

THE EFFECT OF GROWTH OPPORTUNITY, BUSINESS RISK, AND SALES GROWTH ON CAPITAL STRUCTURE IN TECHNOLOGY SECTOR COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE, 2019-2021

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Abstract

This study aims to test and prove empirically the effect of growth opportunity, business risk, and sales growth on the capital structure of technology companies listed on the Indonesia Stock Exchange in 2019-2021. This study uses a purposive sampling technique with a sample of 17 companies. This research was conducted in 2019-2021, so the amount of data in this study was 51 data. The analysis method used is panel data regression with the Eviews 10 application. The results of this study prove that Growth Opportunity and Business Risk affect Capital Structure. While Sales Growth does not affect the Capital Structure.

Keywords: Capital Structure, Growth Opportunity, Bussines Risk, Sales Growth

INTRODUCTION

When a company carries out its operational activities, it certainly requires a cost, namely capital. Corporate financing decisions are financial decisions that can affect operational activities. The determination in choosing the origin of funding is the capital structure (Yusrianti, 2013). Financing decisions will relate to the implementation of the capital contained in the company. Capital is an important part of the company to carry out operational activities. The company wants sufficient capital to be able to finance operational activities. The company can meet the capital that can be sourced from internal and external funding. Therefore, companies need to be able to determine how much capital and the origin of the capital used to finance their business.

The trade-off theory on the capital structure can explain differences in capital structure that have been regulated by the company. The trade-off theory states that the company exchanges the benefits of using debt with the problems of bankruptcy. Capital structure has an important role in terms of company funding to support company stability. Companies are required to be able to provide capital both from within and outside the company. There are 3 independent variables in this study, namely growth opportunity, business risk, and sales growth.

In the current era of business developments that have increasingly resulted in increasingly strong competition between companies. Indonesia has a new economic sector which is a source of new economic growth thanks to technological developments. In Indonesia, the new economy sector is related to the technology sector and renewable economic goods. The new economy sector is very influential in the field of information technology and is seen as a new industrial revolution that can bring change and gain economic productivity to a more advanced level.

On the other hand, the company must carry out activities that support its ability to compete with other businesses. For example, technology companies innovate in the face of increasingly fierce competition. The Indonesian economy will experience the slowest economic growth in five years in early 2021, but the technology, e-commerce, and fintech industries are growing faster. One of the business categories that contribute significantly to economic expansion is the technology sector. Throughout 2021, the technology sector index experienced the largest increase. The technology sector managed to increase by 707.56% year to date, according to data from the Indonesia Stock Exchange. This is driven by the potential of digital technology for the future and the trend of digitization (Laoli, 2021).

LITERATURE REVIEW

Trade-off theory

The trade-off theory was first put forward by (Jensen & Meckling, 2019). According to (Hunan & Pudjiastuti, 2015) the capital structure based on the trade-off theory explains that the use of debt not only brings benefits but also comes with sacrifices. The trade-off theory is a theory about the exchange of corporate leverage, where companies exchange profits from the use of debt with the threat of bankruptcy (Brigham & Houston, 2011). The trade-off theory argues that financial managers should increase debt to a level where the value of the additional interest tax protection on interest is only offset by the additional costs of financial problems that may arise (Brealey et al., 2006).

According to the trade-off theory, the company will accept debt at a certain level as long as it is proportional to the risk and has a high value of benefits. The theory of trade-off capital structure is based on a balance of benefits and costs of use. Companies can take on more debt if profits are higher, but cannot if sacrifice means taking on more debt.

Capital Structure

Companies need absolute capital to develop their business. Analysis or description of the company's financial data, especially the capital structure of the company, is needed because investors and creditors need an overview of the company's finances. Capital is the right of the company which consists of sets that are entered or come from outside the company and wealth is the result of the business itself and wealth is the result of the business itself. According to (Riyanto, 2010) what is meant by own capital is capital that comes from the owner of the company. Meanwhile, foreign capital is capital obtained from outside the business such as loans from banks or other financial institutions to utilize these funds the company must pay interest and fixed fees (Sutrisno, 2007).

According to (Laksana & Widyawati, 2016), the Debt Equity Ratio, which compares total debt to total equity, provides a proxy for capital structure and can indicate whether a business is funded by more debt or equity. The larger the DER, the greater the debt-to-equity ratio of the company, resulting in a greater financial burden on creditors for the business. Shareholders bear the greater risk when large amounts of debt are used, but the rate of return achieved also increases.

Growth Opportunity

An opportunity to grow and develop a business is called a growth opportunity. According to (Indrajaya & Herlina, 2011) each company has a different level of growth opportunities. Companies with high growth rates usually need more funds to grow their business than companies with low growth rates. These funds are used to manage the company in the future, especially external funds used for investment activities or to meet the company's operational needs to finance the company's growth. According to (Pradana & Kiswanto, 2013) businesses with relatively high growth rates will require more capital to support their operational activities.

Business Risk

Business risk is the basic risk faced by the company in carrying out its business activities, this risk concerns the possibility that the company will not be able to fund its operational activities (Liana Susanto, 2021). This happens when competition between companies makes it difficult for the company to continue to grow. The company will be volatile and able to influence or send a negative signal to investors and creditors if experiences difficulties or are unable to finance operational activities. When the company's business risk is greater, the optimal amount of debt utilization will be lower (Brigham & Houston, 2011).

Sales Growth

Companies with fast growth rates will need additional assets to support sales growth. Companies with relatively stable sales will tend not to incur higher fixed costs and take on more debt than companies with relatively stable sales. volatile sales. This is because additional funds will be required to finance sales growth (Brigham & Houston, 2011).

A company's ability to stay in business is highly dependent on its sales. In addition to debt and equity, the sale of a company's goods and services provides the company with the funds it needs to continue operating.

Framework

A hypothesis which is the way of thinking of the researcher is then developed based on the theoretical basis and several previous studies that have been described previously. This framework is shown in Figure:

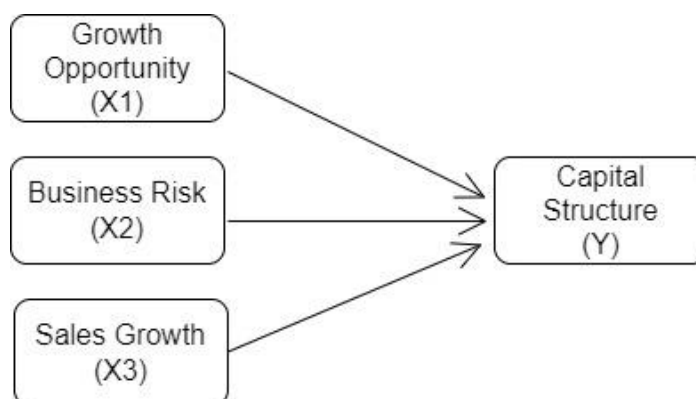


Figure 1. Framework

Effect of Growth Opportunity on Capital Structure

Compared to businesses with low growth rates, companies with high growth rates may have more real investment options. Companies driven by high growth will no doubt encourage companies to expand their operations and require additional funding.

According to research (Brigham & Houston, 2011), fast-growing companies usually use more debt than low-growth businesses. The company needs sufficient funds to finance its operational activities so that the value of the capital structure increases with growth opportunities. As a result, capital structure has a positive effect on businesses with high growth potential.

H1: Growth Opportunity has a positive effect on capital structure

Effect of Business Risk on Capital Structure

The business risk of a company has a significant impact on the viability of the company, the ability to pay its debts, and the ability to attract investors to invest in the company. This can also have an impact on the company's ability to obtain funds for its operational activities. Trade-off theory states that companies with a high risk must reduce the amount of debt they want because it will affect the amount of effort the company makes to fulfill their obligations, companies with low business risk will take advantage of high debt as additional capital for company operations (Dincergok & Yalciner, 2011).

The higher the business risk, the company will reduce the debt because the company will avoid excessive things, namely the risk caused by the use of debt. This is in line with research (Jalil, 2018) which found that capital structure is negatively affected by business risk.

H2: Business Risk hurts capital structure

Effect of Sales Growth on Capital Structure

Firms with relatively stable sales are more likely to receive loans (Brigham & Houston, 2011). This is because more funds will be needed to support sales growth. So that the level of debt in the capital structure can be influenced by sales growth.

The periodic increase in the company's sales level is called sales growth. The measure of the extent to which the company's sales can be increased is the level of sales growth, the higher the sales, the higher the company's capital structure. This is in line with the trade-off theory which states that companies should use external funds if the benefits from using debt are greater than the sacrifices made.

According to research (Dewi, 2016), company profits increase in proportion to the level of sales. This profit will be additional capital for the development of the company. Management considers stable sales growth when deciding the company's capital structure policy because it has an impact on profit.

H3 : Sales growth has a positive effect on capital structure

RESEARCH METHOD

Population and Sample

The research method used in this research is quantitative. The design of this study connects variables X and Y. Researchers examine the effect of growth opportunity, business risk, and sales growth on the capital structure of technology sector companies listed on the Indonesia Stock Exchange. The population is the range of ideas or conclusions about objects with characteristics that have been chosen by researchers to be studied and from which conclusions will be drawn (Sugiono, 2017). All technology companies listed on the IDX in 2019-2021 are used as the population in this study.

Data collection technique

The method of literature study and documentation is a data collection strategy used in this study. A literature study is a collection of additional data used to support research from research journals and library books. Documentation is the collection and recording of data regarding the financial statements of technology companies for the 2019-2021 period published on the Indonesia Stock Exchange (IDX) website.

Analysis Method

The data analysis technique is a method for concluding research results. This research uses the panel data regression analysis method. Cross-section and time series data are combined with panel data. This study uses the EvIEWS 10 application.

Operational Variables

According to (Sugiono, 2017) the operational variable is the value of the research object that has been chosen by the researcher to be studied and from which the conclusion will be drawn. Variables that are operationally revealed in the scope of research are operational definitions of variables. The dependent variable in this study is capital structure, while the independent variables are growth opportunity, business risk, and sales growth, followed by the following indicators:

Capital Structure

The company's opportunity to develop is an opportunity for the company to continue to grow and develop. The formula for measuring this variable is:

$$\text{DER} = \frac{\text{Liability}}{\text{Equity}} \times 100\%$$

Growth Opportunity

The company's opportunity to develop is an opportunity for the company to continue to grow and develop. The formula for measuring this variable is:

$$\text{Growth Opportunity} = \frac{\text{Total Assets} - \text{Total Assets}_{.1}}{\text{Total Assets}_{.1}} \times 100\%$$

Business Risk

The basic risk that a company faces in carrying out its operations is known as a business risk. This risk includes the possibility of not being able to face the company. Using the following formula, this measurement can be calculated by dividing the measure of business risk based on EBIT by total assets:

$$\text{Risk} = \frac{\text{EBIT}}{\text{Total Assets}} \times 100\%$$

Sales Growth

A periodic increase in sales is called sales growth. Using the unit ratio, the difference in sales between the current period and the previous period can be used to calculate sales growth. The following is the sales growth formula:

$$\text{Sales} = \frac{\text{Total Sales} - \text{Total Sales}_{.1}}{\text{Total Sales}_{.1}} \times 100\%$$

Selection Estimation Model

Several tests can be used to find out which model is the best for estimating panel data regression, including:

Chow test

The Chow test is used to choose between the Fixed Effect Model and the Common Effect Model as the model to be used. The panel data regression model is based on the following hypotheses:

Hausman test

Hausman test is used to choose between Fixed Effect Model and Random Effect Model. The following are hypotheses for selecting the appropriate panel data regression method.

Lagrange Multiplier Test

The Lagrange Multiplier Test is used to choose between Common Effects and Random Effects Breusch Pagan created the Lagrange Multiplier Test, which is based on the residual values of the Common Effects method. The test steps are as per the following:

Classic Assumption Test

Normality Test

According to (Ghozali & Ratmono, 2017) the purpose of the normality test is to find out whether the residuals or confounding variables in a regression model have a normal distribution. When the distribution of the regression model is either normal or close to normal, then the distribution of the regression model is normal or close to normal is considered good.

Multicollinearity Test

The linear relationship between independent variables is a multicollinearity test. In a regression model, the purpose of the multicollinearity test is to determine whether there is a relationship between independent variables. The independent variables should not be correlated in the regression model. According to (Ghozali & Ratmono, 2017), the correlation matrix under the following conditions can reveal multicollinearity between independent variables at a significance level of 90%.

Heteroscedasticity Test

The heteroscedasticity test determines whether all linear regression models show variance inequality from the residuals (Ghozali & Ratmono, 2017). The Breusch Pagan test is a statistical test used in this study to determine heteroscedasticity. The absolute residual value can be regressed against other independent variables to perform the Breusch Pagan test. The following criteria can be used to identify heteroscedasticity at the 5% significance level.

Autocorrelation Test

According to (Ghozali & Ratmono, 2017) autocorrelation test is used to see whether there is a correlation between confounding variables in period t and the previous period $t-1$ in the linear regression model related to each other and autocorrelation occurs. The Durbin-Watson test is a formal method for detecting autocorrelation

Hypothesis Testing

Partial Test

A partial test is used to test the hypothesis that each independent variable has a partial effect on the dependent variable (Ghozali & Ratmono, 2017).

Simultan Test

Simultaneous Test Simultaneous testing is used to determine whether the dependent variable and all independent variables in all models are connected If the significance value of F is 0.05, it can be concluded that the independent variable affects the dependent variable simultaneously or vice versa (Ghozali & Ratmono, 2017).

Determination Coefficient Test

The coefficient of determination is used to measure the extent to which the model's capacity to explain the independent variables together can affect the dependent variable. coefficients ranging from 0 to 1 low R^2 indicates that the independent variable is very good at explaining variations in the dependent variable (Ghozali & Ratmono, 2017)

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Table 1. Descriptive Statistical Tests

| | DER | GROWTH | RISK | SALES |
|-----------|----------|-----------|----------|-----------|
| Mean | 5.012211 | 0.709444 | 0.117117 | 0.602534 |
| Median | 2.481917 | 0.159187 | 0.064707 | 0.109211 |
| Maximum | 35.37826 | 20.20035 | 0.662089 | 7.664468 |
| Minimum | 0.012721 | -0.578665 | 0.000200 | -0.685350 |
| Std. Dev. | 7.874262 | 2.858230 | 0.143721 | 1.425329 |
| Skewness | 2.822844 | 6.402775 | 2.387336 | 3.166974 |

| | | | | |
|--------------|----------|----------|----------|----------|
| Kurtosis | 10.23073 | 44.12522 | 8.160606 | 14.24338 |
| | | | | |
| Jarque-Bera | 178.8342 | 3942.441 | 105.0374 | 353.8813 |
| Probability | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| | | | | |
| Sum | 255.6227 | 36.18164 | 5.972988 | 30.72925 |
| Sum Sq. Dev. | 3100.200 | 408.4740 | 1.032782 | 101.5782 |
| Observations | 51 | 51 | 51 | 51 |

Based on the results of descriptive statistical tests, the results obtained above show each variable and show the number of samples as much as 51:

The DER variable has a minimum value of 0.012 and a maximum value of 35.378 with a mean value of 5.012 and a standard deviation of 7.874. The maximum value of 35,878 is Hensel Davest Indonesia Tbk Company in 2019. Hensel Davest Indonesia sold a total of 381 million shares and received funds of 200.1 billion. The minimum value of 0.012 is Anabatic Technologies in 2021. The Anabatic Technologies company 2021 recorded a net loss of 88.061 billion in September 2021 and net cash used for operating activities of 8.071 billion, worse than the third quarter of 2020 which recorded net cash of 369.52 billion.

Growth Opportunity has a minimum value of -0.578 and a maximum value of 20.200 with a mean value of 0.709 and a standard deviation of 2.858. The maximum value of 20,200 is Mediatama Maxima Digital Company in 2019. Hensel Davest Indonesia Company 2019 earned 100 billion in revenue this year. The target increased by 54% from last year. The minimum value of -0.578 is the Indonesian Commercial Kioson Company in 2021.

The Risk variable has a minimum value of 0.000 and a maximum value of 0.662 with a mean value of 0.117 and a standard deviation of 0.143. The maximum value of 0.662 is the Tourindo Guide Indonesia company in 2020. The Tourindo Guide Indonesia company which is an online travel service company 2020 experienced a slump due to the covid-19 pandemic. Touring Guide's net revenue decreased to 7.10 million, down from revenue of 46.71 million. The minimum value of 0.000 is the Central Informatics Partner company in 2021. The Central Informatics Partner Company in 2021 recorded revenues of 102 billion, an increase of 3% compared to 2020, and gross profit rose to 24.4 billion from 21.6 billion. This business risk makes Pusat Mitra Informatika selectively choose opportunities and only invest if the risk is small.

Sales Growth has a minimum value of -0.685 and a maximum value of 7.664 with a mean value of 0.602 and a standard deviation of 1.425. The maximum value of 7,664 is the Tourindo Guide Indonesia Company in 2021. The Tourindo Guide Indonesia company 2021 has a net income which is up 10% from the last year 2020. The minimum value is -0.685, namely the Indonesian Commercial Kioson company in 2020. The commercial Kioson in 2020 experienced a decrease compared to 2019. In 2020 sales amounted to 912 billion while in 2019 it had sales of 2.9 trillion.

Table 2. Chow Test

| | | | | |
|----------------------------------|--|-----------|---------|--------|
| Redundant Fixed Effects Tests | | | | |
| Equation: Untitled | | | | |
| Test cross-section fixed effects | | | | |
| | | | | |
| Effects Test | | Statistic | d.f. | Prob. |
| Cross-section F | | 1.485161 | (16,31) | 0.1681 |
| Cross-section Chi-square | | 29.020004 | 16 | 0.0238 |

Source: Data Processed Using Eviews Ver 10

Based on the Table the results of the analysis with Eviews can be seen that the Prob-section Chi-square value is 0.0238. The probability value of s chi-squares < 0.05, means that it rejects H0 or chooses the Fixed Effect model compared to the Common Effect model. Furthermore, the Hausman test is carried out.

Table.3 Hausman Test

| | | | | |
|--|--|-------------------|--------------|-------|
| Correlated Random Effects - Hausman Test | | | | |
| Equation: Untitled | | | | |
| Test cross-section random effects | | | | |
| | | | | |
| Test Summary | | Chi-Sq. Statistic | Chi-Sq. d.f. | Prob. |
| | | | | |

| | | | |
|----------------------|----------|---|--------|
| Cross-section random | 1.017188 | 3 | 0.7971 |
| | | | |

Source: Data Processed Using Eviews Ver 10

The table above shows the results of the Hausman test with a probability value of 0.7971. Probability value > significance level which means that the Random Effect model is better than the Fixed Effect model.

Random Effect was selected in the Hausman test so that it was continued with the next test, namely the Lagrange Multiplier test to choose between Random Effect or Common Effect as a test that will determine which one is more appropriate to use in panel data regression.

Table 4. Lagrange Multiplier Test

| Null (no rand. effect) | Cross-section | Period | Both |
|------------------------|---------------|-----------|-----------|
| Alternative | One-sided | One-sided | |
| | | | |
| Breusch-Pagan | 0.879068 | 1.185112 | 2.064180 |
| | (0.3485) | (0.2763) | (0.1508) |
| Honda | 0.937586 | -1.088628 | -0.106803 |
| | (0.1742) | (0.8618) | (0.5425) |
| King-Wu | 0.937586 | -1.088628 | -0.713840 |
| | (0.1742) | (0.8618) | (0.7623) |
| GHM | -- | -- | 0.879068 |
| | -- | -- | (0.3353) |
| | | | |

Source: Data Processed Using Eviews Ver 10

The results of the Lagrange Multiplier Test, seen from the cross-section, which is 0.3485, the value is greater than 0.05. Thus, it can be concluded that H0 is accepted and H1 is rejected, which means that the more appropriate model in this study is the Common Effect model. Based on the Chow Test, Hausman Test, and Lagrange Multiplier Test that have been carried out, it shows that the Common Effect model is more appropriate in predicting regression in this study compared to the Fixed Effect and Random Effect models. Therefore, the Common Effect model is the most appropriate model to be used in this study.

Normality Test

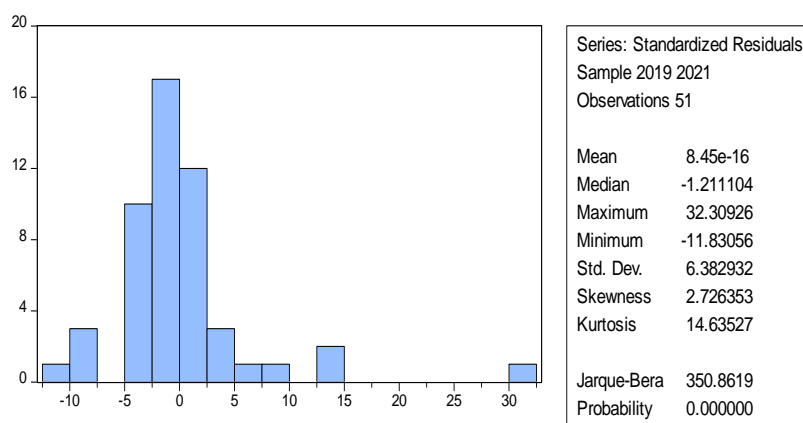


Figure 2. Normality Test

Judging from the Jarque-Bera probability value of 0.000000 which is lower than the significance level used in this study, which is 5% or 0.05, it can be concluded that the regression model used in this study has data that are not normally distributed.

Multicollinearity Test

Table 5. Multicollinearity test results

| | GROWTH | RISK | SALES |
|--------|----------|----------|----------|
| GROWTH | 1.000000 | -0.03047 | 0.331308 |
| RISK | -0.03047 | 1.000000 | 0.300360 |
| SALES | 0.331308 | 0.300360 | 1.000000 |

Source: Data Processed Using Eviews Ver 10

Based on the table, it can be seen that the coefficient values between the independent variables in this study are in the range of numbers below 0.85 so it can be concluded that the data used in this study is free from the problem of multicollinearity.

Heteroscedasticity Test

Table 6. Heteroscedasticity test result

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|----------|-------------|------------|-------------|--------|
| C | 2.118834 | 0.904978 | 2.341309 | 0.0235 |
| GROWTH | -0.098292 | 0.257973 | -0.381016 | 0.7049 |
| RISK | 8.317989 | 5.075000 | 1.639013 | 0.1079 |
| SALES | 1.078207 | 0.542108 | 1.988913 | 0.0525 |

Source: Data Processed Using Eviews Ver 10

Based on the table, it can be seen that the probability value for all independent variables is above 0.05 with details of the Growth probability of 0.7049, the Risk probability of 0.1079, and the Sales probability of 0.0525. Thus, it can be concluded that there is no heteroscedasticity problem.

Autocorrelation Test

The fourth classic assumption test in this study is the autocorrelation test. The autocorrelation test was conducted to determine whether in a linear regression model there was a correlation between the confounding variables in period t and the confounding variables in the previous period $t-1$. The autocorrelation test in this study was carried out using the Durbin-Watson (DW) method.

The result of the best model in the regression formed is the Common Effect model, it can be seen that the DW value of the formed regression equation is 1.7608. The value of the Durbin Watson table with $n=51$ and $k=3$, then the value of $dL = 1.4273$ and $dU = 1.6754$ so that the value of $4-dU = 4-1.6754 = 2.3246$ and $4-dL = 4-1.4273 = 2.5727$. Based on the results of Durbin Watson's calculations, the position of DW is between dU and $4-dU$ or $1.6754 < 1.7608 < 2.3246$ which is an autocorrelation-free area or does not contain autocorrelation symptoms. So, in this model, there is no autocorrelation.

T Test

Based on the table, the T-test shows that the regression coefficient of Growth is 0.758 with a t of 2.175 and a significance of $0.0347 < 0.05$, this shows that Growth on DER is positive. Furthermore, the regression coefficient for Risk is 19,984 with a t of 2,911 and a significance of $0.005 < 0.05$, this indicates that the Risk to DER is positive. In Table 4.10 it can also be seen that the value of the Sales regression coefficient is 1237 with a t of 1.687 and a significance of $0.098 > 0.05$, this indicates that the influence of Sales on DER is negative.

F Test

Based on the results of the Common Effect modeling which can be observed in the table, it shows the Prob (F-statistic) value of 0.000 which means less than the significance value of 0.05. So it can be concluded that the joint significance of the variables Growth, Risk, and Sales significantly influence the Capital Structure variable. The selected model is declared feasible to be able to interpret the influence of the independent variable on the dependent variable.

Coefficient of Determination (R^2)

Determination coefficient analysis is used to determine the percentage of Growth, Risk, and Sales of DER. Based on the results of panel data regression with the Common Effect model in Table 4.10 it can be seen that the Adjusted R-square

value of 0.300 means that together the Growth, Risk, and Sales variables have a contribution to explaining the DER of 30.0% while the remaining 70.0% (100% - 30.0%) is explained by other variables that are not studied or are not included in this research model.

DISCUSSION

Effect of Growth Opportunity on Capital Structure

The results showed that Growth Opportunity had a positive effect on capital structure. So the hypothesis that Growth Opportunity has a positive and significant effect on the capital structure of technology companies on the IDX is acceptable.

Growth Opportunity is an opportunity to become bigger and better. Based on the increasing need to carry out company activities, the higher the Growth Opportunity level, the company's activities will be affected. As a result, the business will use up more debt funds. This study gives credence to the statement made by (Meutia, 2016) that Growth Opportunity has a positive influence on Capital Structure.

Effect of Business Risk on Capital Structure

The hypothesis that Business Risk has a negative and insignificant effect on the capital structure of technology companies on the IDX is rejected by the findings of this study which show that Business Risk has a positive effect on capital structure. Capital structure has a positive value for business risk, indicating that the company's capital structure is proportional to its business risk. A company will continue to use debt for investment purposes even though the debt is reduced. As a result, the choice of a company's capital structure cannot be determined based on the level of business risk. Business risk has a positive effect on capital structure according to research (Sari & Ardini, 2017). This study contradicts the findings of other studies (Jalil, 2018) which found that business risk did not affect capital structure.

Effect of Sales Growth on Capital Structure

The hypothesis that sales growth has a positive and significant effect on the capital structure of technology companies on the IDX is rejected by the results of research which show that sales growth has a negative and insignificant effect on capital structure. This shows that the capital structure is not affected by sales growth.

This situation arises because the company's total assets are sufficient to meet its funding needs, allowing it to operate without external funding and vice versa with internal resources. So businesses with high or low sales growth do not always use debt to meet their funding needs. Research (Ratri & Christianti, 2017) which finds that Sales Growth does not affect Capital Structure, is supported by this research. This study contradicts the findings (Dewi, 2016) which show that Sales Growth is beneficial for Capital Structure.

CONCLUSION

The purpose of this study is to determine the effect of Growth Opportunity, Business Risk, and Sales Growth on Capital Structure. This research data comes from the literature review and documentation method, specifically in the form of financial reports for technology companies listed on the Indonesia Stock Exchange for the 2019-2021 period, with provisions for companies that have complete report data for the year concerned. The following are the results of hypothesis testing:

1. The results of the variable value simultaneously with a value (0.000) smaller than the 0.05 level indicate that the variables Growth Opportunity, Business Risk, and Sales Growth have a significant effect on Capital Structure, this is evidenced by hypothesis testing in this study.
2. The capital structure benefits from growth opportunities. Thus, this is a Growth Opportunity to increase the company's corporate finance funding needs.
3. Capital structure is positively influenced by business risk. Therefore, it is considered high risk because it does not reduce debt but continues to use debt for resource activities. Sales Growth hurts Capital Structure. So it can be concluded that when sales are high, the company can use internal funding because the company already has enough total assets for funding activities.
4. Sales Growth hurts Capital Structure. So it can be concluded that when sales are high, the company can use internal funding because the company already has enough total assets for funding activities.

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