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The Influence of Profitability, Liquidity and Asset Growth on Capital Structure with Company Size as a Moderating Variable in Food and Beverage Companies Listed on the Indonesian Stock Exchange for the 2017-2023 Period

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ABSTRACT

This research aims to test and analyze the influence of profitability, liquidity and asset growth on capital structure with company size as a moderating variable in food and beverage companies listed on the Indonesia Stock Exchange for the 2017-2023 period. The type of research used is associative quantitative. The research population used companies registered with food and beverage companies listed on the Indonesia Stock Exchange with observations of 133 cross section time series data. The observation period in the research used data from 2017 to 2023. The research data was then processed using Eviews 12 software. The analysis method used was panel data regression which is a combination of cross section and time series data. Panel data regression analysis is carried out through a model selection test, to determine the best model, the test results show that the Common Effect Model is the most appropriate model to use in predicting Capital Structure which is moderated by Company Size. The results of the coefficient of determination test on the model show a value of67.4398% while the remaining amount is 32.5602%can be explained by other variables not examined in this study. The research results show that Profitability has a significant negative effect on Capital Structure, Liquidity has a significant negative effect on Capital Structure, Asset Growth has a significant negative effect on Capital Structure. Company size is significantly able to moderate the relationship between Profitability and Capital Structure, Company Size is able to moderate the relationship between Liquidity and Capital Structure, Company Size is able to moderate the relationship between Asset Growth and Capital Structure. in food and beverage companies listed on the Indonesia Stock Exchange during the 2017-2023 period.

Keywords:Profitability, Liquidity, Asset Growth, Company Size, Capital Structure

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INTRODUCTION

The greater the internal funds originating from retained earnings, the stronger the company's financial position will be in facing financial difficulties in the future. This retained earnings can be used by the company as a reserve to deal with losses that arise in the future, to pay off the company's debts, to increase working capital or for future company expansion. Apart from internal sources of funds, other sources of funds are external sources, namely sources of funds that come from additional ownership capital participation or the issuance of new shares, bond sales, and credit from banks. Determining the source of funds is considered important because each source of funds has a different level of risk. For this reason, financial managers are expected to be able to implement the selection of the most appropriate alternative sources of funds. In this case, the company needs to consider whether the funds are met from its own capital, debt, or a combination of both. The company needs to consider balance in determining its capital structure. Accuracy in capital selection will be able to produce an optimal capital structure. What is meant by optimal capital structure is a capital structure that optimizes the balance between risk and return so as to maximize share prices. The optimal capital structure can change at any time, this can affect the cost of capital. The impact of changes in the cost of capital will influence capital budget decisions and the company's share price will also be affected. A company that has a poor capital structure, seen from the high debt it has, places a heavy burden on the company.

According to Myers (Hakim, 2013:24) who put forward a capital structure theory known as equilibrium theory, which refers to the influence of debt. The balance sheet explains that the optimal capital structure is determined by the increase in debt, debt brings benefits and costs that balance benefits and costs. produce an optimal capital structure. Debt benefits businesses because interest payments are considered an expense and reduce taxable income, thereby reducing the amount of taxes paid by the business. Apart from the positive aspects, debt also has negative aspects, namely increasing the possibility of bankruptcy in all cases. It is very interesting to follow developments in the economic sector that supports the smooth running of business life, especially the food and beverage industry in Indonesia. The food and beverage group is a sector that investors are interested in. This is because the food and beverage industry is still surviving and is more resilient than other industries because consumers or the public still need food and drink in times of crisis. It is hoped that the establishment of more and more food and beverage companies will provide profitable prospects in meeting people's needs.

The capital structure phenomenon in this research is the lack of materialsobstacles to the acceleration of the processed food industry. Based on Presidential Decree 74/2022 concerning National Industrial Policy (KIN), one of the main problems that must be resolved in the domestic processed food industry sector is the minimal supply of raw materials. For example, in the milk processing sector which is considered to be the main support for the performance of the food and beverage industry. Quoting the latest data from the Ministry of Industry, to date only around 0.87 million tons or 21% of raw materials are Domestic Fresh Milk (SSDN). The remaining raw materials are still imported from abroad in the form of skim milk, whole milk, anhydrous milk fat, butter milk and whey. In the last five year period, the supply of local raw materials only grew by an average of 0.9% per year. Meanwhile, industrial demand for raw materials grows by up to 6% per year. Responding to this condition, Chairman of the Manufacturing Industry Sector of the Indonesian Employers' Association (Apindo) Johnny Darmawan assessed that the domestic processed food industry

is actually able to get out of the raw material problem. "Because, Indonesia has raw materials to be processed into raw materials. So, actually it just remains the will to build its industry," said Johnny to Bisnis, Sunday (29/5/2022). Johnny said Indonesia does not yet have modern equipment to process raw materials into raw materials. With this, we hope that there will be procurement of machines with advanced technology to solve this problem. However, he admitted that efforts to update the relevant industry were not easy. This is because the costs required for industrial upgrading are relatively greater compared to imports. So far, imports in the country's non-oil and gas sector are still dominated by raw/auxiliary materials. The Ministry of Trade (Kemendag) recorded imports of non-oil and gas sector raw materials in 2021 worth US$147.38 billion. This value far exceeds imports of capital goods worth US$28.63 billion and consumer goods worth US$20.19 billion.

The value of imports of raw materials for the Indonesian non-oil and gas sector in 2021 will increase by 42.80 percent on an annual basis (year-on-year). Previously, the value of imports of raw materials for Indonesia's non-oil and gas sector was US$103.21 billion. According to Johnny, the government can handle this problem by making regulations regarding incentives for players in the processed food sector to support updates in this industry with the most potential. Products from the Indonesian processed food industry have a large market size abroad in line with the increase in world population. This indicates the opening of the export market. The opportunity for Indonesian processed food commodities to be optimized on the world market is not small. Based on data from the Ministry of Trade, exports of national processed food products have always experienced positive growth in export value in the last 5 years, or more precisely since 2017. The export value of domestic processed food products grew significantly by more than 7.58 percent during the 2017 - 2021 period from US$6.27 billion to US$8.6 billion. Apart from that, most of the processed food industries have managed to maintain a rhythm of utilization. Some of them are fruit processing and coffee processing with utilization above 90 percent. Followed by the processing of milk, vegetable oils and tea, the utilization rate remains at a moderate level in the range of 60 percent - 80 percent. In other words, this shows that there is still a lot of room for improvement in the future.

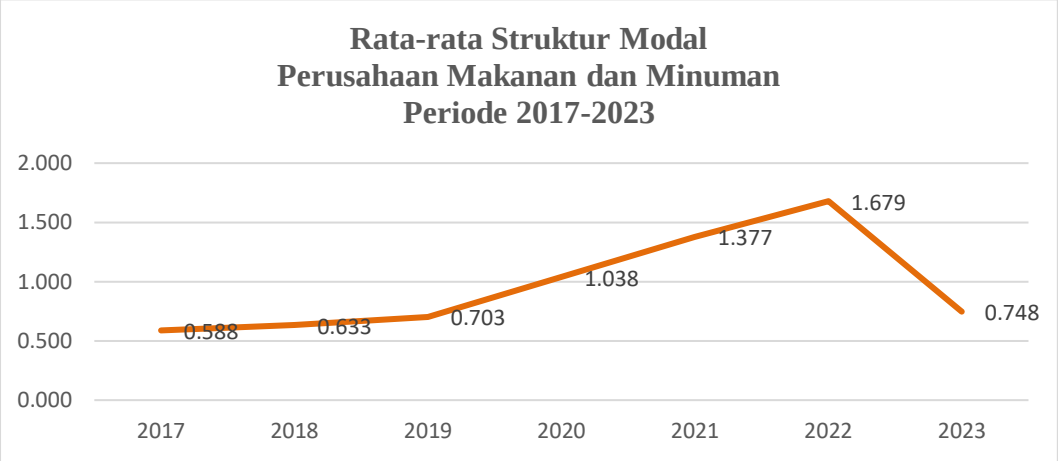
Basically, every company has efforts to continue to develop its company, therefore the company needs quite a bit of funds to continue to develop and carry out its business activities. Sources of funding obtained by a company can come from internal or external to the company. Internal sources of funds are funds obtained from the results of the company's operating activities which consist of unshared profits (retained earnings) and depreciation. Meanwhile, external funding sources are sources of funds obtained from outside the company, consisting of suppliers, banks and the capital market. For company continuity, the most important thing faced by company managers is funding decisions(Wijaya, 2020).

One of the important decisions faced by financial managers relating to company survival is the funding decision. Funding decisions are decisions related to the problem of determining the sources of funds to be used, and the problem of the best balance between these sources of funds. Fulfillment of funding needs from internal sources, namely sources of funds that are formed or generated themselves within the company. External sources (external financing), namely sources of funds that come from additional capital participation of owners or the issuance of new shares, sale of bonds, and loans from banks(Miswanto et al., 2022).

The right combination in choosing capital will be able to produce an optimal capital structure that can become a strong foundation for the company to carry out its production activities, and can bring optimal profits for the company and its shareholders. What is meant by optimal capital structure is a capital structure that optimizes the balance between risk and return so as to maximize share prices. Capital structure is the balance or comparison between the amount of long-term debt and own capital. The optimal capital structure is a balance between the use of own capital and the use of long-term loans. The right

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combination in the choice of capital will be able to produce an optimal capital structure, which can become a strong foundation for the company(Musabbihan & Purnawati, 2018).



Source: www.idx.co.id processed in 2024

Figure 1. Dept to Equity Ratio Data for Nineteen Food and Beverage Companies Listed on the IDX for 2017-2023.

Based on Figure 1, the average capital structure as measured by the Department to Equity Ratio in food and beverage companies in 2017-2023. The average capital structure growth in 2017-2022 has increased quite significantly from 0.588 to 1.679. In 2022 to 2023 the capital structure will decrease from 1.679 to 0.748. This is influenced by several factors that influence increases or decreases, including profitability, liquidity, asset growth and company size. For this reason, further research is needed.

Several factors that can influence capital structure include the profitability variable. Usually companies that have a high level of profitability tend to have a low level of debt. Because companies that have high profitability will allocate most of their profits as retained earnings which will later be used as a source of internal funds (Batubara et al., 2017). The research results of Margaretha and Aditya (2010), Santika and Bambang (2011), and Sheikh and Zongjun (2011) state that profitability has a significant negative effect on capital structure. Meanwhile, research by Mirza (2015), Ngatemin et al. (2018), as well as Andayani and Ketut (2018), the results show that profitability has a significant positive effect on capital structure. Meanwhile, the results of research by Seftianne and Ratih (2011), and Wulandari et al. (2018) shows that profitability has no effect on capital structure.

Profitability ratios are used as a tool for evaluating management performance in companies (Kasmir, 2019: 198). The higher the level of profitability of a company indicates that the majority of the company's capital use is obtained from internal capital, namely retained earnings, so that the company reduces the use of capital originating from external parties (Andayani & Suardana, 2018). Profitability shows the company's ability to earn profits from its operational results. Managers work effectively and efficiently to reduce capital costs and minimize risks, which can ultimately result in increased profitability. Companies that have large profits will rely on retained earnings as company funding rather than using external funds (Abdulla, 2017).

This is in accordance with pecking order theory where the higher a company's profitability, the company tends not to use debt to finance its operational activities (Nirmala and Andarwati, 2016). Therefore companies prefer to use retained earnings. Based on this explanation, it can be concluded that the higher the company's profitability, the relatively little debt it uses. Research on the influence of profitability on capital structure was conducted by Novwedayaningayu and Hirawati (2020), Hatauruk (2020).

Research on the influence of profitability on capital structure was carried out by Pratama and Susanti (2019), the results of which revealed that profitability had a positive influence on capital structure, however, other research conducted by Mulyasri and Subowo (2020) showed that profitability had a positive influence on capital structure. Meanwhile, profitability research on capital structure according to Novwedayaningayu and Hirawati (2020), Hatauruk (2020), Dewi & Fachrurrozie (2021) states that Return On Assets (ROA) has a negative and significant effect on capital structure.

Companies with high liquidity ratios tend to reduce or even not use debt at all because they have large amounts of internal funds, so they prefer to maximize the use of these funds. This is in accordance with the pecking order theory which can be understood as a situation where companies are more likely to use internal funding as an alternative funding for new investments (Sheikh and Zongjun, 2011).

Companies that have high liquidity tend to choose to use internal capital obtained from retained earnings before using external capital obtained from debt, so that the company's use of debt decreases which causes the capital structure to decline (Septiani & Suaryana, 2018). Sartono (2012: 116) states that liquidity indicates a company's readiness to settle short-term obligations on time when they are due, which is reflected in the size of the company's current assets. When a company has a larger amount of cash, the company tends to make payments on debt or buy securities (Myers and Majluf (1977) in Hanafi, 2016: 314-316).

Research conducted by Setiawati and Veronica (2020) on the effect of liquidity on capital structure states that liquidity results have a positive influence on capital structure. Apart from that, it is supported by the results of research conducted by Adiyana and Ardiana (2014) and Wijaya and Hadianto (2008) who found that liabilities have a significant positive influence on capital structure. However, research conducted by Lukman and Hartikayanti (2021) stated different results, namely that liquidity has a negative and significant effect on capital structure. Research by Septiani & Suaryana (2018) supports the relationship "the influence of liquidity on capital structure which explains that the high liquidity obtained by the company" has an impact on the use of greater internal capital in the company's capital. This causes companies to choose to use internal capital first before using external capital originating from debt. From this, the company's use of debt will decrease, causing a decline in the capital structure.

Asset growth is the level of change that occurs in the total assets owned by the company. Companies that use their assets as collateral for loans tend to have quite large debt usage. The higher the use of debt in a company indicates that the company can guarantee debt with a high increase in asset growth. If the company experiences an increase in assets, then the company's use of debt can increase. Therefore, the increase that occurs in the growth of company assets can increase the company's guarantee to creditors, so that the amount of loans obtained by the company from creditors can increase.(Khoiriyah & Rasyid, 2020).

Research conducted by Lukman and Hartikayanti (2020) on the effect of asset growth on capital structure shows that asset growth has a positive and significant effect on capital structure. However, other research conducted by Marfuah and Nurlaela (2017) found that there was no significant influence between the size of asset growth on capital structure. These results are in line with previous research, namely Zuhro, F (2016), Sari, AN (2016), which states that there is no influence on capital structure. The results of this research show that the higher the asset growth value, the lower the capital structure in the company.

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Source: www.idx.co.id processed in 2024

Figure 2. Ln Company Size Data for Nineteen Food and Beverage Companies Listed on the IDX for 2017-2023.

Based on Figure 2, the average company size is measured using Ln total assets in food and beverage companies from 2017 to 2023. The average company size has increased every year. The increase occurred from 2017 to 2023, namely from 14,789 to 15,488. This is also in line with the statement by Itturiaga and Sanz (1998) that the larger the company size, the higher the company value. It can be seen that almost every company experiences growth in company size.

This research uses company size as a moderating variable. Large companies usually have high sales levels and generate large profits (Nuswandari, 2013). Therefore, large companies have a high profitability value which is used as retained earnings. These retained earnings will later be used by the company as a source of funding. Therefore, the size of the company can moderate the influence of profitability on the company's capital structure.

Company size also influences investors' decision making in investing. The greater the company's total assets, the company can provide a more certain level of return to investors (Rebecca in Hariyanto and Juniarti, 2014). The increase in the value of a company can be seen through the size of a company, the size of the company can be known through the company's financial reports. According to Noviliyan (2016), company size is considered to influence the value of a company because the larger the size or scale of the company, the easier it will be for the company to obtain.

Larger company sizes tend to have larger total assets, resulting in greater profitability, liquidity and asset growth. So this will also affect the company's capital structure. The larger the size of the company, the greater the growth in assets owned and the company will tend to expand and require very large funds. In order to meet its huge funding needs, the company will of course go into debt and the assets it owns can be used as collateral. This shows that company size can moderate the effect of asset growth on the company's capital structure(Agustin et al., 2022).

As with asset growth, larger companies have greater liquidity. This means that the company has more current assets to finance its operational activities. In this case, the company prioritizes existing internal funding sources to meet its funding needs, so that the company has a low level of debt. According to Cristie and Fuad (2015), large companies tend to have large total assets so that their profitability, liquidity and asset structure are greater. So this will also affect the company's capital structure. From the explanation above, it can be said that the size of the company can moderate the effect of liquidity on capital structure.

From the several phenomena that have been described, food and beverage sector manufacturing companies are important to research because these companies have a significant role to play in the world of investment. Food and beverage sector manufacturing

companies that are oriented towards maximizing profits will try to increase company value and will certainly want to show that their company is a good investment option for investors. So it can be said that capital structure is an important factor that investors consider when carrying out investment activities.

IMPLEMENTATION METHOD

According to Sugiyono (2017:85), the sample technique was taken using a purposive sampling technique, which is a technique for determining research samples with certain considerations with the aim of making the data obtained later more representative. In this study, the population used was food and beverage sector manufacturing companies registered on the IDX that met the specified criteria.

1. Food and beverage companies listed on the Indonesian Stock Exchange.
2. Food and beverage companies listed on the Indonesia Stock Exchange that consistently publish financial reports during the 2017-2023 period.
3. Food and beverage companies that have positive profits during the 2017-2023 period.
4. Food and beverage companies that use the rupiah currency.

Table 1. Company Sample

No.	Sample	Violation of Criteria	Amount
1	Food and beverage companies listed on the Indonesian Stock Exchange		30
2	Food and beverage companies listed on the Indonesia Stock Exchange that consistently publish financial reports during the 2017-2022 period.	-6	24
3	Food and beverage companies that have positive profits during the 2017-2022 period.	-5	19
Total sample of companies			19
Research Period (2017-2023)			7
Total observation sample (7 years x 19)			133

RESEARCH RESULT

Testing to determine the panel data regression model must be carried out with the aim of being able to determine the model that will be used, whether it is the Common Effect Model (CEM), Fixed Effect Model (FEM), or Random Effect Model (REM).

Test Chow

Table 2. Test ResultsChow With Capital Structure as Dependent Variable

Redundant Fixed Effects Tests
Equation: Untitled
Cross-section fixed effects test

Effects Test	Statistics	df	Prob.
Cross-section F	0.69895	-18,111	0.7322

Source: Eviews 12 data processing results

Because Prob. value is not significant, then the model chosen is COMMON EFFECT

Hausman test

Table 3. Test ResultsHausman With Profitability As Dependent Variable

Correlated Random Effects - Hausman Test
Equation: Untitled
Cross-section random effects test

Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.

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Random cross-section	3.355340	3	0.3400

Source: Eviews 12 data processing results

Because Prob. value is not significant, then the model chosen is RANDOM EFFECT

Lagrange Multiplier Test(LM-test)

Table 4. Test ResultsLM With Capital Structure as Dependent Variable

Lagrange Multiplier Tests for Random Effects
Null hypothesis: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided
(all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	1.180074 (0.0609)	0.158624 (0.6904)	1.338698 (0.6373)
Honda	-2.044523 --	0.398276 (0.3452)	-1.164072 --
King-Wu	-2.044523 --	0.398276 (0.3452)	-0.786610 --
Standardized Honda	-1.720002 --	0.756250 (0.2247)	-4.641281 --
Standardized King-Wu	-1.720002 --	0.756250 (0.2247)	-3.993894 --
Gourierioux, et al.*	--	--	0.158624 (>= 0.10)

*Mixed chi-square asymptotic critical values:

1%	7,289
5%	4,321
10%	2,952

Source: Eviews 12 data processing results

Because Prob. value is significant, then the model chosen is COMMON EFFECT

Panel Data Regression

Based on the results of paired tests using the Chow test, Hausman test and LM test on the panel data regression model above, it can be concluded that the Common Effect Model (CEM) in the panel data regression method is used further to estimate and analyze the influence of Profitability, Liquidity, Asset Growth on Structure Capital moderated by Company Size in food and beverage companies listed on the Indonesia Stock Exchange (BEI) during the 2017-2023 period, with output results and conclusions, as follows:

Table 5. Panel Data RegressionCommon Effect Model (CEM)

Dependent Variable: DER
Method: Panel EGLS (Cross-section weights)
Date: 06/27/24 Time: 19:12
Sample: 2017 2023
Periods included: 7
Cross-sections included: 19
Total panel (balanced) observations: 133

Linear estimation after one-step weighting matrix

Variables	Coefficient	Std. Error	t-Statistics	Prob.
C	1.719804	0.060863	28.25695	0.0000
ROA	-3.822239	0.656242	-5.824435	0.0000
CR	-0.176574	0.027628	-6.391241	0.0000
P.A	-1.052550	0.323555	-3.253073	0.0015

Weighted Statistics

R-squared	0.674398	Mean dependent var	3.014811
Adjusted R-squared	0.666825	SD dependent var	4.182747
SE of regression	1.706209	Sum squared resid	3.755381
F-statistic	89.06287	Durbin-Watson stat	1.606530
Prob(F-statistic)	0.000000		

Unweighted Statistics

R-squared	0.103614	Mean dependent var	0.979313
Sum squared resid	426.4590	Durbin-Watson stat	0.946211

Source: Eviews 12 data processing results

The regression equation from the panel data regression is as follows:

DER = 1.719804 - 3.822239ROA - 0.176574CR - 1.052550PA

t test

Based on panel data regression processing with Eviews, we can see that the Profitability variable table shows the calculated t value of -5.824435 which is greater than the t table of 1.65685. This means that Profitability has a significant negative effect on Capital Structure. Furthermore, the Liquidity variable table shows that the calculated t value is -6.391241 which is greater than the t table of 1.65685. This means that liquidity has a significant negative effect on capital structure. Furthermore, the asset growth variable table shows that the calculated t value is -3.253073 which is greater than the t table of 1.65685. This means that Asset Growth has a significant negative effect on Capital Structure.

F test

Based on panel data regression processing with Eviews, it has shown that the calculated F value of 89.06287 is greater than the F table of 2.44. This shows that the variables Profitability, Liquidity and Asset Growth simultaneously influence Capital Structure.

Moderating Regression Analysis

Based on the results of the moderating regression analysis test of variable profitability on each independent variable on the research independent variable, the moderating regression analysis is presented as follows:

Table 6.Moderating Regression Analysis (MRA)

Dependent Variable: DER
Method: Panel EGLS (Cross-section weights)
Date: 06/27/24 Time: 19:16
Sample: 2017 2023
Periods included: 7
Cross-sections included: 19
Total panel (balanced) observations: 133
Linear estimation after one-step weighting matrix

Variables	Coefficient	Std. Error	t-Statistics	Prob.

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C	4.936552	0.884410	5.581747	0.0000
ROA	-9.835843	1.781506	-5.521082	0.0000
CR	-1.506088	0.581382	-2.590533	0.0107
P.A	-4.497745	0.982050	-4.099908	0.0000
UK	-0.240967	0.061492	-3.918697	0.0001
ROA_UK	-6.647181	1.208144	5.501979	0.0000
CR_UK	-0.116671	0.039321	-2.967137	0.0036
PA_UK	-0.316210	0.142422	-4.047339	0.0000

Weighted Statistics			
R-squared	0.607799	Mean dependent var	2.442665
Adjusted R-squared	0.585836	SD dependent var	3.086594
SE of regression	1.435357	Sum squared resid	257.5312
F-statistic	27.67348	Durbin-Watson stat	1.738928
Prob(F-statistic)	0.000000		

Unweighted Statistics			
R-squared	0.163223	Mean dependent var	0.979313
Sum squared resid	398.0998	Durbin-Watson stat	0.863048

Source: Eviews 12 data processing results

As for the regression equation from *moderating regression analysis* are as follows:

PBV = 4.936552 - 9.835843ROA -1.506088CR - 4.497745PA - 0.240967 UK - 6.647181(ROA*UK) - 0.116671(CR*UK) - 0.316210(PA*UK)

The results of the moderating test as shown in table 6 show that the probability value of the interaction variable is 0.0000, which is smaller than α = 0.05, which means moderating. This means that company size is able to moderate the relationship between profitability and capital structure. The results of the moderating test as shown in table 6 show that the liquidity value of the interaction variable is 0.0036, which is smaller than α = 0.05, which means it is capable of moderating. This means that company size is able to moderate the relationship between liquidity and capital structure. The results of the moderating test, as shown in table 6, show that the asset growth value of the interaction variable is 0.0000, which is smaller than α = 0.05, which means it is capable of moderating. This means that company size is able to moderate the relationship between asset growth and capital structure.

Coefficient of Determination Test

To test the coefficient of determination (R2) it produces a value of 0.674398, which means that variations in changes in the ups and downs of Capital Structure can be explained by the variables Profitability, Liquidity and Asset Growth amounted to 67.4398% while the remaining 32.5602% can be explained by other variables not examined in this research.

DISCUSSION

The Effect of Profitability on Capital Structure

The research results show that Profitability has a significant negative effect on Capital Structure. This means that an increase in Profitability will cause a decrease in Capital Structure, and vice versa, a decrease in Profitability will increase Capital Structure significantly.Profitability is the return on capital investment. Profitability is calculated from profit divided by capital investment (Horne and John, 2012). Companies prefer funds from internal capital, because with a high rate of return on investment, the company uses relatively little debt. If the rate of return is high, the company can finance some of its needs with internal funding sources and use less debt so that the possibility of retained earnings

increases. This causes the debt ratio to decrease if the company does not increase the amount of debt. The research results are in line with previous research by Khoiriyah, Rasyid (2020) stating that there is an influence of profitability on capital structure, the greater the profitability of a company, the greater its capital structure.

The Effect of Liquidity on Capital Structure

The research results show that liquidity has a significant negative effect on capital structure. This means that an increase in Liquidity will cause a decrease in Capital Structure, and vice versa, a decrease in Liquidity will increase Capital Structure significantly. Liquidity in this case is proxied by the Current Ratio. Liquidity is the company's ability to pay off debts that are due, by using the company's current assets and current liabilities. SThe greater the liquidity a company has, the smaller the external funds, especially debt, that the company uses, which will reduce the capital structure. If a company has high liquidity, it will tend not to use debt financing. (Bhawa & Dewi S, 2015) stated that the higher a company's ability to repay its short-term obligations, the more liquid the company is. In this way, it will build trust from creditors and make it easier for companies to obtain long-term debt. The research results are in line with research by Suherman, Purnamasari and Umi Mardiyati (2019) and research by Septiani & Suaryana (2018).

The Effect of Asset Growth on Capital Structure

The research results show that Asset Growth has a significant negative effect on Capital Structure. This means that an increase in Asset Growth will cause a decrease in Capital Structure, and vice versa, a decrease in Asset Growth will increase Capital Structure significantly.According to Saidi in Syafril (2021), asset growth is measured to determine the comparison of total assets with the previous year to produce the level of change that has occurred. The company's main goal is to achieve a high level of asset growth from the total assets acquired by the company (Syafril & Fahmi, 2021). The high level of asset growth indicates that the company relies more on external sources of capital due to a reduction in debt issuance costs. External parties will be interested in providing capital to the company if the company has a good level of asset growth as a sign that the company's financial condition is good because it can guarantee to external parties that the rate of return on capital that has been given to the company can be fulfilled by the company properly. The research results are in line with research by Khoiriyah & Rasyid (2020).

The role of company size in moderating profitability on capital structure

The research results show that company size is significantly able to moderate the relationship between profitability and capital structure. A company with high profitability indicates that the company has assets that are large enough to fulfill the company's operational activities. Based on the pecking order theory which explains that companies that have high profitability tend to prefer to use their own capital (retained earnings) for their operational activities rather than using debt. Company size can be seen from the total assets owned by the company. Usually companies with a large company size tend to have large total assets (Syafril & Fahmi, 2021). This large amount of assets can be used optimally for company operations to generate high profits. A company with high profitability coupled with a large company size indicates that the company is able to fund all its operational activities with its internal funds. This is in line with research conducted by researchers Mukaromah, and Suwarti, (2022) which states that company size moderates the effect of profitability on capital structure.

The role of company size in moderating liquidity on capital structure

The research results show that company size is able to moderate the relationship between liquidity and capital structure. A company with high liquidity indicates that the company has large current assets that are able to fulfill its obligations and the company's operational activities. It can be seen that companies that have high liquidity will use the remaining current assets that have been used to pay their obligations to finance operational activities. A company with high liquidity coupled with a large company size indicates that the

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company is able to fund all its operational activities with its internal funds (Seftianne and Handayani, 2011). Large companies usually have a high level of liquidity, which means the company has excess cash to finance its operational activities so that the use of debt is low. According to Cristie and Fuad (2015), the larger the company size, the greater the company's liquidity. The greater the company's liquidity, the lower its debt will be. So company size can moderate the effect of liquidity on capital structure. The research results are in line with research by Zulvia and Muthia (2019) which states that company size moderates the effect of liquidity on capital structure.

The role of company size in moderating asset growth on capital structure

The research results show that company size is able to moderate the relationship between asset growth and capital structure. Companies with high asset growth indicate that the company has large fixed assets so that the company tends to use external funds to fulfill its operational activities. This can be seen from companies that have a high asset structure, which will use fixed assets as company collateral to obtain debt that is used for company activities. A company with a large company size means it also has large assets, so the company can finance its operational activities using external funds because these fixed assets are used as collateral for debt (Nisfianti and Handayani, 2017). Apart from that, a large company size also provides a greater sense of security and trust to creditors. This is in accordance with the pecking order theory, namely that companies prefer to use external funds to finance the company's operational activities. A company with a high asset structure coupled with a large company size indicates that the company is able to fund all its operational activities with external funds. The research results are in line with research by Suherman & Mardiyati (2019) and research by Nisfianti and Handayani (2017).

CONCLUSION

After referring to the problem formulation, research objectives, hypotheses and research results, the researcher made the following conclusions, namely: 1) Profitability has a significant negative effect on Capital Structure in food and beverage companies listed on the Indonesia Stock Exchange during the 2017-2023 period. 2) Liquidity has a significant negative effect on Capital Structure in food and beverage companies listed on the Indonesia Stock Exchange during the 2017-2023 period. 3) Asset growth has a negative effect on the capital structure of food and beverage companies listed on the Indonesia Stock Exchange during the 2017-2023 period. 4) Profitability, Liquidity and Asset Growth simultaneously influence the Capital Structure of food and beverage companies listed on the Indonesia Stock Exchange during the 2017-2023 period. 5) Company size can significantly moderate the relationship between Profitability and Capital Structure in food and beverage companies listed on the Indonesia Stock Exchange during the 2017-2023 period. 6) Company size can significantly moderate the relationship between liquidity and capital structure in food and beverage companies listed on the Indonesia Stock Exchange during the 2017-2023 period. 7) Company size can significantly moderate the relationship between liquidity and capital structure in food and beverage companies listed on the Indonesia Stock Exchange during the 2017-2023 period.

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