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Effect of Growth Sales, Earnings, and Asset on Debt Policy (Empirical Study on Trading Company Sector Retail Listed in Indonesia Stock Exchange Year 2012-2015)

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Abstracts
This study aims to demnstrate and explain the growth of sales, profit, and asset simultaneously affect the debt policy at retail trade companies listed on the Indonesia Stock Exchange (IDX). This research is included into quantitative research type in which the quantitative data is secondary data (research data obtained by researchers indirectly through intermediate media). Data collection method used is documentation method. The results showed that: (1) Partial sales growth did not significantly effect on debt policy; (2) The earnings growth has a significant positive effect on debt policy; (3) asset growth has a significant positive effect on debt policy; (4) Simultaneously, growth of sales, earnings and asset have a positive and significant effect on debt policy.
Keywords: sales growth, earnings growth, asset growth, and debt policy

INTODUCTION

Debt is defined as the future sacrifice of the economic benefits arising from a current obligation by a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events (Kieso et al., 2008: 172). Debt policy is a policy taken by the company in determining the source of funds from third parties to finance the company's operational activities. Debt policy has the effect of disciplining manager behavior. Debt will reduce agency conflicts and increase company value (Dina Maryaty,2014).

Competition of Retail companies (sale of goods or services directly to end consumers for personal and / or family consumption (uwim.co.id)) in Indonesia is very tight both between modern and traditional peretail encourage credit channel distributors to compete for the company as a service user , the company in developing its business has the potential to utilize external or internal funds in order to increase marketing operational costs or reduce external funds to utilize operating income as capital and utilization of external or internal funds to purchase company assets. What is interesting to examine from the graph data percentage of capital credit absorption utilized by fluctuating companies in each accounting period between 2012 to 2015 listed on the Indonesia Stock Exchange from its creditor.

In determining debt policy, there are several factors considered by the company in general, among others: growth of sales, profit, and asset.

Previous research reviews on the variables tested gave different results on the variable growth of sales on debt policy. With the context of research time and the object or sample being examined differently then the research can produce different conclusions. The difference is in sampling criteria derived from retail companies, issuing financial statements during the observation period of 2012-2015.

RESEARCH METHOD

Types and Sources of Data

This research is included into the type of quantitative research (secondary data). Secondary data is a source of research data obtained by researchers indirectly through intermediary media. Secondary data used in the form of financial report of audit result of company listed in Indonesia Stock Exchange in Indonesian Capital Market Directory (ICMD), and IDX website (www.idx.co.iid) financial statement for 2012 to 2015 period. The subjects studied are companies that are included in the retail sales sector (Retail trade).

Population and Sample

The population used in this study is all listed retail trade companies (listing) in Indonesia Stock Exchange (IDX) in 2012-2015. The sample in this study are 9 companies with purposive sampling technique with the aim to get a representative sample in accordance with sample selection criteria. The sample selection is based on consideration with several criteria as follows:

Sample selection process based on predetermined criteria, shown in the following table:

No	Sample Characteritics	Total
1	Retail companies are listed on the IDX	21
2	Retail companies are inconsistent listings during the year of research	(9)
3	Companies that have negative value variables within the period of observation	(1)
4	Outlier company data	(2)
5	Total sample of companies selected and consistent listings during the year of observation and have a positive growth trend	9

Source: IDX data is processed.

The following nine names of the companies that became the object of research is detailed in the table below:

No	Code	Companies Name
1	ACES	PT. Ace Hardware Indonesia Tbk.
2	BATA	PT. Sepatu Bata Tbk.
3	APII	PT. Arita Prima Indonesia Tbk.
4	CEKA	PT. Wilmar Cahaya Indonesia Tbk.
5	RANC	PT. Supra Boga Lestari Tbk.
6	HERO	PT. Hero Supermarket Tbk.
7	RALS	PT. Ramayana Lestari Sentosa Tbk.
8	INDF	PT. Indofood Sukses Makmur Tbk.
9	MPPA	PT. Matahari Putra Prima Tbk.

Method of collecting data

Data collection method in this research is documentation method, that is data obtained from various documents or literature related to problem under study. After documentation, collected, selected, and then processed.

Variable and Operational Definition of Research Variables

The variable used in this research is the dependent variable in the form of debt policy. While the independent variables are growth of sales, profit, and assets.

Dependent Variable (Y)

Dependent variable in this research is debt policy, debt policy calculation resulted from dividing long term debt with own capital. Debt to Equity Ratio (Brigham and Houston) can be formulated as follows:

$$\boxed{DER = \frac{\text{Long term debt}}{\text{Own capital}}}$$

Independent Variable (X)

1. Sales Growth (X_1)

Sales have a strategic influence for a company because sales must be backed by assets or assets and when sales are increased then assets must be added (Weston et all 1995)

Sales growth according to Harahap (2008:309):

$$\textit{Sales Growth} = \frac{\textit{SalesTotal}_{(t)} - \textit{SalesTotal}_{(t-1)}}{\textit{Sales Total}_{(t-1)}} \times 100\%$$

Ket: St = Penjualan pada tahun ke-t

St-1 = Penjualan pada periode sebelumnya

2. EarningsGrowth (X_2)

Profits can be viewed as a measure of efficiency. Earningsis a measure of stewardship of a resource over a unity and measure of management efficiency in running a company's business (Belkaoui, 1993).

According to Munawir (2007: 29) earningsgrowth can be calculated by the following formula:

$$\textit{Earnings Growth} = \frac{\textit{Earnings Total}_{(t)} - \textit{Earnings Total}_{(t-1)}}{\textit{Earnings Total}_{(t-1)}} \times 100\%$$

3. Assets Growth (X_3)

Pertumbuhan aset adalah tingkat kenaikan jumlah aset dari tahun ketahun atau dari waktu-kewaktu, pihak manajemen perlu menginvesterisasi perkembangan aset yang terjadi dengan seksama untuk membuat perencanaan peluang pendanaan yang tepat sedini mungkin. Menurut Weston dan Copeland (1995) *Asset Growth* dapat dirumuskan sebagai berikut:

$$Asset\ Growth = \frac{Asset\ Total_{(t)} - Asset\ Total_{(t\text{-}1)}}{Asset\ Total_{(t\text{-}1)}} \times 100\%$$

Data Analysis Method

Multiple linear regression analysis is used to find out or gain an overview of the effect of independent variables on the dependent variable and aims to estimate and / or predict the average population or the mean value of the dependent variable based on the value of the independent variable known (Ghozali, 2013). Multiple linear regression analysis is an analysis used to find the relationship between two independent variables or more to one dependent variable. The model used in this research are:

$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$

Note:

Y	: debt policy	X_1	: Sales Growth
a	: intersept Value (constant)	X_2	: EarningsGrowth
b	: Coefficient	X_3	: Assets Growt
e	: Error		

Clasik Assumption Test

Given the research data used is secondary data, then to meet the requirements determined before the hypothesis tested through t-test and F-test and to determine the accuracy of the model it is necessary to test some of the classical assumptions used are: normality test, multicolinearity, heteroskedastisitas and autocorrelation.

RESULTS AND DISCUSSION

RESULTS

Descriptive Statistics Data Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
DER	36	,01	2,02	,8201	,43966
SG	36	-,21	1,50	,2264	,31661
EG	36	-2,13	1,20	,0564	,67310
AG	36	-,20	2,02	,3183	,47716
Valid N (listwise)	36				

Source: Annual report period 2012-2015 *Indonesian Stock Exchange*

Results of Data Analysis Method

Testing multiple linear regression to determine the effect of independent variables (Sales growth, Earnings growth, Asset growth) to the dependent variable Debt to Equity Ratio

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant0	,688	,087		7,942	,000
SG	,002	,294	,001	,006	,995
EG	,034	,104	,052	2,325	,027
AG	,408	,194	,443	2,098	,044

a. Dependent Variable DER

Based on the above table, can be formulated regression equation as follows:

DER = 0,688 + 0,002 SG + 0,034 EG + 0,408 AG + e

The regression equation has the following meanings:

1. Constant value is 0.688 means that if SG, EG and AG value is 0, then the DER is worth 0.688
2. Regression coefficient Sales growth variable (SG) is 0.002 means that if SG increased 1 unit, then the DER will increase by 0.002
   Regression coefficient Earnings growth variable (EG) is 0.034 means that if EG has 1 unit increase, eat DER will increase by 0,034
3. Regression coefficient Asset growth variable (AG) is 0.408 means that if AG increases 1 unit, then the DER will increase by 0.408.

Classic Assumption Test Results

Normality Test Results

Normality test in this research use statistical test nonparametric Kolmogorov-Smirnov (k-s) test, the result in table below:

		Unstandardized Residual
N		36
Normal Parameters[a,b]	Mean	0E-7
	Std. Deviation	,39326074
Most Extreme Differences	Absolute	,134
	Positive	,077
	Negative	-,134
Kolmogorov-SmirnovZ		,802
Asymp.Sig (2-tailed)		,540

a. Test distribution is Normal
b. Calculated from data

Berdasarkan hasil output SPSS besarnya nilai *Kolmogorov-Smirnov* adalah 0,802 dengan probabilitas signifikan 0,540. Nilai *Asymp.Sig. (2-tailed)* jauh di atas $\alpha = 0{,}05$.

Hasil Uji Multikolinearitas

Uji VIF nilai batas yang digunakan untuk menunjukan adanya multikolinearitas adalah nilai tolerance > 0,10 dan nilai VIF < 10. Hasil pengujian multikolinearitas diperoleh seperti pada tabel dibawah ini:

Variance Inflation Factor (VIF)

Model	Collinearity Statistic		
	B	Tolerance	VIF
(Constant)	,688		
SG	,002	,558	1,791
EG	,034	,991	1,009
AG	,408	,562	1,780

Autocorrelation Test Results

Based on the results of autocorrelation test is the result of autocorrelation testing with Durbin Watson value of 1.991, then the DW value compared to the DU and 4-DU values contained in the Durbin Watson table. The DU value is taken from the DW table with n totaling 36 and K is 4. Then we get DU = 1,724 d = 1,991 and 4-DU = 4-1,724 = 2,276. Therefore the value of du <d <4-du or 1,724 <1,991 <2,276 it can be concluded there is no autocorrelation either positive or negative.

Hypothesis Test Results

F Test Results (Simultaneous Test)

Significance test Result of F obtained value of F arithmetic equal to 2665 with probability bigger than 0,05 showed significant result, hence thereby Sales growth, Earnings growth and Asset growth together influence to Debt to equity ratio.

T test Results (Parsial Test)

SPSS output results of partial test in the regression analysis can be summed up as follows:

1. Sales growth variable partially no significant effect on debt policy, because $t_{count} < t_{tabel}$ (0.006 <2.037) so that H1 is not accepted,
2. Earnings growth variable partially significant effect on debt policy, because $t_{count} > t_{table}$ (2.325> 2.037) so that H2 is accepted.
3. Asset growth variables partially significant effect on debt policy, because $t_{count} < t_{table}$ (2.098> 2.037) so that H3 is accepted,

Coefficient Determination Test Results (R^2)

From the results of multiple regression processing is known that the value of correlation coefficient (R) of 0.125 means the relationship between independent variables Sales growth, Earnings growth and Asset growth has a relatively strong relationship because it is above 0.05. This means that the independent variables are able to explain the variation of the dependent variable, that is 12.5% and the remaining 87.5% is influenced by other factors outside the research model, while the Error of the Estimate standard of 0.41128 shows the model the regression equation is appropriate to predict the dependent variable.

DISCUSSION

Sales Growth associate to Debt policy

This study indicates that partial sales growth has no significant effect on debt policy, so H1 is not accepted, supporting previous research results conducted by Dina Maryaty (2014), Dinar Damayanti and Titin Hartini

(2013) and Sayuthi and Raithari (2013).

Earnings Growth associate to Debt Policy

This study indicate that earnings growth has a significant positive effect on debt policy, H2 is accepted to support previous research conducted by Yeniatie and Destriana (2010).

Assets Growth Associate to Debt Policy

This study indicate that asset growth has a significant positive effect on debt policy, so H3 accepted, support the results of previous research conducted by Putri Ayulestari, Kirmizi and Al-Azhar (2013) and Yaniatie and Destriana (2010) stated that asset growth has a significant positive effect to the debt financing policy.

Growth of Sale, Earnings, and Asset Associate to Debt Policy

This simultaneous study shows that sales growth, earnings growth and asset growth have a positive and significant effect on corporate debt policy, supporting research conducted by Dina Maryaty (2014) and Dinar Damayanti and Titin Hartini (2013) each stated simultaneously asset growth. In addition, sales growth also has a significant effect on debt policy and simultaneously states profitability, liquidity, sales growth and firm size on debt policy.

Conclution

1. Partially partial sales growth has no significant effect on debt policy, so H1 is not accepted. The operational financing sources of the company should not be sourced from credit-based debts, may be from retained earnings, bond issuance and from the sale of new shares if the circumstances permit.
2. Partial profit growth has a significant effect on debt policy, so H2 is accepted. Profit will add to the value of cash but if with the growing company so that the cash needed is not sufficient for operational costs then debt funding is required.
3. Partial asset growth has a significant effect on debt policy, so H3 is accepted. The Company may increase the debt relative to the amount of assets that develop based on the calculations that apply then determine the amount of debt as per the financing needs.
4. Simultaneously this shows that sales growth, earnings growth and asset growth have a positive and significant effect on debt policy, H4 accepted. If growth continues to increase then the company will choose to increase the debt from the credit rather than issuing bonds and new shares because the cost of bond and stock issuance is greater than increasing the amount of debt.

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