

# Analysis of the Effect of Light Assets on Capital Structure

Disma Marlina and Oman Sukirman

*Catering Industry Management, Indonesia University of Education, Bandung, Indonesia*

**Keyword:** Asset Light, Capital Structure, FAR, DAR, Restaurants, Hotels and Tourism

**Abstract:** This study will discuss how asset light leverageton the capital structure. Focusing on the sub-sectors of the restaurant, hotel and tourism this coincided with the growing tourism industry in Indonesia. Using data from the annual financial statements for nine years, the period of 2009-2017 as secondary data in this study. To calculate light assets using the FAR (Fix-assets ratio) compares with total assets of fixed assets and to calculate its capital structure using the DAR (Debt to Asset Ratio) compares the total debt to total assets. From the second asset light ratio and capital structure, arranged in the form of a combinate between the time series data and cross section data (panel data). Special processing tools used panel data is EViews 9 to find the results of descriptive analysis and verification. The results of this study found that asset light positively affects capital structure. 55% of the asset light effect on the capital structure in line with the results of the research asset light of Yuan Li & Singal on Capital Structure in the Hospitality Industry: The Role of the Asset Light and Fee Oriented Strategy

## 1 INTRODUCTION

Based on the Annual Report of the World Tourism Organization in 2017, the Assembly General of the UN stated, in 2017 the year that is very important for the people of tourism globally, in 2017 as the International Tourism Sustainable for the development, recognition globally, contributing transformative tourism to the agenda of development. Activities and events that occur in the entire year 2017, within the framework of international, aims to increase awareness in the whole world about the potential of the sector of tourism in leading the growth of economic, social, preservation of culture and the environment. The benefits of social and economic which can be in the maximize of tourism and minimize the impact negatively on the environment community. In the years that will come up with a policy that is determined, the company and all travelers contribute. (UNWTO, 2017)

Tourism in Indonesia is very potential with landscape nature are exotic and have power attraction of tourist to visit the objects of tourist are beautiful with various kinds of culture were held.

Developments visits rating foreign countries to Indonesia experienced a rise from the year 2016 until the year 2017. The increase in visits Tourists

are much higher in comparison with the state of competitors.

The increase in visits by foreign tourists in Indonesia experienced a rise of 22%. Compared with some countries of ASEAN more like Thailand rose by 8.7%, Singapore rose as much as 5.8% and 4.0% rise that experienced by Malaysia, but Indonesia is a low rise in visits by foreign tourists when compared with Vietnam are experiencing the increase amounted to 29%.

Tourism can improve and have role important in every field. In the field of ecotourism in the years 2014-2016 the sector of tourism contributes to the Product Domestic Bruto (GDP), provide the opportunity it directly or not directly to the perpetrators of the business services of tourism and open up many opportunities of work. The tourism industry is experiencing developments ranging from accommodation, tourism services, transportation and several other tourism industries that have experienced a significant increase every year.

The role of the asset light strategy can reduce risk and facilitate company growth with a minimum capital investment. This strategy has received the attention of industry practitioners and academics, especially in the service sector such as the tourism industry, hotels and restaurants which have heavy

assets to carry out their operational activities. (Li & Singal, 2019)

How to work asset light that is applied by the company in general begins with determining the asset remains (property, plant and equipment) that are owned. Having determined that the company that will implement the asset light further companies will seek investor as a partner company in the complementary needs of the assets of companies mentioned. When this many companies are implementing asset light in running and managing finances. One of the examples is the enterprise sectors of tourism such as Airbnb and there are also companies in the sector of transport such as Gojek. Both companies are promoting a system application as a tool major in running its business. They hook partners who are willing to provide equipment and property as business facilities. With such companies are not issuing capital investment in the asset remains in the number of large, but more to the development and management of system applications as the capital of a major effort. Companies like this are seen using light assets as their business strategy.

The structure of capital is the ratio of the amount of debt or capital foreign to the capital itself. (Mustafa, 2017). The structure of capital optimum happen if the risks and returns that are expected balanced, so the price of the stock will be in maximized. Business risk is a risk that occurs in companies because the company does not use debt in the company's operations. While the financial risk is the risk that occurred in the company so it becomes burden for holders of shares, because the company in its discretion to use debt in the activities of the operating companies.

This study aims to determine the effect of asset light on capital structure in companies in the restaurant, hotel and tourism sub- sectors and also with regard to the culinary industry, especially in the restaurant sub- sector companies. The title of the article it is "ANALYSIS OF THE EFFECT OF LIGHT ASSETS ON CAPITAL STRUCTURE" is expected to add to the knowledge about the management of finances and also have benefits for business growth in the culinary field or restaurant, hotel, and tourism generally for the community and especially for writers.

## 2 LITERATURE REVIEW

### 2.1 Tourism

Understanding Tourism According to the Law of the Republic of Indonesia 10 Year 2009 on Tourism, Tourism is the activities of the trip that made a person or group of people to visit the place specified for the purpose of recreation, the development of personal, or learn kaunikan southwest Pull tourist who visited the period of time while.

Tourism is a type of business that has economic value. Tourism is as a process that can create value added to goods or services as a single entity product, well that seems or real (tangible products) and that is not visible or not tangible (intangible product). (Sulastiyono, 2008)

### 2.2 Gastronomic Tourism

According Turgarini Goddess (2015) development of gastronomy as an object of travel is recognized as a way to conduct cultural culinary locally, stimulating demand for tourism and increase the power of competitiveness destinations, making tourism the gastronomic also has emerged as a component that is important. Travelers will find it to get the experience more towards culture locally, then the public to share the local culture them with travelers through the media of this, residents of local make representations identity of purpose. The formation of identity and the creation of the image of the right bekaitan with food locally, so it can attract the market that target and bermanfaat development of tourism gastronomy.

According to Pitana & Rukendi (2008: 4) Culinary Tourism is a tourism product where food and cuisine are the main power. Actually, becoming southwest pull or not, food and beverages remains important in various types of tourism because every person definitely needs to eat

### 2.3 Restaurant

According to Major Rai (2016: 99) Restaurant is a place or building that is organized by a commercial, which organizes services with good to all his guests either in the form of meal or drinks.

### 2.4 Tourism Facilities and Infrastructure

According Bagyono (2012: 21) argues that the means tourism is a facility of service which is

supplied by the company to travelers either directly or not directly. According to Major Rai (2016: 175) Infrastructure is all something that is supporting major of the implementation of a process of tourism. Infrastructure of tourism that is all that is in the form of facilities supporting primary that allows to turn on and develop a means of tourism to provide services up to the traveler.

## 2.5 Hospitality Accommodation

According Zalukhu and Meyers ( 2009: 6-7) accommodation hospitality is a place where travelers spend the night for a while in an area of travel. Accommodation facilities are generally equipped with facilities for eating and drinking. Means of accommodation that makes travelers feel at home is a property that is clean, with service that is good ( friendly and right time ), as well as the location of which is relatively easy to reach. There are other types of accommodation based on the shape of the building, facilities, and services that are provided are : Hotel, Guest House, Homestay, Inn, campground, and Villa.

## 2.6 Financial Management

Management Financial is a part important of the whole management as a whole. Management of finances related to the task manager finance in a business enterprise that is directly related to the department functional as marketing and production. Management of finance has the space scope of that broad with the approach multidimensional. ( Cashmere, 2009)

## 2.7 Asset Light

Asset Light is a strategy that aims to boost profits and suppress the amount of capital to maximize the value of the company to holders of shares. The Asset Light strategy can reduce risk and facilitate company growth by minimizing or reducing capital investment. (Li & Singal, 2019)

The Asset Light strategy can affect capital structure through loans. Given that tangible assets can be used as collateral for loans. Even in the case of bankruptcy, assets of intangibles can emerge from the bankruptcy that most large are not controlled. (Sohn, Tang, & Jang, 2013)

## 2.8 Capital Structure

The structure of capital is the balance between the amount of debt term short to be permanent, the debt term long, shares of preferred and shares ordinary. Capital structure is the comparison between foreign capital or the amount of debt with own capital. Wisdom of the structure of capital is an election between risks and returns are expected. (Mustafa, 2017)

## 2.9 Hypothesis

Based on the studies previously were poured in the background behind, the study of literature and the results of the study earlier gives an overview on the study of this, allegedly no influence Asset Light on the Structure of Capital in the Company Sub Sector Restaurants, Hotels and Tourism are Listed on the Stock Exchange Indonesia Period 2009-2017.

## 3 RESEARCH METHOD

Research is using the approach to management of finance, especially regarding the analysis of the effect of the asset light on the structure of the Capital at Companies Sub Sector Restaurant Hotel and Tourism which is listed on the Stock Exchange Indonesia Period 2009-2017. The object of research that investigated consist of a variable dependent the structure of capital and asset light as a variable independent. The object of research is data- the data reports of financial companies are listed on the Stock Exchange Indonesia on sub sectors Restaurant, Hotel and Tourism. While the subject of research this is the Company's sub- sectors Restaurant, Hotel and Tourism are listed on the Stock Exchange Indonesia period 2009-2017 are associated with the asset light and Structure Capital.

Method of taking a sample that used is purposive sampling. Purposive sample is done by way of taking the subject is not based on strata, random or region but is based on the purpose specified. From 25 companies which is registered in the sub- sector, restaurants, hotels and tourism, only 17 companies were taken as samples because meet the criteria for the study of this.

Types and sources of data exist in the research is to use the data quantitatively in the form of a data source which is data that is obtained in the form of already finished in the form of publications. Secondary data is generally in the form of evidence, historical records or reports that have been compiled

in archives ( documentary data ) published. Data secondary are needed in research this is the report of financial year the Company Sub- sectors Restaurant, Hotel and Tourism are listed on the Stock Exchange Indonesia period 2009 - 2017. The incorporation of the data time series data and cross section or are often referred to by the panel data, and to calculate the data panel using the EViews 9 application.

Descriptive analysis aims to determine the value of variables. In this study aims to discuss how to influence asset light on srtuktur capital of the Company Sub Sector Tourism, Hotels and Restaurants Listed in Indonesia Stock Exchange Period 20 09- 201 9. Meanwhile, to measure the effect of the two variables in the research is to use the test regression linear simple. According Pramesti (2018: 115) Regression is one of the techniques in the science of statistics to determine the relationship between two or more variables. In the analysis of regression, will determine a linear model between one or more variable -free ( independent ) against one or more variable dependent ( dependent ).

Model analysis of regression linear simple can be described as mathematically as follows:

$$Y = A + BX + e$$

#### 4 RESEARCH RESULTS AND DISCUSSION

Indonesian Stock Exchange (IDX), or which is more known as the Stock Exchange Indonesia (BEI) is a capital market that is owned by Indonesia, which is a combination between the Stock Exchange Jakarta (JSX) and the Stock Exchange Surabaya (BES) merges into the Stock Exchange Jakarta (JSX) and changed its name into Stock Exchange Indonesia (BEI). Act Capital Markets 8 year 1995 on capital markets to define the capital market as follows

" The activities are concerned with offers general and trading securities, companies public which relates to the effect of the issuance, as well as institutions and professions which relates to the effect ".

The Indonesia Stock Exchange is a stock exchange that can provide investment and funding sources in an effort to support national economic development. Stock Exchange Indonesia also play a role in efforts to develop investors locally are large and solid to create Indonesian capital market stable. The vision and mission of the Stock Exchange Indonesia is Becoming exchanges competitive with

the credibility level of the world and provide the infrastructure to support the implementation of trading securities that regular, fair, and efficient and easily accessible by the entire stakeholder interests ( stakeholders ). In the sub- sector of restaurants, hotels and tourism registered 25 companies and only 17 companies that meet the criteria of the samples were used in the study of this

The result if the data presented in the study is an output of the testing of data statistical use application EViews 9. The result if the data regression is divided into two parts namely parts of the first to find out the effect of asset light on the structure of capital in companies sub- sector of the restaurant, hotel and tourism were registered in Indonesia Stock Exchange Period 2009-2017. Part two to determine the effect of asset light on the structure of capital, but more focused on the company's restaurants are listed on the Stock Exchange Indonesia Period 2009-2017. Here are the results of data processing

Table 1.

Variable	Coefficient	Std. Error	t-Statistic	Prob.		DAR?	FAR?
C	0.318626	0.008551	37.28242	0.0000			
FAR?	1.898955	0.217002	8.751050	0.0000			
<b>Fixed Effects (Cross)</b>					Mean	0.389150	0.037138
_BUVA-C	0.069814				Median	0.383929	0.034670
_FAST-C	0.140231				Maximum	1.067998	0.104060
_HOME-C	-0.221180				Minimum	-0.218345	-0.029336
_ICON-C	0.278129				Std. Dev.	0.181673	0.030793
_INRP-C	-0.057591				Skewness	0.276176	0.262949
_JHD-C	0.048111				Kurtosis	2.785306	1.897056
_JSP-C	0.021551				Jarque-Bera	27.55332	114.2187
_KPIG-C	-0.182875				Probability	0.000001	0.000000
_MAM-C	-0.248063				Sum	714.4800	68.18459
_FAVR-C	0.309070				Sum Sq. Dev.	60.56421	1.739938
_PDES-C	0.077537				Observations	1838	1838
_PGLI-C	-0.225383				Cross sections	17	17
_PJA-C	-0.004688						
_PRISE-C	-0.025029						
_PSKT-C	-0.089723						
_PTSP-C	0.198733						
_SHD-C	-0.087684						
<b>Effects Specification</b>							
Cross-section fixed (dummy variables)							
R-squared	0.549566	Mean dependent var	0.389150				
Adjusted R-squared	0.545455	S.D. dependent var	0.181673				
S.E. of regression	0.122404	Alkai info criterion	-1.351922				
Sum squared resid	27.27411	Schwarz criterion	-1.297850				
Log likelihood	1259.084	Hannan-Quinn crit.	-1.331982				
F-statistic	130.5297	Durbin-Watson stat	0.019127				
Prob(F-statistic)	0.000000						

Source: Data Proceed

Then, the regression equation will be presented:

Table 2

DAR	=	0.319+1.899	FAR
DAR BUVA	=	0.069+0.319+1.899	FAR BUVA
DAR FAST	=	0.140+0.319+1.899	FAR FAST
DAR HOME	=	-0.221+0.319+1.899	FAR HOME
DAR ICON	=	0.278 +0.319+1.899	FAR ICON

DAR INPP	=	-0.058+0.319+1.899	FAR INPP
DAR JIHD	=	0.049+0.319 +1.899	FAR JIHD
DAR JSPT	=	0.022 +0.319+1.899	FAR JSPT
DAR KPIG	=	-0.183+0.319+1.899	FAR KPIG
DAR MAMI	=	-0.248+0.319+1.899	FAR MAMI
DAR PANR	=	0.309+0.319 +1.899	FAR PANR
DAR PDES	=	0.078 +0.319 +1.899	FAR PDES
DAR PGLI	=	-0.225+0.319+1.899	FAR PGLI
DAR PJAA	=	-0.005+0.319 +1.899	FAR PJAA
DAR PNSE	=	-0.025+0.319+1.899	FAR PNSE
DAR PSKT	=	-0.090+0.319+1.899	FAR PSKT
DAR PTSP	=	0.197+0.319+1.899	FAR PTSP
DAR SHID	=	-0.088+0.319+1.899	FAR SHID

## 5 DISCUSSION

FAR (Fixes-asset ratio) is a means of measuring to calculate asset light on the study of this. By way calculated using the formula FAR ie PPE (Plant, Property and Equipment) divided by total assets.

Companies sub scores restaurant, hotel and tourism the period 2009-2017 had an average FAR is 3.71%, which means that on average across the enterprise sub- sector of the restaurant, hotel and tourism period of use PPE at 3.71% of total assets in asset light his.

Year 2016 company SHID has a ratio of FAR the highest is 10%, which means the company SHID have asset light (PPE) one-tenth of total assets. While the ratio of FAR bottommost owned by the company FAST in the year 2011 amounted to 0.0015%, which means that asset light (PPE) 0.000015 times the total assets.

DAR (Debt to Asset Ratio) is a measurement tool to calculate the capital structure in this study. By way calculated using the formula DAR is total debt divided by total assets. Companies sub scores restaurant, hotel and tourism the period 2009-2017 had an average DAR 0.39, which means that on

average across the enterprise sub- sector of the restaurant, hotel and tourism period has a debt of 39% in the structure of the capital of her.

Year 2011 company ICON is the number of the highest is 0.82 which means the company ICON has a debt as much as 82% in the structure of capital. While the amount of room that is 0.02 which acquired the company INPP in the year 2009, which means that companies that have a debt amount of 2% in the structure of capital.

The results if the data part of the first that is contained in the drawing 1 indicates that the results of the FAR influence positively and significantly to the DAR. While the results of the R test have an R-Squared value of 0.550. Figures have had the sense that amounted to 55% asset light (FAR) can affect the structure of capital (DAR) and by 45% influenced by factors other that are not investigated

## 6 CONCLUSIONS

Based on the results of research and discussion which has been done on the analysis of the effect of the asset light on the structure of the capital can be concluded that the Asset Light on companies sub-sector of the restaurant, hotel and tourism are listed on the Stock Exchange Indonesia the period 2009-2017 has a value of an average of 3.71%. Y ang means that on average across the enterprise sub-sector of the restaurant, hotel and tourism use of PPE ( assets fixed ) at 3.71% of total assets in asset light her. The structure of capital in companies sub-sector of the restaurant, hotel and tourism are listed on the Stock Exchange Indonesia Period 2009-2017 has a value of an average of 0:39. Which means that on average across the enterprise sub- sector of restaurants, hotels and tourism has a debt amounting to 39% in the structure of capital. Asset Light influence positively on the structure of capital in companies sub- sector of the restaurant, hotel and tourism are listed on the Stock Exchange Indonesia period 2009-2017.

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