

The Role of Company Size, Company Value, and Liquidity in Capital Structure of Food and Beverages Companies

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Abstract

The equilibrium that occurs between long-term debt and equity is referred to as the capital structure, and it is a component of the financial structure. The financial structure includes the capital structure as one of its components. When attempting to determine the optimal composition of a company's capital structure, it is absolutely necessary to take into consideration the presence of variables that have an effect on the capacity of the capital structure. This study's objective is to explore the impact that company size, company value, and liquidity have on the capital structure of the company so that appropriate action can be taken. Panel data are utilized in the research that was carried out, which is quantitative in nature. For the purposes of this investigation, the population is comprised of all Food and Beverage companies that were listed on the Indonesia Stock Exchange between the years 2019 and 2023. One form of sampling method that is utilized for the selection of samples is known as purposeful sampling. Thirteen businesses were chosen to serve as research samples after being chosen according to a set of criteria that had been established beforehand. The data that was utilized in this investigation was secondary data, which was gathered from the IDX in the form of financial reports of businesses that are involved in the provision of food and beverages throughout the period of 2019-2023. The approach of multiple linear regression analysis was utilized for the aim of conducting data analysis in this particular investigation. The results show that, at least partially and concurrently, the size, value, and liquidity of a company have a major impact on its capital structure.

I. INTRODUCTION

The company's financial balance is essentially the subject of the expenditure problem. Creating an ideal balance between the necessary assets and obligations and making an effort to create an ideal qualitative structure for these assets and liabilities are both implied by the term "expenditure." The wealth structure of the organization will be decided by the decision of the qualitative structure of assets utilized by the business. Vernando and Erawati (2020) assert that choosing to spend money or meet a need for funding depends on choosing the best capital structure, a healthy balance between spending and revenue, and the source of the funds to be spent. Decisions about fund fulfilment take into account a number of factors, such as the utilization of internal or external sources, which may include debt, the issue of bonds, or the sale of new shares. Businesses will be much less dependent on outside parties if they use internal resources to meet their finance demands [1].

All businesses, regardless of their nature or goals, require capital to remain in operation. [2] These funds may come from the company's external capital, which consists of long- and short-term debt or loans, or from its internal capital, which consists of owner's capital, reserves, and undivided earnings. The ratio of long-term debt, preferred stock, and ordinary stock to permanent short-term debt is known as the capital structure. Because capital structure directly affects a company's financial situation, it is crucial for all businesses. Financial managers must thus be aware of the elements influencing capital structure in order to optimize shareholder wealth [3].

According to the study conducted by Purnasari et al., (2020), it was found that the size of a corporation not only affects its magnitude but also represents a number of aspects that possess an influence. When it comes to gaining access to external financial resources, large corporations have their own set of benefits. Because of this, they typically have an easier time gaining access to equity funds and loans from other sources. This occurs as a result of the fact that major firms frequently have a solid reputation in the eyes of the general public and the financial markets. An excellent reputation can increase the level of trust that investors and creditors have in a firm, which in turn makes them more likely to provide financial assistance to the business. In a company's financial records, one of the most

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important ratios that is measured is the company's profitability. Due to the fact that the major purpose of operational operations is to generate profits, this ratio acts as a primary measure of the performance of the organization [5]. The management of a firm is responsible for the policies and decisions that ultimately result in profit. Therefore, profitability is an extremely important factor for all parties that are interested in the performance of a company, notably equity investors and debtors.

According to Marpuah et al., (2021) for equity investors, the profit earned by a company is the primary factor that influences the value of the securities or stocks they own. Good financial performance, reflected in high levels of profitability, tends to enhance their investment value. Conversely, poor performance might lead to a decline in the investment value. Creditors also pay close attention to a company's level of profitability. High profitability indicates that the company is capable of generating sufficient revenue to pay its debts in a timely manner. This instills confidence in creditors that the risk of default or late payment from the company is quite low. A high level of profitability is not only advantageous for the company's owners, but also instills confidence in investors and creditors on the long-term stability and growth of the company. Therefore, companies must pay attention to the factors that influence their profitability and take appropriate steps to consistently enhance it [7].

One of the most important aspects that is intimately connected to the continued existence of a company as well as its potential for expansion is the decision to fulfil the need for cash. Access to money and the capacity of businesses to make use of those funds will have a significant impact on the position and competitiveness of businesses in an environment where competition is becoming increasingly harsh [8] These funds are required to support the long-term investments that are necessary for the company to expand and develop, as well as to finance the day-to-day operations that are required for the company to function. According to Savitri et al., (2021), in order for businesses to make the most of their available financial resources, it is necessary for the function of satisfying funding demands or funding to be carried out in an effective manner. It is possible to obtain finances from two primary sources, which are referred to as internal and external sources. When a company refers to its internal sources of funds, it is referring to the funds that are generated by the company from its own internal sources, such as reserves or retained earnings. Companies that obtain their funding from within the company are referred to as having internal finance.

In the world of finance, external sources of funds are crucial for companies. These funds come from outside the company and can include things like additional capital from owners, issuing new shares, selling bonds, or taking out loans from financial institutions [10]. External financing is the process of meeting the needs of funds using external sources. These funds can be acquired through loans, which are referred to as debt funding, or through the issuance of new shares, which is known as equity funding. Companies typically opt for a mix of internal and external sources of funds based on their specific requirements and financial circumstances. As stated by Nabila & Rahmawati, (2023), utilizing external sources of funds can offer the necessary financial flexibility to support significant projects or business growth. However, it's important to note that this approach can also raise the company's financial risk due to obligations such as interest expenses or dividend payments to shareholders. Therefore, company management must carefully consider strategic decisions regarding meeting funding needs. Having a solid decision-making process can greatly benefit companies by optimizing their capital structure, enhancing their financial performance, and bolstering their competitive position in the market.

As Zulkarnain, (2020) explains, capital structure involves finding the right balance between long-term debt and equity, which is crucial for a company's financial structure. Understanding the importance of capital structure is essential as it forms the foundation for determining the ideal capital composition for the company. Understanding the various factors that impact the capital structure is crucial in determining the most appropriate composition of capital for the company. Factors that impact the composition of a company's capital structure include company value, company size, and liquidity. As Puspitasari, (2022) points out, the liquidity level of a company can significantly influence the funds available for investment. Consequently, this factor plays a crucial role in determining whether debt or equity capital is the more suitable option for financing operational or investment activities. Furthermore, the company's capacity to secure external funding can be influenced by the assets it possesses. Company value plays a crucial role in determining the capital structure. Companies that undergo significant growth tend to seek external funding to fuel their business expansion. However, well-established companies may opt to utilize their own funds to mitigate the potential risks linked to borrowing [14]. Furthermore, the company's internal conditions, such as management policies and organizational structure, can also play a significant role in shaping decisions related to capital structure. Thus, financial managers must carefully consider all these factors when determining the ideal capital composition for their company.

The choice of food and beverage company as the focus of research is appropriate due to the significant progress made by this industry. Sulisty Maharani & Mawardhi, (2022) state that the food and beverage business has witnessed substantial growth in recent years. Furthermore, organizations operating in this industry also have a significant impact on fulfilling individuals' dietary requirements. Indonesia's food production and consumption will undergo substantial rise by 2023. The primary drivers of food consumption growth are stable economic expansion and increasing income levels. According to Rizkiwati & Anwar, (2023), the amount of food consumed in Indonesia is expected to rise due to population growth and shifts in consumption habits. Indonesians exhibit a tendency to transition towards a wider range of consumption habits, which involves a rise in the intake of processed foods, fast foods, and snacks. Urbanization has also played a role in the growing desire for easily consumable and readily packaged food products. The website address is www.kemenperin.go.id. Researchers are interested in focusing their

research on the food and beverage sector due to its greater growth rate, as seen by the growth rate of the manufacturing and food and beverage sector businesses. The swift growth of industrial sectors is accompanied by a rise in the need for food and beverage products, leading food and beverage enterprises to seek capital from both internal and external sources. This demonstrates that the food and beverage industry is a compelling area of research for exploring the advancement of capital and financial methods.

The limitations of prior studies that have not adequately explored the effect of company size, company value, and liquidity on capital structure in food and beverage companies that are listed on the Indonesia Stock Exchange (IDX) throughout the period of 2019-2023 are included in the research gap that this study aims to fill. The gap also includes changes in economic conditions that may affect the analysis of these variables, as well as the constraints of prior research samples that may only focus on certain industries or smaller company samples. In addition, the gap includes the fact that the analysis of these variables may be affected by these changes. In the food and beverage industry in Indonesia, the purpose of this study is to provide a better understanding of the factors that influence company's decisions in determining their capital structure. Additionally, the study aims to contribute to the understanding of the financial dynamics of company in the industry for academics, practitioners, and policy makers.

In the context of this study, the framework that was built intends to analyze the ways in which the features of food and beverage companies, specifically the size of the company, the value of the company, and the liquidity of the company, influence the capital structure of the company. The fact that the business is concentrating on the food and beverage sector offers a specific explanation. This is due to the fact that this sector possesses distinctive market dynamics and risk profiles, particularly in rapidly emerging nations like Indonesia. Additional information can be found in Figure 1 displayed below:

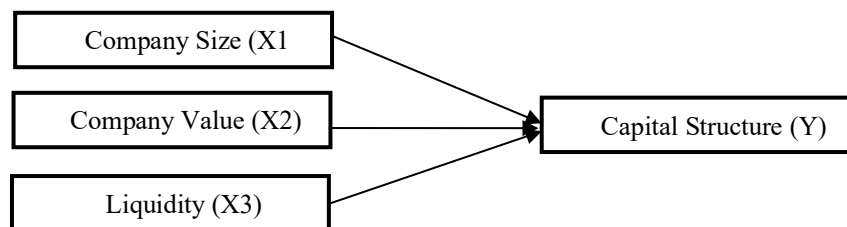


Figure 1. Theoretical Framework

The analysis involved extracting financial data from annual reports of food and beverage companies listed on the Indonesia Stock Exchange (BEI) from 2019 to 2023. Statistical techniques, specifically multiple linear regression, were utilized to examine the relationship and impact of variables. The theory posits that a company's significant size, substantial value, and robust liquidity can potentially exert a beneficial impact on the company's ability and inclination to utilize debt as a component of its capital structure. In this investigation, the following theories are posited:

- H1: Company size has a positive and significant effect on capital structure in food and beverage companies listed on the IDX in 2019-2023
- H2: Company value has a positive and significant effect on capital structure in food and beverage companies listed on the IDX in 2019-2023
- H3: Liquidity has a positive and significant effect on capital structure in food and beverage companies listed on the IDX in 2019-2023

II. METHODS

This study used quantitative research with an explanatory methodology. According to Sugiyono, (2018), quantitative research is a method that aims to gather data in numerical format, namely quantitative data represented as numbers. The data collection for this study was conducted by accessing the official website of the Indonesia Stock Exchange (IDX), namely www.idx.co.id, and specifically targeting food and beverage companies that were listed on the exchange. The study focuses on food and beverage firms that were listed on the Indonesia Stock Exchange between 2019 and 2023. The sampling methodology used in this inquiry was purposive sampling. Research samples are evaluated based on specific criteria.

- 1) The focus of this study pertains to food and beverage companies that are publicly traded on the Indonesia Stock Exchange from 2019 to 2023.
- 2) These corporations generate financial statements for the fiscal years 2019 through 2023 as of December 31.
- 3) The organizations under investigation possess all the necessary comprehensive data, which includes records of long-term debt spanning the study period from 2019 to 2023.

Table 1. Research Sample

| No. | Code | Name of Company |
|-----|------|---------------------------------|
| 1 | AALI | Astra Agro Lestari Tbk. |
| 2 | AGAR | Asia Sejahtera Mina Tbk. |
| 3 | AMMS | Agung Menjangan Mas Tbk. |
| 4 | ANDI | Andira Agro Tbk. |
| 5 | ANJT | Austindo Nusantara Jaya Tbk |
| 6 | BEEF | Estika Tata Tiara Tbk.. |
| 7 | ASHA | Cilacap Samudera Fishing Indus |
| 8 | BISI | BISI International Tbk. |
| 9 | BWPT | Eagle High Plantations Tbk. |
| 10 | CAMP | Campina Ice Cream Industry Tbk. |
| 11 | BUDI | Budi Starch & Sweetener Tbk |
| 12 | BTEK | Bumi Teknokultura Unggul Tbk |
| 13 | ALTO | Tri Banyan Tirta Tbk. |
| 14 | AISA | FKS Food Sejahtera Tbk. |
| 15 | ADES | Akasha Wira International Tbk. |

Source: Processed data (2024)

Data analysis techniques involve several steps, such as classifying data based on variables and respondent types, arranging data according to variables from all respondents, presenting data for each variable under study, carrying out computations to address the given problem, and conducting calculations to test the proposed hypothesis [18]. The following information offers a thorough summary of the data analysis carried out in this study:

1. Analysis of descriptive statistics
2. Classical Assumption Test
3. Analysis of linear regression
4. Calculation of the Coefficient of Determination (R²)
5. Hypothesis Testing

III. RESULTS

1. Descriptive Statistical Analysis

Descriptive statistical analysis is a statistical technique used to summarize and describe data using numerical or graphical methods. The main goal of this system is to efficiently display, condense, and organize data in a clear and understandable way [19]. Descriptive statistical analysis employs various statistical measures, including the mean (average), median (middle value), mode (most frequently occurring value), range (difference between highest and lowest values), standard deviation (measure of data dispersion), and others, to characterize data. Moreover, this analysis can be conducted using data visualization techniques, such as histograms, bar charts, and pie charts, to enhance understanding of data distributions or patterns.

Table 2. Descriptive Statistical Analysis

| | N | Minimum | Maximum | Mean | Std. Deviation |
|-------------------------|----|---------|----------|---------|----------------|
| Company Size (CSz) | 75 | 29,2578 | 41,20921 | 30,8453 | 2,112523 |
| Company Value (CV) | 75 | 0,18 | 12,78 | 2,81083 | 2,31778 |
| Liquidity (L) | 75 | 0,29 | 22,727 | 3,38872 | 3,17923 |
| Capital Structure (CSt) | 75 | 0,101 | 1,172 | 0,32187 | 0,29711 |
| Valid N (list wise) | 75 | | | | |

Source: Processed data (2024)

Based on table 2, the descriptive statistics reveal a modal structure with a minimum value of 0.101, a maximum value of 1.172, and a standard deviation of 0.29711. The dataset contains a minimum value of 29.2578 and a maximum value of 41.20921. Additionally, the dataset has a second minimum value of 30.8453. The standard deviation of the dataset is 2.112523. The company's value ranges from a minimum of 0.18 to a maximum of 12.78, with a mean value of 2.81803 and a standard deviation of 2.31778. The liquidity has a minimum value of 0.29, a maximum value of 22.727, a mean value of 3.38872, and a standard deviation value of 3.17923.

2. Classical Assumption Test

The classic assumption test is a series of tests carried out before conducting inferential statistical analysis, such as the t test, regression analysis, or analysis of variance (ANOVA). The classic assumption test includes:

- a) Data Normality Test

Expecting statistics from a regular population, the normality test determines how regular the data distribution is. Common tests include the Kolmogorov-Smirnov normalcy test and Shapiro-Wilk.

Table 3. Normality Test

| | | X1 | X2 | X3 | Y |
|-----------------------------------|----------------|----------|---------|---------|---------|
| N | | 75 | 75 | 75 | 75 |
| Normal Parameters ^{a, b} | Mean | 30,8453 | 2,81083 | 3,38872 | 0,32187 |
| | Std. deviation | 2,112523 | 2,31778 | 3,17923 | 0,29711 |
| Most Extreme Differences | Absolute | 0,124 | 0,312 | 0,115 | 0,127 |
| | Positive | 0,124 | 0,312 | 0,115 | 0,127 |
| | Negative | -0,162 | -0,276 | -0,113 | -0,129 |
| Kolmogorov-Smirnov Z | | 0,862 | 0,712 | 0,811 | 0,887 |
| Asymp. Sig. (2-tailed) | | 0,672 | 0,684 | 0,643 | 0,658 |

a. Test distribution is Normal.

b. Calculated from data.

The significant values for Capital Structure (Y), Company Size (X1), Company Value (X2), and Liquidity (X3) in Table 3 above, as determined by the Kolmogorov-Smirnov test, are 0.887, 0.862, 0.712, and 0.811, respectively. If the probability exceeds 0.05, based on these numbers, then the null hypothesis (H0) is accepted, suggesting that the variable follows a normal distribution. On the other hand, if the probability is lower than 0.05, then H0 is rejected, indicating that the variable does not follow a normal distribution. Therefore, it may be inferred that the regression model used in the study follows a normal distribution.

b) Multicollinearity Test

Utilizing the VIF (Variance Inflation Factor) statistic is a typical method that is utilized in the process of testing for multicollinearity. VIF is a statistical measure that determines the extent to which multicollinearity magnifies the variance of the regression coefficients. A substantial amount of multicollinearity is indicated by a high VIF score, such as one that is greater than 10, and this may cause difficulties in the interpretation of the regression model.

Table 4. Multicollinearity Test

| Model | Collinearity Statistics | |
|---------------------|-------------------------|-------|
| | Tolerance | VIF |
| 1 Company Size (X1) | ,921 | 1,112 |
| Company Value (X2) | ,976 | 1,365 |
| Liquidity (X3) | ,933 | 1,117 |

Dependent Variable: Capital Structure

The analysis of table 4 indicates that there is no presence of multicollinearity in the regression model using the variables Capital Structure, Company Size, Company Value, and Liquidity. The VIF value for firm size is 1,112, company value is 1,365, and liquidity is 1,117, all of which are less than 10.

c) Heteroscedasticity Test

According to Sugiyono, (2018), the heteroscedasticity test is a statistical method that is utilized to determine whether or not the regression model contains a heteroscedasticity issue. A regression model is said to exhibit heteroscedasticity when the variance of the errors, also known as residuals, in the model does not remain constant across the whole range of values of the independent variables. To put it another way, there is a consistent pattern in the variability of the mistakes that is not connected to the variable that is being measured.

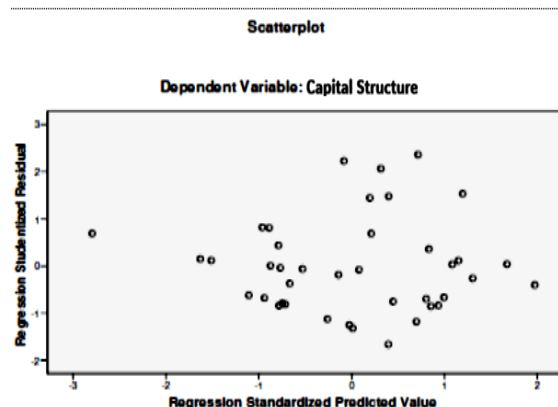


Figure 2. Heteroscedasticity Test

The scatterplot image in Figure 2 depicts points that are randomly distributed in all directions, including above, below, and around the zero value. Thus, the regression model does not exhibit any indications of heteroscedasticity.

d) Autocorrelation Test

A commonly employed method for assessing autocorrelation involves the utilization of different statistical tests, such as the Durbin-Watson test, Ljung-Box test, or Breusch-Godfrey test. The purpose of these tests is to determine if there is a significant correlation between the residual values at different time lags in a regression model [19].

Table 5. Autocorrelation Test

| Model | Durbin-Watson |
|-------|--------------------|
| 1 | 1,261 ^a |

a. Predictors: (Constant), Company Size, Company Value, Liquidity

b. Dependent Variable: Capital Structure

Source: Processed data (2024)

Table 5 indicates that the Durbin-Watson statistic has a value of 1,261. The autocorrelation test result demonstrates the lack of autocorrelation, since the Durbin-Watson test statistic falls within the range of -2 to +2, which signifies the absence of autocorrelation.

3. Multiple Regression Analysis

Sugiyono, (2018) defines multiple linear regression analysis as a statistical technique used to examine the linear relationship between a single dependent variable (response variable) and two or more independent variables (predictor variables). The primary goal of multiple linear regression analysis is to forecast the value of the dependent variable using the independent variable, while also constructing and evaluating the magnitude of the link between the independent and dependent variables. Furthermore, the analysis is utilized to simulate and quantify the magnitude of the connection.

Table 6. Multiple Regression Analysis

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---------------|-----------------------------|------------|---------------------------|-------|------|
| | B | Std. Error | Beta | | |
| 1 (Constant) | 1,422 | 0,729 | | 2,177 | ,033 |
| Company Size | 0,167 | 0,026 | 0,322 | 2,168 | ,037 |
| Company Value | 0,102 | 0,201 | 0,370 | 2,728 | ,025 |
| Liquidity | 0,631 | 0,193 | 0,318 | 2,688 | ,029 |

a. Dependent Variable: Capital Structure

Source: Processed data (2024)

$$Y = \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i} + e_i$$

$$Y = 0,322X_1 + 0,370X_2 + 0,318X_3$$

Based on the results of this equation, it can be explained as follows:

- The regression coefficient X1 (Company Size) is 0,322 and the result is positive, meaning that the Company Size increases by 1% while other variables (company value and liquidity) are considered constant, then Capital Structure (Y) will increase by 3,22%. Likewise, vice versa, if the size of the company decreases by 1% while other variables (company value and liquidity) are taken into account p is constant then the capital structure (Y) will decrease by 3,22%.
- The regression coefficient X2 (Company Value) is 0.370 and the result is positive, meaning that the Company value increases accordingly level of 1% while other variables (company size and liquidity) are considered constant, then Capital Structure (Y) will increase by 3,70%. Likewise, if the company value decreases by 1% while other variables (company size and liquidity) are considered constant then the capital structure (Y) will decrease by 3,70%.
- The regression coefficient X3 (Liquidity) is 0,318 and the result is positive, meaning that the Liquidity increased by 1% while other variables (company value and company size) are considered constant, then Capital Structure (Y) will increase by 3,18%. Likewise, if liquidity decreases by 1% while other variables (company value and company size) are considered constant then the capital structure (Y) will decrease by 3,18%.

4. Determination Coefficient Test

The coefficient of determination test is a statistical technique used to measure the degree to which a linear regression model can explain variations in the dependent variable. The coefficient of determination measures

the degree to which the independent variable in the regression model can explain the variability observed in the dependent variable [19].

Table 7. Determination coefficient test value (R^2)

| Model | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|----------|-------------------|----------------------------|
| 1 | 0,559 | 0,572 | 0,322761 |

a. Predictors: (Constant), Company Size, Company Value, Liquidity
Source: Processed data (2024)

The value of the coefficient of determination (adjusted R square) is 0.572, as indicated by the results of the analysis of the coefficient of determination (adjusted R square) presented previously. The data in this figure indicates that the dependent variable (capital structure) accounts for 57.2% of the variation and is explicable or contributes to the relationship between the liquidity (X3), company size (X2), and value (X2) variables. The remaining 42.8% is attributable to other variables that were not investigated in the research.

5. F-test (Simultan)

In the field of regression analysis, the F test is a statistical method that is utilized to determine whether or not the regression model is statistically significant as a whole. According to Sugiyono, (2018), the F test is utilized in the process of determining whether or not a regression model has at least one independent variable that has a significant impact on the relationship between the two variables.

Table 8. F test results (Simultaneous)

ANOVA^b

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|----|-------------|-------|--------------------|
| 1 | Regression | 0,863 | 3 | 0,311 | 4,511 | 0,002 ^a |
| | Residual | 2,587 | 36 | 0,217 | | |
| | Total | 3,782 | 39 | | | |

Source: Processed data (2024)

The table 8 above presents the computation results, which provide an F-count value of 4.511. When comparing the value to the F-table value at a significance level of 5%, with $df_1 = 3$ and $df_2 = 36$, we observe that the F-count value (4.511) exceeds the F-table value (2.86). If the probability value is smaller than the significance level of 0.05 ($0.002 < 0.05$), then the null hypothesis (H_0) is rejected and the alternative hypothesis (H_a) is accepted. These findings indicate that the factors Company Size (X1), Company Value (X2), and Liquidity (X3) jointly exert a statistically significant influence on the capital structure (Y).

6. T-test (Partial)

The t-test is a statistical method employed to assess the individual significance of each regression coefficient in regression analysis. The primary objective of the t test is to ascertain the statistical significance of the regression coefficient associated with each independent variable in the regression model on the dependent variable [18].

Table 9. Multiple Regression Analysis

| Model | t | Sig. |
|---------------|-------|------|
| 1 (Constant) | 2,177 | ,033 |
| Company Size | 2,168 | ,037 |
| Company Value | 2,728 | ,025 |
| Liquidity | 2,688 | ,029 |

Source: Processed data (2024)

According to the analytical results in table 9, it can be described as follows:

- 1) Based on the results of the regression analysis that has been conducted, the t-count value is 2.168, which is greater than the t-table value of 2.021. This indicates that the significance level of 0.037 is less than the threshold of 0.05. As a result, the null hypothesis (H_0) is rejected, providing evidence that the Size variable The company (X1) has a notable impact on the Capital Structure (Y), with a count of 2.168 and a significance level of 0.037. It suggests that as a company grows in size, there is a higher likelihood of having a larger amount of debt in its capital structure. Simply put, bigger companies have a greater ability to secure substantial loans and rely more on debt rather than their own capital for funding. Company size is a crucial factor that companies take into account when determining the scale of their funding decision policy. As a certified management accountant (CMA), you understand that as companies grow in size, their expenses also increase. This could be due to the need for additional funds, whether through debt or capital, to sustain and expand the business. According to Garcia & Patel, (2020), larger companies have a greater advantage in securing loans compared to smaller companies. For small companies, the level of

leverage will be lower compared to large companies. The findings of this study align with the research conducted by Arsyada et al., (2022) and Marpuah et al., (2021), which indicate that company size has a positive and significant impact on capital structure.

- 2) Based on the results of the regression analysis that has been conducted, the t-count value is 2.728, which is greater than the t-table value of 2.021. This indicates that the significance level of 0.025 is less than the threshold of 0.05. As a result, the null hypothesis (Ho2) is rejected, providing evidence that the Value variable The company (X2) has a noticeable impact on the Capital Structure (Y), as indicated by a count of 2.728 and a significance level of 0.025. It suggests that as a company's value increases, there is a higher likelihood of it having a larger proportion of its own capital in its capital structure. Put simply, businesses that have a high value are generally more capable of generating their own funds without heavily depending on borrowing. As per Jones & Nguyen, (2019), when the company's value rises, there is a natural inclination to utilize more of its own capital. This is because the company is perceived as being more capable of obtaining funds from its own resources rather than relying heavily on debt. This may be due to the fact that highly valuable companies often have superior access to equity, investors, or other internal funding sources. On the other hand, companies with lower valuations may need to depend more on debt for funding. The findings of this study align with the research conducted by Maharani & Mawardhi, (2022) and Rizkiwati & Anwar, (2023). These studies explain that companies with higher valuations are more likely to utilize their own capital as the primary source of funding, rather than relying on debt.
- 3) Based on the results of the regression analysis, it can be concluded that the Liquidity variable (X3) has a positive and significant influence on Capital Structure (Y). This is supported by a t-count value of 2.688 and a significance level of 0.029, which is lower than the commonly accepted threshold of 0.05. Therefore, the null hypothesis (Ho3) is rejected. It is evident that companies with higher liquidity levels are more likely to have a larger proportion of their own capital in their capital structure. As per Lee & Wang, (2021), companies with strong liquidity are more likely to access funds from their own capital, such as cash and short-term investments, rather than relying on debt. Thus, companies that possess a significant amount of liquidity often have a greater portion of their own capital in their capital structure. The findings of this study align with the research conducted by Cahyani & Nyale, (2022) and Puspitasari, (2022). These studies highlight that financially stable companies are adept at effectively utilizing their internal funding sources, thus reducing their dependence on external debt and mitigating potential risks. On the other hand, businesses that have limited liquidity may find themselves depending heavily on borrowing money to finance their operations. This is because their assets are not easily sold or converted into cash in a short amount of time.

IV. CONCLUSIONS

From the aforementioned analysis and debate, several significant points may be inferred. The research findings indicate that the size of a company has a positive and significant impact on its capital structure, hence accompanying the acceptance of the first hypothesis. This suggests that larger corporations typically possess superior reputations, more secure sources of income, and wider access to financial markets. These circumstances enable them to secure loans at reduced interest rates and issue shares at greater valuations in comparison to smaller enterprises. Furthermore, the study revealed that company value exerts a partially positive and considerable impact on capital structure, so accompanying the acceptance of the second hypothesis. Investors typically view companies with greater values as more secure investments due to their superior growth possibilities. This state enables them to secure loans at reduced interest rates and issue shares at elevated prices in comparison to enterprises with lower valuations. The research findings indicate that liquidity has a favorable and substantial impact on capital structure, hence accompanying the acceptance of the third hypothesis. Companies that possess more liquidity possess a greater amount of liquid assets that can be readily converted into cash. This condition provides them with increased financial flexibility to fulfill immediate obligations, pursue new investment prospects, and distribute dividends to shareholders.

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