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The Effect of Asset Structure, Company Size, Profitability, and Liquidity on Corporate Debt Policy in Food and Beverage Sector Companies Listed on the Indonesia Stock Exchange in 2021-2024

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Abstract
Focusing on a population of 47 food and beverage firms listed on the Indonesia Stock Exchange (IDX) from 2021 to 2024, this paper examines the effects of liquidity, profitability, company size, and asset structure on corporate debt policy. Using purposive sampling, this study obtained 188 total observations from the selected companies over four years. The research framework positions asset structure, company size, profitability, and liquidity as independent variables affecting the dependent variable, debt policy. The statistical analysis was performed using EViews 11 software by applying panel data regression through a fixed-effects model (FEM). The findings reveal that, individually, only company size demonstrated a significant negative relationship with corporate debt policy, while asset structure, profitability, and liquidity did not produce significant independent effects. When tested simultaneously, the combined variables significantly influenced debt policy. Consequently, these results indicate that although company size is the only variable that independently guides debt decisions among food and beverage firms, the overall set of financial characteristics collectively shapes corporate debt policy.

INTRODUCTION

Accelerated economic expansion compels businesses to obtain sufficient financial resources to maintain and grow their operations. To effectively manage corporate assets, management must prepare financial statements that provide valuable information to various stakeholders, such as business owners, investors, creditors, and other relevant parties (Osadchy et al., 2018). In addition, management is required to make various strategic decisions to ensure the sustainability of company operations. One strategic decision frequently faced by financial managers concerns financing, particularly the company's debt policy (Lee et al., 2021).

A corporation's debt policy determines how it selects external funding methods to support its investment and operating activities. Funding may be sourced either internally or externally. As financial needs increase to support corporate growth and capital expenditure, management may raise capital through debt financing or equity issuance in the capital market.

Ramadhan (2024) notes that debt policy is essential for determining a firm's capacity to support its activities through debt financing, given that such decisions strongly influence the

continuity and sustainability of corporate operations. Meanwhile, Ni et al. (2018) state that debt policy is part of a company's financing decision-making process. A common framework for interpreting debt policy is capital structure theory, which emphasizes how organizations determine the optimal proportion of debt and equity to maximize firm value. Therefore, management must carefully consider debt policy because, although debt can help companies increase operational capacity and support business growth, it also carries the potential for high financial risk if not properly managed (Abraham et al., 2020).

The use of debt financing has the potential to enhance firm value, although it also increases the level of financial risk faced by a company. Companies that use debt to finance operational activities but are unable to meet their obligations may encounter various problems, such as liquidity difficulties and even the risk of bankruptcy (Brunnermeier & Krishnamurthy, 2020). Research by Sibleni et al. (2025) indicates that capital structure decisions involve balancing debt and equity capital allocated for business investment. To measure debt policy, analysts often use the Debt-to-Equity Ratio (DER), which indicates the extent to which a company finances its assets through debt relative to equity. Consequently, a higher DER reflects greater reliance on debt financing (Danevska et al., 2023). This condition can increase corporate risk; therefore, investors and creditors generally prefer companies with a relatively low DER because they are considered safer in the face of business uncertainty.

In Indonesia, the food and beverage sector is considered a key economic subsector because it contributes significantly to the manufacturing industry and maintains relatively stable demand compared with other sectors (Tamin et al., 2024). In the post-pandemic period, however, the sector has had to navigate numerous challenges, such as rising raw material costs, changing consumer purchasing behavior, and increasing market competition among firms (de Souza et al., 2022). These conditions have prompted companies to manage their financial performance more effectively and efficiently to maintain competitiveness and investor confidence.

Food and beverage manufacturing companies have significant potential for innovation, new product development, and market share expansion. To capitalize on this potential, businesses require substantial capital injections to fund operational needs and expansion strategies, often relying on debt as a primary source of financing. This paper analyzes food and beverage manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2024. As a central capital market institution, the IDX plays an essential role in providing investment access and assisting firms in raising capital through regulated securities issuance (Fauzi et al., 2022).

Based on the data obtained, the use of debt by companies in the food and beverage subsector increased in 2024. This increase was driven by the need for business expansion and greater operational activity, both of which required additional funding. This phenomenon indicates that debt policy remains one of the primary strategies used by companies to meet their financing needs. Conversely, a decrease in debt usage may indicate that companies rely more heavily on internal funding sources to support their business operations.

Corporate debt policy can be shaped by a wide range of determinants. Research by Khaki and Akin (2020), along with Sunardi et al. (2020), indicates that capital structure and debt strategies are influenced by elements such as sales stability, asset structure, revenue growth, profitability, taxation, management attitudes and control, lender behavior, market trends, internal corporate conditions, and financial flexibility. Among these factors, this study focuses specifically on four variables: asset structure, company size, profitability, and liquidity.

Asset structure reflects the proportion of a company's assets that is invested in fixed assets. Firms with a large fixed-asset base generally find it easier to obtain credit because these assets can be pledged as collateral, thereby reducing lender risk. A strong asset structure also reassures external stakeholders that the company has sufficient resources to fulfill its financial obligations (Carlin & Purwaningsih, 2022).

Company size indicates the scale of a business and can be measured through its total assets. Larger companies tend to have easier access to external financing because they are often perceived as more stable and provide clearer and more accessible information than smaller firms (Margono & Gantino, 2021).

METHODS

Object of Research Time

This study focused on food and beverage companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period. The research was conducted from November 2025 to January 2026.

Population Studies

Creswell (2017) notes that a population consists of the total sum of individuals, units, or objects sharing specific features that are being examined in a study. In this research, the designated population is made up of all food and beverage corporations registered on the Indonesia Stock Exchange (IDX) over the period from 2021 to 2024.

Research Sample

According to Creswell and Creswell (2017), a sample is a specific portion of the population selected to represent the broader characteristics of the group being analyzed. This study used purposive sampling, in which the sample was selected based on specific criteria aligned with the research objectives. The criteria for selecting the final sample included food and beverage companies that were listed and active on the Indonesia Stock Exchange (IDX) during the 2021–2024 period, companies that were not delisted during the research period, and companies that published complete financial statements for each year of the study period.

Table 1 details the breakdown of how the final study sample was determined using these specific benchmarks.

Table 1. Research Sample Selection Process

No.	Sample Selection Criteria	Total
1.	Publicly listed food and beverage firms registered on the Indonesia Stock Exchange (IDX) during the years 2021 to 2024.	102
2.	Businesses that underwent delisting at any point during the 2021–2024 timeframe were left out.	55
Number of companies meeting the sample criteria		47
Number of observations (47 companies × 4 years)		188

Source: Compiled from analyzed secondary data, 2025

Following the specified filtration benchmarks, 47 corporations met the requirements to serve as the research sample. All selected entities belong to the food and beverage segment of the Indonesia Stock Exchange (IDX) for the 2021–2024 duration. Because each of these 47 companies was tracked over a four-year interval, the cumulative pool of data consists of 188 distinct observations.

Table 2. List of Companies in the Research Sample

No.	Issuer Code	Company Name
1.	AALI	Astra Agro Lestari Tbk
2.	ADES	Akasha Wira International Tbk
3.	AMAN	Asia Sejahtera Mina Tbk
4.	AISA	FKS Food Sejahtera Tbk
5.	ANDI	Andira Agro Tbk
6.	BTEK	Bumi Teknokultura Unggul Tbk
7.	BUDI	Budi Starch & Sweetener Tbk
8.	CAMP	Campina Ice Cream Industry Tbk
9.	CEKA	Wilmar Cahaya Indonesia Tbk
10.	CLEO	Sariguna Primatirta Tbk
11.	CMRY	Cisarua Mountain Dairy Tbk
12.	COCO	Wahana Interfood Nusantara Tbk
13.	CPIN	Charoen Pokphand Indonesia Tbk
14.	CPRO	Central Proteina Prima Tbk
15.	CSRA	Cisadane Sawit Raya Tbk
16.	DLTA	Delta Djakarta Tbk
17.	FAPA	FAP Agri Tbk
18.	FISH	FKS Multi Agro Tbk
19.	FOOD	Sentra Food Indonesia Tbk
20.	GOOD	Garudafood Putra Putri Jaya Tbk
21.	HOKI	Buyung Poetra Sembada Tbk
22.	ICBP	Indofood CBP Sukses Makmur Tbk
23.	INDF	Indofood Sukses Makmur Tbk
24.	MLBI	Multi Bintang Indonesia Tbk
25.	MYOR	Mayora Indah Tbk
26.	PANI	Pantai Indah Kapuk Dua Tbk
27.	PSDN	Prasidha Aneka Niaga Tbk
28.	ROTI	Nippon Indosari Corpindo Tbk
29.	SKBM	Sekar Bumi Tbk
30.	SKLT	Sekar Laut Tbk

31.	STTP	Siantar Top Tbk
32.	ULTJ	Ultra Jaya Milk Industry & Trading Company Tbk
33.	TAPG	Triputra Agro Persada Tbk
34.	SGRO	Sampoerna Agro Tbk
35.	SIMP	Salim Ivomas Pratama Tbk
36.	SIPD	Sreeya Sewu Indonesia Tbk
37.	JPFA	Japfa Comfeed Indonesia Tbk
38.	LSIP	PP London Sumatra Indonesia Tbk
39.	SSMS	Sawit Sumbermas Sarana Tbk
40.	UNSP	Bakrie Sumatera Plantations Tbk
41.	PSGO	Palma Serasih Tbk
42.	TBLA	Tunas Baru Lampung Tbk
43.	TGKA	Tigaraksa Satria Tbk
44.	WMPP	Widodo Makmur Perkasa Tbk
45.	WAPO	Wahana Pronatural Tbk
46.	BWPT	Eagle High Plantations Tbk
47.	DSFI	Dharma Samudera Fishing Industries Tbk

Research Data

Utilizing secondary quantitative data, this study extracts pre-existing information from public documents, company disclosures, and relevant online records. The core data source comprises the annual financial reports of food and beverage corporations listed on the Indonesia Stock Exchange from 2021 through 2024.

Data Collection Techniques

Data collection was conducted via the documentation method, retrieving secondary financial reports for IDX-listed food and beverage firms from 2021 to 2024. The material was compiled using the IDX platform, corporate websites, and supporting academic literature. This gathered data was then evaluated to assess the influence of asset structure, company size, profitability, and liquidity on leverage decisions.

Variable Studies

Independent variables are predictors that cause shifts in a dependent variable (Sugiyono, 2013). The independent factors tested here are “asset structure (X1), firm size (X2), profitability (X3), and liquidity (X4)”. The dependent variable, which changes in response to these predictors, is defined as corporate “debt policy (Y)”.

Data Analysis Methods

This research applies quantitative methods via EViews 11 software, using both descriptive and inferential statistics. Descriptive statistics outline the basic characteristics of the sample variables. Inferential statistics, specifically panel data regression, test how asset structure, company size, profitability, and liquidity impact corporate debt policy.

1. Descriptive Statistics

As defined by Ghozali (2016), descriptive statistics summarize and present data traits without making broad generalizations. This analysis uses the mean, maximum, minimum, and standard deviation to outline the nature of the data, simplifying the interpretation of later tests.

2. Panel Data Regression Model

The analytical framework relies on panel data regression, combining cross-sectional and time-series elements. Using panel data lowers the risk of omitting relevant variables, ensuring more accurate and credible results. Estimation can be carried out through three standard techniques: the common effect model, the fixed effect model, and the random effect model.

a. Common Effect Model (CEM)

The common effect model estimates panel data via ordinary least squares by assuming a constant intercept and slope for all units and timeframes. This straightforward approach overlooks any unique individual or time-related characteristics, treating their potential influence as nonexistent. The baseline equation for this model is structured as follows:

$$Y = a + \beta_1 \times_{1it} + \beta_2 \times_{2it} + \beta_1 \times_{2it} + \varepsilon$$

b. Fixed Effect Model (FEM) FEM

The fixed effects model handles unobserved heterogeneity by giving each company its own unique intercept while assuming a uniform slope. This technique is applied when distinct, unmeasured corporate characteristics impact the dependent variable over the study period. Estimated via the least squares dummy variable approach, the model follows the equation below:

$$Y_{it} = a + \beta_1 \times_{1it} + a_{1it} + \beta_2 \times_{2it} + a_{2it} + \beta_3 \times_{3it} + a_{3it}$$

c. Random Effects Model (REM)

As the final panel data approach, the random effects model treats unique characteristics across firms and time as random variations embedded within the residual term. This method offers the advantage of handling individual heterogeneity efficiently without adding dummy variables. When its core assumptions hold true, it uses generalized least squares to estimate the parameters based on the following equation:

$$Y_{it} = a + \beta_1 \times_{1it} + \varepsilon_{it} = U_i + W_{it}$$

3. Panel Data Model Testing

Panel data selection involves three tests using a 0.05 p-value threshold. The Chow test selects the fixed effect model if the value is below 0.05 and the common effect model if it is higher. The Hausman test prefers the fixed effect model under 0.05 and the random effect model above it. The Lagrange Multiplier test opts for the random effect model when the value is lower than 0.05 and the common effect model when it is greater.

4. Test of Classical Assumptions

First, the normality test evaluates whether regression residuals are normally distributed (Ghozali, 2016). The Jarque-Bera test is applied, where a p-value greater than 0.05 confirms normality and a value less than 0.05 indicates non-normality.

Next, the multicollinearity test identifies strong correlations between independent variables. Based on Ghozali (2016), a VIF under 10 signifies a model free of multicollinearity, whereas a VIF exceeding 10 points to an issue.

Then, the heteroscedasticity test checks whether variance among residuals is inconsistent. A valid model should avoid this issue (Sujarweni, 2015). Using the Glejser test, a probability above 0.05 indicates homoscedasticity, while a probability below 0.05 means heteroscedasticity exists.

Finally, the autocorrelation test assesses whether residuals from different time periods are linked (Ghozali, 2016). The Durbin-Watson metric must fall within the range of dU to 4 - dU to prove the model is clean; otherwise, autocorrelation is present.

5. Panel Data Regression Analysis

This study employs regression analysis to quantify the effects of the independent predictors on the dependent variable. Utilizing panel data regression through EViews 11, the analysis evaluates the influence of asset structure, company size, profitability, and liquidity on the debt policies of sampled food and beverage corporations on the Indonesia Stock Exchange (IDX) between 2021 and 2024. The model formula is presented below:

$$Y = \alpha + b1X1 + b2X2 + b3X3 + b4X4 + \varepsilon$$

6. Hypothesis Testing
   a. t-Test (Partial)

      To assess how each independent variable affects the dependent variable on its own, this study uses the t-test (Purnama, 2018). A significance level less than 0.05 leads to rejecting H0 and accepting H1, confirming a significant impact. On the other hand, a significance value greater than 0.05 results in accepting H0, meaning the independent variable lacks a significant effect.

   b. F-Test (Simultaneous)

      Following Ghozali (2016), the F-test checks whether the independent variables simultaneously impact the dependent variable. A resulting F-probability less than 0.05 leads to rejecting H0 and accepting H1, proving a significant collective influence. On the other hand, if the F-probability exceeds 0.05, H0 is accepted, meaning the independent factors do not significantly affect the dependent variable as a group.

   c. Coefficient of Determination (R^2)

      Following Ghozali (2016), the R2 value evaluates a regression model's accuracy by showing how much the independent variables explain the dependent variable. Bound between 0 and 1, an R2 value approaching 1 demonstrates a high ability to explain variance, whereas a value near 0 means the independent variables offer very limited explanation.

RESULTS AND DISCUSSION

1. Descriptive Statistical Analysis

This study employs EViews 11 to execute descriptive statistical analysis, detailing the foundational features of the variables. The framework includes four independent measures and one dependent measure.

Table 3. Results of the Descriptive Statistical Analysis.

Statistics	FAR (Asset Structure)	LN (Company Size)	ROA (Profitability)	CR (Liquidity)	DAR (Debt Policy)
Mean	0.362926	22.42852	0.342394	2.145208	1.156798
Maximum	2.336929	33.10625	16.26867	10.49789	7.419588
Minimum	0.000290	6.144897	0.000135	0.034491	0.000418
Standard Deviation	13.01189	6534.331	387.0988	634.5017	212.3323
Observations	188	188	188	188	188

Source: Data processed using EViews 11.

The standard descriptive metrics include the mean as the data average, the maximum and minimum as the sample extremes, and the standard deviation as the measure of dispersion around the average. From the results displayed in Table 4.1, the following analysis was derived:

a. Debt Policy (Y): Analyzed through the debt to asset ratio (DAR) proxy, the debt policy variable features a mean of 1.156798 and a standard deviation of 1.065583. The fact that the standard deviation is smaller than the mean shows the dataset has low fluctuation and high homogeneity. Furthermore, the corporate debt utilization ranges between a minimum of 0.000418 and a maximum of 7.419588.
b. Asset Structure (X1): The asset structure variable, measured via the fixed asset ratio (FAR), has a mean value of 0.362926 and a standard deviation of 0.263785. The smaller standard deviation indicates that the FAR dataset is homogeneous and experiences minor fluctuations. Corporate fixed asset allocations range from a minimum of 0.000290 to a maximum of 2.336929.
c. Company size (X2): Measured via the natural logarithm of total assets (LN), the company size variable features a mean value of 22.42852 and a standard deviation of 5.911256. The smaller standard deviation indicates that the dataset is homogeneous and experiences minor fluctuations. Overall, corporate size metrics stretch from a minimum boundary of 6.144897 to a maximum peak of 33.10625.
d. Profitability (X3): Measured via return on assets (ROA), the profitability variable features a mean value of 0.342394 and a standard deviation of 1.438766. The larger standard deviation indicates that the dataset is heterogeneous and experiences high fluctuations. Overall, corporate profitability outcomes range from a minimum of 0.000135 to a maximum of 16.26867.
e. Liquidity (X4): For the liquidity variable, proxied by the current ratio (CR), the results reveal a mean of 2.145208 and a standard deviation of 1.842025, signaling low data dispersion and high uniformity. The recorded minimum of 0.034491 and maximum of 10.49789 define the operational boundaries of short-term financial health within the sample.

2. Panel Data Regression Model

a. Common Effect Model (CEM)

The estimation results for the Common Effect Model (CEM) are presented in Table 4.

Table 4. Estimation Results for the Common Effect Model (CEM).

Variable	Coefficient	Standard Error	t-Statistic	Probability
C	2.203065	0.315798	6.976177	0.0000
Asset Structure	0.0000301	0.279504	0.000108	0.9999
Company size	-0.028846	0.012195	-2.365271	0.0191
Profitability	0.092510	0.050206	1.842595	0.0670
Liquidity	-0.200908	0.040096	-5.010729	0.0000
R-squared	0.169051	Mean Dependent Variable		1.156798
Adjusted R-squared	0.150888	S.D. Dependent Variable		1.065583
S.E. of Regression	0.981906	Akaike Information Criterion		2.827592
Sum Squared Residuals	176.4373	Schwarz Criterion		2.913668
Log Likelihood	-260.7937	Hannan-Quinn Criterion		2.862467
F-statistic	9.307534	Durbin-Watson Statistic		
Prob(F-statistic)	0.000001			

Source: Research data analysis results, 2026.

b. Fixed Effects Model (FEM)

The estimation results of the Fixed Effects Model (FEM) are presented in Table 4.3.

Table 5. Estimation Results of the Fixed Effects Model (FEM).

Variable	Coefficient	Standard Error	t-Statistic	Probability
C	3.612763	0.618919	5.837218	0.0000
Asset Structure	-0.203180	0.271977	-0.747048	0.4563
Company size	-0.108171	0.025251	-4.283816	0.0000
Profitability	0.049048	0.037187	1.318954	0.1894
Liquidity	0.012634	0.056141	0.225038	0.8223
Effects Specification				
Cross-section Fixed Effects (Dummy Variables)				
R-squared	0.746822	Mean Dependent Variable		1.156798
Adjusted R-squared	0.654422	S.D. Dependent Variable		1.065583
S.E. of Regression	0.626413	Akaike Information Criterion		2.128477
Sum Squared Residuals	53.75782	Schwarz Criterion		3.006448
Log Likelihood	-149.0769	Hannan-Quinn Criterion		2.484198
F-statistic	8.082437	Durbin-Watson Statistic		1.817184
Prob(F-statistic)	0.000000			

Source: Research data analysis results, 2026.

c. Random Effects Model (REM)

The estimation results of the Random Effects Model (REM) are presented in Table 6.

Table 6. Estimation Results of the Random Effects Model (REM)

Variable	Coefficient	Standard Error	t-Statistic	Probability
C	2.638708	0.409966	6.436411	0.0000
Asset Structure	-0.044426	0.246231	-0.180425	0.8570
Company size	-0.058723	0.015963	-3.678694	0.0003
Profitability	0.061152	0.036203	1.689156	0.0929
Liquidity	-0.079084	0.043827	-1.804458	0.0728
Effects Specification				
Random Effects			S.D.	Rho
Cross-section Random			0.730976	0.5766
Idiosyncratic Random			0.626413	0.4234
Weighted Statistics				
R-squared	0.087887	Mean Dependent Variable		0.455600
Adjusted R-squared	0.067950	S.D. Dependent Variable		0.676891
S.E. of Regression	0.653489	Sum Squared Residuals		78.14972
F-statistic	4.408256	Durbin-Watson Statistic		1.267605
Prob(F-statistic)	0.001998			
Unweighted Statistics				
R-squared	0.091388	Mean Dependent Variable		1.156798
Sum Squared Residuals	192.9276	Durbin-Watson Statistic		0.513472

3. Selection of Panel Data Regression Models

Determining the most appropriate estimation model for use in panel data regression with dummy variables is done through the following tests.

a. Chow Test

This procedure evaluates the suitability of the common effect model against the fixed effect model for estimating the panel data. Based on the cross-section chi-square probability, a value less than 0.05 indicates the fixed effects model is more appropriate, while a value greater than 0.05 identifies the common effects model as the better choice, with results provided in Table 7 below.

Table 7. Chow Test Results.

Redundant Fixed Effects Tests			
Equation: Untitled			
Test: Cross-section fixed effects			
Effects Test	Statistic	d.f.	Probability
Cross-section F	6.796622	(46, 137)	0.0000
Cross-section Chi-square	223.433608	46	0.0000

Source: Data processed using EViews 11.

As shown in Table 7, the Chow test yields a cross-section chi-square p-value of 0.0000. Because this is less than 0.05, the null hypothesis is rejected, indicating that the fixed effects model is the proper selection for the estimation.

b. Hausman Test

To decide whether the fixed effects model or the random effects model fits the panel data better, this analysis checks the cross-section random test probability. If this probability value is under 0.05, the fixed effects model is selected; if it exceeds 0.05, the random effects model is preferred instead.

Table 8. Results of the Hausman Test.

Correlated Random Effects – Hausman Test			
Equation: Untitled			
Test: Cross-section random effects			
Test Summary	*Chi-Square Statistic*	*Chi-Square d.f.*	*Probability*
Cross-section random	*20.161945*	*4*	*0.0005*

Source: Data processed using EViews 11.

Based on the 0.0005 probability value reported in Table 8, which is less than 0.05, the null hypothesis is rejected. This confirms that the fixed effects model is the best estimation model for this research.

4. **Classical Assumption Tests**

a. Residual Normality Test

Based on Gujarati (2003), the Central Limit Theorem indicates that normality assumptions can be set aside when the sample size surpasses 30. Given that this research includes 188 samples, it easily meets this threshold. Moreover, residual normality is not a major prerequisite for fixed effects model panel regression, given that the underlying estimator preserves its unbiased and consistent properties even without normally distributed errors.

b. Multicollinearity Test

Following Ghozali (2016), a multicollinearity test was executed to detect dependencies between the independent factors. The model avoids multicollinearity issues if the VIF value remains below 10 and the Tolerance exceeds 0.10, with the specific findings detailed in Table 9 below.

Table 9. Results of the Multicollinearity Test.

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.099729	19.44635	N/A
X1	0.078122	3.060781	1.054328
X2	0.000149	15.59662	1.007991
X3	0.002521	1.069666	1.012044
X4	0.001608	2.500622	1.058004

Source: Data processed using EViews 11.

As shown in Table 9, the VIF values for the independent variables are 1.054328 (X1), 1.007991 (X2), 1.012044 (X3), and 1.058040 (X4). Since all of these figures are less than 10, it indicates that there are no multicollinearity issues present among the predictors in this study.

c. Heteroscedasticity Test

Following Ghozali (2016), a heteroscedasticity test was executed to determine whether the variance of the residuals remains constant over time. This research specifically uses the Glejser test method to detect any such variance discrepancies.

Table 10. Results of the Heteroscedasticity Test

Dependent Variable: Absolute Value of Debt Policy
Method: Panel Least Squares
Date: 05/26/26 Time: 19:50
Sample: 2021–2024
Periods included: 4
Cross-sections included: 47
Total panel (balanced) observations: 188

Variable	Coefficient	Standard Error	t-Statistic	Probability
C	3.612763	0.618919	5.837218	0.0000
Asset Structure	-0.203180	0.271977	-0.747048	0.4563
Company size	-0.108171	0.025251	-4.283816	0.0000
Profitability	0.049048	0.037187	1.318954	0.1894
Liquidity	0.012634	0.056141	0.225038	0.8223

Source: Results of data analysis using EViews 11.

Based on the Glejser test data, the Chi-Square probability for the Obs*R-squared metric stands at 0.2004. Since this exceeds 0.05, it confirms that the regression model does not suffer from heteroscedasticity issues.

d. Autocorrelation Test

To identify potential correlation between consecutive residuals over time, this analysis utilizes the Durbin-Watson (DW) autocorrelation test (Ghozali, 2016). The definitive test results are recorded below in Table 11.

Table 11. Results of the Autocorrelation Test.

Statistic	Value	Statistic	Value
R-squared	0.746822	Mean Dependent Variable	1.156798
Adjusted R-squared	0.654422	S.D. Dependent Variable	1.065583
S.E. of Regression	0.626413	Akaike Information Criterion	2.128477
Sum Squared Residual	53.75782	Schwarz Criterion	3.006448
Log Likelihood	-149.0769	Hannan-Quinn Criterion	2.484198
F-statistic	8.082437	Durbin-Watson Statistic	1.817184
Probability (F-statistic)	0.000000		

Source: Results of data processing using EViews 11.

Table 11 shows a Durbin-Watson (DW) value of 1.989051. Since this value falls within the standard -2 to +2 range, it indicates an absence of autocorrelation, making the data suitable for subsequent evaluation. The regression analysis testing the independent variables against debt policy reveals that asset structure and profitability have no significant effects due to p-values exceeding 0.05. Meanwhile, company size exerts a negative effect, and liquidity shows an insignificant positive effect, generating the following model equation:

$$Y = 3.612763 – 0.203180X_1 – 0.108171X_2 + 0.049048X_3 + 0.012634X_4 + e$$

Individual t-tests indicate that none of the independent variables have a statistically significant partial impact on debt policy at a 5% significance threshold. Conversely, the joint F-test shows a significant simultaneous effect, reporting an F-statistic of 8.082 and a probability under 0.05, validating the model's appropriateness. The coefficient of determination confirms that 65.44% of the fluctuations in debt policy are driven by asset structure, firm size, profitability, and liquidity, while 34.56% stem from excluded variables.

Discussion

The Effect of Asset Structure on Debt Policy

The first hypothesis stated that asset structure influenced debt policy among food and beverage companies listed on the Indonesia Stock Exchange during the 2021–2024 period. However, this hypothesis was rejected because the t-test produced a p-value of 0.4563, which was greater than 0.05. Therefore, the results indicated that asset structure did not have a statistically significant effect on corporate debt policy. This finding suggested that the proportion of fixed assets did not play a major role in determining debt policy, contrary to the theoretical view that companies with larger fixed-asset bases tend to rely more on debt because these assets can be used as collateral. Instead, companies appeared to consider broader financial factors, such as profitability, liquidity, risk exposure, and managerial strategies, when making financing decisions.

The insignificant relationship between asset structure and debt policy suggested that food and beverage subsector companies placed greater emphasis on financial flexibility and operational efficiency than on the use of physical assets as collateral for loans. In addition, creditors may have considered not only collateral availability but also the company’s financial performance and ability to meet its obligations. Therefore, changes in asset structure were not directly followed by changes in corporate debt utilization.

These findings showed that financing decisions were influenced by various interrelated factors. Asset structure was only one consideration, while other factors, such as profitability, liquidity, company growth, and economic conditions, may have played a more dominant role in determining debt policy. Thus, companies with a higher proportion of fixed assets did not necessarily have higher debt levels than companies with a lower proportion of fixed assets.

These results were consistent with the studies conducted by Nurdani and Rahmawati (2020) and Damayanti et al. (2025), which also found that asset structure did not significantly affect corporate debt policy. This consistency strengthened the empirical evidence that asset

structure was not a primary determinant of debt policy, particularly among companies in the food and beverage subsector.

The Effect of Company size on Debt Policy

In evaluating food and beverage subsector companies on the Indonesia Stock Exchange from 2021 to 2024, a t-test revealed a p-value of 0.0000, which is smaller than 0.05, thereby validating the second hypothesis. This confirms that firm size exerts a significant influence over debt policy, reflecting that larger businesses have a stronger advantage in acquiring external financing like debt. Firms with a larger scale of operations are generally supported by higher total assets, broader operational activities, and a stronger market position. These conditions increase the confidence of creditors and financial institutions in providing financing because such companies are deemed to have a greater capacity to meet their debt repayment obligations.

In addition, large companies usually have easier access to various sources of funding, both from banks and the capital markets. Higher levels of transparency, better governance systems, and a longer operational track record mean that the risk of default by large companies is viewed as lower compared to that of small companies. Consequently, large companies tend to have greater flexibility in utilizing debt as a source of funding to support working capital needs, investments, and business expansion.

These findings also indicate that company size can serve as a positive signal for creditors in assessing creditworthiness. The larger the company, the greater its ability to generate cash flow and maintain operational sustainability. Therefore, large companies have a higher probability of securing larger loans with relatively more favorable terms compared to small companies.

From the perspective of trade-off theory, large firms tend to utilize debt because they have a relatively lower risk of bankruptcy and a better ability to manage financial obligations. Meanwhile, based on signaling theory, a large firm size can signal stability and favorable business prospects, thereby increasing external parties' confidence in providing financing. This explains why an increase in firm size is accompanied by an increase in the use of debt in its financing structure.

This research echoes the conclusions of Meidiyustiani (2016) that firm size holds a significant influence over debt policy, yet it departs from Sari and Budiasih (2014), who reported an insignificant outcome. These mixed findings are likely driven by variations in sample traits, the years under study, overall economic factors, or the industry sectors chosen, which can change the dynamic between firm size and debt policy.

The Effect of Profitability on Debt Policy

The analysis shows that profitability does not exert a significant effect on debt policy, as the p-value of 0.3056 is greater than 0.05, leading to the rejection of the third hypothesis. Consequently, profit levels are not a major determinant of how a business structures its debt. Whether a firm has high or low profitability does not dictate its level of debt financing, suggesting that debt policy is driven by broader funding needs, corporate strategies, external market conditions, and optimal capital structure goals.

The lack of a significant effect of profitability on debt policy also suggests that companies in the food and beverage subsector exhibit diverse funding characteristics. Some companies with high profits may choose to use internal funds to finance operations and investments, while others continue to utilize debt to gain specific benefits, such as maintaining liquidity, increasing production capacity, or capitalizing on business expansion opportunities. Consequently, differing levels of profitability do not directly reflect differences in debt usage.

Furthermore, when determining debt policies, companies consider not only the amount of profit earned but also cash flow stability, growth prospects, business risk levels, and prevailing economic conditions. Therefore, even if a company has high profitability, it may still utilize debt if it is deemed capable of increasing firm value and supporting long-term growth strategies.

From the perspective of capital structure theory, the results of this study indicate that the relationship between profitability and debt policy is not always consistent across all companies. Other factors related to firm characteristics and the business environment may play a more dominant role in influencing financing decisions than a firm's ability to generate profits. Thus, profitability was not the primary determinant of debt policy for companies in the food and beverage subsector during the study period.

The findings match the research of Wisnugroho et al. (2023) and are further supported by Nazira and Meirina (2025), both of which concluded that profitability does not have a significant effect on debt policy. These uniform outcomes strengthen the empirical proof that a corporation's profit level is not necessarily the chief factor driving debt policy, given that financing strategies are guided by other, more complex considerations.

The Effect of Liquidity on Debt Policy

The analysis shows that liquidity does not exert a significant effect on debt policy, as the p-value of 0.8045 is higher than 0.05, leading to the rejection of the fourth hypothesis. Consequently, short-term debt-paying ability is not a major determinant of how a business structures its long-term leverage. Whether a firm has high or low liquidity does not dictate its level of debt financing, suggesting that debt policy is driven by broader funding needs, and companies will utilize alternative financing methods like internal cash reserves, asset liquidation, or shareholder funding when necessary.

The lack of a significant effect of liquidity on debt policy indicates that a company's financing decisions are more oriented toward long-term strategic needs than toward its ability to pay short-term obligations. In practice, companies can maintain a certain level of liquidity to support smooth operations without having to significantly alter their debt composition. Therefore, changes in liquidity levels do not necessarily lead to changes in a company's debt policy.

Furthermore, companies in the food and beverage subsector generally have relatively stable operational characteristics because their products are daily consumer necessities. These conditions allow companies to manage their cash and current assets effectively, so that decisions regarding debt utilization are more influenced by investment needs, growth strategies, financing costs, and financial market conditions than by the company's liquidity level.

From the perspective of capital structure theory, the results of this study indicate that liquidity is not a dominant factor considered by management in determining debt policy. Companies can maintain either high or low levels of liquidity without having to significantly alter their debt-to-equity ratio, as financing decisions are influenced by various other factors that are more strategic and long-term in nature.

The findings match the research of Utami and Suprihati (2021) and are further supported by Hidayat et al. (2024), both of which concluded that liquidity does not have a significant effect on debt policy. These uniform outcomes strengthen the empirical proof that a corporation's short-term debt-paying ability is not necessarily the chief factor driving debt policy, particularly for companies operating in the food and beverage industry.

CONCLUSION

The results showed that only company size significantly influenced debt policy among food and beverage companies listed on the Indonesia Stock Exchange during the 2021–2024 period, whereas asset structure, profitability, and liquidity did not have significant effects. These findings indicated that company size played a more dominant role than asset structure, profitability, and short-term financial capacity in determining corporate debt decisions. The adjusted R-squared value of 0.6544 indicated that the model explained 65.44% of the variance in debt policy, while the remaining 34.56% was explained by other factors not included in the model. The implication of this study is that company management should consider firm size as an important factor in determining financing strategies and managing capital structure. In addition, investors and creditors may use firm size as one indicator when assessing a company’s debt policy. Because this study was limited to four variables, one food and beverage subsector, and the 2021–2024 period, future research is encouraged to extend the study period, expand the sectoral scope, and include other influential factors, such as ownership structure, free cash flow, firm growth, business risk, asset tangibility, and corporate governance, to provide a more comprehensive explanation of corporate debt policy.

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