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The Influence of Company Growth, Asset Structure, Business Risks and Company Size on Debt Policies in Companies Affected by the Covid-19 Pandemic (Empirical Study on Food & Beverage Companies Listed on the Indonesia Stock Exchange for The 2020-2021 Period)

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ABSTRACT: *The purpose of this study is to determine the effect of company growth, asset structure, business risk and company size on debt policies for companies affected by the Covid-19 pandemic that are listed on the Indonesia Stock Exchange in the 2020-2021 period. In the sampling technique, this study used a purposive sampling method, namely a sampling technique based on predetermined criteria so that the total observations contained in this study amounted to 60 samples. The analytical model that has been used in this study is Descriptive Analysis and Multiple Linear Regression Analysis. The results of this study indicate that company growth and asset structure have no effect on debt policy, business risk and company size have an effect on debt policy on food & beverage companies listed on the Indonesia Stock Exchange.*

Keywords: *Company Growth, Asset Structure, Business Risk, Company Size.*

I. INTRODUCTION

At the end of 2019, in December to be precise, a disease caused by a new virus called Covid-19 appeared in Wuhan, China. This outbreak began to enter Indonesian territory in early 2020 where the first sufferers were announced in March 2020. This outbreak has been categorized as a pandemic by the World Health Organization (WHO, 2019) by showing an increase in infection between individuals, which has caused more than 200,000 deaths in within three months of the start of the outbreak (World Health Organization 2020).

Being in the middle of the global Covid-19 pandemic has had a negative impact on the Indonesian economy. Activity restrictions resulted in decreased consumer demand for both goods and services. If the company's income decreases, it tends to reduce company profits. Profit is the main goal. The importance of the information presented through financial reports, financial statements should be presented appropriately in accordance with the company's conditions in that period as described in PSAK 01, but sometimes the company's management takes advantage of its position, namely parties who know more about transactions more quickly, more and more valid.

Profits cannot be achieved if resources are not met. The role of the manager here is very important in managing the company, managers are expected to be able to work carefully because every source of funds has financial consequences for the company. Debt policy involves managers with shareholders. Managers can take actions necessary to increase the welfare of their companies as opposed to maximizing market value. From this

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situation, it certainly results in a decrease in the amount of income to difficulties in paying debts or credit to creditors.

This crisis has an impact on all aspects of the business. The state of the corona crisis resulted in an increase in the risk of credit becoming defaulted. The risk of bad credit arises because the increasingly widespread spread of Covid-19 has an impact on the debtor's ability to carry out his credit payment obligations. Therefore, companies need to carry out risk management in minimizing potential losses. Seeing the conditions of the Covid-19 pandemic, debtors are experiencing difficulties in completing their obligations or paying their debts to creditors.

One of the things related to debt policy is the growth of the company. Company growth is a process where the company experiences significant development by looking at the comparison of the previous year with the current year. A company can be said to experience significant growth if it earns high profits. By getting high profits, the value of the company is also achieved. (Achmad & Aji, 2021). As the company grows, the use of debt is also getting higher. Companies that are growing in cash flow and market capitalization will be large in the future.

II. MATERIAL AND METHODS

1.1. Pecking Order Theory

Pecking Order Theory explains that companies that have profits will tend to borrow in small amounts because the company's internal resources are sufficient to meet investment needs obtained from the profits obtained by the company. Whereas companies that are less profitable tend to have large debts because the company's funding sources are insufficient and choose debt as an external source of funds.

1.2. Debt Policy

Debt Policy is a policy taken by the company as an alternative to obtaining funding sources for the company so that it can be used to finance the company's operations. The company needs to carry out the functions of financial planning and funding which will become one of the company's operations to fulfill its long-term obligations. Through debt, where the debt to equity ratio will give an illustration that if this ratio shows a high value then it will show an unfavorable indication of the company, and if this ratio shows a low value then the company is in good condition.

2.3. Pertumbuhan Perusahaan

Growing companies have the potential to desire large future cash flows and large market caps. Along with the increasing growth of a company, it will encourage the development of companies in various sectors. In carrying out its expansion activities, the company will tend to require large funds to finance its expansion activities.

Research conducted by Ikeu and Dendi (2020), Yusdianto, Achmad and Susanto (2021) shows that company growth variables affect debt policy. The greater the need for future financing, the greater the company's desire to retain profits.

H1: Company growth has a positive effect on debt policy

2.4. Asset structure

Asset structure is the determination of how much is allocated for each component of assets, both in current assets and fixed assets. Current assets are assets that are used within one year, in the form of cash, receivables, short-term investments, inventories and prepaid expenses. The amount of a company's fixed assets can determine the amount of debt used (Sari and Kurnia, 2020). The asset structure of a company will influence the company's debt policy.

Research conducted by Ikeu and Dendi (2020), Dwi, Abdul and Junaidi (2019) shows that asset structure variables affect debt policy. The asset structure is the main source for the company, because assets or assets are one of the guarantees that can convince other parties to provide loans to the company.

H2: Asset structure influences debt policy

2.5. Business risk

Business risk is uncertainty that can cause losses. Can be in the form of financial losses, time losses, proces losses and so on. Business risk is an important indicator for a company for its funding system, especially in the decision to use debt. Companies that face high business risk as a result of their operations will avoid using high debt to fund their assets because costs will arise on loans made by the company.

Research conducted by Research Dwi, Abdul and Junaidi (2019), conducted by Nurkholik and Kharirotul (20) shows that business risk affects debt policy. This shows that an increase in business risk can increase the company's debt policy. With high business risk, the use of long-term debt also increases.

H3: Business risk has an effect on debt policy

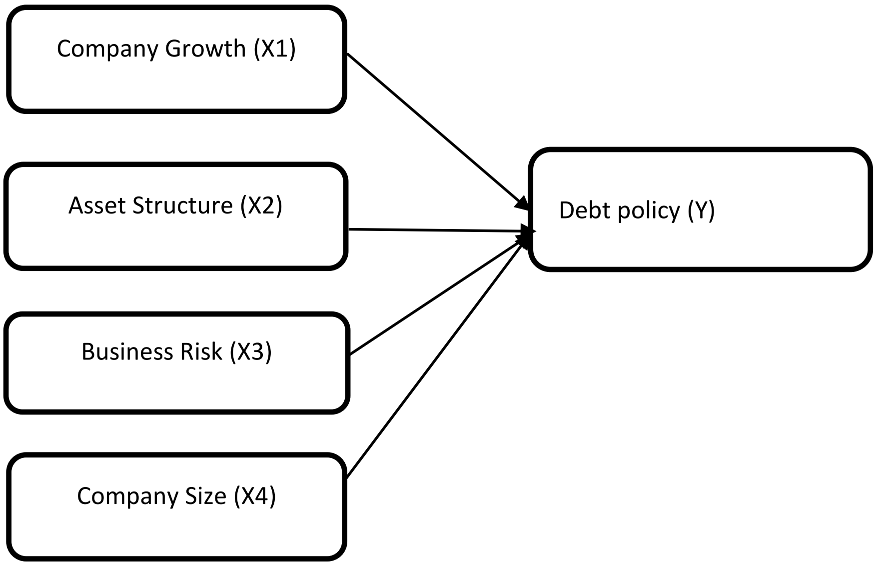
2.6. Company Size

Company size is a scale where the size of a company can be classified in various ways, as seen from the size of the total asset value, total sales, market value per share. So that it can determine how to control company activities according to company size. Large companies will find it easier to obtain loans from outside parties, both in the form of debt and share capital, because large companies have a good reputation in the eyes of the public.

Research conducted by Ikeu and Dendi (2020), Andrianti, Dirvi and Zulman (2021) shows the results that company size has an effect on debt policy. Large companies will find it easier to obtain loans from outside parties, both in the form of debt and share capital, because large companies have a good reputation in the eyes of the public.

H4: Company size has an effect on debt policy

***2.6* Kerangka Pemikiran**



III. RESEARCH METHODS

Based on the data used in this study, this type of research is quantitative research by testing the hypothesis. This research was conducted to determine the effect of company growth, asset structure, business risk and company size on debt policy. The population in this study are food & beverage companies from 2020 to 2021 which are listed on the IDX. Sampling using purposive sampling method, namely determining the sample from the population based on certain criteria. So that in this study obtained a sample of 60 samples.

The analytical method used to test the hypothesis in this study is multiple linear regression, because to find out whether there is a significant effect of one dependent variable and more than one independent variable. In this research hypothesis using multiple linear regression analysis which includes the hypothesis of the effect of company growth, asset structure, business risk on debt policy (X1, X2, X3, X4) the regression equation model is as follows:

DER= β0 + β1 GROWTH + β2 FAR + β3 RISK + β4 SIZE

Information:
DER = Debt Policy
GROWTH = Company Growth
FAR = Asset Structure
RISK = Business Risk
SIZE = Company Size
β0,β1,β2,β3,β4 = Constant
Variabel Operasional

Variabel Dependen	Indikator	Referensi
Debt Policy	$= \frac{\text{Total Amoun of debt}}{\text{Total Equity}}$	Harjito dan Martono (2011)
Variabel Independen		
Company Growth (GROWTH)	$\frac{\mathrm{T.Aktiva1 - T.Aktiva\ t - 1}}{\mathrm{T.Aktiva\ t - 1}}$	Achmad dan Aji (2021)
Asset Structure (FAR)	$\frac{\text{Fixed Asset}}{\text{Total Asset}}$	Saputri *et al* (2020)
Business Risk (RISK)	$DER = \frac{EBIT}{Total\ Asset}$	Farah *et al* (2021)
Company Size (SIZE)	$Ln\ Total\ Asset$	Siti (2019)

IV. RESULT AND DISCUSSION

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2,498	1,625		-1,538	0,131
	Company Growth	0,465	0,706	0,096	0,659	0,513
	Asset Structure	-0,041	0,390	-0,014	-0,104	0,917
	Business Risk	-3,085	0,827	-0,571	-3,731	0,001
	Company Size	0,125	0,059	0,295	2,133	0,039

Based on the table above, the regression equation can be arranged as follows:
DER = -2,498 - 0,465GROWTH + -0,041FAR + -3,085RISK - 0,125SIZE + ε
Based on the regression equation, it can be interpreted as follows:

A constant value of -2.498 means that if the variable company growth, asset structure, business risk and company size do not change or are considered constant (value 0), then the capital structure is -2.498. Based on the data used in this study, this type of research is quantitative research by conducting hypothesis testing. This research was conducted to determine the effect of institutional ownership, company size, leverage on earnings management. The population in this study is all companies in the basic and chemical industry sectors in Indonesia from 2019 to 2021 that are listed on the IDX. Sampling using purposive sampling method, namely determining the sample from the population based on certain criteria. So that in this study obtained a sample of 150 samples.

1) The regression coefficient on the company's growth variable shows a value of 0.465 and is positive. This shows that if the company's growth increases by 1 unit, the level of debt policy will increase by 0.465.

2) The regression coefficient on the asset structure variable shows a value of 0.041 and is negative. This shows that if the asset structure increases by 1 unit, the level of debt policy will decrease by 0.041 and vice versa if the asset structure decreases by 1 unit, the level of asset structure will increase by 0.041.

3) The regression coefficient on the business risk variable shows a value of 3.085 and is negative. This shows that if business risk increases by 1 unit, the level of business risk will decrease by 3.085 and vice versa if the size of the company decreases by 1 unit, the level of capital structure will increase by 3.085.

4) The regression coefficient on the firm size variable shows a value of 0.125 and is positive. This shows that if the company's growth increases by 1 unit, the level of debt policy will increase by 0.125.

Model Feasibility Test (F Test)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4,379	4	1,095	4,000	0,007[b]
	Residual	12,042	44	0,274		
	Total	16,421	48			

Based on the test results after the data transformation, it shows that the calculated F is 4.000 with a significance level of 0.007 which is less than 0.05, so it can be concluded that the modeling of this study with the variables company growth, asset structure, business risk and company size together influence debt policy. These results indicate that the research model is feasible to continue in further analysis.

Test the Coefficient of Determination(R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,571[a]	0,326	0,264	0,50143

Based on the table above the value is 0.264. This means that 26.4% of the variation in debt policy variables is explained by company growth, asset structure, business risk and company size, while the rest (73.6%) is explained by other variables outside the model studied.

Statistical Test (t test)

Variable	T	Sig.	Information
Company Growth	0,659	0,513	Hypothesis Rejected
Asset Structure	-0,104	0,917	Hypothesis Rejected
Business Risk	-0,571	0,001	Hypothesis Accepted
Company Size	0,295	0,039	Hypothesis Accepted

Based on the results of the T test above, it shows that the company's growth variable has a significance value of 0.513 greater than 0.05. Thus it can be stated that the company's growth has no effect on debt policy.

The asset structure variable has a significance value of 0.917 greater than 0.05. Thus it can be stated that asset structure has no effect on debt policy.

The business risk variable has a significance value of 0.001 which is less than 0.05. Thus it can be stated that business risk affects debt policy.

The variable company size has a significance value of 0.039 which is less than 0.05. Thus it can be stated that company size has an effect on debt policy.

V. CONCLUSION

Based on the results of data analysis, hypothesis testing and discussion described in the previous chapter, the following conclusions can be drawn:

1. Company growth has no effect on debt policy, so H_1 in this study is rejected.
2. Asset structure has no effect on debt policy, so H_2 in this study is rejected.
3. Business risk affects debt policy, so that H_3 in this study is accepted.
4. Company size influences debt policy, so that H_4 in this study is accepted.

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