

Speed Of Adjustment Of Capital Structure Of Cement Companies In Indonesia

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ABSTRAK

Kata kunci:

Kecepatan Penyesuaian
Struktur Modal Debt
Equity Ratio (DER)
Kecepatan Penyesuaian
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Asset Ratio (DAR)
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Pertumbuhan konsumsi semen domestik di Indonesia mengalami tren peningkatan pada tahun 2010-2017 dengan pertumbuhan tertinggi sebesar 17,7% di tahun 2011 dan 7,6% di tahun 2017. Total Pendapatan dan Laba Bersih (NI) pada empat perusahaan semen di Indonesia yaitu Semen Indonesia, Ltd, Indocement Tunggul Prakarsa, Ltd, Holcim Indonesia, Ltd dan Semen Baturaja, Ltd pada tahun 2013-2018 menghasilkan tren Laju Pertumbuhan Majemuk Tahunan (Compound Annual Growth Rate/CAGR) sebesar + 1,0% dan -18,4%. Oleh karena itu, penelitian yang berfokus pada Speed of Adjustment (SOA) struktur modal perusahaan semen pada tahun 2013-2018 sangat penting untuk dilakukan. Hasil penelitian menunjukkan bahwa SOA pada Debt Equity Ratio (DER) adalah sebagai berikut: yang tercepat adalah Semen Indonesia, Ltd (-916,99%) dan Indocement Tunggul Prakarsa (-210,45%), sedangkan yang terendah adalah Holcim Indonesia, Ltd (9987,90%) dan Semen Baturaja (955,03%). Selain itu, SOA yang mengalami penurunan Debt Asset Ratio (DAR) tercepat berturut-turut adalah Semen Baturaja (-2307%), Semen Indonesia (-831%), Indocement Tunggul Prakarsa (-320%), dan yang terendah adalah Holcim Indonesia (8,787%).

The growth of domestic cement consumption growth in Indonesia experienced an upward trend in 2010-2017 with the highest growth of 17.7% in 2011 and 7.6% in 2017. The Total Revenue and Net Income (NI) in four cement companies in Indonesia such as Semen Indonesia, Ltd, Indocement Tunggul Prakarsa, Ltd, Holcim Indonesia, Ltd and Semen Baturaja, Ltd in 2013-2018 resulted in a Compound Annual Growth Rate (CAGR) trend of + 1.0% and -18.4%. Therefore, a research focusing on the Speed of Adjustment (SOA) of capital structure of the cement companies in 2013-2018 is fundamental to be conducted. The findings revealed the SOA in Debt Equity Ratio (DER) are as follows: the fastest ones were Semen Indonesia, Ltd (-916.99%) and Indocement Tunggul Prakarsa (-210.45%) and at the lowest ones were Holcim Indonesia, Ltd (9987.90%) and Semen Baturaja (955.03%). In addition, the fastest SOA in Debt Asset Ratio (DAR) was respectively Semen Baturaja (-2307%), Semen Indonesia (-831%), Indocement Tunggul Prakarsa (-320%) and at the lowest one was Holcim Indonesia (8,787%).

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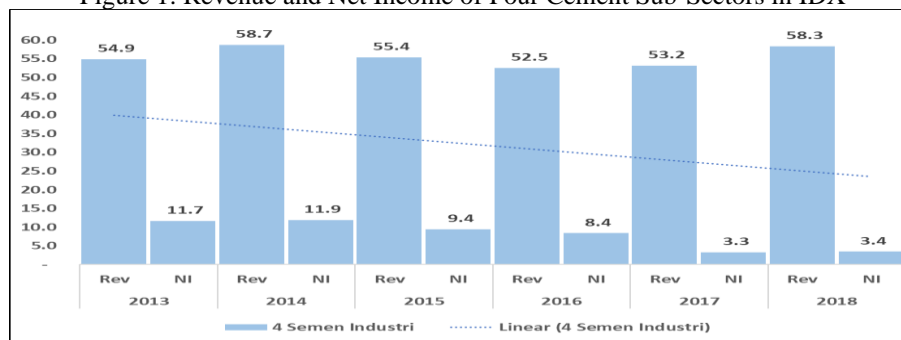
PENDAHULUAN

The 2019 Indonesian Government Work Plan (RKP, Rencana Kerja Pemerintah) brings the theme of equitable development for quality growth, in which it reports that the state expenditure is estimated at 14.2-15.4% of Gross Domestic Product (GDP), while the capital expenditure for infrastructure development is projected to be at 1.5-1.7% of Gross Domestic Product (GDP) (Makochekanwa, 2013). The Central Statistics Agency of Indonesia (BPS, Badan Pusat Statistik) released data on the growth of Indonesia's GDP based on current prices in the first quarter of 2019 that reached Rp 3,782.4 trillion and based on constant 2010 prices that reached Rp 2,625 trillion (Badan Pusat Statistik, 2019). Indonesia's mid-term development plan for 2020-2024 with the theme of "Prosperous, Fair and Sustainable High-Middle-Income Indonesia" has an even distribution and development strategy to deal with the macroeconomic framework and equitable development, especially to move the capital city to Kalimantan Island, as part of the vision of Indonesia (Jameelah, 2020).

With the Indonesian government's work plan and potential expenditure used for development and equity, cement companies in Indonesia have the opportunity to produce and run their businesses to help developing infrastructure in Indonesia. Cement companies in Indonesia are also expected to produce cement in accordance with the needs of infrastructure development throughout Indonesia with equitable distribution and in accordance with the needs of each region.

In connection with infrastructure development in Indonesia and plans to prepare building infrastructure in Kalimantan Island a the location of new capital city of Indonesia, it is necessary to produce sufficient cement to carry out development in accordance with the targets of the development planned by the Indonesian government. With the support of many cement companies in Indonesia spread across islands of Indonesia, an analysis of the speed of capital structure adjustment and planning of capital structures in Indonesian cement companies is needed. Of the six cement companies listed on the Indonesia Stock Exchange (IDX), there are four cement companies that have been listed for more than six years on the Indonesia Stock Exchange (IDX), namely Semen Indonesia, Ltd, Indocement Tunggak Prakarsa, Ltd, Holcim Indonesia, Ltd, and Semen Baturaja, Ltd.

Figure 1. Revenue and Net Income of Four Cement Sub-Sectors in IDX



(Source: Data analyzed from (Bursa Efek Indonesia, 2014))

Figure 1 depicts that the revenue growth of the four cement companies in the period of 2013-2018 reached almost the same value each year, with a Compound Annual Growth Rate (CAGR) of + 1.0%, and with net profit growth decreasing from 2013-2018 with Compound Annual Growth Rate (CAGR) of -18.4%.

(Rahayu, 2019; Salim & Wahyuni, 2020) study entitled "The Reciprocal Relationship Between Profitability and Capital Structure and Its Impacts on the Corporate Values of Manufacturing Companies in Indonesia" investigates the reciprocal relationship between profitability and capital structure and its impact on the values of manufacturing companies in Indonesia. The study employs quantitative research using the general structure of component analysis as an analysis tool by involving a number of manufacturing companies listed on IDX in the period 2008-2015. The findings found that profitability had a significant negative influence on capital structure, indicating that profitability is a determining factor in the company's capital structure. This finding also implies that an increase in profitability in the form of investment returns, return on equity and net profit margins triggered a decrease in the proportion of debt in the capital structure of manufacturing companies listed on the IDX. By measuring the influence of profitability and capital structure on the firm value and by seeking consistent findings that have not been obtained in previous studies, this study sought to find out whether the use of the same variable in different times and settings in Indonesia led to different results (Lu, 2010).

(Devos et al., 2017) conducted a study entitled "Debt Covenants and the Speed of Capital Structure Adjustment" by examining the impact of debt agreements on the overall speed of capital structure adjustment, which found that agreements reduced the speed of adjustment by 10-13%, relative to the speed of adjustment of the company without agreement. The speed of adjustment was significantly lower by 40-50%, for companies with the most intense agreement terms. In details, the finding the capital agreement that contradicted the performance agreement, appeared to be the main mechanism for lower adjustment speed, which delayed the capital structure adjustment rate by 86% and found more reduced adjustment speed for a strict capital agreement than for a strict performance in the agreement. Furthermore, this study also found that in companies with limited cash and finances, the agreements even hampered more adjustment rates and showed that the negative relationship between agreements and adjustment rates was clearer for companies that had excess leverage.

A study entitled "Speed of Leverage Adjustment (A Study on Manufacture Listed on Indonesia Stock Exchange)" was conducted by (Mawitjere & Aisjah, 2016). This study aims at examining the speed of adjustment of manufacturing companies listed on IDX in the period 2010-2014 in terms of testing the factors influencing the speed of adjustment towards the target leverage. Based on dynamic trade-off theory, companies

adjust leverage to optimal levels, which is expected to increase the target company's leverage and speed adjustments calculated using a partial adjustment model. After that, testing was carried out using five independent variables (profitability, company size, growth, distance, and current liabilities) and the dependent variable is speed of adjustment. This study involved a sample of 66 manufacturing companies to form 330 observations (panel data) by using the census method. Analysis of the panel data regression results shows that the profitability variable had a positive influence on the speed of adjustment, but it was not significant. Meanwhile, the variables of company size, distance, and current liabilities were negative and had significant influence of the speed of adjustment, and the growth of company variables showed a positive and significant impact on speed adjustments, and the average leverage of manufacturing companies in Indonesia was still very slow at 4.5% per year. Therefore, it is recommended that the company's funding policy must be considered, hence, the companies can immediately adjust their leverage levels, hence, minimizing the costs to be borne by them, avoiding potential bankruptcy and reducing the value of the company can be carried out.

(Wulandari, S. I., & Yunita, 2016), in a study entitled "The Effect of Working Capital, Asset Structure, Liquidity, and Solvency to Rentability of Semen Indonesia, Ltd (2011-2013)", discovered that profitability can be used as a benchmark to assess whether the company's performance has been efficient or not, since the profitability of a company is measured by the company's success and the ability to use its assets productively. Thus, the company must pay attention to not only maximize profits, but more importantly to maximize profitability. This study determines whether working capital, asset structure, liquidity, and solvency affect the profitability of Semen Indonesia, Ltd. The sample was selected using purposive sampling, which were the financial statements of Semen Indonesia, Ltd in 2011-2015. The method used in this study is a causal descriptive method using multiple linear regression as the analysis technique. The findings of this study are: First, based on the t-test, there was no significant working capital effect on profitability. Second, based on the t test, there was a significant influence of asset structure on profitability. Third, there was a multicollinearity problem in the calculation of the classic assumption test, for that the Current Ratio variable excluded because it had the highest Variance Inflation Factor (VIF). Fourth, based on the t-test, it is known that there was no significant influence of solvency on profitability. Fifth, based on the f test, it is known there was no influence of working capital, asset structure, liquidity, and solvency towards rentability simultaneously.

(Hendrawan & Nugraha, 2015) conducted a study entitled "Test of Speed of Adjustment towards the Capital Structure in Indonesia Telecommunication Industry". It examined whether the Pecking Order Theory occurs in the telecommunications industry in Indonesia and also in the speed of capital structure adjustment. Using the Purposive Sampling method and by using a seven-year data collection in the period of 2006-2012, the data were collected from the company's financial statements. Data were analyzed using the Hausman random effects model with interest debt as the dependent variable and deficits as the independent variables. The findings of this study indicate that the Pecking Order theory was not applied in the telecommunications industry in Indonesia and it was not in accordance with (Huang & Ritter, 2009) stating that US-traded companies adjusted for their target leverage at a moderate pace with a period of 3.9 years. It also found that the fastest growth in speed adjustments was shown by XL Axiata with -493.96% per year, and then Bakrie Telecom with -65.62%. Indosat and Telkom Indonesia showed different behavior with a slower pace of adjustment Indosat with 13.22%, and Telkom Indonesia with 274.14% slower.

METODE

This study employs descriptive and verification research types with the form of causality relationships. Descriptive research is research that deigns with the question of the existence of independent variables, both only on one or more variables (Sugiyono, 2010). Meanwhile, according to (Sekaran, U., & Bougie ; Woodside & Wilson, 2003), descriptive research is conducted to explain the characteristics under study. In this study, descriptive research was conducted to determine the development of each independent variable and the dependent variable using simple linear regression.

According to (Huang & Ritter, 2009), this model is about the speed of adjustment time needed by a company to adjust its target leverage. In a study conducted by (Tayo, 2012), the speed adjustment time was formulated as follows:

$$SOA = \frac{LEV^*_{it} - LEV_{it-1}}{LEV_{it} - LEV_{it-1}} \quad (3.1)$$

Where:

SOA : *Speed of Adjustment*

LEV* : *Target Leverage*

LEV_{it} : *Leverage of Firm (i) at time (t)*

HASIL DAN PEMBAHASAN

The following descriptive analysis is the data in the quarter of 2013-2018 in the form of minimum, maximum, average, and standard deviation. Following are the descriptive results of each variable.

Table 1. Descriptive Result of Independent Variable - Quarter

Statistik	Rev	NI	ROE (%)	ROA (%)
SMGR				
Min	5,543,803,206,000.00	411,228,647,000.00	1.33	0.83
Max	30,687,625,970,000.00	5,537,577,279,000.00	24.56	17.39
Stdev	8,081,058,896,404.37	1,509,265,237,624.76	6.47	4.79
Mean	16,356,488,219,875.00	2,500,868,417,416.67	10.01	6.94
INTP				
Min	3,376,412,000,000.00	264,265,000,000.00	1.06	0.92
Max	19,996,264,000,000.00	5,274,009,000,000.00	21.81	18.84
Stdev	5,112,665,175,869.38	1,507,260,489,895.43	6.37	5.51
Mean	10,264,758,000,000.00	2,221,030,833,333.33	9.46	8.17
SMCB				
Min	2,158,795,000,000.00	827,985,000,000.00	12.90	4.44
Max	10,528,533,401,213.48	952,305,000,000.00	10.86	6.39
Stdev	2,868,533,401,213.48	491,475,982,776.06	6.38	2.88
Mean	5,922,010,208,333.33	33,525,291,666.67	0.96	0.05
SMBR				
Min	222,554,550,000.00	12,670,022,000.00	0.37	0.24
Max	1,995,807,528,000.00	354,180,062,000.00	12.65	11.51
Stdev	485,890,536,251.78	103,680,115,159.34	3.85	3.59
Mean	853,913,396,458.33	139,894,050,416.67	5.03	4.32

Source: Data analyzed from (Bursa Efek Indonesia, 2014)

Table 1 presents the revenue variable in the cement companies in Semen Indonesia in the period 2013-2018. Semen Indonesia, Ltd was a company with the highest average revenue (Rp. 16,356,488,219,875.00), while the lowest one was Semen Baturaja, Ltd (Rp 853,913,396,458.33,-). Seen from the Net Income (NI) variable, Semen Indonesia, Ltd obtained highest Net Income (NI) in 2013-2018 (Rp. 2,500,868,417,416.67,-), while the lowest one was obtained by Holcim Indonesia, Ltd (Rp -33,525,291,666.67,-). In addition, seen from the Return of Equity (ROE) variable, Semen Indonesia, Ltd obtained the highest average (10.01%), while the lowest one was obtained by Holcim Indonesia, Ltd (-0.96%). Furthermore, seen from Return of Asset (ROA), Indocement Tunggal Prakarsa, Ltd obtained the most ROA in 2013-2018 (8.17%), while the lowest one was obtained by Holcim Indonesia, Ltd (0.05%).

Table 2. Descriptive Result of Independent Variable - Quarter

Statistik	DER (%)	DAR (%)	SOADER (%)	SOADAR (%)
SMGR				
Min	36.28	26.62	17,540.12	45,771.80
Max	165.21	62.29	1,550.58	12,675.27
Stdev	25.93	7.54	3,786.65	10,265.40
Mean	51.38	32.73	916.99	831.44
INTP				
Min	9.84	8.96	3,970.45	6,197.71
Max	30.07	23.12	1,639.04	2,294.15
Stdev	4.15	2.92	1,330.08	1,948.07
Mean	15.85	13.58	210.45	320.05
SMCB				
Min	55.39	35.65	35,825.98	45,200.63
Max	190.93	65.63	319,266.83	301,355.33
Stdev	43.74	9.34	66,325.76	63,090.66
Mean	125.86	54.02	9,98	8,786.52
SMBR				
Min	6.55	6.15	21,952.16	56,198.68
Max	59.43	37.28	36,715.65	5,804.64
Stdev	19.80	11.89	9,045.34	12,894.91
Mean	26.68	19.28	955.03	2,307.39

Source: Data analyzed from (Bursa Efek Indonesia, 2014)

Table 2 presents Debt Equity Ratio (DER) variable in the period of 2013-2018. Holcim Indonesia, Ltd obtained the highest DER average (125.86%), while the lowest one was obtained by Indocement Tunggal Prakarsa, Ltd (15.85%). Furthermore, seen from Debt Asset Ratio (DAR) in the period of 2013-2018, PT

Holcim Indonesia, Ltd obtained the highest average DAR (54.02%), while the lowest DAR was obtained by Indocement Tunggal Prakarsa, Ltd (13.58%). Then, seen from Speed of Adjustment (SOA) - Debt Equity Ratio (DER) in the period of 2013-2018, Holcim Indonesia, Ltd obtained the average of 9.987%. The fastest average of SOA-DER was obtained by Semen Indonesia, Ltd (-916.99%). In the variable Speed of Adjustment (SOA) - Debt Asset Ratio (DAR) obtained by the company Holcim Indonesia, Ltd is a company with the late average in the period 2013-2018 was 8.786.52%. Lastly, the fastest average SOA-DAR in 2013-2018 was Semen Baturaja, Ltd (-2.307.39%).

Table 3. Speed of Adjustment (SOA) - Debt Equity Ratio (DER) of Sample Cement Companies in Indonesia

SOA DER	SMGR	INTP	SMCB	SMBR
Q1 2013	102%	297%	77%	441%
Q2 2013	46%	311%	-197%	4375%
Q3 2013	24%	-202%	-155%	4586%
Q4 2013	253%	1639%	749%	-2506%
Q1 2014	11%	-1036%	-1200%	1223%
Q2 2014	75%	176%	-190%	-514%
Q3 2014	-866%	-77%	-1022%	-21952%
Q4 2014	-590%	958%	-1072%	3176%
Q1 2015	-583%	-663%	-1685%	812%
Q2 2015	465%	892%	-287%	-1588%
Q3 2015	1551%	-1251%	-996%	-2566%
Q4 2015	479%	1462%	383%	1685%
Q1 2016	-6121%	-1254%	-178%	849%
Q2 2016	130%	-2046%	-2925%	253%
Q3 2016	166%	-1286%	319267%	324%
Q4 2016	17%	599%	-4827%	132%
Q1 2017	-21%	-835%	-4997%	55%
Q2 2017	-99%	882%	-1047%	-540%
Q3 2017	308%	-1552%	-2357%	-304%
Q4 2017	-351%	775%	-1119%	-207%

Speed Of Adjustment Of Capital Structure Of Cement Companies In Indonesia

Q1 2018	-17540%	-1104%	-1061%	-85%
Q2 2018	-17%	857%	-35826%	36716%
Q3 2018	117%	-3970%	-3030%	-338%
Q4 2018	438%	1378%	-16596%	-1107%
SOA DER	SMGR	INTP	SMCB	SMBR
2013	106%	511%	119%	1725%
2014	-343%	5%	-871%	-4517%
2015	478%	110%	-646%	-414%
2016	-1452%	-997%	77834%	389%
2017	-41%	-183%	-2380%	-249%
2018	-4151%	-710%	-14128%	8796%
Avg	-917%	-210%	9988%	955%

Source: Data analyzed from (Bursa Efek Indonesia, 2014)

Table 3 presents that SOA- DER data from four cement companies in Indonesia in the period of 2013-2018. The fastest SOA-DER was obtained by Semen Indonesia, Ltd (-917%) and the one that was late was Holcim Indonesia, Ltd (9,988%).

Table 4. Speed of Adjustment (SOA) - Debt Asset Ratio (DAR) of Sample Cement Companies in Indonesia

SOA DER	SMGR	INTP	SMCB	SMBR
Q1 2013	102%	297%	77%	441%
Q2 2013	46%	311%	-197%	4375%
Q3 2013	24%	-202%	-155%	4586%
Q4 2013	253%	1639%	749%	-2506%
Q1 2014	11%	-1036%	-1200%	1223%
Q2 2014	75%	176%	-190%	-514%
Q3 2014	-866%	-77%	-1022%	-21952%
Q4 2014	-590%	958%	-1072%	3176%
Q1 2015	-583%	-663%	-1685%	812%
Q2 2015	465%	892%	-287%	-1588%
Q3 2015	1551%	-1251%	-996%	-2566%
Q4 2015	479%	1462%	383%	1685%
Q1 2016	-6121%	-1254%	-178%	849%
Q2 2016	130%	-2046%	-2925%	253%
Q3 2016	166%	-1286%	319267%	324%
Q4 2016	17%	599%	-4827%	132%
Q1 2017	-21%	-835%	-4997%	55%
Q2 2017	-99%	882%	-1047%	-540%
Q3 2017	308%	-1552%	-2357%	-304%
Q4 2017	-351%	775%	-1119%	-207%
Q1 2018	-17540%	-1104%	-1061%	-85%
Q2 2018	-17%	857%	-35826%	36716%
Q3 2018	117%	-3970%	-3030%	-338%
Q4 2018	438%	1378%	-16596%	-1107%
SOA DER	SMGR	INTP	SMCB	SMBR
2013	106%	511%	119%	1725%
2014	-343%	5%	-871%	-4517%
2015	478%	110%	-646%	-414%
2016	-1452%	-997%	77834%	389%
2017	-41%	-183%	-2380%	-249%
2018	-4151%	-710%	-14128%	8796%
Avg	-917%	-210%	9988%	955%

Source: Data analyzed from (Bursa Efek Indonesia, 2014)

Table 4 presents the SOA-DAR data of four cement companies in Indonesia in the period of 2013 to 2018. The fastest SOA in Debt Asset Ratio (DAR) structure was obtained by Semen Baturaja, Ltd (-2,307%) and the one that was late was Holcim Indonesia, Ltd (8,787%).

The average quarterly results of SOA-DER of four cement companies in Indonesia in the period of 2013-2018 are as follows: Semen Indonesia, Ltd (-916.99%), Indocement Tunggul Prakarsa, Ltd (-210.45%), Holcim Indonesia, Ltd (9,987.90%), Semen Baturaja, Ltd (955.03%). The average quarterly results from SOA-DAR of four cement companies in Indonesia in the period of 2013 to 2018 are as follows: Semen Indonesia, Ltd (-831%), Indocement Tunggul Prakarsa, Ltd (-320%), Holcim Indonesia, Ltd (8,787%), Semen Baturaja, Ltd (-2,307%).

KESIMPULAN

Based on the obtained findings from four cement companies in Indonesia, Average quarterly results from Speed of Adjustment (SOA) - Debt Equity Ratio (DER) of four cement shows that there was no influence of Revenue, Net Income (NI), Return of Equity (ROE), and Return companies in Indonesia from 2013 to 2018 are respectively as follows: Semen Indonesia, Ltd (-916.99%), Indocement Tunggul Prakarsa, Ltd (-210.45%), Holcim Indonesia, Ltd (9,987.90%), Semen Baturaja, Ltd (955.03%). From these results it can be seen that Semen Indonesia, Ltd made the fastest adjustment in capital structure using internal equity capital, while and Holcim Indonesia, Ltd made the slowest adjustment to its capital structure using its internal equity capital. Average quarterly results from Speed of Adjustment (SOA) - Debt Asset Ratio (DAR) of four cement companies in Indonesia in the period of 2013-2018 are respectively as follows: Semen Indonesia, Ltd (-831%), Indocement Tunggul Prakarsa, Ltd (-320%), Holcim Indonesia, Ltd (8,787%), and Semen Baturaja, Ltd (-2,307%). From these results it can be inferred that Semen Indonesia, Ltd made fastest adjustment in its capital structure to its assets, while and Holcim Indonesia, Ltd made the slowest adjustment in its capital structure to its assets.

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