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THE EFFECT OF PROFITABILITY, LIQUIDITY, AND ASSET STRUCTURE ON CAPITAL STRUCTURE IN ANALYZING THE BANKRUPTCY OF FIF GROUP COMPANIES IN SOUTHEAST SULAWESI

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ABSTRACT

The purpose of this study was to determine and analyze the effect of profitability, liquidity, and asset structure on capital structure in analyzing the implementation of the bankruptcy of FIF Group companies in Southeast Sulawesi. This research approach is a survey with an explanatory research design. The data collection is carried out using instruments in the form of 2019-2020 financial statements. The population of this study is all FIF Group unit offices in the Southeast Sulawesi region. Determination of the number of samples is carried out using a census so that the research sample is obtained from as many as 30 observations in analyzing the company's financial statements. The analytical tool used is Multivariate Regression Analysis with the SPSS program package.

The results showed that (1) Profitability, Liquidity, and Asset Structure had a significant effect on Capital Structure in analyzing the implementation of bankruptcy of FIF Group companies in Southeast Sulawesi, (2) Profitability had a significant and negative effect on capital structure in analyzing the implementation of bankruptcy of FIF Group companies, (3) Liquidity has a negative and significant effect on capital structure in analyzing the implementation of the bankruptcy of FIF Group companies. (4) Asset structure has a positive and significant effect on capital structure in analyzing the implementation of the bankruptcy of FIF Group companies. The contribution of the influence of Profitability, Liquidity, and Asset Structure is shown by the value (R2) of 69.5% and the remaining 30.5% is influenced by other variables outside the research model.

Keywords: ***Profitability, Liquidity, Asset Structure, Capital Structure***

INTRODUCTION

The tight competition in the current era of globalization requires companies to be able to adapt to rapidly changing conditions. This is a separate problem for the company because the existing funds have changed to be more effective and efficient to keep up with rapid changes. Within the company itself, there is a department that regulates the company's sources of funds, namely financial management. In financial management, one element that needs to be considered is how big the company's ability to meet the needs of funds to operate and develop its business (Putria Yusintha & Erni Suryandari, 2010). The source of funds itself is obtained from retained earnings and the company can seek external sources of funds through capital loans from creditors.

According to Bambang Riyanto (2014:25), the sources of funds that can be obtained to finance a company can be divided into sources of funds from within the company and sources of funds from outside the company. As a form of funds where the fulfillment of the funding needs comes from within the company itself, in other words, funds with its strength or ability. While the source of funds from outside the company is the fulfillment of the need for funds taken or derived from sources of funds that are outside the company.

Capital is one of the most important needs for the smooth running of the company's activities. Existing capital is used to survive and develop a bigger business in the future. For activities in one year, the company requires not small funds. Companies can obtain funds from their capital and debt. Own capital is capital that comes from the owner of the company and which is embedded in the company for an indefinite period. The advantage of using own capital to finance a business is that there is no interest or administrative cost, does not depend on other parties, does not require complicated requirements, and does not require a return on capital, but the use of own capital is very limited. Under certain conditions, the company can meet its funding needs by only using internal sources of funds,

To become a great leader in the current era, companies must have the right funding decisions, where there needs to be an active role for managers in determining the capital structure to balance the use of debt with their capital in financing the company's activities. According to Hartono and Hajito (2013: 256) in Lutfina Mufidharus Sholikhadi (2016) Capital structure is a comparison or reward for long-term funding of the company shown by the comparison of long-term debt to own capital. Understanding capital structure is a company's long-term permanent funding mix indicated by debt, preferred stock equity, and common stock (Van Horne and Wachowicz, 2009). The capital structure must be carried out effectively and efficiently to improve the welfare of the shareholders or owners.

A financing institution is a business entity that carries out financing activities in the form of providing funds or capital goods. A financing company is a business entity specifically established to perform Lease, Factoring, Consumer Financing, and/or Credit Card business. FIF GROUP is a management group of several companies that have different business units. FIF GROUP currently houses PT Federal International Finance and PT Astra Multi Finance. FIF GROUP is engaged in the financing service business under the brand name FIF ASTRA. Honda motorcycle financing services, both new, and quality used motorcycles. SPEKTRA Multi-product financing services, ranging from electronics, home furnishings, computer equipment, furniture, and bicycles to hand tractors.

To see that a company's finance has good quality, the two most important assessments can be used as assessment material to see that the company's finance has implemented effective and efficient management principles. This assessment can be done by looking at the side of financial performance and non-financial performance. The financial performance looks at the financial statements owned by the finance company in question and it can be seen from the information obtained on the balance sheet, income statement, and cash flow statement.

Cash flow as well as other supporting matters as material for assessing financial performance. Financial performance can be interpreted as prospects or growth potential for good development for the company, financial performance information is needed to assess changes in potential economic resources that may be controlled in the future and to predict the production capacity of existing resources (Tulsian, 2016).

Measuring the financial performance of a company is usually done by analyzing the financial statements using financial ratios. Financial performance evaluation can be done by using financial statement analysis, namely by using financial ratio analysis. The ratios commonly used to assess a company's financial performance include the ratio of liquidity, solvency, activity, and profitability (Agus Harjito and Hartono, 2017). The results of the measurement of the achievement of performance are used as the basis for management or company managers to improve performance in the next period and serve as the basis for providing rewards and punishments to managers and members of the organization.

Profitability shows the company's ability to generate profits for one year. Profitability is the ability to profit. In general, profitability is seen from profit figures, this means that from short-term debt, the Pecking Order Theory says that companies prefer internal funding. Companies with high profitability certainly do not have more internal funds than companies with low profitability. Companies with high returns on investment use relatively small debt (Brigham and Houston, 2016:35). The factor considered in determining the company's capital structure is profitability. All of this is because companies that produce high profitability tend to use low-cost debt. After all, high retained earnings are sufficient to finance most of the funding needs.

Liquidity is a ratio used to measure the company's ability to pay the short-term debt that has matured. Companies that can immediately repay their debts will get the trust of creditors to issue large amounts of debt. In addition, there are also corporate financial risks that result in the company's inability to meet obligations. So if the company prefers a capital structure with a more dominant internal source of funds, it will reduce the cost of capital. However, the expected return on profits by shareholders will also be small because retained earnings are mostly used to finance a series of company investment projects. Conversely, if the company prefers external sources of funds, which are mostly in the form of debt, it will face the risk of possible inability to pay the loan principal along with the interest that is due.

The asset structure is a determination of how much of the allocation is for each asset component, both in current assets and in fixed assets (Cahyani and Handayani, 2017:9). The asset structure describes some of the assets that can be used as collateral. Companies with high asset growth rates will use more debt in their capital structure than companies with low asset growth. In finance companies, in general, the largest share of capital is in fixed assets which will prioritize the fulfillment of capital, namely:

In the form of internal funds while external funds are complementary. Companies with high growth rates are generally more dependent on capital from outside the company, in companies with low growth rates the need for new capital is relatively small so that it can be met from retained earnings (Damayanti, 2017).).

The results of research conducted by Ni Putu Yulinda Prastika and Made Reina Candradewi (2019), found that the profitability variable had a significant negative effect on the company's capital structure; asset structure has a negative and significant effect on capital structure and liquidity has a significant negative effect on the capital structure of the building construction sub-sector companies on the IDX. Furthermore, research conducted by Hasika Cipta Novwedayaningayu and Heni Hirawati (2020) found that profitability had a significant negative effect on the company's capital structure, liquidity had no effect on the company's capital structure variable while the asset structure variable had a significant positive effect on the company's capital structure in the consumer goods sector in Indonesia.

Made Yunitri Deviani and Luh Komang Sudjarni (2018) in their research results found that partially the growth rate has a negative and significant effect on capital structure, asset structure has a negative but not significant effect on capital structure, and profitability and liquidity have a negative and significant influence on capital structure. capital structure. Then the research conducted by Ayu Indira Dewiningrat and I Ketut Mustanda (2018) the results of the study found that the variables of liquidity, profitability, and sales growth partially had a negative and significant effect on capital structure, while the asset structure variable had a positive and significant effect on capital structure. Furthermore,

Based on the background of the problem and the research gap in previous studies, the researcher is interested in conducting a research entitled “The Effect of Profitability, Liquidity, and Asset Structure on Capital Structure in the FIF Group Financing Company in Southeast Sulawesi.

LITERATURE REVIEW

Funding Decisions

Funding decisions indicate how the company finances its operations or how the company finances its assets. Funding decisions can be sourced from short-term debt (current liabilities) and long-term debt (long-term debt) and the company's share capital consisting of preferred stock and common stock.

According to Haruman (2017), funding can increase the value of the company. If funding is funded through debt, the increase occurs as a result of tax-deductible effects. That is, companies that have debt will pay interest on loans which can reduce taxable income, which can benefit shareholders. In addition, the use of external funds will increase the company's income, which will later be used for profitable investment activities for the company

According to Harmono (2011: 231), the definition of funding decisions is to analyze the conditions of the company's funding sources, both through debt and capital that will be allocated to support the company's operating activities, both in working capital investment and fixed assets.

According to Sudana (2011: 3), financial decisions about the origin of funds to purchase assets. There are two kinds of sources of funds: 1. Loan funds, such as bank loans and bonds 2. Own capital such as retained earnings and shares. Loans and shares are sources of funds originating from outside the company, while retained earnings are sources of funds originating from within the company.

According to Brealey, Myers, and Marcus (2008:6), funding decisions are the main responsibility of both financial managers to raise funds needed by the company for investment and operations. When a company needs to raise funds, it can invite investors to invest cash in exchange for a share of future profits or promise to repay the investor's cash plus a fixed rate of interest.

Funding and investment decisions (both long-term and short-term) are of course interrelated. The amount of investment determines the amount of funding that must be obtained, and investors who contribute to the current fund expect a return on investment in the future. Therefore, investments made by companies today must generate future returns to be paid to investors (Brealey, Myers, and Marcus, 2008: 7).

Capital Structure

Puspita & Dewi (2019) stated that the capital structure is part of the financial structure that maintains a balance between the total debt and the company's capital. The financial position of the company is determined by the highs and lows of the company's capital structure. In financing assets and increasing the company's business capital, capital structure is one of the key financial decisions of the company. (Guna & Sampurno, 2018) said that capital structure is one of the financial ratios that compares total debt with capital. The use of the capital structure itself is as a reference for the company in making decisions about working capital to be used by the company, where the capital itself is funded by external parties or debt and the capital is funded from the company's internal parties (Guna & Sampurno, 2018).

Profitability

Tijow et al. (2018) revealed that profitability is one of the factors that affect the capital structure seen through how the company can generate profits from the activities it does with decisions and policies taken by the company in a certain period under the company's main goal to gain profit (profit) so that the company can carry out its activities and maintain the company's sustainability in the futures. Profitability is also known as financial performance related to the company's capital structure, the higher the debt, the lower the profitability (Hamid et al., 2015). Companies with high levels of profitability must have low levels of debt because companies with high profitability have adequate internal funding sources (Primantara & Dewi, 2016).

Previous research conducted by Tijow et al. (2018) revealed that profitability harms capital structure. Dewiningrat & Mustanda (2018) revealed that profitability has a negative and significant effect on capital structure. This is the same as what was described by Juliantika & S (2016) that profitability has a negative and significant effect on capital structure. Different results were also found in Puspita & Dewi's research (2019) and Hermuningsih (2012) which found that profitability had a significant positive effect on capital structure.

Liquidity

According to Sartono (2010), liquidity shows how big the company's ability to pay a short-term debt at the appointed time, the size of the company's current assets is a reflection of the company's liquidity. The liquidity ratio reflects the company's ability to pay off its short-term liabilities or how quickly the company can convert its assets into cash (Sukamulja, 2019). The liquidity ratio is a ratio that shows the relationship between the company's cash and current assets with the company's current liabilities (Brigham & Houston, 2010).

The current ratio calculates the company's ability to pay off all short-term obligations using current assets owned by the company. The higher this ratio, the more liquid the financial condition of the company (Sukamulja, 2019). The empirical study conducted by Dewiningrat & Mustanda (2018) states that liquidity partially has a negative and significant effect on capital structure. This statement is reinforced by research conducted by Juliantika & S (2016) that liquidity has a negative and significant effect on capital structure. Primantara & Dewi (2016) revealed different results, where liquidity has a positive and significant effect on capital structure.

Asset Structure

According to Tijow et al. (2018), the asset structure is the composition of company assets that shows how much company assets can be used to guarantee loans. Asset structure can affect the capital structure because companies that have large fixed assets will tend to get loans. After all, the company's assets can be used as collateral to increase the company's operational activities. Companies that have a large composition of fixed assets have easy access to other sources of funding other than the company's capital. According to Dewiningrat & Mustanda (2018), if there is a failure or decline in the company.

Meet the debt to repay the loan, and the company's fixed assets will be converted into the company's current assets. This is done to prevent the company from going into bankruptcy through the sale of the company's assets. Research conducted by Deviani & Sudjarni (2018) states that the asset structure has a negative but not significant effect on the company's capital structure. Meanwhile, Pradana & Fachrurrozie (2013) in their research, revealed that the asset structure has no significant effect on the performance of the company's capital structure.

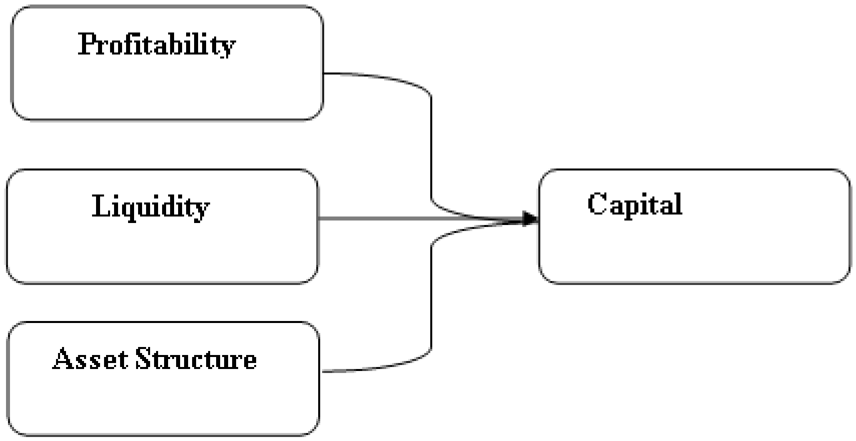
Profitability is the company's ability to earn profits from the capital used to generate profits. Companies that have high profitability will result in a low capital structure. This condition indicates that management decisions reduce the use of debt when the resulting profitability (ROA) is high. This situation is under the concept of peking order theory, where management chooses internal financing to increase its capital needs. The use of debt will only be carried out if internal financing is not sufficient to cover the required capital requirements.

The results of this study are consistent with and support previous research conducted by Ni Putu Yulinda Prastika and Made Reina Candradewi (2019), Hasika Cipta Novwedayaningayu, Heni Hirawati (2020), Made Yunitri Deviani and Luh Komang Sudjarni (2018), Ayu Indira Dewiningrat and I Ketut Mustanda (2018) who found that profitability is negatively related to capital structure (leverage).

Conceptual Framework

The variables used in this study are the independent and dependent variables. In this study, the independent variables are clarified in terms of profitability, liquidity, and asset structure and the dependent variable is the company's capital structure.

Figure 1. Research Conceptual Framework



Hypothesis

The hypothesis proposed as a temporary answer to the problems proposed in this study is as follows:

1. H1: Profitability, liquidity, and asset structure simultaneously (simultaneously) affect the capital structure.
2. H2: Profitability has a partial (individual) effect on the capital structure.
3. H3: Liquidity has a partial (individual) effect on capital structure.
4. H4: Asset structure has a partial (individual) effect on capital structure.

RESEARCH METHODS

The Scope of Research

This study uses a quantitative method, namely research that reveals the size of an influence or relationship between variables expressed in numbers, by collecting data which is a supporting factor for the influence of the variables concerned then analyzing it using an appropriate analytical tool. research variables.

This study aims to analyze the effect of profitability, liquidity, and asset structure as independent variables on the capital structure of FIF Group companies as the dependent variable, the population for this study is FIF group companies in Southeast Sulawesi.

Sampling Method

The sample used in this study is the FIF Group financing company in Southeast Sulawesi in 15 City Regencies in 2019-2020. The sample selection method is using a census, namely all members of the population are used as the research unit.

Method of Collecting Data

The data collection used in this research is secondary. Secondary data is data obtained from books, journals, and other reading sources that have relevance to the object under study. This study uses data sourced from FIF Group Company Financial Statements in Southeast Sulawesi.

RESEARCH RESULT

Research Descriptive Statistics

By using company data for the period 2019 and 2020 along with the results of descriptive statistics from the selected data to describe the data for the mean, median, minimum, maximum level, and others. The following is an explanation of the variables used in this study.

Table 1 Descriptive Statistical Results
Statistics

	Capital Structure	Profitability	Liquidity	Asset Structure
Means	.42793500	.09491487	2.40654717	.31860443
Median	.40830600	.07172150	1.74201300	.30791000
std. Deviation	.199362964	.088266558	1.825730496	.188957795
Minimum	.149538	.000757	.584216	.000271
Maximum	.819719	.431698	7.603881	.618398

Source: Data processed 2021

Based on the data, it is known that the minimum, maximum, average (mean), median, and standard deviation values for each variable. The table also shows that the average variable is in a positive number.

Table 2 Descriptive Data on Capital Structure and Profitability

Company	Capital Structure		Profitability	
	2019	2020	2019	2020
FIF Group Kendari	0.532995	0.510424	0.065788	0.061486
FIF Group Baubau	0.374656	0.385641	0.049771	0.059211
FIF Group Wakatobi	0.484454	0.465712	0.063614	0.069894
FIF Group Muna	0.661584	0.602641	0.006452	0.012492
FIF Group Konawe Utara	0.486823	0.415111	0.073549	0.091941
South Konawe FIF Group	0.181736	0.154803	0.184957	0.212481
FIF Group Konawe Islands	0.292645	0.295022	0.078395	0.099312
FIF Group Konawe	0.401501	0.371514	0.101611	0.105997
FIF Group Kolaka	0.191365	0.149538	0.133918	0.157705
East Kolaka FIF Group	0.819719	0.807312	0.021511	0.026551
FIF Group North Kolaka	0.248593	0.165185	0.000757	0.020004
FIF Group Buton	0.401272	0.507561	0.077311	0.054411
Central Buton FIF Group	0.678087	0.632501	0.009745	0.041257
FIF Group North Buton	0.181411	0.163801	0.154399	0.144701
FIF Group Bombana	0.635158	0.639285	0.236527	0.431698

Source: Processed data

Table 3 Descriptive Data on Liquidity and Asset Structure

Company	Liquidity		Asset Structure	
	2019	2020	2019	2020
FIF Group Kendari	1.344411	1.478306	0.000321	0.000271
FIF Group Baubau	1.020687	1.348825	0.618398	0.550611
FIF Group Wakatobi	1.379305	1.239383	0.169911	0.165118
FIF Group Muna	1.000842	1.001415	0.524297	0.604331
FIF Group Konawe Utara	2.114167	2.172771	0.453898	0.464113
South Konawe FIF Group	6.423636	7.603881	0.101427	0.080378
FIF Group Konawe	1.770359	1.937891	0.264208	0.241301

FIF Group Kolaka	4.960974	5.821944	0.316611	0.325631
East Kolaka FIF Group	1.003504	1.002944	0.173181	0.160629
FIF Group North Kolaka	2.231266	3.032737	0.174401	0.179285
FIF Group Buton	1.922822	1.713667	0.566725	0.549474
South Buton FIF Group	2.847607	3.410645	0.196365	0.218262
Central Buton FIF Group	1.156607	1.231923	0.342373	0.331501
FIF Group North Buton	4.131144	4.509401	0.299209	0.321501
FIF Group Bombana	0.584216	0.679548	0.602647	0.561755

Hypothesis Test

Multiple Linear Regression Equation Analysis

A good regression equation model meets the requirements of the classical assumptions including that all data are normally distributed, and the model must be free from multicollinearity symptoms and free from heteroscedasticity. From the previous analysis, it has been proven that the equation model proposed in this study meets the classical assumption requirements so the equation model in this study is considered good. Regression analysis is used to test the hypothesis about the partial effect of the independent variables on the dependent variable. Based on the results of the multiple linear regression equation, the results are shown in Table 4.

Table 4: Results of Multiple Linear Regression Analysis

Coefficientsa

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	std. Error	Betas		
(Constant)	.738	063		11,649	.000
1 Profitability	-.217	.261	-.396	-2,832	013
Liquidity	-.102	014	-.930	-7,393	.000
Asset Structure	.271	.126	.257	2.152	041

a. Dependent Variable: Capital Structure

Based on the table above, the multiple linear regression equation in this study is:

$$Y = 0.738 - 0.217X1 - 0.102X2 - 0.271X3$$

1. The X1 regression coefficient for the profitability variable is negative -0.217. This shows that the independent variable harms the dependent variable. The negative coefficient value means that the higher the profitability of a company, the lower the capital structure of the company. The results of this study are under previous research conducted by Ni Putu Yulinda Prastika and Made Reina Candradewi (2019) which stated that profitability harms capital structure. This situation illustrates that the decisions taken by management reduce the use of debt when the resulting profitability is high. This situation is the same as the Pecking order concept theory, where management makes financing decisions from within to increase its capital requirements.
2. The X2 regression coefficient for the liquidity variable is negative -0.102, meaning that the influence of the liquidity variable harms the capital structure ratio. The results of this study are under previous research conducted by Ni Putu Yulinda Prastika and Made Reina Candradewi (2019) and Mem Surjadi, Ni Ketut Novianti Indah Pertiwi and Ni Putu Ayu Darmayanti (2018) which found that liquidity harmed capital structure.
3. So liquidity influences making management decisions in a company to determine policies on the use of sources of funds that will be used by the company. This is supported by the Pecking order theory

which states that there is a negative relationship between liquidity and debt, where companies with high levels of liquidity prioritize funding by using their internal funds first before using external funding through debt.

4. The X3 regression coefficient for the asset structure variable has a positive value of 0.271 with a probability of 0.041 which is smaller than the alpha significance value of 0.05. The results of this study indicate that the asset structure variable has a significant effect on capital structure. The results of this study are supported by Ni Putu Yulinda Prastika and Made Reina Candradewi (2019) who suggest that asset structure has a significant effect on capital structure. Management pays too much attention to the structure of assets in determining whether to use or add debt, in this case, management is still paying attention to the structure of assets.

Coefficient of Determination (R^2)

The coefficient of determination is a quantity that indicates the magnitude of the variation in the dependent variable (capital structure) which can be explained by the independent variables (profitability, liquidity, and asset structure). The coefficient of determination is used to measure how far the variables of profitability, liquidity, and asset structure explain the variable capital structure. The value of the coefficient of determination is determined by the value of R square can be seen in table 5 Model Summary.

Table 5. Value of Coefficient of Determination (R square)
Summary modelb

Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.833a	.695	.659	.116367567	1,134

a. Predictors: (Constant), Asset Structure, Profitability, Liquidity
b. Dependent Variable: Capital Structure

Based on the Summary Model Table, the value (R^2) of 0.695 means that the ability of the independent variables, namely the profitability, liquidity, and asset structure variables, can explain the variation of the dependent variable (Y), namely the capital structure of the FIF Group company, which is 69.5% and the remaining 30.5% is influenced by other variables outside the research model.

Simultaneous Test / F Test

A simultaneous test/F test was conducted to determine the level of positivity and significance of all independent variables of profitability, liquidity, and asset structure on the dependent variable of the capital structure of the FIF Group Kendari company. The results of the F test in this study can be seen in Table 6 ANOVA.

Table 6 Simultaneous Hypothesis Testing Results
ANOVAa

Model		Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	.801	3	.267	19,706	.000b
	residual	.352	26	014		
	Total	1.153	29			

a. Dependent Variable: Modal Structure
b. Predictors: (Constant), Asset Structure, Profitability, Liquidity

In the ANOVA table, the Fcount results are 19.706 while the significance is 0.000 or less than = 0.05. Thus, it can be concluded that the independent variables, namely profitability, liquidity, and asset structure, have a positive and significant effect on the dependent variable, namely capital structure. This means that if profitability, liquidity, and asset structure together increase, it will have an impact on increasing the capital structure of the FIF Group company.

Partial Test

1. Effect of Profitability on Capital Structure
   The results of the calculation that the t-statistic value of the profitability variable is -2.832 with a sig t value of 0.013 which means the sig value is smaller than the alpha value of 0.05 means that the profitability variable has a negative and significant effect on the capital structure of the FIF Group company.
2. Effect of liquidity on capital structure
   The calculation results get the t value of the liquidity statistic -7.393 and the sig t value of 0.000. This means that the sign t value is smaller than the alpha significance value of 0.05. It means that the liquidity variable has a negative and significant effect on the capital structure of the FIF Group company.
3. Effect of Asset Structure on Capital Structure
   The calculation results obtained that the t value of the Asset Structure statistic is 2.152 with a sig value of 0.041. which means that the sign t value is smaller than alpha 0.05. This means that the Asset Structure variable has a positive and significant effect on the Capital Structure.

CONCLUSIONS AND SUGGESTIONS

Conclusion

1. The independent variables contained in this study simultaneously (simultaneously) have the dependent variable. The independent variables used in this study are Profitability, Liquidity, and Asset Structure and the dependent variable is Capital Structure.
2. Profitability has a negative and significant effect on the FIF Group's capital structure. This means that the higher the profitability of a company, the lower the capital structure of the company.
3. Liquidity has a negative and significant effect on the FIF Group's capital structure. This means that companies with high levels of liquidity prioritize funding by using their internal funds first before using external funding through debt.
4. The asset structure has a positive and significant effect on the FIF Group's capital structure. This means that the FIF Group company pays attention to the asset structure in determining whether to use or increase debt.

Suggestion

The suggestions that researchers can convey related to the results of this study that have been carried out are as follows:

1. For Academics
   For academic circles, it is hoped that the results of this study can then be used as a reference for further studies that have similar themes, namely profitability, liquidity, and asset structure to capital structure. In further research, it is recommended to examine other variables besides the problems of profitability, liquidity, and asset structure on the capital structure that have been discussed by the author and different indicators and supported by theories or recent research.
2. For Companies
   As is known from the results of this study, it is hoped that the company can use this research as a material consideration for productivity in implementing capital structure policies to increase which will produce maximum profits. The variables that have been tested in this study, such as profitability,

show that the company can be helped by funding from its internal sources to reduce debt lending. Under the pecking order theory where the company will first use its internal funds before using external funds. Therefore, management must be careful in determining funding decisions. And this has a significant effect on the capital structure. Furthermore, company liquidity shows that companies that have high corporate liquidity have assets that can be used for company operations and have little debt so it can affect the capital structure. Therefore, management should not ignore the company's short-term obligations. The results of this study that the asset structure affects management in making corporate funding decisions. From these things, it is hoped that the finance company will take the positive values presented in this research and strive to pay attention to these things to achieve the company's goals and increase the effectiveness and efficiency of the company's productivity. The results of this study that the asset structure affects management in making corporate funding decisions. From these things, it is hoped that the finance company will take the positive values presented in this research and strive to pay attention to these things to achieve the company's goals and increase the effectiveness and efficiency of the company's productivity. The results of this study that the asset structure affects management in making corporate funding decisions. From these things, it is hoped that the finance company will take the positive values presented in this research and strive to pay attention to these things to achieve the company's goals and increase the effectiveness and efficiency of the company's productivity.

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