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OPTIMIZING CAPITAL STRUCTURE AND COMPANY FINANCIAL PERFORMANCE: A FIELD THEORY APPROACH[6]

Optimizing company performance is an obligation that must be carried out for the business's survival. However, this is not an easy "thing" to do. Funding decisions are one of the processes in optimizing this performance. This research aims to analyze the optimization of the use of debt on the company's financial performance. This research was conducted at a mining company using time series data. The companies selected are companies that regularly report financial reports and have never experienced losses during the 2010-2022 period. The number of samples is 4 companies. The research uses multiple regression analysis. The research results show that the DAR variable does not significantly affect financial performance (ROA and ROE). Meanwhile, LDTE has a significant effect at the 10% level. The research findings imply that every decision to use debt in the capital structure, especially long-term ones, affects the company's financial performance. So financial managers must pay attention to every decision to use debt in achieving optimal use of debt. This research looks at the development of the use of field theory in financial management research, especially to explain the effects of capital structure and company performance. In addition, this research provides an overview of optimizing the use of debt by looking at the consequences of decisions to use debt.

Keywords: capital structure; financial performance; field theory; optimizing
JEL: G00; G11; G31; G40; M21

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1. Introduction

Industry performance is a process of the results of a decision made by the industry. Optimizing performance is a necessity that must be done for the survival of the business. It is not an easy thing to do. The challenges faced by area companies and the dilemmas make industrial decisions a special matter. Including optimizing the performance of funding decisions. The optimal combination of debt and equity is when both can reduce the cost of capital (Singh and Bagga, 2019). As we all understand, company funding comes from two sources, namely debt and equity (Satish Kumar, Colombage, and Rao, 2017). The use of debt in operations has been carried out by several studies trying to see the position of debt on performance. Ahmed & Afza (2019), said that debt in the industry's capital structure increases performance. The composition of debt in the industrial capital structure is not without risk. Hossain (2021), the capital structure raises financial risks for the industry. The use of debt in the capital structure is an important decision because it is closely related to the company's financial performance (Satish Kumar, Colombage, and Rao, 2017).

An important part of determining debt in the company's capital structure is its impact on company performance (Harris and Raviv, 1991). Companies choose a capital structure depending on the costs and benefits associated with debt and equity financing (Titman and Wessel, 1988). Using debt is an option. Using or not using debt is a strategic decision. Each of these decisions certainly has its consequences. The deciding factor for using debt is still very difficult to understand (Frank and Goyal, 2009). Financial managers must learn more about capital structure (Satish Kumar, Colombage and Rao, 2017). Even though the existing capital structure theory provides views on these decisions such as MM theory. However, it is not a final decision. The theory that explains the capital structure is not designed to be general, but conditional (Myers, 2001).

MM theory, says that if the capital structure is not relevant to the value of the industry in a perfect market situation. MM theory assumptions about perfect capital markets that do not exist in the real world (Le and Phan, 2017). This theory (MM) shows the direction to be taken under what conditions the capital structure is irrelevant (Harris and Raviv, 1991). Other theories can serve as an alternative to MM theory such as trade-off theory, pecking order theory, and agency theory (Le and Phan, 2017). The pecking order theory says that the use of internal funds is better. On the other hand, the trade-off theory or the pecking theory provides insights into the trend of using debt that can maximize value. So, under certain conditions or in certain areas it can be different. We all know that performance as a process is included in decision-making. However, this research begins by looking at a process of value creation.

Several researchers have investigated the direct link between capital structure and industry performance but the results are still inconclusive (Ahmed and Afza, 2019). The capital structure and financing options to achieve industry performance are unknown (Khan and Quaddus, 2020). The void in the literature review regarding the relationship between capital structure and performance is of particular concern, especially for developing countries (El-Sayed Ebaid, 2009; Wassie, 2020). Much previous research has focused on studying the use of capital structure theory to see its relation to performance and value. It is possible to use other theories to explain the company's capital structure. Shoaib & Siddiqui (2022), that the

relationship between capital structure and performance can be seen from a different perspective. King & Walker (2014), stated that field theory has many aspects that can be used in various ways including in the company's financial performance.

Johan Kjellman (2014), states that research in the social field uses a lot of field theory as a reference, but Kurt Lewin's work seems to be still not widely known among entrepreneurship (company) researchers. However, the principles and concepts developed in field theory can be applied in many business contexts to understand and optimize the interactions and relationships between individuals, groups, and organizations. Field theory says that there is a space in each individual that is filled by externals which then have an impact on behaviour. This theory can easily be linked to the problem of structure and agency (Fligstein, 2001). In addition, field theory is seen as providing a more holistic view of strategy (King and Walker, 2014).

In the performance context, the company's funding aspect is usually filled by external sources (debt) which will have an impact on performance. The results of using debt are reflected in the company's performance. Thus, solving performance problems from the impact of using debt in the company's capital structure requires a more holistic approach. This is important to do to contribute to the decision to use corporate debt. The decision to use debt remains difficult to understand despite the extensive theoretical literature explaining this (Frank and Goyal, 2009). Therefore, the field theory approach to analyzing the relationship between debt and company performance is expected to provide a solution in terms of decision-making.

The results of previous research found the relationship between capital structure and company performance to be a matter of debate. The debate centred on whether the proportion of the use of debt is relevant or not relevant to the value of individual companies (Al-Kayed, Zain and Duasa, 2014). In addition, capital structure research uses a large and complex general model (Harris and Raviv, 1991). Where performance and capital structure researchers still focus on several main aspects, namely impact (negative and positive), combination, and decision-making. Capital structure has a significant correlation with performance (Graham & Harvey, 2001; Brav et al., 2005; El-Sayed Ebaid, 2009; Li et al., 2019; Ahmed & Afza, 2019; Wassie, 2020; Agusalim et al., 2023). The optimal combination of equity and debt Al-Kayed et al. (2014); Ahmed & Afza (2019), leverage has a negative effect (Rajan and Zingales, 1995; Vo and Ellis, 2017), one of the most important decisions (Khan & Quaddus, 2020; Cuevas-Vargas et al., 2021). The use of debt does not affect performance (El-Sayed Ebaid, 2009; Cuevas-Vargas et al., 2021). Meanwhile, research Hossain (2021), suggests using internal funds.

The description of previous research provides very mixed results regarding the impact of using debt in the capital structure. The results of previous studies such as impact and non-impact, positive and negative, and the optimal combination. There is no clarity about the performance consequences as an effect of using debt. So, this wants to provide a solution to the confusion about the relationship between capital structure and company performance. This study wants to solve the relationship problem by using field theory. This relationship sees the consequences of decision-making in the use of capital structure. The use of field theory sees debt as an external factor that fills the void in corporate funding.

In addition, most research on capital structure is carried out in developed countries. Thus, an in-depth study is needed in developing countries like Indonesia. The use of theory, almost all studies use capital structure theory such as MM theory, pecking order theory, and trade-off theory. Where the theory directs the relationship between capital structure and firm value. Therefore, other uses such as field theory as an alternative to explaining capital structure are needed. Therefore, the main objective of this study is the consequences of the decision to use debt.

2. Literature Review

Field theory is based on three different psychological fields, namely a) motivation theory, b) expansion of decision-making approaches, and (c) information processing theory (Belavin, Polyakov and Zamolodchikov, 1984). Field theory focuses on individual behaviour that shows the interaction between individuals and their environment (Momeny and Etzel, 2022). This theory tries to understand the elements that interact in the environment and the interaction of actors (companies) in understanding them (Benson, 2004). Social actors play various roles in the field (Perreault and Bell, 2022). Field theory uses must be 1) implemented about each other and 2) reconstructed for a specific part (Momeny and Etzel, 2022).

Lewin's work provides an ideal framework for a constructive model that facilitators should aim at when faced with difficult group dynamics in game simulations (Hermann, 2015). Field theory studies are based on context, not causes (Wiley, 2016). The neo-field scheme for creating a stimulus field is as follows: 1) conceptualizing the problem with maximum specificity; 2) then build a theoretical model that is a blueprint for the ideal solution stated in the abstract; 3) finally, use one of the models as a heuristic stimulant to discover the stimulus field or possible solutions (Asher and Post, 1964). The different elements of each of these fields often offer competing interests in carrying out professional roles (Perreault and Bell, 2022). This also applies in the business world where the role of the individual is needed in the company's operations. Although in business studies, field theory is still very limited in its use.

Field theory is not directly related to business, but the principles and concepts developed in field theory can be applied in many business contexts to understand and optimize interactions and relationships between individuals, groups, and organizations. One example of the use of field theory in business is business environment analysis. Research in the domain of movements and organizations focuses on the study of strategies and tactics to gain resources, maintain positions, and gain power and influence (King and Walker, 2014). The concept of terrain can be applied to understand the interactions between various forces and factors that affect an organization, including competitors, markets, and government policies. This field analysis can assist organizations in developing appropriate strategies and adapting to changing business environments. In addition, field theory can also be applied in the context of human resource management (HR). The concept of terrain can help us understand how factors such as company culture, organizational structure, and HR policies can influence employee motivation, satisfaction, and performance. Overall, the use of field theory concepts can help organizations understand the complexities of relationships and interactions in

business and optimize their strategy and operations. However, King & Walker (2014), states that this conceptual theory provides an understanding that allows generating motivation for corporate strategic actions.

Field theory is seen as having a more holistic ability related to the consequences of external impacts (King and Walker, 2014). In addition, Shoaib & Siddiqui (2022), said that the relationship between performance and corporate debt can be seen from various points of view. In the field theory approach, seeing something as a semiotic framework in which objects (debt) are given meaning for their presence (Wiley, 2016). The consequences of using debt in companies have two different sides and all of them start from the decisions made. Thus, this study sees capital structure as an external factor that "enters" the "space" of corporate funding which will produce a consequence. As well as providing additional use of field theory in the capital structure.

Research on capital structure begins with research conducted by Modigliani & Miller (1958), with a focus on studying firm value. Then Jensen & Meckling (1976), with agency studies. Continued Ross (1977), who tried to expand the market sector. Corporate funding using debt is considered more profitable for businesses than equity financing (Ahmed and Afza, 2019). The use of own capital creates a cost of capital that tends to be greater than that of debt. The M-M theory states that it is based on the assumption that a perfect world holds that companies with leverage (in a perfect market) have more value than companies without leverage (Hossain, 2021). In contrast to the Pecking order theory which prefers sources of funding from internal financing to equity (Al-Kayed, Zain and Duasa, 2014). Pecking orders can explain the capital structure of developing companies that invest in intangible assets (Shyam-Sunder and Myers, 1999). Meanwhile, the trade-off theory states that the optimal capital structure where firm value is maximized can be achieved by developing a balance or trade-off between the tax-free benefits of debt and the costs of debt distress (Chadha and Sharma, 2015). This proves a long debate in the theoretical study of capital structure.

Financial leverage is the ratio of debt and equity, which states the relationship between borrowed funds and owner funds in the capital structure of a company (Chadha and Sharma, 2015). Capital structure is a combination of debt and equity in supporting the company's operating and investment decisions (Satish Kumar, Colombage and Rao, 2017). The combination of debt and capital in the company's funding is called the capital structure. Capital structure refers to long-term debt, short-term debt; total debt, and total equity, while the rate of return on assets and the rate of return on own capital are called performance (Vătavu, 2015). Debt and own capital as two sides needed by the company. Its use gives leverage to performance. Chadha & Sharma (2015), stated that the choice of using debt in the capital structure is one of the most significant decisions made by all companies.

The research tries to look at the impact of capital structure on companies such as Chadha & Sharma (2015), who found that capital structure is optimal when it maximizes the company's market value. Naseem et al. (2020), try to relate to the characteristics of the CEO that the ratio of debt and equity mediates the relationship between CEO characteristics and company performance. The debt ratio reflects the cumulative need for external financing of the company (Myers, 1984). Companies generally prefer internal rather than external funding when designing a company's capital structure (Hossain, 2021). The decision to choose a

capital structure has no impact on company performance (El-Sayed Ebaid, 2009; Cuevas-Vargas, Cortés-Palacios and Lozano-García, 2021).

Debt has a positive effect on performance (A. N. Berger & Bonaccorsi di Patti, 2006; Margaritis & Psillaki, 2010; Tan & Hamid, 2016; Singh & Bagga, 2019; Agusalim et al., 2023). The tax effect on leverage has an impact on performance in private companies that benefit from paying taxes (Zhang, 2021). Ratio-based capital structure improves performance and market acceptance (Ulbert, Takács, and Csapi, 2022). Debt financing reduces company value in market competition (Ahmed and Afza, 2019). Financial leverage is negatively related to performance (Rajan & Zingales, 1995; Majumdar & Chhibber, 1999; Abor, 2007; Le & Phan, 2017; Vo & Ellis, 2017; Li et al., 2019). The amount of leverage in the capital structure affects company performance (Graham & Harvey, 2001; Brav et al., 2005; El-Sayed Ebaid, 2009). Capital structure decisions impose a risk-return trade-off for banks (Al-Kayed, Zain, and Duasa, 2014). The results of previous studies show varied findings. Thus, the researcher proposes a hypothesis that capital structure has an impact on the performance of mining companies in Indonesia.

3. Methodology

The research was conducted at mining companies in Indonesia. The research population is a mining company engaged in the oil, gas, and coal sector which is listed on the Indonesia Stock Exchange (IDX). The number of companies in 2022 is 72. Sampling uses a purposive sampling method. The sampling criteria are 1) companies must be registered and always report their financial statements on the IDX web from 2010-2022 (research period), 2) companies that earn profits (profit before tax). The research sample is as many as 4 companies.

The research data is secondary data in the form of company financial reports from 2010-2022. The analytical method uses multiple regression analysis with the help of SPSS software which previously carried out the classical assumption test (multicollinearity). The regression model of the relationship between capital structure and company performance and the research variable size table.

$$\text{Performance (ROA)} = \beta 0 + \beta 1\text{DAR} + \beta 2\text{LTDE} + e \quad \text{model} \quad (1)$$

$$\text{Performance (ROA)} = \beta 0 + \beta 1\text{DAR} + \beta 2\text{LTDE} + \beta 3\text{Si} + e \quad \text{model} \quad (2)$$

$$\text{Performance (ROE)} = \beta 0 + \beta 1\text{DAR} + \beta 2\text{LTDE} + e \quad \text{model} \quad (3)$$

$$\text{Performance (ROE)} = \beta 0 + \beta 1\text{DAR} + \beta 2\text{LTDE} + \beta 3\text{Si} + e \quad \text{model} \quad (4)$$

The relationship is significant if the sig value is less than 0.1 with a degree of data validity of 90%. Performance variables are measured using return on assets and return on equity. Capital structure variables are measured using long-term debt to total equity and total debt to the total. Meanwhile, the control variable is the logarithm of total assets. The following is the measurement of each research variable as shown in Table 1.

Table 1. Definition of research variables

Variabel	Abbreviation	Description
Debt to Total Assets	DAR	Total Debt/Total Assets (Brav et al., 2005; Lemmon et al., 2008; El-Sayed Ebaid, 2009; Frank & Goyal, 2009; Molly et al., 2010; Vo & Ellis, 2017; Singh & Bagga, 2019; Grosse-Rueschkamp et al., 2019; Wassie, 2020)
Long-Term Debt to Total Equity	LTDE	Long-Term Debt/Total Equity (Lemmon et al., 2008; El-Sayed Ebaid, 2009; Wassie, 2020)
Return on Assets	ROA	EBIT/Total Assets (Rajan & Zingales, 1995; Lemmon et al., 2008; El-Sayed Ebaid, 2009; Guimaraes & Nossa, 2010; Molly et al., 2010; P. G. Berger et al., 1997; Chadha & Sharma, 2015; Ribeiro et al., 2017; Bernardo et al., 2018; Ahmed & Afza, 2019; Grosse-Rueschkamp et al., 2019; Li et al., 2019; Singh & Bagga, 2019; García & Herrero, 2021; Hossain, 2021; Campos & Lamounier, 2022; Shoaib & Siddiqui, 2022; Oware & Mallikarjunappa, 2023)
Return on Equity	ROE	EAT/ total equity (El-Sayed Ebaid, 2009; Ahmed & Afza, 2019; Grosse-Rueschkamp et al., 2019; Singh & Bagga, 2019; Hossain, 2021)
Size	Si	Logarithm of total assets (P. G. Berger et al., 1997; Molly et al., 2010; Ribeiro et al., 2017; Bernardo et al., 2018; Ahmed & Afza, 2019; Li et al., 2019; Grosse-Rueschkamp et al., 2019; Wassie, 2020; García & Herrero, 2021; Shoaib & Siddiqui, 2022)

Note: All data entered for each ratio is sourced from the company's financial reports which are downloaded via https://www.idx.co.id/id/company-tercatat/ report-keuangan-dan-tahunan https://www.idx.co.id/id/perusahaan-tercatat/laporan-keuangan-dan-tahunan
Source: Authors' Elaboration.

4. Results and Discussion

As shown in Table 2, the average VIF value is <10 and the Tolerance value is > 0.1. This shows that there is no significant or strong collinearity between the independent variables.

Table 2. Factor (VIF) Technique to Detect Multicollinearity

Model		Collinearity Statistics	
		Tolerance	1/VIF
1	Si	0.972	1.029
	DAR	0.598	1.671
	LDTE	0.586	1.707

Note: VIF < 10 and tolerance values > 0,1; there is no multicollinearity (Ali *et al.*, 2020)
Source: Research data.

The description of the research variables is shown in Table 3. First, the mean (median) values of DAR, LDTE, ROA, ROE, and Si are 0.3508269 (0.10216801), 0.2383654 (0.23772773), 0.1430962 (0.10786616), 0.2038462 (0.14298147) respectively and 7.2806658 (1.135811436). These results indicate that mining companies listed on the Indonesian stock exchange had poor performance at the time of the study (2010-2022) concerning ROA, and ROE which has a maximum average of 20% (mean ROE). This may be due to the COVID-

19 pandemic that has hit Indonesia. Second, the average DAR value, which tends to be large, is 0.3508269 (35.08%) which indicates that the company's total assets are financed by debt. LDTE is 0.2038462 (20.38%) which shows that the company's funding comes from long-term debt of 20.38%. Even though this is still relatively low (below 50%), companies need to pay attention to every risk. A good capital structure is paying attention to liquidation policies (Titman, 1984). In addition, companies with low leverage tend to create value for shareholders (Vo and Ellis, 2017).

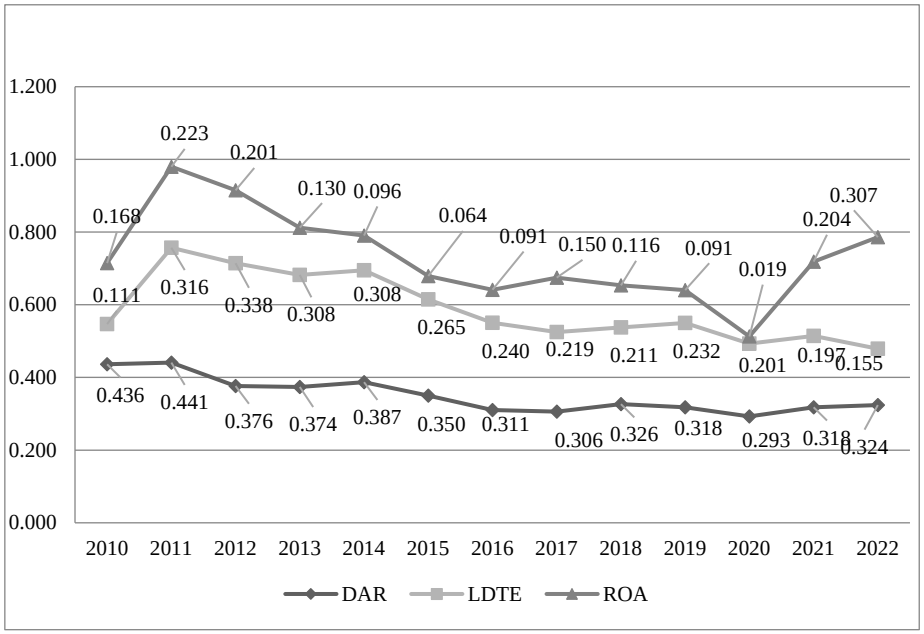
Table 3. Description of Research Results

Variable	Obs.	Mean	SD	Min	Median	Max
DAR	52	0.3508269	0.10216801	0.14500	0.3280000	0.57700
LDTE	52	0.2383654	0.23772773	0.00600	0.1615000	0.99800
ROA	52	0.1430962	0.10786616	-0.08000	0.1230000	0.46000
ROE	52	0.2038462	0.14298147	-0.08000	0.1695000	0.65600
Si	52	7.2806658	1.135811436	6.06394	7.0641515	11.9902912

Source: Research data.

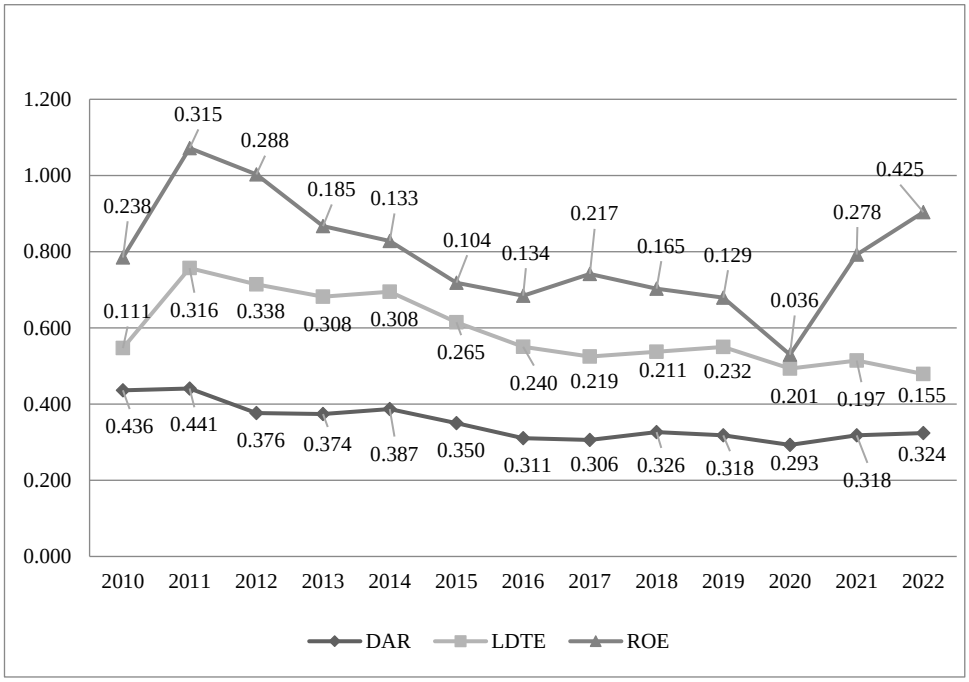
The mean value of the research variables provides an overview of the data pattern from year to year. This movement makes it possible to see the trend direction of each variable. Graphs of the movement of the average value of each research variable are presented in Figures 1 and 2 below.

Figure 1. Graph of Average Capital Structure and Performance (ROA)



Note: n = 52; DAR = Total Debt/total assets; LDTE = Long-term debt/total equity; Si = Logarithm of total assets; ROA = EBIT/total assets; and ROE = EAT/ total equity; Data is presented in percent (%)
Source: Research data

Figure 2. Graph of Average Capital Structure and Performance (ROE)



Note: n = 52; DAR = Total Debt/total assets; LDTE = Long-term debt/total equity; Si = Logarithm of total assets; ROA = EBIT/total assets; and ROE = EAT/ total equity; Data is presented in percent (%)
Source: Research data.

Figures 1 and 2 show that the increase in the average value of each variable shows a trend that tends to be the same. As in 2010 and 2011 there was an increase in the average for each variable with the same trend. However, the average value movement from 2021 to 2022 is different. This difference occurs in the movement of the graph of the average value of the performance variable is not the same as the movement of the capital structure variable graph. Even though there is a tendency for the movement to increase, it is not the same as the increase in performance graphs. Specifically for the DAR chart, the movement tends to be flat and the LDTE tends to move in the opposite direction.

Based on the results of the research description, it shows a trend in the movement of capital structure and company performance. The graph of the description as shown in Figures 1 and 2, has the same pattern every year. Where a graph of performance follows the trend of increasing and decreasing capital structure. This is an indication that the decision to use debt must be a serious concern for the company, especially the use of long-term debt. On the chart at the beginning of the year, performance and long-term debt have relatively "rhythmic" movements. In terms of fulfilling obligations, long-term debt has its advantages because companies have the opportunity to maximize its use. However, it is different from the

movement at the end of 2021-2022. There was a decrease in the movement of the capital structure chart in that year which was followed by an increase in the performance chart.

The DAR movement tends to increase while LDTE tends to decrease. Movements in capital structure tend to be followed by movements in company performance. Companies with low leverage raise funds when their valuations are high and vice versa (Baker and Wurgler, 2002). Although these results do not show an effect, it is important to note that the addition of debt to the capital structure is accompanied by an increase in performance. Chadha & Sharma (2015), stated that a company's choice of using debt in its capital structure is an important decision. Thus, the performance movement of each additional debt becomes one of the important aspects of the findings of this study. Therefore, the use of long-term debt is a choice in combining debt in the capital structure.

This study uses a performance proxy with two measures, namely return on assets (ROA) and return on equity (ROE). Then proxies for capital structure are used in two sizes, namely total debt to total assets and long-term debt to total equity. The control variable is the size (Si). The two capital structure variables are the focus for seeing the use of corporate debt that can maximize performance. El-Sayed Ebaid (2009), states that the company's choice of using a combination of debt and equity has little or no impact on performance. However, a different statement was put forward by Ahmed & Afza (2019), that the use of debt has an impact on performance. The debate on the results of this study became the precipitate for the study to look again at the "choice" of using debt in the company's capital structure.

The capital structure as a combination of debt and the company's capital certainly provides both parts that go together. Corporate funding from external as a complementary "life" that has an impact. Field theory is said to fill the gap within the (internal) company. The use of this theory is by looking at an entity that has two sources of funding. The results show the internal aspect as substantial space in "self/internal" funding and seeing the response (performance). In general, social theory illustrates that external factors (debt) can have an impact on individuals (companies) to act. The company's actions are not determined by external factors, but decisions are decisions that are determined by the company itself. This factor gives a positive or negative value. Therefore, companies using debt must pay more attention to the risk aspect. According to Chadha & Sharma (2015), entities remain focused on the main objectives of using capital structures such as value considerations and the cost of capital.

The regression results to see the impact of capital structure and company performance are shown in Table 4. The table shows the SPSS output with ordinary least squares regression used in examining the relationship between capital structure and company performance. Table 4 shows the DAR test, LDTE on ROA (model 1), and control variables included in the regression (model 2). The capital structure is represented by DAR, LDTE, and performance (ROA). In this table, DAR has no impact on performance with a negative coefficient. Meanwhile, LDTE hurts performance at the 90% confidence level. This illustrates that an increase in LDTE results in a decrease in performance. The results of this relationship agree with Grosse-Rueschkamp et al. (2019), which state that companies will replace term loans with bonds payable. Model 2, the results show that DAR and LDTE have no impact on ROA. ROA and Si have a significant impact. There may be a rate of return from debt to equity,

creating a financial problem (Leland and Toft, 1996), and equity holders control the choice of capital structure (Leland, 2002). In addition, the capital structure cannot be optimized without knowing the effect of the debt on its value (Lelang, 1994).

Table 4. Capital Structure and Performance Regression Results (ROA and ROE)

Performance				
Variable	Model 1 (ROA)	Model 2 (ROA)	Model 3 (ROE)	Model 4 (ROE)
Constant	0.180	-0.004	0.255	-0.024
DAR	-0.001 (0.994)	-0.013 (0.944)	-.023 (0.925)	-0.040 (0.865)
LDTE	-0.151 (0.062)	-0.128 (0.105)	-.180 (0.094)	-0.145 (0.162)
Si		0.025 (0.053)		0.038 (0.027)
R2	0.111 (11.1%)	0.179	0.096 (9.6%)	0.185
F	3.071	3.477	2.606	3.622
Sig	0.055a	0.023[a]	0.084[a]	0.019[a]

*Note: n = 52; DAR = Total Debt/total assets; LDTE = Long-term debt/total equity; Si = Logarithm of total assets; ROA = EBIT/total assets; ROE = EAT/ total equity; Model 1 (dependent variable is ROA and Independent variable DAR; LDTE); Model 2 (dependent variable is ROA and Independent variable DAR; LDTE and control variable Si); Model 3 (dependent variable is ROE and Independent variable DAR; LDTE); Model 4 (dependent variable is ROE and Independent variable DAR; LDTE and control variable Si); symbol statistic ** = p < 0.05; and * p = < 0.1.*
Source: Research data.

Table 4 shows the DAR test, LDTE on ROE (model 3), and control variables included in the regression (model 4). In this table, DAR has no impact on performance with a negative coefficient. Meanwhile, LDTE hurts performance at the 90% confidence level. This illustrates that an increase in LDTE results in a decrease in performance. Model 4 includes the control variable (Si) in the analysis. Capital 4 results show that DAR and LDTE have no impact on ROA. ROA and Si have a significant impact. Financial managers' decision-making related to the use of debt needs to pay attention to 1) the cost of financial distress, 2) the level of non-debt tax protection, and 3) the variability of firm value (Bradley, Jarrell and Kim, 1984). Debt decisions in investment funding are not free from risk. In a very competitive competition, decision-making is important. Debt and/or costs are attached to the decision (DeAngelo and Masulis, 1980).

Management in making funding decisions looks at the benefits of investment and company performance (Cuevas-Vargas, Cortés-Palacios and Lozano-García, 2021). Viewing the position of debt as an external factor provides consideration in decision-making. As in field theory. The "temptation" of external funding (debt) is a condition that must be decided with good judgment. The established theory of capital structure leads to a variable stage. Although the MM theory, for example, emphasizes its positive impact on firm value. However, this theory does not provide process value from process performance. As for the trend-off theory, it provides recommendations to see trends. The bird in the hand theory, provides recommendations for using own capital, forgetting the cost of own capital which tends to be greater than the cost of capital from debt. Thus, viewing debt as an aspect of the filling factor yields results that lead financial managers to be wary.

Acceleration of company performance with the presence of debt in the capital structure is a decision with consideration. The negative and significant regression results (see Table Models 1 and 3) between LDTE and performance (90% confidence level) are indicators for

being more concerned. The combination of debt and own capital reaches its optimal point when obtaining benefits from debt taxes and debt costs (Bradley, Jarrell, and Kim, 1984). However, with the existence of variables that control the movement of performance, this relationship is not significant. Therefore, under conditions of capital structure performance evaluation, it is possible (Shoaib and Siddiqui, 2022). Optimal capital structure can be obtained when debt and equity reduce the cost of capital and increase company profitability (Singh and Bagga, 2019). This is a big responsibility for the company's financial management in carrying out an optimal combination. Thus, management psychological pressure becomes a necessity that must be "conquered" to achieve performance. According to Momeny & Etzel (2022), environmental aspects make individuals/entities subject to psychological strength.

Lewin's work in field theory describes a condition within each individual. Even though the company is not an individual with a crust, the company has "space" in terms of funding. In general, it is known that companies do not only use their capital in their operations. Corporate debt as an aspect of the funding gap. Knowledge provides a framework with a constructive model for erratic group dynamics (Hermann, 2015). A company's debt ratio is relevant in a dynamic setting (Fischer, Heinkel and Zechner, 1989). The use of debt in the capital structure as a faced two choices, winners in the use of debt are marked by the company's positive performance and vice versa. Corporate funding space is like an environment for individuals which later becomes a space for external influence. This becomes a "battle" of corporate psychology in the use of debt. Because one of the consequences is a liquidity problem (Titman, 1984). Thus, filling corporate funding from debt is not an impossible thing to do. However, the decision regarding its use remains with the company's corporate activities embedded in strategic actions (King and Walker, 2014).

Capital structure that has no impact on performance with the control variable. These results indicate that the decision to use debt must be followed by tighter controls. Companies that are relatively small, riskier, have lower taxes, and lower bankruptcy costs have opportunities in debt ratios over time (Fischer, Heinkel and Zechner, 1989). In small companies, of course, control tends to be easier. Although in general, according to Fischer et al. (1989), that when companies need financing they will choose debt. It should be remembered that companies with high market book values tend to issue new equity and new debt (Berger, Ofek and Yermack, 1997). Thus, the dilemma of financial managers with the use of debt can be resolved by paying attention to management control. However, the consequences of these controls result in debt having no impact on performance. Finance managers know that debt with tight controls does not impact performance. Lemmon et al. (2008), said that further analysis is important for capital structure to better understand its heterogeneity. On the other hand, the debt must still be considered because it can result in a decrease in performance and also increase performance. Ahmed & Afza (2019), stated that market competition and debt financing is to align the interests of managers and shareholders. Therefore, managers who know every consequence that occurs by decision making, of course, know very well "what is good to do and what is not allowed to do". Thus, managers in making decisions on the use of debt help in achieving goals.

5. Conclusion

Field theory with a space approach is an approach that provides information about the consequences of each action. In general, that action is a process that occurs from within. Where the internal space has space to assist external input. The external factor of company funding is debt. The use of debt in the company's capital structure creates a preference in decision-making. This happens because studies are still diverse in providing recommendations including theoretical studies that focus on the formation of corporate value. Thus, the use of debt in companies is an important decision to make. Therefore, the financial manager's decision-making approach to using debt is not based on his preference. However, focus on what the decision helps in achieving the goal.

The research results provide strong evidence that capital structure (LDTE) has an impact on company performance. However, after the control variables were introduced, the impact of debt use became insignificant. Meanwhile, the DAR variable does not show a significant effect. The relationship coefficient is negative. The negative sign indicates that the use of debt can reduce the company's financial performance. This results in consequences for company performance. It is important to remember that the use of debt provides debt and the company's capital in shaping performance, namely negative and positive as explained by the transfer theory. When managers continue to use debt, the company faces risks. These conditions are taken into consideration by the company's financial manager when making funding decisions. Thus, financial managers need to pay attention to the optimal level of debt use by paying attention to the composition of debt use. This is important for managers to pay attention to. Therefore, managers who know what is best for the company are "doing what must be done, not what they want to do".

The implications of the research on decision-making arrangements, especially optimizing debt performance by paying attention to every impact that occurs. In addition, the use of field theory in viewing debt as external funding is related to company strategic decisions. The use of debt in general is commonplace in companies. However, keep in mind that every decision made has consequences. In addition, field theory can be used to explain the effect of capital structure on company performance. Research limitations: This research was limited to oil, gas, and coal companies, and does not provide a general picture of the condition of companies in Indonesia. Therefore, it is recommended that research expand its research focus by using data from various types of companies. The locus can be all companies engaged in manufacturing. Apart from that, further research can carry out the same research with a combination of theories or with different methods.

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