the property and real estate companies rely on internal sources as the main source of funding (Kurniawan, 2014). It supports the results of studies which claim that profitability does not affect the company's capital structure of property and real estate sectors.

5.3 Results of Testing H3

Based on test results, the value of the company's growth variable significance <0.05 then there are negative influence between the variables of growth On the capital structure. These results of research conducted by Pujiani dan Prasetiono (2012). They found that there is a negative influence between growth firms on the capital structure. This results due to the greater growth of the company, the greater company needed funds, but the funds of the debt certainly have a high risk of default. so property companies tend to be funded from equity.

5.4 Results of Testing H4

Based on test results, the significant value of variable size companies <0.05, there is positive significant influence between the variables of firm size (size) of the capital structure. This is consistent with research Joni and Lina (2010), Hossain and Ali (2012), Keni and Goddess (2013) and Margaretha (2014) revealed positive effect of firm size (size) of the capital structure. This result occurred because the greater size of the company,so the greater financing needs, and led to property companiest end to fulfill requirements from the debt funds.

5.5 Results of Testing H5

The test results showed that the value of the variable significance corporate tax rate (CTR) >0.05, we conclude there is no significant influence between the variables of corporate tax rate (CTR) of the capital structure. The results are in accordance with the research by Hastalona (2013) and Margaretha (2014) which stated that the corporate tax rate (CTR) has no effect on the capital structure. Corporate Tax Rate (CTR) does not affect the capital structure due to changes in tax rates applicable under the Law on Income Tax No. 36 of 2008 which is applicable effective as of January 2009, which uses a single tax rate so that there is no longer marginal rates that can be utilized by the company. Thus, the high corporate tax rate the company does not significantly affect the company's capital structure.

5.6 Results of Testing H6

The test results showed that the value of the variable significance of good corporate governance (GCG) <0.05, we conclude there is significant influence between of good corporate governance (GCG) on the capital structure. Further, the negative relationship of managerial ownership suggests that more leverage is less attractive to managers because it imposes higher risk to managers than to public investors. This finding is the same as that of the statement which approves that the agency theory suggesting that managerial Increased ownership aligns the interests of managers with outside shareholders and reduces the role of debt as a tool to mitigate the agency conflicts (Sheikh and Wang, 2012).

6. Summary and Concluding Remarks

Based on the results of research and discussion, it can be concluded that the tangibility, profitability (ROA), growth, firm size, the corporate tax rate (CTR), and good corporate governance (GCG) jointly affect the capital structure of property sector and real estate companies listed in the Indonesian Stock Exchange (BEI) during 2008-2014. The result of the analysis showed that tangibility firm growth (growth) and Good Corporate Governance (GCG) had negative significant on the capital structure. On the other side, firm size (size) has shown positive significant on the capital structure. Finally, profitability (ROA) and corporate tax rate (CTR) was not significant on the capital structure..

Further research is expected to conduct similar studies with different objects for example in the area of the infrastructure and utilities sector or companies of the manufacturing sectors with a sample size of more than 26 companies. When the number of samples is limited, it could not be able to explain the factors that affect the company's capital structure.

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