FACTORS INFLUENCING CAPITAL STRUCTURE IN THE FIRST YEAR OF THE COVID-19 PANDEMIC

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ABSTRACT
Several previous studies on the factors that influence the capital structure of manufacturing companies on the Indonesia Stock Exchange show that the determination of capital structure is proven to be significantly influenced by several factors. The Covid-19 pandemic has had a very significant impact on the Indonesian economy, starting from changes in world supply chains to a decline in foreign investment into Indonesia. Factors that affect a manufacturing company in determining its capital structure in the first year of the Covid-19 pandemic could be very different from when the Covid-19 pandemic had not yet hit Indonesia. Initially, the sample used in this study covered 193 manufacturing companies, but later 23 companies were excluded because of data outliers. The independent variables in this research are profitability, liquidity, asset structure and company size. Meanwhile, the dependent variable is capital structure. The collected data will be analyzed using multiple regression analysis at a significance level of 5%. Profitability has a significant negative effect on capital structure. While partially, firm size and liquidity has a negative effect on capital structure, but it is not significant. Asset structure has a positive effect on capital structure, but it is not significant. Simultaneously, profitability, liquidity, asset structure and company size have a significant effect on capital structure.

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

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1. INTRODUCTION
The Covid-19 pandemic has of course also had a very serious impact on the Indonesian economy, including disrupting people's welfare. Intuitively, many could predict that this pandemic would create huge waves that hit the economy. In the midst of the threat of transmission, high uncertainty, and many things that have not yet been fully revealed regarding the outbreak, strict social restrictions or restrictions are steps that must be taken from the start. Big cities like Jakarta, which under normal circumstances never sleep, suddenly became quiet because people worked from home, studied online, and prayed from their homes. Tourism activities which are becoming a favorite are like withering away. Online transportation drivers are devoid of customers. Shops, markets and malls are closed or have reduced operating hours [1].

The rapid spread of the Covid-19 virus in the world community has apparently changed the order of life and relationships between people. The public is asked to always wear masks, keep their distance and avoid crowds. This directly limits economic activities in society, for example disrupting the process of producing goods, distributing products, and marketing processes for goods and services throughout the world. The whole world is connected in a global supply chain which is a complex network between market players throughout the world in carrying out economic activities. It does not stop at disrupting small-scale production activities, the Covid-19 pandemic has apparently played a big role in disrupting the global supply chain, for example the closure of factories and disruption of goods distribution channels due to lockdowns and regional restrictions in a number of regions of the world, including Indonesia. In other words, the pandemic slowed down entire cycles in the world's supply chains. The Covid-19 pandemic has had a very
significant impact on the Indonesian economy, starting from changes in world supply chains to a decline in foreign investment into Indonesia. [2].

Capital markets around the world experienced unstable conditions during the COVID-19 pandemic in 2020-2021. At the start of the pandemic, many capital markets experienced drastic declines and high volatility, as investors were concerned about the long-term economic impact of the pandemic. Stock markets in many countries were hit by a significant decline. However, as time went on, many capital markets began to recover and even reached higher levels compared to before the pandemic.

Public statistical data released by the Indonesian Central Securities Depository (KSEI) in January 2021 shows a significant increase in the number of capital market investors. Data at the end of 2018 to the end of 2019 showed an increase in the number of investors from 1,619,372 to 2,484,354. This increase of 53.41% is still lower than data for when the Covid-19 pandemic had not yet hit Indonesia.

During the COVID-19 pandemic that took place in 2020-2021, manufacturing companies experienced many changes in terms of production, sales and operational management. Some of the impacts felt by manufacturing companies during the COVID-19 pandemic were: (1) Disruption to the supply of raw materials during the COVID-19 Pandemic caused many countries and regions to stop production and transportation activities, so that the supply of raw materials was hampered. This has an impact on the smooth production and sales of manufacturing companies. (2) The decrease in demand during the COVID-19 Pandemic also caused a decrease in demand for the products of manufacturing companies, especially in the consumption sector. This condition clearly has an impact on the company's revenue and profitability. (3) Operational adjustment where manufacturing companies have to adjust their operations to comply with the necessary health and safety protocols during the COVID-19 pandemic. This includes adjusting production capacity, ensuring employee safety, and implementing stricter cleaning procedures. (4) Changes in product demand. Several manufacturing companies experienced changes in product demand during the COVID-19 pandemic. For example, demand for health and sanitary products has increased dramatically, while demand for entertainment and fashion products has decreased. (5) Increased demand for online products During the COVID-19 pandemic, many consumers have switched to purchasing products online. This causes manufacturing companies to adjust their sales strategies to meet the increasing demands of the online market.

In facing the challenges of the COVID-19 pandemic, manufacturing companies can take several actions to overcome the impact that is being felt. Some of these actions include adjusting operations, maintaining relationships with suppliers and customers, increasing production efficiency, and leveraging digital technology to optimize the company's operations and sales and adjust its capital structure.

Brigham and Houston (2011: 155) state that the optimal capital structure is a capital structure that optimizes the balance of returns and risks so that the company's stock price becomes maximum. The higher the use of debt, the greater the risk faced by the company but the rate of return expected by the company is also getting bigger. The company's stock price tends to decrease if the risks faced by the company are higher due to the use of debt, but the company's stock price will rise if the company's expected return is greater [3].

Several previous studies on the factors that influence the capital structure of manufacturing companies on the Indonesia Stock Exchange show that the determination of capital structure is proven to be significantly influenced by profitability, company size, liquidity, asset structure, times earned interest, asset growth, company growth, non-debt tax shields, sales growth, business risk, operating leverage, growth opportunity, institutional ownership, growth rate and tangibility. Factors that affect a manufacturing company in determining its capital structure in the first year of the Covid-19 pandemic could be very different from when the Covid-19 pandemic had not yet hit Indonesia.

During the COVID-19 pandemic that took place in 2020-2021, manufacturing companies experienced many changes in terms of production, sales and operational management. Some of these actions include adjusting operations, maintaining relationships with suppliers and customers, increasing production efficiency, and leveraging digital technology to optimize the company's operations and sales and adjust its capital structure. Matters that affect a manufacturing company in determining its capital structure in the first year of the Covid-19 pandemic could be very different from when the Covid-19 pandemic had not yet hit Indonesia. The aim of this research is to obtain empirical evidence about the influence of profitability, liquidity, asset structure and company size on the capital structure of manufacturing companies on the Indonesia Stock Exchange in the first year of the Covid-19 pandemic both partially and simultaneously.
2. LITERATURE REVIEW

Companies like internal financing (funding from the company's operating results in the form of retained earnings). If external financing is needed, the company will issue the safest securities first, starting with the issuance of bonds, then followed by securities with option characteristics (such as convertible bonds), and finally if there are still not enough, new shares are issued [4]. Prabansari and Kusuma (2005) state that external funds in the form of debt are preferred due to consideration of emission costs. The cost of issuing bonds is cheaper than the cost of issuing new shares [5]. Pecking orders make the company use up more funds as internally as possible [6]. Companies prefer the use of funding from internal capital, namely funds originating from cash flow, retained earnings and depreciation. According to Saidi (2004), the sequence of using funding sources with reference to the pecking order theory is internal funds (internal funds), debt (debt), and equity (own capital) [4]. Internal funds are preferred over external funds because internal funds allow companies not to open themselves to outside investors. The pecking order theory states that companies with fast growth rates must rely more on external capital [5]. Less profitable companies tend to have larger debts due to insufficient internal funds need [7].

Trade off theory

According to the trade off theory that a company will not achieve optimal value if all funding is financed by debt or does not use debt at all finance company activities so, company managers must be careful and precise in managing the composition of the company's capital [7]. Companies can perform calculations regarding the optimal capital structure by considering the increase in company value and costs that will arise [5]. The optimal debt ratio is determined based on the balance between the benefits and costs of bankruptcy because the company has debt [8]. According to Farisa & Widati (2017), the trade-off theory is a theory that states that the company will tolerate corporate debt at a certain level for as long as the debt has a high benefit value or is in accordance with the possible risk generated [6]. According to Hartono (2003), the trade-off model assumes that the company's capital structure is the result of a trade-off of tax advantages by using debt with costs that will arise as a result of using that debt. The essence of the trade-off theory in capital structure is to balance the benefits and sacrifices that arise as a result of using debt [9].

Profitability and capital structure

Companies with high levels of profitability usually prefer to use funds originating from retained earnings before seeking funding from external parties [10]. This is in line with the existence of the pecking order theory, which states that the company will prefer to use internal funding so that when the company has a profit high, the company will reduce the use of external funding [6]. If the profits obtained by a large company, then the company tends to use internal funding or its own capital because the company is able to meet its own needs. However, if the company has low profitability and does not have sufficient funding, this will increase the company's debt [11]. The higher the company's profitability, the greater the availability of internal funds for investment, so that the use of debt will be smaller. With high profitability the company will reduce the level of use of debt [12]. Companies that can generate large profits with slow growth rates will have a low level of debt ratio when compared to the existing industry average. On the other hand, companies that are quite profitable in the same industry will have a relatively high level of debt ratio [4]. Companies with very high levels of profitability usually use relatively little debt. Ellen and Olawale (2010) argue that companies that earn higher profits will increase the availability of internal equity. Likewise, according to the opinion of Michael and Stevie (2012), companies with high profits will choose to use internal funds because they are cheaper than borrowing from external sources. The research results of Mouna and Hedi (2015) reveal that profitability has a negative effect on the use of external funding sources. The research results of Imran and Akram (2015) also suggest that the results of their research are in accordance with the pecking order theory which implies that it is more profitable if companies prefer to use internal funds rather than using debt in their capital structure [13]. Astuti and Hotima (2016) say that the relationship between profitability and capital structure is negative. The high level of company profitability will reduce the amount of loans in terms of financing due to abundant internal funds. Research is supported by Utami and Widanaputra (2017) who argue that profitability has a negative effect on capital structure [14]. The results revealed a statistically negative relationship between profitability and total debt [15]. It has been determined in the study that the return on investment, the return on assets and the current ratios affect the leverage ratio negatively [16]. According to our model, corporate profitability is negatively correlated with debt ratio, tax ratio, and intangible assets [17]. The results indicate that there is a negative relationship between profitability, tangibility, and liquidity with respect to corporate indebtedness [18]. Also empirical evidence reveals a significant negative relation of ROA to leverage and a significant positive relation of SIZE to leverage [19]. Findings obtained indicated that that profitability and liquidity are negatively and significantly related to capital structure [20].
Liquidity and capital structure

According to the pecking order theory, companies those with high liquidity will tend not to use financing from debt because they have sufficient funds large for its internal funding. According to Ramall (2009), liquidity will reduce the use of debt [21]. According to Bandopadhyay and Barua (2016), when the company's liquidity is high, the company will use more internal funding and will decide to reduce debt levels long-term company [6]. According to Wimelda and Marlinah (2013), level of liquidity it provides description of liquid funds or capabilities company to pay off term debt short and does not require funding external [22]. A liquid company shows that the company's finances are in good condition and there are no financial problems. External funding obtained by the company is able to be paid off. This will give confidence to external parties to continue providing loans to the company [11]. The greater the current asset (ratio current), the greater the amount of own capital invested in the company. So the capital will be greater (assuming no additional new debt during the same period). An increase in the current ratio will increase investor confidence the company's liquidity so that it makes it easier for management to increase debt. This will make it easier for the company to obtain long term obligations originating from outside the company [23]. The results indicate that there is a negative relationship between profitability, tangibility, and liquidity with respect to corporate indebtedness [18]. Liquidity is positively associated with long-term debt, although it is negatively related to short-term debt [24].

Findings obtained indicated that that profitability and liquidity are negatively and significantly related to capital structure [20].

Asset structure and capital structure

Asset structure can be viewed from an operational aspect which basically classifies assets in a certain ratio for the company's main operating needs. For this purpose, the asset structure can be viewed from two sides, namely the assets that must be available for the company's operations during the accounting period and the assets that must be provided for the company's operations. As for what is meant by assets that must be provided for operations during the accounting period in progress is the current asset class. On the other hand, the assets that must be provided for the operation of the company are fixed assets. Companies with flexible asset structures tend to use greater leverage than companies with inflexible asset structures [25]. According to Farisa and Widati (2017), a high asset structure indicates that the company has sufficient wealth to pay off obligations, the company has a level of trust from the borrower of funds that also high [6]. Companies that have large asset structures tend to have relatively lower bankruptcy risks than companies that have a low asset structure [23]. Based on the trade-off theory, the higher the value of fixed assets owned by the company, the higher the level of debt that can be used by company because the higher the guarantee that can be given by the company to the creditor [6]. So that companies with high asset structure have ease in debt compared to companies with a low structured assets [26]. Companies with large fixed assets tend to use larger external funding [11]. Greater size and a higher level of collateral are quite important in accessing long-term debt [24].

Firm size and capital structure

The larger the company size of a company, the greater the tendency to use external funds. This is because large companies have large funding needs and one alternative to fulfilling their funds is to use external funds [4]. Mardiana(2005) suggesting that a larger company would be easier to obtain a loan than a small company [21]. According to Julianitika and Dewi (2016), the bigger the company then the company has an ever greater chance of making a loan because it's considered a good reputation [6]. Large companies have less risk of bankruptcy than smaller companies so large companies are easier in getting loans [11]. Large enterprises are usually considered to be able to do investment funding with their own capital and when a company wants to be borrowed then large enterprises can gain easily [22]. Large-scale companies have a greater chance of win competition or survive in the industry [7]. According to asymmetric information theory, small companies assume that sharing information to the borrowers or capital requires a large cost. This prevents the use of external funding and increases the tendency for small to use equity capital [5]. Large companies will find it easier to find investors who want to invest in the business and also to get credit than small businesses. This is in line with research of Nadzirah, Fridayana Yudiaatmaja and Wayan Cipta (2016) which states that company size has a positive and significant influence on capital structure [27]. According to Najmudin(2011), large-scale companies generally find it easier to obtain debt than small companies because it is related to the level of creditors' trust in large companies. Large companies also tend to be more diversified and more resistant to bankruptcy risk. The leverage ratio is positively related to company size. Large companies have high leverage risk, while growing companies have low leverage ratios [28]. Also empirical evidence reveals a significant negative relation of ROA to leverage and a significant positive relation of SIZE to leverage [19]. Greater size and a higher level of collateral are quite important in accessing long-term debt [24].

Based on the above discussions, it is therefore, hypothesized that:

\[H_1\text{: Profitability significantly affect the capital structure}\]
\[H_2\text{: Liquidity significantly affect the capital structure}\]
\[H_3\text{: Asset structure significantly affect the capital structure}\]

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H₄: Firm size significantly affect the capital structure

3. RESEARCH METHOD

Initially, the sample used in this study covered 193 manufacturing companies, but later 23 companies were excluded because of data outliers. Profitability, liquidity, asset structure and company size variables use data for the 2020 period, while capital structure variables use data for the 2021 period. Meanwhile, the dependent variable is capital structure. The description and formula for each variable are presented in table 2. The collected data will be analyzed using multiple regression analysis at a significance level of 5%. The following is the regression equation

\[ Y = a + \beta_1X_1 + \beta_2X_3 + \beta_3X_4 + \beta_4X_4 + \epsilon \]

Description:
- \( Y \) = Capital structure
- \( a \) = Constant
- \( \beta_1, \beta_2, \beta_3, \beta_4 \) = Regression coefficient
- \( X_1 \) = Asset structure
- \( X_2 \) = Firm size
- \( X_3 \) = Liquidity
- \( X_4 \) = Profitability
- \( \epsilon \) = Error term

Table 1. Description of Variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Description</th>
<th>Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability</td>
<td>the company's ability to earn profits and how the company can measure its ability at certain levels of sales, assets and share capital to attract investors to invest.</td>
<td>profitability is proxied by Return on Assets which can be calculated by dividing net profit after tax by total assets</td>
</tr>
<tr>
<td>Liquidity</td>
<td>a company’s ability to meet debt obligations and other short-term obligations and show that its finances remain in good condition and there are no problems.</td>
<td>liquidity is proxied by the Current Ratio which can be calculated by dividing current assets by current liabilities</td>
</tr>
<tr>
<td>Asset structure</td>
<td>a way to group and display the types of assets owned by a company or business entity. Typically, assets are grouped based on their liquidity, that is, how easily and quickly they can be converted into cash.</td>
<td>asset structure is proxied by the Fixed Assets Ratio which can be calculated by dividing fixed assets by total assets</td>
</tr>
<tr>
<td>Firm size</td>
<td>the size or magnitude of assets owned by a company that can attract investors to invest.</td>
<td>company size is proxied by the normal logarithm of total assets</td>
</tr>
<tr>
<td>Capital structure</td>
<td>balancing the amount of permanent short-term debt, long-term debt, preferred shares and ordinary shares to determine how much the company's ability to pay debts with the capital it has.</td>
<td>capital structure is proxied by the Debt to Equity Ratio which can be calculated by dividing total debt by total equity</td>
</tr>
</tbody>
</table>

Data analysis was carried out through 2 types of testing, namely classical assumption testing and multiple regression testing. Classical assumption tests are a series of statistical techniques used to evaluate the assumptions underlying the statistical analysis performed. The classic assumption test is very important in statistical analysis because if the assumptions are not met the results of the statistical analysis can be inaccurate or even wrong. Classic assumption tests include data normality test, multicollinearity test, heteroscedasticity test and autocorrelation test. Meanwhile, multiple regression analysis includes the t test and F test. A description of each test is presented in table 2.

Table 2. Description of test

<table>
<thead>
<tr>
<th>Test</th>
<th>Objectives</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data normality test</td>
<td>to test whether the data comes from a normally distributed population.</td>
<td>Normal probability plot test</td>
</tr>
</tbody>
</table>

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Multicollinearity test to test whether there is a strong relationship between two or more independent variables in a regression model.

Variance Inflation Factor (VIF) value and tolerance value

Heteroscedasticity test to evaluate whether the residual variation of the regression model is significantly different for various values of the independent variable.

Scatterplot test

Autocorrelation test to test whether in the linear regression model there is a correlation between confounding errors in period t and confounding errors in period t-1 (previously).

Durbin Watson value

t test to find out whether the independent variable or independent variable (X) partially (individually) has an effect on the dependent variable or dependent variable (Y).

Multiple regression analysis

F test to determine the influence of variable X simultaneously (together or combined) on variable Y.

Multiple regression analysis

4. FINDING AND DISCUSSION

Figure 1. Normal Probability Plot Test Results

From the graph above we can see that the plotting points in the image always follow and approach the diagonal line, so it can be concluded that the residual values are normally distributed.

Figure 2. Multicollinearity Test Results

In the regression model there are no symptoms of multicollinearity or multicollinearity-free, because for all dependent variables, the tolerance value is greater than 0.10 and the VIF value is smaller than 10.
Figure 3. Heteroscedasticity Test Results

From the figure above, it can be seen that (1) data points spread above and below or around the number 0, (2) the dots do not collect only at the top or bottom, (3) the distribution of data points does not form a wavy pattern that widens then narrows and widens again, and (4) the distribution of data points is not patterned. So that in the regression model there are no symptoms of heteroscedasticity.

Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.346a</td>
<td>.119</td>
<td>.090</td>
<td>.43212645</td>
<td>1.937</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Profitabilitas, Ukuran Perusahaan, Struktur Aktiva, Likuiditas

b. Dependent Variable: Struktur Modal

Figure 4. Autocorrelation Test Results

Based on Figure 4, it can be seen that the Durbin Watson value (1.937) is between dU (1.7733) and 4-dU (2.2267), which means that there is no autocorrelation or free from autocorrelation.

Multiple Regression Analysis

Based on the results of data processing, the following regression equation is obtained:

\[1,187 + 0.143 X_1 - 0.011 X_2 - 0.011 X_3 - 2.083 X_4 + e\]

Asset structure has a positive effect on capital structure. Firm size has a negative effect on capital structure. Liquidity has a negative effect on capital structure. Profitability has a positive effect on capital structure.

T test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.107</td>
<td>.202</td>
<td>5.972</td>
</tr>
<tr>
<td></td>
<td>Struktur Aktiva</td>
<td>.143</td>
<td>.211</td>
<td>.061</td>
</tr>
<tr>
<td></td>
<td>Ukuran Perusahaan</td>
<td>-.011</td>
<td>.007</td>
<td>-.124</td>
</tr>
<tr>
<td></td>
<td>Likuiditas</td>
<td>-.011</td>
<td>.018</td>
<td>-.056</td>
</tr>
<tr>
<td></td>
<td>Profitabilitas</td>
<td>-2.083</td>
<td>.598</td>
<td>-.302</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Struktur Modal

Figure 5. T-test Results
Asset structure has a positive effect on capital structure, but it is not significant, so hypothesis 1 is rejected. According to Mayangsari (2001), in companies where most of their assets are fixed assets, the debt composition will be dominated by long-term debt. Apart from that, companies that have an asset structure with a high portion of fixed assets are easier to borrow from external parties because they are considered to have better securable assets (collateral assets). Creditors will feel safer if they provide loans to companies that have a high portion of fixed assets [8]. According to Rajan and Zingales (1995) in Attiya and Qaisar (2012), companies that have fixed assets find it easier to obtain external funding at low costs because they can use these assets as collateral for debt. According to Turki (2014), companies with a high asset structure tend to more dependent on debt financing [13]. Companies that have large amounts of fixed assets can use large amounts of debt, this is because because of their scale, large companies will find it easier to get access to sources of funds compared to small companies. Then the amount of fixed assets can be used as collateral or collateral for the company’s debt [29]. According to Lukas SetiaAtmaja (1999), companies that have assets that can be used as collateral for debt tend to use large debts [30]. The findings of this study suggest that firm size, profitability and asset structure can be considered explanatory variables of capital structure [31]. Greater size and a higher level of collateral are quite important in accessing long-term debt [24].

Firm size has a negative effect on capital structure, but it is not significant, so hypothesis 2 is rejected. According to Wahidahwati (2002). Large companies can access the capital market and have more flexibility and ability to obtain funds [8]. According to Rahmansyah and Djamir (2018), company management will be more flexible and easier to manage the assets owned if the company's total assets are large. A large total asset can also provide a more practical opportunity to obtain external funding through the capital market [32]. Large companies whose shares are spread very widely will be more willing to issue new shares to meet the need to finance sales growth compared to small companies [30]. A big company whose shares are spread far, each expansion of the stock capital will have little effect on the possibility of loss or the shifting control of the dominant party against the concerned company. On the contrary, small company, where stocks spread only in small neighborhoods, adding the amount of shares will have a huge impact on the possibility of losing dominant control over the company involved. Thus, then the big company will be more bold to issue new shares in meeting the need to finance the growth of sales than with small companies [25]. The findings of this study suggest that firm size, profitability and asset structure can be considered explanatory variables of capital structure. Meanwhile, profitability and firm size have a greater impact on capital structure in non-electronic industries [31].

Liquidity has a negative effect on capital structure, but it is not significant, so hypothesis 3 is rejected. According to pecking order theory, companies that have high liquidity will tend not to use debt financing. This is because companies with a high level of liquidity have large internal funds, so the company will use its internal funds first to finance its investments before using external financing through debt [33]. According to the pecking order theory, if the company’s liquidity condition increases, it means the company does not use debt funding. The higher the level of liquidity means the level of the company's capital structure decreases [32]. Liquidity will show the company's ability to meet its short-term obligations using the current assets owned by the company. According to pecking order theory, liquidity has a negative relationship pattern with capital structure. When the company's liquidity is high, the company will use more internal funding and will decide to reduce the company's long-term debt levels (Bandyopadhyay & Barua, 2016) in [6]. Current ratio is negatively related to leverage [34].

Profitability has a significant negative effect on capital structure, so hypothesis 4 is accepted. If the profits earned by a company are large, the company tends to use internal funding or its own capital because the company is able to meet its own needs. However, if a company has low profitability and does not have sufficient funding, this will increase the company's debt [11]. According to Mayangsari (2001), companies with a high rate of return tend to use a relatively small proportion of debt. This is because a high return will provide a relatively large amount of internal funds which are accumulated as retained earnings [8]. The high rate of return makes it possible to finance most funding needs with internally generated funds [35]. Companies that have high levels of profit tend to use small debt, because high profits make it possible to obtain most of the funding from retained earnings [30]. According to Sartono (2001), with large retained earnings, companies will prefer to use retained earnings before using debt. This is in accordance with the pecking order theory which suggests that managers prefer to use financing first, retained earnings, then debt, and finally the sale of new shares [29]. Also empirical evidence reveals a significant negative relation of ROA to leverage and a significant positive relation of SIZE to leverage [19]. Findings obtained indicated that that profitability and liquidity are negatively and significantly related to capital structure [20].
F-test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2.967</td>
<td>4</td>
<td>.747</td>
<td>3.999</td>
<td>004b</td>
</tr>
<tr>
<td>Residual</td>
<td>22.035</td>
<td>118</td>
<td>.187</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>25.002</td>
<td>122</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Struktur Modal
b. Predictors: (Constant), Profitabilitas, Ukuran Perusahaan, Struktur Aktiva, Lkuiditas

Figure 6. F-test Results

Simultaneously, profitability, liquidity, asset structure and company size have a significant effect on capital structure. According to Lukas SetiiaAtmaja (1999), companies that have assets that can be used as collateral for debt tend to use large amounts of debt. Companies that have high levels of profit tend to use small debt, because high profits make it possible to obtain most of the funding from retained earnings [30]. According to Bambang Riyanto (1995), large companies whose shares are spread very widely will be more willing to issue new shares to meet the need to finance sales growth compared to small companies [30]. When the company's liquidity is high, the company will use more internal funding and will decide to reduce the company's long-term debt levels (Bandyopadhyay&Barua, 2016) in [6]. The research results are not consistent with the research results by Çekrezi (2013). This study found that tangibility (the ratio of fixed assets to total assets), liquidity (the ratio of current assets to current liabilities) profitability (the ratio of earnings after taxes to total assets) and size (natural logarithm of total assets) have a significant impact on leverage [19].

5. CONCLUSION

The deep implications of the Covid-19 pandemic can be seen from Indonesia's economic growth record, which this time has not been able to avoid the gap in negative economic growth experienced by most countries in the world. All components experienced negative growth. This condition reflects sharp pressure on economic sectors, both on the demand side such as public consumption and on the supply side. Apart from that, there is the threat of losing income, not being able to work to meet minimum living needs - especially for poor and vulnerable households and the informal sector and a decline in people's purchasing power and consumption. The economic disruption that has hit threatens to create millions more unemployed and in poverty in Indonesia. For companies or corporations, the cessation of economic activity results in disruption of economic activity from upstream to downstream, from the production to consumption sectors. The sectors most vulnerable and affected are manufacturing, trade (large and retail), as well as transportation, accommodation, restaurants and hotels. The various subsequent impacts of this situation are also very difficult, such as disruption to cash flow, decreased business performance, layoffs and even the threat of bankruptcy for the company, [1].

In the first year that the Covid-19 pandemic hit Indonesia, with the threat that conditions could get worse and no one knew when the pandemic would end, manufacturing companies were only able to survive. In general, the factors that influence capital structure are no different between the period before the Covid-19 pandemic and the first year of Covid-19. Companies tend to adhere to the pecking order theory. Companies will be more likely to use internal funding sources, namely retained earnings and depreciation first, rather than external funds in financing activities. Only if the company does not have adequate internal funds, external funds will be chosen as an alternative. If external funds are needed then the company will be more likely to use debt rather than equity. If liquidity and profitability conditions are still good, the company tends to reduce the amount of debt. Even large companies are trying to reduce the amount of debt, even though large companies have the ease of obtaining debt. The high amount of debt will of course worsen the company's financial condition and hinder the company's ability to survive. If a company is in a condition where the company has the opportunity to meet production demand and experiences a lack of capital, a company with a large composition of fixed assets will find it easier to obtain debt. It is suggested that further research can expand the research object and research period and add several independent variables such as times earned interest, asset growth, company growth, non-debt tax shields, sales growth, business risk, operating leverage, growth opportunity, institutional ownership, growth rate and tangibility.
REFERENCES


