

EFFECT OF ASSETS STRUCTURE, SOLVABILITY AND PROFITABILITY, ON DEBT POLICY: STUDY ON FOOD AND BEVERAGE MANUFACTURING COMPANIES LISTED ON THE IDX 2015-2019

1st Ana Susanti, 2nd Windratno, Drs, Ak., MM

S1 Accounting Study Program,
Indonesian College of Economics,
Jakarta Indonesia

annasusanti18@yahoo.com ; windratnowidvokartono@gmail.com

Abstract -This study aims to examine whether the effect of Asset Structure, Solvency and Profitability on Long-Term Debt Policy. The influence made on debt policy in the food and beverage sector manufacturing companies is listed on the Indonesia Stock Exchange.

This study uses a descriptive type of research with a quantitative approach, which is measured using a panel data-based method with the e-views program 10. The population of this study is the food and beverage sector companies listed on the Indonesia Stock Exchange from 2015 to 2019. Sample which is determined based on the purposive sampling method, with a total sample of 14 companies from the food and beverage sector so that the total observations in this study were 70 observations. The data used in this study are secondary data. The data collection technique uses the documentation method through the official website www.idx.co.id. Hypothesis testing is done using the t test and f test. The results of the study prove that (1) Asset structure has a positive and significant effect on debt policy in food and beverage sector companies listed on the Indonesia Stock Exchange for the period 2015-2019. (2) Solvency has a negative and significant effect on debt policy in the food and beverage sector companies listed on the Indonesia Stock Exchange for the period 2015-2019. (3) Profitability has no effect on debt policy in food and beverage sector companies listed on the Indonesia Stock Exchange for the period 2015-2019.

Keywords: Asset Structure, Solvency, Profitability and Debt Policy

Abstract -This study aims to examine whether the effect of Asset Structure, Solvency and Profitability on Long-Term Debt Policy. The influence that is made on debt policy in food and beverage sector manufacturing companies listed on the Indonesia Stock Exchange.

This research uses a descriptive type of research with a quantitative approach, which is measured using a panel data-based method with the e-views 10 program. The population of this study are food and beverage sector companies listed on the Indonesia Stock Exchange from 2015 to 2019.

The sample was determined based on the purposive sampling method, with a total sample size of 14 companies from the food and beverage sector so that the total observations in this study were 70 observations. The data used in this study are secondary data. The data collection technique uses the documentation method through the official website www.idx.co.id. Hypothesis testing is done using the t test and f test.

The results of the study prove that (1) Asset structure has a positive and significant effect on debt policy in food and beverage sector companies listed on the Indonesia Stock Exchange for the period 2015-2019. (2) Solvency has a negative and significant effect on debt policy in food and beverage sector companies listed on the Indonesia Stock Exchange for the period 2015-2019. (3) Profitability has no effect on debt policy in food and beverage sector companies listed on the Indonesia Stock Exchange for the period 2015-2019.

Keywords: *Asset Structure, Solvency, Profitability and Debt Policy*

I. PRELIMINARY

A company either engaged in manufacturing or engaged in trading business that carries out a business activity managed by management must have the same goals and achievements. One of the goals is that the company can get the maximum profit and wants the company to be run for a long time because the current business competition is getting tougher.

Along with the development of the times, companies require companies to always strengthen their management fundamentals so that they are expected to be able to compete with other companies in anticipating globalization. In the era of globalization, the development of the capital market in Indonesia is getting faster and more advanced. This development was driven by various refinement and improvement efforts made by the Indonesian capital market by creating a more efficient trade and the enforcement of the Capital Market Law to provide legal certainty for capital market users.

A company either engaged in manufacturing or engaged in trading business that carries out a business activity managed by management must have the same goals and achievements. One of the goals is that the company can get the maximum profit and wants the company to be run for a long time because the current business competition is getting tougher.

Along with the development of the times, companies require companies to always strengthen their management fundamentals so that they are expected to be able to compete with other companies in anticipating globalization. In the era of globalization, the development of the capital market in Indonesia is getting faster and more advanced. This development was driven by various refinement and improvement efforts made by the Indonesian capital market by creating a more efficient trade and the enforcement of the Capital Market Law to provide legal certainty for capital market users.

Another cause of conflict between managers and shareholders is funding decisions. Managers must weigh their funding decisions carefully and carefully. Consideration is needed because each source of funding has different consequences. Managers must

examine the nature, costs and sources of funds that will be used. One source of funding that is often used is debt policy. If the decisions made by the manager only benefit his party, there will be a conflict between the manager (manager) and the shareholders (stockholder), which is often referred to as an agency conflict.

Agency conflicts can be reduced by monitoring to align the interests of related parties. This supervision will result in agency cost. Agency costs are costs associated with supervisory management to ensure that managers behave in a manner consistent with the company's contract agreements with shareholders and creditors (Van Home and Wachowics, 2013 in Ariyanto 2014).

The company's efforts to reduce agency cost usually use funds originating from debt. Increased debt can reduce agency problems for two reasons. First, with increasing debt, the smaller the portion of shares that the company must sell. The smaller the value of the shares in circulation, the less agency problems that arise between managers and shareholders. Second, the greater the company's debt, the smaller the idle funds that managers can use for unnecessary expenses.

The value of the company is inseparable from the several policies the company has taken. One of the policies that is very sensitive to company value is the debt policy. Debt policy is the determination of how much debt the company will use in financing its assets, which is indicated by the debt ratio, which is the ratio between total debt and total assets. The high use of debt can minimize agency costs that arise from conflicts between shareholders and agents. The higher the company's debt, the more it will reflect quality earnings (Risdaty & Subowo, 2015).

The ratio of total debt (total debt) to total assets (total assets) is a ratio to measure the percentage of funds provided by creditors. Creditors prefer a low debt ratio because the lower the debt ratio, the smaller the potential loss to creditors in the event of liquidation. For lenders, the higher this ratio, the greater the risk for them. A debt ratio that is too high will give a very high return.

In determining debt policy, one of the things to consider is the asset structure. Asset structure is the determination of how much the allocation for each asset component, both in current assets and in fixed assets. The amount of fixed assets of a company can determine the amount of use of debt.

Companies that have large amounts of fixed assets can use large amounts of debt because these assets can be used as collateral for loans. Another matter concerning the debt policy to be taken is also related to the company's ability to repay its debt. The company's ability can increase the creditor's confidence to lend funds to the company. Meanwhile, according to Government Regulation No. 63 of 1999 concerning the Implementation of Insurance Business, the level of solvency is stated is the difference between the amount of assets allowed and the obligations. And it can be concluded that solvency is the ability of a company to pay off all company debts, both short-term debt and long-term debt. Solvency is measured by the ratio between total debt, this measure requires the company to fulfill its obligations both in the short and long term. The company can be said to be in ideal conditions, if the company can meet its short-term obligations (*liquid*) and

can also meet its long-term obligations (solvable). Solvency analysis has a goal, namely to find out whether the company's assets are able to support the company's activities.

The company's ability to generate profits (profitability) is a factor related to the company's debt repayment. One of the company's capabilities in repaying its debts can be seen by creditors from its ability to generate profits (profitability). Profitability is the company's ability to earn profits in a certain period and is a factor that is considered in determining the company's capital structure. This is because companies that have high profitability tend to use relatively small debt because high retained earnings are sufficient to finance most of their funding needs. Profitability ratios are useful in assessing the effectiveness of the company's operations.

The purpose of this study is to provide additional references to research related to debt policy. Based on the background of the problems above, it is important to conduct research on the Effect of Asset Structure, Solvency, and Profitability on Long-Term Debt Policy (Empirical Study of Manufacturing Companies in the food and beverage sector listed on the IDX during the 2015 - 2019 period).

II. THEORY AND DEVELOPMENT BASIS HYPOTHESIS

2.1. Definition of Accounts Payable Policy

Financial Accounting Standards Board(FASB) in Kieso et al (2008) defines debt / liability / liability as the possible future sacrifice of economic benefits arising from the current obligation of a particular entity to transfer assets or provide services to other entities in the future as a result of transactions in the event. the past. According to Djarwanto (2004), debt is the company's obligation to other parties to pay a certain amount of money or deliver goods or services on a certain date. According to IAI, liabilities represent current corporate debt arising from past events, their settlement is expected to result in an outflow of company resources that contain economic benefits (Ghozali and Chairiri, 2007). Debt can be classified into three types, namely (Riyanto, 1995):

a. Short-term debt

Short-term debt is debt that is expected to be paid off within one year or one normal operating cycle of the company by using sources of current assets or by creating new short-term debt.

b. Intermediate-term debt

Short-term debt, namely debt with maturities of more than one year and less than ten years. The need to finance a business through credit is due to a need that cannot be met through short-term credit or long-term credit. The main forms of medium-term debt are term loans and lease financing.

c. Long-term debt

Long-term debt is debt with a payment term of more than one year from the balance sheet date and sources to pay off long-term debt are non-current assets.

Financing using debt has several advantages and disadvantages. According to Houston (2001) the advantages of financing using debt are first, the interest paid can be deducted for tax purposes, thereby reducing the effective cost of debt. Second, debt holders

(debtholder) get fixed returns, so that shareholders (stockholders) do not need to share their profits when the company is in prime condition.

Debt policy includes funding policies that come from external sources. Debt policies are all types of debt created or created by a company, both current and long-term debt. Hardiningsih and Oktaviani (2012) state that debt policy is a company's decision to obtain funds from third parties to invest. Wahidahwati (2002) states that the company's external funding policy is taken by the management in order to obtain a source of financing for the company so that it can be used to finance the company's operational activities. So, debt policy is an act of company management that will fund the company's operations using debt.

Debt financing has three important implications (1) obtaining funds through debt allows shareholders to maintain control over the company with limited investment, (2) creditors view the equity or funds paid by the owner to provide a safety margin, so that if the shareholders only provide a part small of the total financing, the risk of the company is mostly on the creditors, (3) if the company gets a greater return on investment financed with loan funds compared to interest payments, the return on owner's capital will be greater.

2.2. Asset Structure

The company's asset structure plays an important role in determining financing. Asset structure is the determination of how much the allocation for each component of assets, both in current assets and fixed assets.

According to Riyanto (2004) asset structure is a balance or comparison both in the absolute sense and in the relative sense between current assets and fixed assets. Assets are assets owned by a company that are used for its operations. In general, there are two types of assets owned by a company, namely current assets and fixed assets. Current assets are company assets that can be used within one year. Current assets can be in the form of cash, accounts receivable, short-term investments, inventories and prepaid expenses. Fixed assets are tangible assets that have a lifespan of more than one year and are not easily converted into cash used for operations and not for resale.

Companies that have high fixed assets will use a lot of long-term debt in financing. Meanwhile, companies whose assets are partly in the form of accounts receivable and inventories whose value is highly dependent on the sustainability of the level of profitability are not too dependent on short-term financing. Fixed assets are assetst which is often used by companies as collateral to get loans, so that if the company has large fixed assets, the company is getting easier to get a loan or debt. Large fixed assets and offers of ease of providing debt and the opportunity to invest will be a consideration for companies to adopt a debt policy (Hardiningsih and Oktaviani, 2012).

2.3. Solvency

According to Munawir (2007), this solvency is to show the company's ability to fulfill its obligations (debt) if it is liquidated, both short and long term financial obligations. Then there is also an opinion from Sutrisno (2009) who sees solvency as the ability of a

company to fulfill all of its obligations if the company is liquidated. So it can be concluded that solvency is the ability of a company to pay its obligations either in the short or long term if they are liquidated. All activities carried out by the company, of course, will not be possible without a purpose. In addition, benefits must also be obtained from these activities.

To see how much debt the company has when compared to its total assets, you can use the solvency ratio. This ratio will show the company's ability to pay all of its obligations, both long and short term. This must be seen, especially if the company is dissolved, or liquidated. Then, it must be known that a company that has a high solvency ratio will have a higher risk of loss. For this reason, the company must also know what types of this ratio are, in order to know whether the company has a high risk of loss or not.

Referring to the notion of solvency, it is more the company's ability to pay off all of its obligations. And so you can find out how much debt you have when compared to its assets.

2.4. Profitability

Profitability is the company's ability to earn profits in relation to sales, total assets and own capital (Sartono, 2011). Profitability is one of the important indicators to assess the company in generating profits as well as to determine the effectiveness of the company in managing its resources. Companies with a high level of profitability usually use small amounts of debt because these companies use internal funds in their returns (Brigham and Houston, 2010).

The factor that affects debt policy according to Amirya and Atmini (2008) is the growth in total assets. The growth in total assets tends to have a positive impact on the level of corporate debt. The growth in total assets reflects a longer time horizon of sales growth. Investments in assets take time before they are ready to operate, so the activities undertaken are not directly related to revenues. The company will increase its assets when there are good prospects.

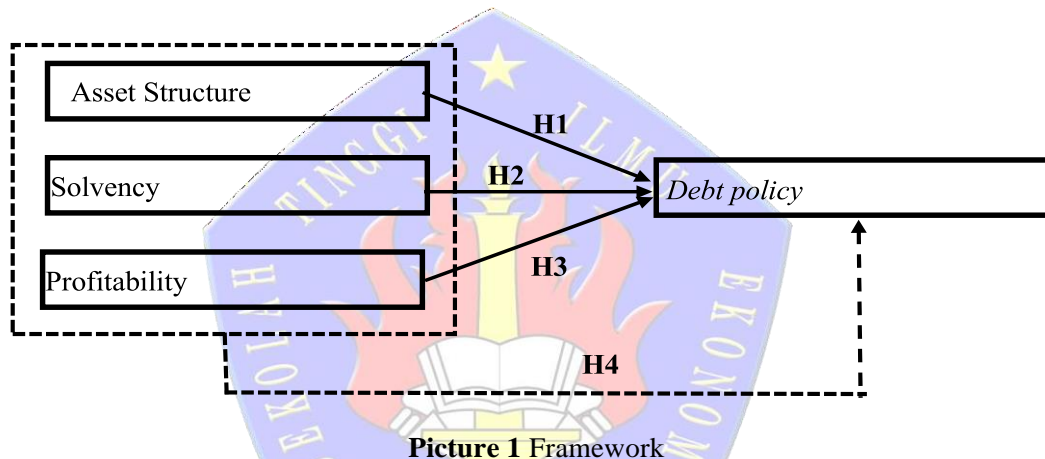
Industry characteristics also have an influence on debt policy because the ability to pay debt depends on profitability and also sales volume. Thus, profit margin stability is as important as sales stability. According to Weston and Copeland, the asset structure can also affect the company's debt policy. Companies that have long-term fixed assets, especially the demand for their products are quite convincing, for example public companies, will use a lot of long-term mortgage debt.

Profitability is the company's ability to generate profits from invested capital. The company is the size of a company. The measure that can be used for profitability is by using ROE which is the rate of return on the company's owner's equity. Owner's equity is the amount of the company's net assets. The level of profit achieved from operational results is reflected in the return on equity. An increase in ROE will increase retained earnings, so that the capital component itself will increase. With the increase in own capital, the debt ratio will decrease (assuming that debt is relatively fixed). On the other hand, the increase in ROE shows that the company's performance is getting better, this will

further increase creditors' trust in the company so that the amount of debt tends to increase. (Brigham & Houston, 2009). ROE measures the level of effectiveness of a company in managing equity to get net income during a period. ROE is usually expressed as a percentage (%). ROE shows how efficiently a company is able to convert every dollar invested by shareholders into profit. Unlike ROA, ROE is influenced by the size of the company's debt, if the company's debt is bigger, this ROE will also be higher. An increase in ROE must also be aware of an increase in the Company's Debt Ratio. Unlike ROA, ROE is influenced by the size of the company's debt, if the company's debt is bigger, this ROE will also be higher. An increase in ROE must also be aware of an increase in the Company's Debt Ratio. Unlike ROA, ROE is influenced by the size of the company's debt, if the company's debt is bigger, this ROE will also be higher. An increase in ROE must also be aware of an increase in the Company's Debt Ratio.

2.5. Framework

The framework of this research is outlined in the research model on Picture 1.



2.6. Hypothesis

Based on the framework and research paradigm previously described, the hypotheses proposed in this study are:

H1: Asset structure has a negative and significant effect on debt policy.

H2: Solvency has a negative and significant effect on debt policy

H3: Profitability has a negative and significant effect on debt policy

III. RESEARCH METHODS

The object of research is the effect of asset structure, solvency and profitability on debt policy in food and beverage sector manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2015-2019 period. This study uses a causal research method and the type of data used in this study is secondary data, which is financial statement data sourced from the Indonesia Stock Exchange. The population of this study were 14 manufacturing companies listed on the Indonesia Stock Exchange for the period 2015-2019. The sample selection was carried out using a non-

probability sampling method with the sampling technique using purposive sampling. The data analysis method used in this study is a panel data regression analysis model using the help of a computer statistical application program Eviews 9

Table 1: Variables and Measurements

Variable	Indicator	Scale
Asset Structure	SA = $\frac{\text{Fixed assets}}{\text{Total Assets}}$	Ratio
Solvency	DER = $\frac{\text{Total Debt}}{\text{Total Equity}}$	Ratio
Profitability	ROE = Net income / (Total assets - Total liabilities)	Ratio
Debt policy	DAR = Total Debt / Total assets	Ratio

Source: processed data, 2020

This study used logistic regression analysis. The analysis was carried out by looking at the influence of each dependent variable on the independent variable and the effect of all dependent variables on the independent variable. The regression model formed is as follows:

$$KH = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Information :

KH : Debt policy

X1 : Asset Structure

X2 : Solvency

X3 : Profitability

α : Constant Coefficient

β : Independent Variable Regression Coefficient

e : Error Rate (*error*)

IV. RESEARCH RESULT

4.1. Research Sample Description

This study uses secondary data obtained from data from manufacturing companies in the consumer goods sector, namely food and beverages listed on the Indonesia Stock Exchange (IDX) in the 2015-2019 period, accessed from www.idx.xo.id. The collected data will be analyzed quantitatively with statistical methods to test the research hypothesis.

The methods used for data collection in this study are documentation techniques and library research. This documentation technique is used to collect data related to research variables. The data in question is the financial statements of manufacturing companies in

the consumer goods sector: food and beverages listed on the Indonesia Stock Exchange (BEI) for the 2015-2019 period. Meanwhile, library research is used to study, research, study and delve deeper into the object of research to be carried out by the researcher. What is meant by library research are books, international journals and national journals related to research.

4.2. Descriptive statistics

Table 2: Descriptive Statistics Table

	DAR	SA	DER	ROE
Mean	0.4972	0.3816	0.8698	0.1658
Median	0.4815	0.3875	0.9158	0.1480
Maximum	2.8999	0.8051	3.3389	1.2415
Minimum	0.1406	0.0592	-2.1273	-0.6845
Observations	70	70	70	70

Source: secondary data processed, 2020

Based on table 4.1, it shows the results of the mean, median, maximum, and minimum values of each of the research variables. There is also the number of observations or the number of samples in the study (n) during the 2015-2019 period, namely 70 observations. The Debt Policy Variable (DAR) has a mean (average) value of 0.4972, a median value of 0.4815, a maximum value of 2.8999, and a minimum value of 0.1406.

While the Asset Structure Variable (SA) has a mean (average) value of 0.3816, a median value of 0.3875, a maximum value of 0.8051, and a minimum value of 0.0592.

Meanwhile, the Solvability variable (DER) has a mean (average) value of 0.8698, a median value of 0.9158, a maximum value of 3.3389, and a minimum value of -2.1273.

While the Profitability Variable (ROE) has a mean (average) value of 0.1658, a median value of 0.1480, a maximum value of 1.2415, and a minimum value of -0.6845.

4.2. Multicollinearity Test

Multicollinearity test aims to test whether the regression model in this study found a correlation between the independent variables. The regression model can be said to be good if there is no correlation between the independent variables. The following are the results of the multicollinearity test:

Table 3 Multicollinearity Test Results

	SA	DER	ROE
SA	1,00000	0.40540	-0.01836
DER	0.40540	1,00000	0.21447
ROE	-0.01836	0.21447	1,00000

Source: EViews 9.5

Based on the results of the correlation matrix output above, the correlation between the Asset Structure (SA) and Solvency (DER) variable is 0.40540, the correlation between Asset Structure (SA) and Profitability (ROE) is -0.01836, the correlation between Solvency (DER) and Asset Structure (SA) of 0.40540, the correlation between Solvency

(DER) and Profitability (ROE) is 0.21447, the correlation between Profitability (ROE) and Asset Structure (SA) is -0.01836, the correlation between Profitability (ROE) and Solvency 0.21447. From the above results indicate that there is no correlation more than 0.80 of the independent variables. So it can be concluded that the data from this study did not have multicollinearity between the independent variables.

4.3. Autocorrelation Test

According to Ghozali (2016: 107) a good regression model is one that is free from autocorrelation. This study uses Durbin Watson to detect the presence or absence of autocorrelation. The Durbin Watson test value is compared with the Durbin Watson table value to determine the presence of a positive or negative correlation. The decisions regarding the existence of autocorrelation are as follows:

- H0 : no autocorrelation
- H1 : there is autocorrelation
- a. Positive autocorrelation detection
 - a) if $d < d_L$ then there is positive autocorrelation
 - b) if $d > d_U$ then there is no positive autocorrelation
 - c) if $d_L < d < d_U$ then the test is inconclusive or there is no definite conclusion
- b. Negative autocorrelation detection
 - a) If $(4-d) < d_L$ then there is negative autocorrelation
 - b) If $(4-d) > d_U$ then there is no negative autocorrelation
 - c) If $d_L < (4-d) < d_U$ then the test is not convincing or there is no definite conclusion

Table 4 Autocorrelation Test Results

Dependent Variable: DAR			
Method: Panel EGLS (Cross-section random effects)			
Sample: 2015 2019			
Periods included: 5			
Cross-sections included: 14			
Total panel (balanced) observations: 70			
Swamy and Arora estimator of component variances			
R-squared	0.389302	Mean dependent var	0.190357
Adjusted R-squared	0.361543	SD dependent var	0.282785
SE of regression	0.225955	Sum squared resid	3.369667
F-statistic	14.024370	Durbin-Watson stat	1,849233
Prob (F-statistic)	0.000000		
F-statistic	14.024370	Durbin-Watson stat	1,849233
Prob (F-statistic)	0.000000		

Source: EViews 9.5

In this study, there are 70 samples (n) and 3 independent variables (k), so the Durbin-Watson Table (Appendix) shows the d_L value of 1.5245 and d_U of 1.7028. Based on the table above shows that the Durbin-Watson value is 1.849233, meaning the value of

$d > dU$ ($1.849233 > 1.7028$), it can be concluded that the data in this study does not have positive autocorrelation and $(4-d) > dU$ ($4 - 1,849233 = 2,150767 > 1.7028$) it can be concluded that the data in this study did not have negative autocorrelation.

4.4. Heteroscedasticity Test

Heteroscedasticity test aims to test whether in the research data there is an inequality of variance from the residuals from one observation to another in the regression model. The following are the results of the heteroscedasticity test.

Table 5 Heteroscedasticity Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
SA	-0.004315	0.005387	-0.801002	0.426600
DER	-0.002215	0.001928	-1.149296	0.255500
ROE	-0.002193	0.002757	-0.795300	0.429900
C	0.009275	0.001641	5.653270	0.000000

Source: EViews 9.5

To detect heteroscedasticity, it can be seen by comparing the Prob value. Each independent variable has a significance value (α) of 5% or 0.05. If Prob. > value α , then there is no heteroscedasticity and if Prob. > value α , then there is heteroscedasticity. The table above shows that:

- a. Prob Value. Asset Standard (SA) of $0.426600 > 0.05$ (greater than the significance value)
- b. Prob Value. Solvency (DER) of $0.255500 > 0.05$ (greater than the significance value)
- c. Prob Value. Profitability of $0.429900 > 0.05$ (greater than the significance value)

The results above show that the value for Prob. From each variable is greater than the significance value. So it can be concluded that the data in this study did not have heteroscedasticity.

4.5. Hypothesis testing

In this study, hypothesis testing was carried out using logistic regression. Logistic model regression analysis was used in this study because the variables in this study were because the dependent variable used in this study was dichotomous. According to Imam Ghozali (2011) in testing the logistic regression model the independent variables are tested simultaneously, but the interpretation of the model output can be done partially. The logistic model used in this study can be described as follows:

4.5.1. Determination Due Diligence (R2)

The coefficient of determination (R2) is used to measure how much the independent variables can explain the dependent variable of the study. The value of the determination coefficient is between 0 and 1. The coefficient of determination on the results of data processing in the Eviews program is reflected in the adjusted R-squared results.

Table 6 Test Results of the Coefficient of Determination (R2)

Adjusted R-squared	0.361543
--------------------	----------

Source: EViews 9.5

Based on the table above, it shows that the results of R2 are 0.361543 or equal to 36.15%. This shows that 36.15% of the Long-Term Debt Policy (DAR) can be explained by the Asset Structure

(SA), Solvency (DER), and profitability (ROE) variables while the rest is 63.85% (100% - 36, 15%) is influenced by other variables not in this study ..

4.5.2. Partial Test (t-statistic)

The t-statistic test is used to determine the effect of independent variables on the dependent variable individually (partially). The significance value (α) used in this study is 5% or 0.05. With the assumptions that will be used are as follows:

- a. If the significance value <0.05 then H_a is accepted and H_0 is rejected, it means that the independent variable individually affects the dependent variable.
- b. If the significance value > 0.05 then H_a is rejected and H_0 is rejected, it means that the independent variable individually has no effect on the dependent variable.

Following are the results of data processing in the Eviews program with the Random Effect Model (REM) approach which was previously selected as the best regression model.

Table 7 t-statistical test results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
SA	1.272964	0.298054	4.270916	0.000100
DER	-0.257855	0.050995	-5.056474	0.000000
ROE	0.081280	0.191288	0.424911	0.672300
C	0.222296	0.141652	1.569312	0.121400

Source: EViews 9.5

On the results of the data processing above, the following equation is obtained:

$$DAR = 0.222296 + 1.272964SA - 1.272964DER + 0.081280ROE + e$$

4.6. Discussion of Research Results

Based on the table above shows that the Asset Structure (SA) has a regression coefficient value of 1.272964 and a probability value of 0.000100 <0.05 (smaller than the significance value), which means that Asset Structure (SA) has a significant effect on Debt Policy (DAR). This means that the Asset Structure (SA) has a positive and significant direction towards Debt Policy (DAR). So it can be concluded that H_1 is accepted. This result is in line with the results of research conducted by Wahyuni et al (2016) and Asiyah and Khuzaini (2019), not in line with the results of research conducted by Utami and Ngumar (2019) which show that Asset Structure (SA) has no effect on Debt Policy (DAR).

This shows that a company that has a high asset structure will greatly influence debt policy, because it will be easier to make loans to external parties with assets as collateral. With this, external parties or creditors will feel safer in providing debt because the company has guarantees.

Based on the table above, it shows that Solvency (DER) has a regression coefficient value of -0.2578552 and a probability value of 0.000000 <0.05 (smaller than the significance value), which means that Solvency (DER) has a significant effect on Debt

Policy (DAR). This means that Solvency (DER) has a negative and significant direction towards Debt Policy (DAR). Then it can be concluded that H2 is accepted.

This shows that the more wealthy the company has, the lower the use of its debt will be. Because companies will more often use their internal funds and do not need to meet funding needs for their operational activities from external parties.

Based on the table above, it shows that Profitability (ROE) has a regression coefficient value of 0.081280 and a probability value of $0.672300 > 0.05$ (greater than the significance value), which means that profitability (ROE) has no effect on Debt Policy (DAR). So it can be concluded that H3 is rejected. The results of this study are in line with the results of research conducted by Kusuma et al (2019), but not in line with research conducted by Asiyah (2019) and Wahyuni et al (2016) which show that Profitability (ROE) has a positive effect on Debt Policy (DAR).

This shows that companies that have high profits have lower use of debt because companies that have high profitability have large internal funds, so companies are more likely to use internal funds from profits or profits than external funds to finance their operational activities. This is in accordance with the pecking order theory, where companies prefer to secure internal funding from profits (retained earnings), then issue debt and finally issue shares.

V. CONCLUSION, RESEARCH IMPLICATIONS AND LIMITATIONS

5.1. Conclusion

Based on the results obtained from the panel data regression analysis test, the researchers concluded:

1. Asset Structure (SA) has a positive and significant effect on Long-term Debt Policy. This shows that companies that have a high asset structure will increase their debt policy. If the company has a high asset structure, it will make it easier for creditors to provide loan funds because the company uses assets as collateral.
2. Solvency (DER) has a negative and significant effect on Long-Term Debt Policy. This shows that the more the company has high wealth, the lower the use of its debt is. Because companies will more often use their internal funds.
3. Profitability (ROE) has no significant effect on Long-Term Debt Policy. This shows that companies that have high profits have lower use of their debts because they tend to use internal funds from profits or profits to finance their operational activities.

5.2. Suggestion

1. For the Company

It is better if you are able to consider the factors that need to be considered before making a policy for financing the company, both from external and internal sources of funds, because it will greatly affect the continuity of the business being run.

2. For Creditors

Can consider several factors before giving a loan to a company. starting from guarantees to whether the company is able to return the funds that have been borrowed.

3. For Further Researchers

Expanding companies that will be sampled in research, not only food and beverage sector companies listed on the Indonesia Stock Exchange. Adding theoretical variables that can affect long-term debt policies such as divide policy, tax rates, and others.

5.3. Research Limitations

1. This study only uses three independent variables, namely Asset Structure (SA), Solvency (DER), and Profitability (ROE). For further researchers, it is expected to add or use other variables which in theory can influence Long-Term Debt Policy.
2. This study only uses manufacturing companies in the food and beverage sector as the object of research. For further researchers, it is expected to expand the object of research, not only the food and beverage sector.
3. The research period used in this study was only 5 years. The next researcher is expected to extend the research period so that the research results obtained are maximized.

VI. REFERENCE

- Adi Wijaya Kusuma, Putu Kepramareni, Ni Luh Gde Novitasari, 2019. The Effect of Liquidity, Profitability, and Business Risk on Debt Policy. *Journal of Economics*, 1063
- Asma Salman, 2019. Effect of Capital Structure on Corporate Liquidity and Growth: Evidence from Tobacco Industry in Pakistan. *Strategic Management Journal*, Volume 18, Issue 2
- Brigham and Houston. 2013. *Basics of Financial Management*. Jakarta: Four Salemba.
- Carl S Warren, James M Reeve, Jonathan E Duchac, Novyrs Suhardianto, Devi Sulistyo Kalanjati, Amir Abadi Jusuf, Chaerul D Djakman, 2015. *Introduction to Accounting*, Third Edition, Salemba Empat
- Dwi Putri Novitasari, Viriany, 2019. The Effect of Profitability, Company Size and Liquidity on Debt Policies in Manufacturing Companies. *Journal of Accounting Multiparadigm*
- Fahmi, Irham. 2013. *Financial Statement Analysis*. Bandung: Alfabeta.
- Gujarati, DN 2012. *Basic Ecomometrics "Fifth Edition"*. New York: The McGrawHill Companies.
- Ghozali, Imam. 2007. *Banking Risk Management with Quantitative Value at Risk (VAR) Approach*. Diponegoro University Publishing Agency: Semarang
- Ghozali, I. 2016. *Multivariate Analysis Application with IBM SPSS Program* 23. Edition 8. Semarang: Diponegoro University Publishing Agency.
- Hardiningsih, Oktaviani, 2012. Determinants of Debt Policy. *Journal of Financial and Banking Accounting Dynamics*, ISSN 1979-4878
- Ita Trisnawati, 2016. Factors Affecting Debt Policy in Non-Financial Companies listed on the Indonesia Stock Exchange. *Journal of Business and Accounting*, Vol 18 No.1
- Jensen M, & Meckling ,. (1976). "Theory of Firm: Managerial Behavior Agency Cost and Ownership Structure". *Journal Of Finance and Economics*, Vol. 3 No. 4, pp. 305-360
- Cashmere. 2014. *Financial Statement Analysis*, Jakarta: Rajawali Pers,
- Kieso, DE, Weygandt, JJ, and Warfield, TD 2008. *Intermediate Accounting Volume 2*.

Jakarta: Erlangga.

Krisdiana Dwi Handayani, 2019. The Effect of Profitability and Share Ownership on Debt Policy with the Investment Opportunity Set as a moderating variable. Accounting journal

Mamduh. 2004. Financial Management Edition 1. Bpfe: Yogyakarta

Nur Ainiyah, Tatas Ridho Nugroho, March 2020. Effect of Free Cash Flow and Asset Structure on Debt Policy with Business Risk Moderation. UnimVol e-journal. 3 No. 1

Niken Anindhita, 2017. The Effect of Institutional Share Ownership, Public Share Ownership, Dividend Policy, Asset Structure, and Profitability on Debt Policy. Journal of Management Faculty of Economics No.2

Risdawaty, IME, & Subowo. (2015). The Influence of Capital Structure, Company Size, Information Asymmetry, and Profitability on Earnings Quality. Journal of Accounting Dynamics, 7 (2), 109–118.

Setyawati, 2014, Analysis of the Effect of Asset Structure and Profitability on Company Debt Policy. (Empirical Study on Manufacturing Companies Listed on the Indonesia Stock Exchange 2010-2012). Thesis, Diponegoro University, Semarang.

Siti Tri Asiyah, 2019. The Effect of Profitability, Asset Structure and Company Size on Debt Policy. Journal of Management Science and Research No. 5

Siska Putri Dwi Utami, 2019. The Effect of Institutional Ownership, Asset Structure and Profitability on Debt Policy. Journal of Accounting Science and Research

Sri Wahyuni, Muhammad Ahyarudin and Mizan Asnawi, 2016. The Influence of Asset Structure, Profitability, Dividend Policy, and Tax Rates on Debt Policy. Journal of the Economy, Vol 1

Sugiyono, 2016. Quantitative Research Methods, Qualitative, and R & D. Bandung: Alfabeta.

<http://ejournal.unim.ac.id/index.php/prive>

Scott, Wiliam R. 2015. Financial Accounting Theory Sevent Edition. United States: Canada Cataloging.

Wahidahwati. 2002. The Effect of Managerial Ownership and Institutional Ownership on Corporate Debt Policy: an Agency Theory Perspective, Indonesian Journal of Accounting Research, Vol. 5. Number 1. P. 1-16

Van Horne, James C. & Wachowocz, JR., John M. (2005). Financial Management Principles Book 12 Edition 1. Jakarta: Salemba Empat

www.idx.co.id

www.scholar.co.id



