

The Influence of Asset Expansion and Revenue Growth on Capital Structure

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Abstract

This scholarly investigation sought to ascertain the influence of asset augmentation and sales expansion on the financial architecture of PT Mayora Indah Tbk, spanning the fiscal years 2014 through 2024. A quantitative descriptive methodology was employed, leveraging multivariate linear regression analysis. The foundational data were extracted from the enterprise's officially published annual financial statements. The statistical t-test indicated that Asset Expansion did not exert a statistically significant effect on capital structure, as evidenced by a t-statistic of -0.633 (which was below the critical t-value of 1.895) and an associated significance level of 0.544 (exceeding 0.05). Concurrently, Revenue Growth similarly demonstrated no discernible significant impact, with a t-statistic of 1.611 and a significance level of 0.146. The concurrent F-test corroborated these findings, revealing that both independent variables, when considered in concert, did not collectively possess a significant influence on capital structure (F-statistic of 1.299, which was less than the critical F-value of 4.74; significance level of 0.325). An Adjusted R-squared value of 0.056 implied that merely 5.6% of the variability observed in capital structure could be elucidated by the proposed model, with the substantial remainder attributable to unexamined exogenous variables.

Keywords: Asset Expansion, Revenue Growth, Capital Structure



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INTRODUCTION

Capital structure, a pivotal component of corporate financial stewardship, delineates the precise composition of debt and equity instruments utilized to underwrite a corporation's operational activities and strategic expansion initiatives. The optimization of capital structure is paramount, given its direct correlation with financial risk exposure and the intrinsic valuation of the firm (Rahmawati and Triyanto, 2021). Numerous endogenous factors, such as asset appreciation, sales volume increases, profitability metrics, and liquidity positions, frequently serve as primary determinants in the formulation of capital structure decisions (Mulyani and Firmansyah 2022).

Asset Expansion serves as an indicator of a company's inherent capacity to enlarge its resource base, frequently signaling potential for long-term organizational expansion. Conversely, Revenue Growth is widely perceived as a favorable metric reflecting competitive prowess and the efficacy of an enterprise's market penetration strategies (Isnawati and Simanjuntak 2023). According to the tenets of trade-off theory, corporations meticulously assess the equilibrium between the fiscal advantages derived from debt financing and the inherent perils of potential insolvency. In contrast, pecking order theory posits that firms typically prioritize internal funding mechanisms before contemplating recourse to external debt or the issuance of new equity (Gunawan and Sari 2019; Rosyid and Prasetyo 2020).

Empirical evidence, however, frequently presents incongruous outcomes. Certain scholarly investigations indicate a substantial influence of both asset and Revenue Growth on capital structure (Putri and Fathoni 2021; Safitri and Nurlaela 2017), whereas other studies report an absence of significant impact (Ningsih 2016; Wibowo, Hasanah, and Hartono 2020). This observed inconsistency underscores a critical lacuna in existing research, necessitating further rigorous inquiry, particularly within the Fast-Moving Consumer Goods (FMCG) sector, which is characterized by distinctive business cycles and idiosyncratic financial strategies.

PT Mayora Indah Tbk, a preeminent Indonesian FMCG conglomerate, navigates the complexities of sustaining an optimal capital structure amidst dynamic market fluctuations and evolving consumer preferences. Despite relatively consistent asset and Revenue Growth trajectories from 2014 to 2024, the enterprise's liability and equity composition exhibits notable variations, thereby warranting comprehensive investigation.

Drawing upon established theoretical frameworks and extant empirical findings, this research endeavors to meticulously analyze the individual and collective influence of Asset Expansion and Revenue Growth on the capital structure of PT Mayora Indah Tbk throughout the 2014–2024 period. This study is anticipated to furnish profound insights into the endogenous factors that shape financing strategies within Indonesia's vibrant FMCG industry.

RESEARCH METHODS

This investigation adopted a descriptive quantitative research design to scrutinize the impact of independent variables on capital structure. The independent variables under examination were Asset Expansion and Revenue Growth, while the dependent variable, capital structure, was operationalized through the Debt to Equity Ratio (DER).

The purview of this research was confined to PT Mayora Indah Tbk, an entity with a substantial footprint in the FMCG domain and formally listed on the Indonesia Stock Exchange. The analytical timeframe encompassed the years 2014 to 2024, leveraging eleven years of officially disseminated and consistent annual financial data. The selection of the research subject was executed via a purposive sampling technique, predicated upon stringent inclusion criteria: (1) companies listed prior to 2014, (2) consistent publication of audited annual financial reports, and (3) utilization of the Indonesian Rupiah (IDR) as the reporting currency. These criteria were meticulously applied to ensure the pertinence and veracity of the data employed in the analysis, thereby facilitating a comprehensive understanding of the ramifications of asset

and Revenue Growth on the company's capital structure.

Secondary data for this inquiry were procured from the financial position statements and income statements of PT Mayora Indah Tbk. The primary repositories for this data included the official web portal of the Indonesia Stock Exchange (www.idx.co.id) and the corporate website of the company (www.mayora.com).

The independent variables subjected to analysis in this research comprised Asset Expansion, quantified by the annual percentage change in total assets, and Revenue Growth, determined by the annual percentage change in total sales revenue. Conversely, the dependent variable under scrutiny was capital structure, which was proxied by the Debt to Equity Ratio (DER), representing the quotient of total liabilities to total equity.

Data analysis entailed the application of multiple linear regression utilizing SPSS software, version 25. Prior to the execution of regression testing, the data underwent preliminary descriptive analysis and rigorous classical assumption tests. These preliminary tests encompassed assessments for normality, multicollinearity, heteroscedasticity, and autocorrelation. Hypothesis testing was conducted using the coefficient of determination (Adjusted R²), the t-test for evaluating partial statistical significance, and the F-test for assessing the simultaneous statistical significance of the independent variables on capital structure.

RESULT AND DISCUSSION

This research endeavored to evaluate the influence of asset expansion and revenue growth on the capital structure of PT Mayora Indah Tbk during the period spanning 2014 to 2024. Prior to the commencement of regression analysis, classical assumption tests were meticulously performed to ascertain the suitability of the data for the multiple linear regression model.

Classical Assumption Tests

Table 1. Kolmogorov–Smirnov Normality Test
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		11
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	,23252682
Most Extreme Differences	Absolute	,167
	Positive	,167
	Negative	-,115
Test Statistic		,167
Asymp. Sig. (2-tailed)		,200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

The Kolmogorov–Smirnov normality test yielded a significance value of 0.200, which surpassed the threshold of 0.05. This outcome indicates that the dataset employed exhibits a normal distribution.

Table 2. Multicollinearity Test

Coefficients ^a		Collinearity Statistics	
Model		Tolerance	VIF
1	(Constant)		
	Pertumbuhan Aset	,823	1,215
	Pertumbuhan Penjualan	,823	1,215

a. Dependent Variable: Debt to Equity Ratio

The results of the multicollinearity test revealed a Variance Inflation Factor (VIF) of 1.215 (which is less than 10) and a Tolerance value of 0.823 (which is greater than 0.1). These findings collectively suggest the absence of multicollinearity issues within the dataset.

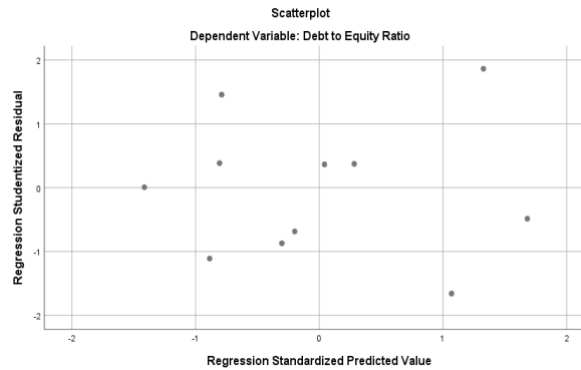


Figure 1. Heteroscedasticity Test (Scatterplot)

The heteroscedasticity test, conducted through a visual inspection of the scatterplot, evinced no discernible pattern, thereby implying the absence of heteroscedasticity.

Table 3. Autocorrelation Test

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.495 ^a	.245	.056	.25997	.735

a. Predictors: (Constant), Pertumbuhan Penjualan, Pertumbuhan Aset
b. Dependent Variable: Debt to Equity Ratio

The autocorrelation test, employing the Durbin–Watson statistic, yielded a value of 0.735, which approximates 2. This result signifies the absence of autocorrelation in the data.

Multiple Linear Regression Analysis

Table 4. Multiple Linear Regression Analysis

Coefficients ^a			
Model		Unstandardized Coefficients	
		B	Std. Error
1	(Constant)	.820	.167
	Pertumbuhan Aset	-.836	1.321
	Pertumbuhan Penjualan	1.899	1.179

a. Dependent Variable: Debt to Equity Ratio

The multiple linear regression analysis generated the following equation: $DER = 0,820 + (-0.836 AG) + 1,899 SG$, From these regression outcomes, it is apparent that Asset Expansion (AG) exert a negatif influence on capital structure and Revenue Growth (SG) exert a positive influence on capital structure.

Statistical Hypothesis Test

Table 5. t-Test (Partial Test)

Coefficients ^a			
Model		t	Sig.
1	(Constant)	4.916	.001
	Pertumbuhan Aset	-.633	.544
	Pertumbuhan Penjualan	1.611	.146

a. Dependent Variable: Debt to Equity Ratio

The t-test results indicated that Asset Expansion did not significantly affect capital structure (t-statistic = -0.633; significance = 0.544). Furthermore, Revenue Growth also demonstrated no significant impact on capital structure (t-statistic = 1.611; significance = 0.146).

Table 6. F-Test (Simultaneous Test)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,176	2	,088	1,299	,325 ^b
	Residual	,541	8	,068		
	Total	,716	10			

a. Dependent Variable: Debt to Equity Ratio

b. Predictors: (Constant), Pertumbuhan Penjualan, Pertumbuhan Aset

The F-test results unequivocally demonstrated that Asset Expansion and Revenue Growth, when considered in a simultaneous manner, did not significantly influence capital structure (F-statistic = 1.299; significance = 0.325).

Table 7. Coefficient of Determination Test

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,495 ^a	,245	,056	,25997	,735

a. Predictors: (Constant), Pertumbuhan Penjualan, Pertumbuhan Aset

b. Dependent Variable: Debt to Equity Ratio

The coefficient of determination test revealed an Adjusted R² value of 0.056. This implies that only 5.6% of the variance in capital structure can be elucidated by Asset Expansion and Revenue Growth, with the remaining 94.4% attributable to other variables not incorporated into the model.

These findings are congruent with prior scholarly investigations, such as those by (Prabowo, Astuti, and Harimurti 2018) and (Ningsih 2016), which similarly concluded that Asset Expansion and Revenue Growth do not significantly influence capital structure. This suggests that PT Mayora's financial strategy is more profoundly shaped by other factors, including profitability, asset composition, or more conservative managerial prerogatives concerning debt utilization.

CONCLUSIONS

This study aimed to meticulously analyze the impact of Asset Expansion and Revenue Growth on the capital structure of PT Mayora Indah Tbk during the 2014–2024 period. Based on the comprehensive multiple linear regression analysis, both independent variables exhibited a positive correlation with capital structure; however, their influence was not statistically significant, whether assessed individually or collectively. This conclusion is substantiated by significance values exceeding 0.05 and a notably low Adjusted R² value (5.6%).

These findings effectively refute the initial hypothesis that asset and Revenue Growth significantly impact capital structure. Theoretically, these results reinforce previous research indicating that these variables are not consistently primary determinants in the formation of capital structure, particularly within the fast-moving consumer goods sector.

The practical contribution of this research resides in the understanding that corporations such as PT Mayora Indah Tbk may predominantly rely on internal financing strategies and managerial considerations in their capital structure decisions, rather than exclusively on asset or sales performance growth.

Limitations inherent in this study include a constrained sample size, focusing on a singular company and a specific temporal span. Consequently, future research is advised to expand the scope of inquiry, integrate additional variables such as profitability, firm size, asset structure, or earnings stability, and adopt a panel data approach encompassing multiple companies. This research underscores

the imperative of examining capital structure from a multifaceted perspective and paves the way for the development of more exhaustive future studies to bolster strategic corporate financial decision-making.

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