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Does determinant, capital structure in pharmacy company in indonesia

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ABSTRACT

This study aims to determine whether there is an influence on asset structure, and sales growth. Liquidity and business risk on the capital structure of pharmaceutical companies listed on the Indonesia Stock Exchange. The sample in this research is a pharmaceutical company consisting of 15 companies from 2018 to 2022. The research method used is multiple linear regression analysis with SPSS-26. The results of the study show that asset structure has no significant effect on capital structure, sales growth has an effect on capital structure, liquidity has an effect on capital structure and Business Risk has no significant effect on the capital structure of pharmaceutical companies listed on the IDX for the 2018-2022 period. Based on table 3.0, it is known that the coefficient of determination or Adjusted R2 is 0.40 or 40%, it can be interpreted that the contribution of the independent variable to the dependent variable is the capital structure of 40% and the remaining 60% by other variables.

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INTRODUCTION

In almost all countries, there is still an economic crisis that causes a decline in economic growth, so many companies experience budget deficits. Therefore, companies must be able and able to manage their capital structure properly and efficiently. will be used by the company, funds taken from its own capital or outside the company, namely in the form of debt, the purpose of which is to finance the company's operations. Optimal capital structure can be interpreted as a capital structure that can minimize the cost of using capital so that it will maximize firm value. Gaps in previous research in the non-pharmaceutical business sector, even though in pharmacy there is competition between increasingly tight industries. So that competition becomes interesting to research compared to other business fields. The capital structure describes the company's permanent financing which consists of long-term debt which is very influential on funding so that the company can allocate the funds generated for the continuity of the company and maximize the value of the company. According to (Brigham, E, F & Weston, J 2008), asset structure is the comparison between fixed assets and total assets. This shows whether the fixed assets are compared to the total assets, and also the fixed assets

are able to contribute to funding sources. Companies that have high sales growth will increase their level of equity if compared to debt. Relatively stable sales growth makes it easier for companies to make large or large loans. According to (Ivan Aldo Hosea 2020) and (Susanti, Rachmawati, and Harfudin 2021), sales growth is the performance of a company's management to be able to increase sales from one period to the next. (Dewiningrat, Ayu Indira 2018), states that: liquidity indicates the company's readiness to settle short-term obligations on time when they are due, which is reflected in the number of current assets owned by the company. According to (Prastika, Ni Putu Yulinda 2020), liquidity has a negative effect on the Company's Capital Structure. According to, (Umdiana, Nana 2020), (Rahman 2019). business risk is the uncertainty faced by a company in carrying out its business activities. Business risk is related to the uncertainty of the rate of return on a company's assets in the future, which refers to the variability of expected profit before interest and taxes (EBIT). The aims of this study are: To determine the effect of asset structure on sales growth. According (Ari Pranaditya 2021), liquidity and business risk on capital structure in pharmaceutical companies while the problem in this study is whether there is an influence on asset structure, and sales growth. Liquidity and business risk on the capital structure of pharmaceutical companies.

Accourding to (Kurniawan and Nendya 2022), capital structure has a very large and important influence on the continuity of the company, a capital structure that is optimally managed properly and correctly results in a company whose business is growing, which brings together sources of funds that are then used for the company's operational activities so that the company achieves optimal value. According to (Komarudin 2019), the capital structure is a mixture of debt and equity resulting from decisions on financing operations, dividends, or equity policies. Meanwhile, according to (Halim 2007) and (Sitanggang, Lubis, and Tiadora 2021), capital structure is a balance of the amount of short-term debt that is fixed, long-term debt, preferred stock, and common stock. According to (Rahman 2019), the capital structure better describes the target composition of debt and equity in the long term of a company. Capital structure is a long-term source of funds used to fund company activities as indicated by the ratio of total debt to own capital (Novi Puji R 2019). DER according to (Wastam Wahyu Hidayat 2018) can be described in the following calculations, compare between total debt with total Equity. According to (Brigham, E, F & Weston, J 2008) and (Samsul, Fatimah, and Ladewi 2022), asset structure is a balance or comparison between fixed assets and total assets. Another definition of asset structure is the ratio between the number of shares owned by insiders and the number of shares owned by investors.

Asset structure or wealth structure is a balance or comparison both in an absolute sense and in a relative sense between current assets and fixed assets. What is meant by absolute meaning is a comparison in nominal form. According to (Nurul Qosidah 2021), asset structure is measured based on the ratio between current assets and fixed assets. This ratio was chosen to assess the asset structure because the use of highly fixed assets can determine the type of company funding, namely external funding or internal funding. The calculation is as follows, compare between total fixed assets with total assets. According to (Novi Puji R 2019) that sales growth is a sales volume in the following year which is seen based on the sales volume of the historical year or the previous year.

According to. (Mulyati 2021). explains that stable sales growth will be safer to obtain loan funds and can bear higher fixed costs compared to unstable sales. Sales growth is an increase in sales from year to year of goods and services sold by the company. The comparison between the desired year's sales reduced by the previous year and then divided by the previous year. A company can be said to be experiencing good growth in terms of a consistent increase by a company in its business activities (Novi Puji R 2019). The calculations are according to (Ari Pranaditya 2021). explained in the

following formula, compare between, sales (t) minus sales (t-1) with sales (t-1). According to, (Mulyati 2021) and (Firanti and Suryandani 2023), Liquidity is a company paying off short-term obligations within a predetermined time states that: a measure of liquidity is assessing a company's ability to pay current liabilities. This ratio has the objective of being a form of assessment of the company's ability to fulfill current liabilities. According to, (Rizky Kartika 2019) and (Hartati and Mukhibad 2018), Liquidity is a company's ability to pay off debt using its current assets. Liquidity is defined as the company's ability to meet its obligations when they fall due. In this study, liquidity is proxied by the current ratio with the formula, compare between, current asset with current liability. According to (Afa 2021), and (Chandra 2009),business risk is one of the risks that a company will face when carrying out its operations, namely the possibility of the company's inability to fund its operating activities.

According to (Rahman 2019) and (Wiguna and Sriyono 2022), states that business risk is a function of the inherent uncertainty in the projected return on capital invested in a company. Companies that have high debt have greater business risk so that bankruptcy can occur, conversely, if the company does not want bankruptcy then the company must have low debt. Stable companies can fulfill their obligations and the risk of default will be lower. Business risk is one of the risks faced by companies when carrying out their operations with the possibility of the company's inability to fund its business operations (Melisa Rahmadianti 2020). The formula used to calculate business risk is as follows, compare between,EBIT^{1} minus EBIT ^{0} with Sales^{1} minus Sales ^{2} multiplied sales$^{0.}$

Hypothesis, Effect of Asset Structure on Capital Structure, Abundant fixed assets can be seen with a high asset structure, used by companies as collateral or loans to get debt. Based on the pecking order theory, a high asset structure will make it easier to obtain debt than a low asset structure. Based on the results of research (Novi Puji Rahayu & Prijati, 2019), (Monica Setiawati 2020), and (Nurul Qosidah 2021), found that asset structure affects Capital Structure. H1: Asset structure affects Capital Structure.

Effect of Sales Growth on Capital Structure, According to (Novi Puji Rahayudan Prijati, 2019), argues that sales growth is a sales volume in the following year which is seen based on the sales volume of the historical year or the previous year. Companies that have stable sales are believed to have good cash flow, therefore sales growth will reflect revenue acquisition and affect a company's profit. Based on the research results (Monica Setiawati 2020), sales growth has an effect on Capital Structure. H2: Sales growth has an effect on capital structure.

The Effect of Liquidity on Capital Structure, Based on the pecking order theory in which the preferred source of funds is internal funds and then external funds, companies that have large internal funds use internal funds first to serve as investment funds, that way the debt will be lower. Based on research results (Monica Setiawati 2020), and (Afa 2021) found that the liquidity variable has a significant negative effect on capital structure. H3: Liquidity has a significant negative effect on capital structure.

Effect of Business Risk on Capital Structure, Business risks can occur at any time, companies that have a high risk will find it difficult to borrow funds because lenders will hesitate to give credit to these companies have a high level of risk because creditors know that the company will have difficulty repaying the debt. Based on the results of research (Melisa Rahmadianti & Yuliandi, 2020) and (Rahman 2019) found that business risk has a significant effect on capital structure. H4: Business Risks Affect Capital Structure.

RESEARCH METHOD

Research design

In this study, the authors apply a type of quantitative approach. The quantitative approach is a way of collecting data and analyzing the data variables listed in the annual

financial reports that have been published by pharmaceutical companies listed on the Indonesia Stock Exchange (IDX,) from 2018 to 2022, because in 2023 the data is not yet complete., then the data is selected according to predetermined criteria.The data analysis process was carried out using the Statistical Program for Social Science (SPSS-26),

Population and Sample

The population can be defined as a collection of subjects, variables, concepts, or phenomena. The population in this study are pharmaceutical companies listed on the Indonesia Stock Exchange (IDX) in the 2018 – 2022 period, totaling 24 companies. According to (Mulyati 2021), the sample is part of the population which represents all representative members of the population. A sample that is not representative of every member of the population, regardless of the sample size, cannot be generalized to explain the nature of the population from which the sample is taken. 15 companies meet the criteria

RESULT AND DISCUSSION

Descriptive Statistical Analysis

Descriptive statistics in this study explain or describe research data information such as minimum, maximum, mean, and standard deviation values. This test can provide an overview of the factors that influence the capital structure of healthcare companies in the 2018-2022 period which were processed using the SPSS program. The following are the results of descriptive statistical tests:

Table 1.Descriptive Statistical Test Results

	N	Minimum	Maximum	Mean	Std.Deviasi
Assets structure	75	29.920.881,00	567.579.724,00	263.319.106,53	108.445.739,78
Sales growth	75	-146.771.899,00	262.226.968,00	71.128.652,45	96.727.285,148
Liquidity	75	126.150.718,00	5.181,297.774,00	2.519.788.615,15	1.376.091.793,43
Business risk	75	-7.501.153.409,00	7.892.417.887,00	585.795.825,70	2.483.316.550,83
Capital structure	75	1.959.264,00	1.906.242.434,00	668.482.695,38	596.011.446,97
Valid N (listwise)					

Source: SPSS-26 data processing results

Based on table 1. the results of the descriptive statistical analysis are interpreted as follows: The asset structure has a minimum value of 29,920,881.00. This value is obtained from the maximum value of 567,579,724.00 and the mean of the company's asset structure is 263,319,106.53 with a standard deviation of 108,445 .739.78 because the mean data is greater than the standard deviation data, the company's asset structure is quite good. 45 and the standard deviation value is 96,727,285.15, because the mean data is smaller than the standard deviation value, the sales growth rate shows not good. Liquidity has a minimum value of 126,150,718.00 and a maximum value of 5,181,297,774.00 and a maximum value of the mean is 2,519,788,615.15 with a standard deviation value of 1,376,091,793.43 because the mean value is greater than the standard deviation value ma ka the level of liquidity is quite good. Business risk has a minimum value of -7,501,153,409.00, a maximum value of 7,892,417,887.00, and a mean value of 585,795,825.70 with a standard deviation of 2,483,316,550.83. because the mean value is smaller than the standard deviation value, the level of Business risk is not good. The Capital Structure has a minimum value of 1,959,264.00 and a maximum

value of 1,906,242,434.00 and a mean value of 668,482,695.38 with a standard deviation of 596,011,446.97. Because the mean value is greater than the standard deviation value, the level of capital structure is not good.

Data Normality Test

Table 2. Classic assumption test

Normality Test	One-Sample Kolmogorov-Smirnov Test	Asymp. Sig. (2-tailed) ; 0.085[c]	
Multikolinearity Test Coefficient	Variable	Tolerance	VIF
	Asset Structure	0,801	1,248
	Sales Growth	0,955	1,048
	Liquidity	0,798	1,253
	Business Risk	0,993	1,007
Heteroskedastisity Test	Correlation is significant at : 0.01 level (2-tailed)	0.01 level (2-tailed) : 0.058	
Uji Outocorellation Test	Durbin Watson	1,714	

Source: SPSS-26 data processing results

Based on table 2. Normality test results above with the One-Sample Kolmogorov-Smirnov Test, it is known that the value of Asymp. Sig. (2-tailed) is greater than 0.05. namely: 0.085, it can be concluded that the data is normally distributed. Based on Table.2. The multicollinearity test above shows that all independent variables have a tolerance value greater than 0.01. So it can be concluded that in this study there were no symptoms of multicollinearity.

Based on table.2. the heteroscedasticity test above shows that the independent variable has a significance above 0.05. of 0.058. So it can be concluded that in this study there were no symptoms of heteroscedasticity.

Based on Table 2.0. the results of the autocorrelation test above show that the DW value is 1.714. So it can be concluded that this study does not occur autocorrelation because DU < DW < 4-DU (1.6739 < 1.712 < 2.3261).

Multiple Linear Regression Analysis

Table 3. Regression Analysis

	B	Std.dev	t	Sig.
(Constant)	980429462,54	311913710,81	3,143	0,003
Assets Structure	1,286	0,762	1,689	0.100
Sales Growth	-0,678	0,782	-0,867	0.042
Liquidity	-0,241	0,060	-4.016	0.000
Business Risk	0,010	0,030	0,342	0,735
R	0,679			
Adj. R Square	0,400			
F-Statistics	-			

Source: SPSS-26 data processing results

Effect of Asset Structure on Capital Structure

Based on table 3, it can be seen that the asset structure variable has a significant value of 0.100 greater than the alpha value of 0.05, the results in this study indicate that the asset structure variable does not affect the capital structure, meaning that high or low asset structure does not affect capital structure because as long as the company can optimize these assets and can increase profits, the company does not need outside funds/debt. The results of this study are in line with research conducted by (Afa 2021) which says that asset structure does not affect capital structure. But this is not in line with the research conducted (Novi Puji R 2019), (Nurul Qosidah 2021) and (Monica

Setiawati 2020), which say that asset structure has a significant effect on capital structure.

Effect of Sales Growth on Capital Structure

Based on table 3, sales growth has a significance value of 0.042 which is less than 0.05 in this study indicating that sales growth harms capital structure. the good and vice versa. This research is in line with research conducted (Monica Setiawati 2020),which says that sales growth affects capital structure. The results of this study are in line with research conducted (Mulyati 2021), and (Novi Puji R 2019) which says that sales growth does not affect capital structure.

The Effect of Liquidity on Capital Structure

Based on table 3, Liquidity has a significance value of 0.000, which is less than 0.05. Liquidity harms capital structure, meaning that when liquidity increases, it will reduce demand for external debt because the company will get good profits from good sales growth and will get liquid funds from itself and vice versa. This research is in line with (Monica Setiawati 2020), (Rizky Kartika 2019), and (Mulyati 2021), who say that liquidity affects capital structure. The results of this research are not in line with the research conducted (Afa 2021) and (Nurul Qosidah 2021), who said that liquidity has no significant effect on capital structure.

Effect of Business Risk on Capital Structure

Based on table 3, Business Risk has a significance value of 0.735 greater than 0.05, indicating that Business Risk does not affect Capital Structure. Business risk is one of the risks faced by companies when carrying out their operations with the possibility of the company's inability to fund its business operations (Melisa Rahmadianti & Yuliandi, 2020) because the business risk is the uncertainty faced by companies in carrying out their business activities, so the business risk does not affect Capital Structure or in other words, that the high or low business risk does not have to determine the capital structure. The results of this study are in line with (Nurul Qosidah 2021), (Afa 2021), (Monica Setiawati 2020), that business risk does not affect capital structure. Research is not in line with what was conducted (Melisa Rahmadianti & Yuliandi, 2020), which says that business risk has a significant effect on capital structure. Based on table 3, it is known that the coefficient of determination or Adjusted R2 is 0.40 or 40%, it can be interpreted that the contribution of the independent variable to the dependent variable is the capital structure of 40% and the remaining 60% by other variables.

CONCLUSION

Based on the results of the study concluded the following: Asset structure has no significant effect on the capital structure because as long as the company is able to optimize these assets and is able to increase profits, the company does not need outside funds/debt. Sales growth affects the capital structure because the company will get higher profits both from good sales growth and vice versa Liquidity has an effect on capital structure, because the company will get good profits from good sales growth and will get liquid funds from itself and vice versa and vice versa. Business risk has no significant effect on capital structure, business risk is the uncertainty faced by companies in carrying out their business activities, in pharmaceutical companies listed on the IDX for the 2018-2022 period.The contribution of research to science is, to pay careful attention to the fact that Capital Structure can be influenced by Asset structure,Business risks, Liquidity and Sales growth, by 40%.The limitation of this

research is that it only examines 5 variables and 15 pharmaceutical companies, in the future it will examine more than 25 consumer companies.

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