SOME FACTORS THAT INFLUENCE ON DEBT POLICY

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ABSTRACT
A company is considered at risk if it has a large portion of debt in its capital structure, but conversely, if a company uses little or no debt at all, the company is considered unable to take advantage of additional external capital that can improve the company's operations. Based on these reasons, managers are required to be more careful in determining debt policies in their companies. Meanwhile, according to the trade of theory, the higher the debt, the higher the bankruptcy burden. Based on the general assumptions of the pecking order theory and trade of theory, the use of debt should be low. However, many companies still pay high debt. From these reasons, research on debt policy needs to be examined. This study aims to empirically prove the impact of company characteristics, asset structure, and profitability on debt policies in property and real estate companies listed on the Indonesia Stock Exchange (IDX) in 2019-2021. The data used in this study were 28 companies. The sample used was 84 sample data selected using purposive sampling method which were processed using EViews version 12. The result of this study indicates that all independent variables simultaneously have no significant impact on debt policy as shown by the results of the F test. The results of the T test explain that company characteristics have a negative and insignificant impact on debt policy, asset structure has a negative and insignificant impact on debt policy, and profitability has a positive and insignificant impact on debt policy.

Keywords: *Debt Policy, Company Characteristics, Asset Structure, Profitability*

1. INTRODUCTION

In a company there is increasing competition to encourage companies to be able to obtain maximum profits. Managers are entrusted by shareholders to manage, run the company, and overcome various obstacles to achieve goals. In managing a company, managers need funds to fund their operational activities. One way to obtain funds is by increasing debt. (Rona Mersita Narita, 2012). According to the pecking order theory, some companies think that using debt is safer than issuing debt.

A company is considered at risk if it has a large portion of debt in its capital structure, but conversely, if a company uses little or no debt at all, the company is considered unable to take advantage of additional external capital that can improve the company's operations. Based on these reasons, managers are required to be more careful in determining debt policies in their companies. Meanwhile, according to the trade of theory, the higher the debt, the higher the bankruptcy burden. Based on the general assumptions of the pecking order theory and trade of theory, the use of debt should be low. However, many companies still pay high debt. From these reasons, research on debt policy needs to be examined.

(Steven Yap, 2016) states that the development of the business world is quite rapid along with the emergence of an era of globalization which is rife with competition, demanding company management to strengthen the capital structure. In carrying out its daily activities, the company

requires additional capital which is not small. Where this source of financing is according to its nature there are two kinds of funding, namely funding from outside and funding from within.

The company will try to create an optimal capital structure for the company or to be more precise it is done by financial managers. Financial managers prefer internal funding, namely retained earnings, because companies do not have to bear or add fixed costs to funding such as debt and require paying interest. The sequence of funding sources is in accordance with the pecking order theory which states that if retained earnings are not sufficient for funding sources, the company will seek external sources of funding, with the priority or order being debt and then issuing shares.

By using debt, the company also hopes to reduce agency conflicts. Debt conditions cause managers to work hard to increase profits so they can fulfill obligations from using debt. Besides that, by using debt, the company will also get benefits in the form of tax savings that come from interest expenses. However, in accordance with the tradeoff theory, companies must balance the benefits of tax savings with the costs or risks of bankruptcy arising from interest expenses and the debt itself. (Mulyati, 2016) states the existence of a company to be able to compete with other companies, a company is faced with conditions that encourage them to be more creative in obtaining the most effective sources of funding. So that the higher the competition that will be faced by a company in developing and expanding their market, the right policy is needed to maintain the viability of the company so that it continues to develop in the future. Bringham (2010), states that debt policy is one of the funding decisions that come from external sources. This debt policy is carried out to increase company funds that will be used to meet the company's operational needs. Debt has an important influence on the company because apart from being a source of expansion funding, debt can also be used to reduce agency conflicts. The availability of sources of funds greatly affects the viability and opportunity for the company to develop. Companies need large funds to fund corporate capital expenditures. The source of funding can be obtained internally, namely retained earnings or externally by making loans in the form of debt or issuing shares on the capital market. Debt can increase the value of the company. In addition, the use of debt can also increase risk. Companies that use debt to fund companies and are unable to pay off their debts will be threatened with liquidity.

Growth is the percentage change in total assets owned by a company at a certain time compared to the previous year. Handayani (2009) states that companies with high growth rates tend to require funds from larger external sources. In this case, funding from debt is better by issuing new shares because the cost of funding is preferred compared to funding through the issuance of new shares will be greater than funding from using debt. Thus, a high growth rate (growth) tends to use more debt so that it has a positive relationship to the amount of debt policy.

Tangibility is the determination of how many fixed assets are in the total assets owned by the company. Tangibility or the structure of assets owned by the company will have an influence on the company's relationship with other parties. The asset structure of a company can be measured by the ratio of fixed assets to the company's total assets. Fixed assets are assets that are used for the company's operational needs, are long-term in nature and have a physical form (tangible). Fixed assets are one of the guarantees that can convince creditors to be able to provide loans to companies, so companies that have assets in accordance with credit guarantees can use more debt because creditors will always provide loans if they have collateral.

Profitability is the company's ability to earn profits from the assets used, both current assets and fixed assets. Companies that have high profitability tend to use relatively small debt because the

profits or profits obtained by the company are not all paid to investors in the form of dividends but are also stored in the form of retained earnings which are an internal source of funding for the company. In accordance with the pecking order theory, which establishes a decision sequence in which managers will first choose to use retained earnings, debt, and the issuance of shares as a last resort.

Agency relationships occur when the owner of capital (principal) entrusts a professional party (agent) to manage the company by delegating decision-making authority to improve the welfare of the owner of capital. The main agency relationship occurs between shareholders and managers and managers and debtors. Jensen and Meckling (1976) explain that the main purpose of agency theory is to explain how parties who enter a contractual relationship can design contracts whose purpose is to minimize costs because of asymmetric information and uncertain conditions. Agency relationships occur between managers and shareholders and managers and debtors.

Explanation of the concept of Financial Performance based on the agency theory of Crutcley et al. (1999) stated that share ownership by institutions can reduce agency costs by monitoring the company. Looking at the company will guarantee increased shareholder prosperity. The greater the ownership by financial institutions, the greater the voice power and encouragement of financial institutions to oversee management and consequently will provide greater impetus to optimize company value so that the company's financial performance will also increase. Based on the theory above, it can be concluded that companies must prosper as shareholders because shareholders can monitor the company and they can become an important core for companies in financial performance by optimizing company value.

Signaling theory explains how a company should give signals to users of financial statements. This signal is in the form of information about what management has done to realize the wishes of the owner (Jama'an, 2008). The company will provide signals through action and communication (Melewar, 2008: 100). The conclusion from signal theory is that it can help companies and outsiders reduce information asymmetry by producing the quality or integrity of financial report information.

Signal theory also explains why companies have the urge to provide financial statement information to outsiders. The company's encouragement to provide information to outsiders is due to the company's asymmetry with outsiders where the company knows more about the company and its prospects. If there is a lack of information about the company causing outsiders to protect themselves by providing a lower price for the company. Based on the theory above, it can be concluded that signal theory can influence firm value by influencing information asymmetry to obtain the quality or integrity of financial reports and to find out more about prospects and companies.

Rona Mersi Narita (2012) states that debt policy is company funding that comes from external sources. The determination of this debt policy is related to the capital structure because debt is one of the compositions in the capital structure. A company is considered risky if it has a large portion of debt in its capital structure, but on the other hand if a company uses little or no debt then the company is considered unable to take advantage of additional external capital that can improve the company's operations. Rohmah, Andini, & Prananditya (2018) stated that debt policy is a way for companies to take advantage of facilities from owner's capital and retained earnings while external funding sources come from creditors in the form of debt. Debt is all the company's financial obligations to other parties that have not been fulfilled.

Funding from outside (debt) so that the amount of its use can minimize the amount of risk that must be borne by the company. The greater the proportion of company debt, the higher the principal and interest that must be paid back and the higher the risk of bankruptcy. Mulyati (2016) states that debt policy is one of the funding decisions that come from external sources. This debt policy is carried out to increase company funds that will be used to meet the company's operational needs. Debt has an important influence on the company because apart from being a source of expansion funding, debt can also be used to reduce agency conflicts. Based on the definition above, it can be concluded that debt policy is a way that can be done by companies to increase funds for companies that come from external sources by using debt. However, debt is vulnerable to conflicts of interest between company owners, managers, and creditors.

Growth is the percentage change in total assets owned by a company at a certain time compared to the previous year. Handayani (2009) states that companies with high growth rates tend to require funds from larger external sources. In this case, funding from debt is better by issuing new shares because the cost of funding is preferred compared to funding through the issuance of new shares will be greater than funding from using debt. Thus, a high growth rate (growth) tends to use more debt so that it has a positive relationship to the amount of debt policy. According to Kesuma (2009), companies that have high growth rates will require a lot of investment in various elements of assets, both fixed assets and current assets. Management needs to consider the right source of funding for the purchase of these assets.

According to Sari (2015), sales growth is a measure of the increase or decrease in sales from year to year by the company. The faster sales growth rate indicates that the company is expanding, this causes a large need for funds, for this reason the company uses various ways to meet these funding needs, including using debt. Thus, when a company has a high and increasing level of sales growth, it indicates a greater need for funding. If internal cash is insufficient to meet these funding needs, it will encourage companies to use debt to meet these funding, because debt is a cheap financing alternative, so there is a very close relationship between sales growth and company debt.

Asset structure (tangibility) is the determination of how much fixed assets are in the total assets owned by the company. Tangibility or the structure of assets owned by the company will have an influence on the company's relationship with other parties. The asset structure of a company can be measured by the ratio of fixed assets to the company's total assets. Fixed assets are assets that are used for the company's operational needs, are long-term in nature and have a physical form (tangible). Fixed assets are one of the guarantees that can convince creditors to be able to provide loans to companies, so companies that have assets in accordance with credit guarantees can use more debt because creditors will always provide loans if they have collateral.
According to IAI (2015) company assets come from transactions or other events that occurred in the past. Companies usually acquire assets through purchasing or own production, but transactions or other events can also generate assets. While the definition of assets according to the FASB Statement of Financial Accounting Concepts No. 3 is future economic benefits that may be obtained or controlled by certain economic entities as a result of past transactions or events.

Assets (assets) are assets owned by the company that are used in carrying out company activities. Company assets are obtained from the results of activities in the past and are useful for company activities in the future.

Asset structure is the arrangement of presenting assets in a certain ratio from the financial statements that appear on the debit side of the balance sheet. According to Weston and Brigham

(2005), asset structure is a consideration or comparison between fixed assets and total assets. Meanwhile, according to Syamsudin (2007), asset structure is the determination of the allocation of funds for each asset component, both in current assets and in fixed assets. From the above understanding it can be concluded that the asset structure is a comparison between fixed assets and total assets which can determine the amount of fund allocation for each component of assets.

Profitability is the company's ability to earn profits from the assets used, both current assets and fixed assets. Companies that have high profitability tend to use relatively small debt because the profits or profits obtained by the company are not all paid to investors in the form of dividends but are also stored in the form of retained earnings which are an internal source of funding for the company. In accordance with the pecking order theory, which establishes a decision sequence in which managers will first choose to use retained earnings, debt, and the issuance of shares as a last resort.

Profitability is measured by ROA (Return On Assets), which is a tool used to measure the level of ability and success of a company in obtaining profit through sales and investment in a certain period by using company-owned sources such as assets, capital, or company sales. Profitability can also influence debt policy because when conditions of high profitability the company will tend to rely on internal sources of funds, conversely when conditions of low profitability companies will rely on external sources of funds (Rahayuningsih, 2012).
The higher the profit earned by the company, the smaller the use of debt used in company funding because the company can use internal equity obtained from retained earnings first. If the funding requirements are not met, the company can use debt.

2. RESEARCH METHOD

Research conducted by Steven Yap (2016) states that research on growth has no significant effect on debt policy. Meanwhile Yeniati and Destriana (2010) found growth to have a positive and significant effect, also Sari (2012) and Hardiningsih and Oktaviani (2012) who found growth to have a negative and significant effect on debt policy.

Alkhatib (2012) found that tangibility has a positive and significant effect on debt policy supported by Sari (2012) and Yeniatie and Destriana (2010). While Sultera et. Al (2012) found that tangibility has a negative and significant effect on debt policy. Mulyati (2016) states that asset structure has no significant effect on debt policy because if a company seeks debt as the main source of funding, it will increase the cost of capital issued. In addition, asset structure is not the only major factor taken into consideration in debt policy.

Hastalona (2013) found the results of the study that profitability did not have a significant effect on debt policy which was supported by Alkhatib (2012). Meanwhile, Damayanti and Hartini (2013), Sari (2012), Yeniatie and Destriana (2010) found that profitability has a negative and significant effect on debt policy.

The research model of this study as presented in Figure 1:
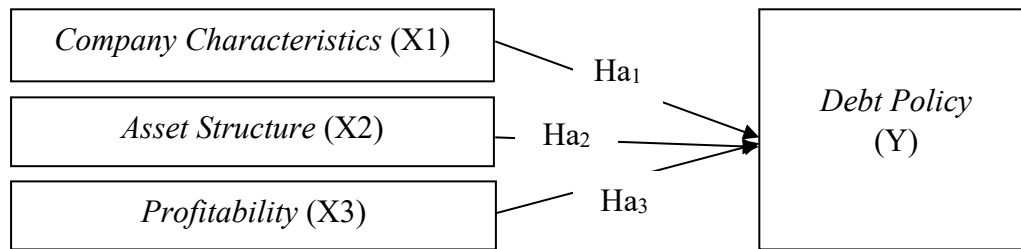
Figure 1. The Research Model

The hypotheses in this research were formulated as follows:

Ha1: There is an influence of company characteristics on debt policy.
Ha2: There is an influence of asset structure on debt policy.
Ha3: There is a profitability effect on debt policy.

The multiple regression model equation used is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Information:
Y: Debt Policy
α: Constant Value
β1-3: Coefficient Value
X1: Company Characteristics
X2: Asset Structure
X3: Profitability
ε: Error Term

In this study, the population used was data from property and real estate sector companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2021. The sample selection technique in this study used a purposive sampling technique with the following criteria and characteristics of the sample taken. used in this research are as follows: 1) Property and Real Estate Companies that have been listed on the Indonesia Stock Exchange (IDX) from 2019-2021. 2) Property and Real Estate Companies that have complete financial reports for 2019-2021. 3) Property and Real Estate Companies whose financial statements have experienced no losses during 2019-2021.4) Property and Real Estate Companies whose financial statements were published on December 31 and have been audited by a Public Accounting Firm (KAP). 5) Property and Real Estate Companies that have financial statements in Rupiah (Rp).

In this study using descriptive statistical tests, Analisis Regresi Linear Berganda, Uji Multikolinieritas, Uji Heteroskedastisitas, Uji Chow, Uji Hausman, Uji Lagrange Multipier, Uji F, classical assumption test t-Test.

Table 1. Summary of Variable Operationalization

Variable	Instruments		Source	Scale
Kebijakan Hutang (Y)	$DER = \dfrac{Total\ Hutang}{Total\ Ekuitas}$			Ratio
Karakteristik Perusahaan (X1)	$Growth =$	$\dfrac{Total\ Assets_t - Total\ Asset_{t-1}}{Total\ Asset_{t-1}}$		Ratio
Struktur Aset (Tangibility) (X2)	$tangibility =$	$\dfrac{fixed\ assets}{total\ assets}$		Ratio
Profitabilitas (X3)	$ROA =$	$\dfrac{Earnings\ after\ tax}{Total\ asset}$		Ratio

3. RESULTS AND DISCUSSIONS

Table 2. Descriptive Statistics
Source: Data processed using Eviews 12

Sample: 2019 2021

	Y	X1	X2	X3
Mean	0.665119	0.294762	0.084881	0.047857
Median	0.460000	0.050000	0.040000	0.030000
Maximum	3.690000	7.440000	0.650000	0.440000
Minimum	0.000000	-0.110000	0.000000	0.000000
Std. Dev.	0.627359	1.047677	0.130000	0.068619
Skewness	2.325606	5.637294	2.888710	3.563198
Kurtosis	10.53087	35.64101	12.08500	18.04735
Jarque-Bera	274.2172	4173.932	405.7052	970.2285
Probability	0.000000	0.000000	0.000000	0.000000
Sum	55.87000	24.76000	7.130000	4.020000
Sum Sq. Dev.	32.66710	91.10310	1.402699	0.390814
Observations	84	84	84	84

Based on the results of these tests it is known that there were 84 samples in this study. The number of samples came from 28 companies. The test results in the table above show that Debt policy (Y) has a mean (average) value of 0.665119. The median (middle value) of the debt policy (Y) is 0.46. The maximum (highest value) of the debt policy (Y) is 3.69. The minimum (lowest value) of the debt policy (Y) is 0.00. The standard deviation (standard deviation value) of the debt policy (Y) is 0.627359.

The test results above show that the characteristics of the company (X1) have a mean (average) value of 0.294762. The median (middle value) of firm characteristics (X1) is 0.05. The maximum (highest value) of company characteristics (X1) is 7.44. The minimum (lowest value) of company characteristics (X1) is -0.11. The standard deviation of company characteristics (X1) is 1.047677.

The test results above show that the asset structure (X2) has a mean (average) value of 0.084881. The median (middle value) of the asset structure (X2) is 0.04. The maximum (highest value) of the asset structure (X2) is 0.65. The minimum (lowest value) of the asset structure (X2) is 0.00. Standard deviation of asset structure (X2) of 0.13.

The test results above show that profitability (X3) has a mean (average) value of 0.047857. The median (middle value) of profitability (X3) is 0.03. The maximum (highest value) of profitability

(X3) is 0.44. The minimum (lowest value) of profitability (X3) is 0.00. The standard deviation (standard deviation value) of profitability (X3) is 0.068619.

According to Ajija et al., (2011) panel data is a combination of time series data with cross-sections. There are three models in panel data testing, namely the common effect model, the fixed effect model, and the random effect model. The test was conducted to find out which model is the best for this research. The selection of the panel data regression model in this study only carried out two types of tests, namely the Chow test and the Hausman test. Based on the results of the Chow test, the probability value on the cross-section chi-square is 0.0000 <0.05 so that Ho is rejected, and Ha is accepted. Then the right model to use in this study is the fixed effect model (FEM). Having chosen the fixed effect model (FEM) in the Chow test, the next test to be carried out is the Hausman test. Based on the Hausman test, the probability value for a random cross-section is 0.1058 > 0.05. Then Ho is accepted, and Ha is rejected so that this causes the most appropriate model to be used in this study is the random effect model (REM) when compared to the fixed effect model (REM).

Multiple linear regression tests were carried out because there was more than one independent variable and one dependent variable in this study. The purpose of this study is to determine the effect of the independent variables on the dependent variable. The independent variables in this study are company characteristics (X1), asset structure (X2), and profitability (X3). The dependent variable is debt policy (Y). After carrying out the Chow test and Hausman test, it is known that the right model in this study is using the random effect model. The following is the result of the multiple linear regression test which is presented in table 3.

The results of the multiple regression test above show the regression equation in this study as follows:

$$Y = 0,74 + (-0,02) X1 + (-1,10) X2 + 0,36 X3 + E$$

Information:
Y: Debt Policy
X1: Characteristics of the company
X2: Asset structure
X3: Profitability
E: Error

Based on the regression model equation above, it is known that the dependent variable, namely debt policy (Y), has a constant value of 0.742341. If the company characteristics (X1), asset structure (X2), and profitability (X3) are zero, then the debt policy (Y) is 0.742341 units. Company characteristics (X1) have a negative coefficient value of -0.001932, which means that each addition of one unit of company characteristics (X1) will make debt policy (Y) decrease by 0.001932, assuming asset structure (X2) and profitability (X3) as a constant value. Conversely, if the characteristics of the company (X1) decrease by one unit, the debt policy (Y) will increase by 0.001932 units.

The asset structure (X2) has a negative coefficient value of -1.100061, which means that each addition of one unit of asset structure (X2) will make the debt policy (Y) decrease by 1.100061 units, assuming the characteristics of the company (X1) and profitability (X3)) as a constant value. Conversely, if the asset structure (X2) decreases by one unit, the debt policy (Y) will increase by 1.100061 units.

Profitability (X3) has a positive coefficient value of 0.355885, which means that each additional unit of profitability (X3) will increase debt policy (Y) by 0.355885 units, assuming company characteristics (X1) and asset structure (X2) as constant values. Conversely, if profitability (X3) decreases by one unit, the debt policy (Y) will decrease by 0.355885 units.

Table 3. Multiple Linear Regression Test Results
Source: Data processed using Eviews 12

Dependent Variable: Y
Method: Panel EGLS (Cross-section random effects)
Date: 12/21/22   Time: 18:55
Sample: 2019 2021
Periods included: 3
Cross-sections included: 28
Total panel (balanced) observations: 84
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.742341	0.132840	5.588222	0.0000
X1	-0.001932	0.025836	-0.074796	0.9406
X2	-1.100061	0.754248	-1.458487	0.1486
X3	0.355885	0.440333	0.808217	0.4214

Effects Specification		S.D.	Rho
Cross-section random		0.575356	0.8878
Idiosyncratic random		0.204538	0.1122

Weighted Statistics			
R-squared	0.042883	Mean dependent var	0.133658
Adjusted R-squared	0.006991	S.D. dependent var	0.209225
S.E. of regression	0.208492	Sum squared resid	3.477513
F-statistic	1.194773	Durbin-Watson stat	1.289939
Prob(F-statistic)	0.317140		

Unweighted Statistics			
R-squared	-0.004923	Mean dependent var	0.664778
Sum squared resid	32.81487	Durbin-Watson stat	0.136700

Table 4. t-test Result
Source: Data processed using Eviews 12

Dependent Variable: Y
Method: Panel EGLS (Cross-section random effects)
Date: 12/22/22   Time: 19:13
Sample: 2019 2021
Periods included: 3
Cross-sections included: 28
Total panel (balanced) observations: 84
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.742341	0.132840	5.588222	0.0000
X1	-0.001932	0.025836	-0.074796	0.9406
X2	-1.100061	0.754248	-1.458487	0.1486
X3	0.355885	0.440333	0.808217	0.4214

Effects Specification		
	S.D.	Rho
Cross-section random	0.575356	0.8878
Idiosyncratic random	0.204538	0.1122
Weighted Statistics		
R-squared	0.042883	Mean dependent var	0.133658
Adjusted R-squared	0.006991	S.D. dependent var	0.209225
S.E. of regression	0.208492	Sum squared resid	3.477513
F-statistic	1.194773	Durbin-Watson stat	1.289939
Prob(F-statistic)	0.317140		
Unweighted Statistics		
R-squared	-0.004923	Mean dependent var	0.664778
Sum squared resid	32.81487	Durbin-Watson stat	0.136700

Based on the results of the partial test above, it can be concluded that the influence of company characteristics, asset structure, and profitability on debt policy with the following hypothesis formula:

Ha1: company characteristics have a negative and not significant effect on debt policy.
Based on the results of the partial test above, it shows that the probability value at X1 is 0.9406 > 0.05. These results indicate that the characteristics of the company (X1) have no significant effect on debt policy (Y). The coefficient value on the asset structure (X1) is -0.001932 which indicates a negative direction. The conclusion from this test is that company characteristics (X1) have a negative and insignificant effect on debt policy (Y), which means that Ha1 is rejected.

Ha2: asset structure has a negative and insignificant effect on debt policy.
Based on the partial test results above, it shows that the probability value for X2 is 0.1486 > 0.05. These results indicate that asset structure (X2) has no significant effect on debt policy (Y). The coefficient value on the asset structure (X2) is -1.100061 which indicates a negative direction. The conclusion from this test is that asset structure (X2) has a negative and insignificant effect on debt policy (Y), which means that Ha2 is rejected.

Ha3: profitability has a positive and insignificant effect on debt policy.
Based on the partial test results above, it shows that the probability value at X3 is 0.4214 > 0.05. These results indicate that profitability (X3) has no significant effect on debt policy (Y). The coefficient value on profitability (X3) is 0.355885, which indicates a positive direction. The conclusion from this test is that profitability (X3) has a positive and insignificant effect on debt policy (Y), which means that Ha3 is rejected.

Effect of Company Characteristics on Debt Policy.
The first hypothesis in this study is that company characteristics have a positive and significant influence on debt policy (Ha1 is rejected). The test results show that company size has a positive and insignificant effect on debt policy. This shows that any increase or decrease in the company's characteristics will not significantly affect debt policy.

The characteristics of the company is the size of a company. The greater the characteristics of a company, the easier it will be for the company to obtain funds from external parties. This is because large-scale companies have more assets and tend to be stable and able to face problems in their business. However, the size of a small-scale company is easier to control the company's operational activities so that the company's profits are also maximized. So that the company gains the trust of

creditors to develop its business. This reflects that the size of the company has no effect on debt policy.

Based on agency theory, to improve the characteristics of a company to become a large-scale company requires a good relationship between principal and agent. Companies tend to find it easier to obtain funds through debt if the company's scale shows a large scale. The larger the scale of the company reflects that it has more assets and tends to be able to face problems in its business.

This is in line with Novitasari and Viriany's research (2019) which states that company size has a positive and insignificant influence on debt policy. Meanwhile, Fardianti and Ardini's research (2021) states that company size has a negative and insignificant effect on debt policy. In contrast to research belonging to Maresta (2021) and Wulandari et al, (2020), which states that company size has a significant effect on debt policy.

Effect of Asset Structure on Debt Policy
The second hypothesis in this study is that asset structure has a negative and insignificant effect on debt policy (Ha2 is rejected). The test results show that asset structure has a negative and insignificant effect on debt policy. This shows that any increase or decrease in the asset structure will affect debt policy insignificantly.

Asset structure is property owned by the company that can be used for operational activities and can provide benefits in the future. Companies that have good performance will increase profits. This resulted in an increase in the asset structure, so that the need for debt decreased. However, if the company has a low performance, it will result in a decrease in the asset structure, and it will make the company careful in choosing funding because it has a high risk, so that the need for debt decreases. This reflects that the size of the asset structure has no effect on debt policy.

Based on the pecking order theory, which states that companies will prioritize internal funding rather than external funding. Increased company performance will make the company's asset structure high so that the use of internal funds will be prioritized and lower external funds.

This is in line with research by Utami and Ngumar (2019) which states that asset structure has a negative and insignificant effect on debt policy. Meanwhile, Mega and Dwi's research (2018) states that asset structure has a positive and insignificant effect on debt policy. In contrast to research belonging to Prabowo et al, (2019) and Dewi and Suryani (2020), which state that asset structure has a significant effect on debt policy.

Effect of Profitability on Debt Policy
The third hypothesis in this study is that profitability has a positive and significant effect on debt policy (Ha3 is accepted). The test results show that profitability has a positive and significant effect on debt policy. This shows that any increase or decrease in profitability will significantly affect debt policy.

Profitability is the ability of a company to generate profits or gains in a certain period. Companies that have high profitability show that the company is able to generate profits from good performance and make the company gain the trust of creditors to provide loans to expand the company's business. Companies choose to use debt as a source of funding to make tax savings.

Based on the trade-off theory which explains that when a company fulfills its needs in terms of funding used for managing the company, it will first choose the use of external funds compared to internal funds. Companies choose to use debt as a source of funding to make tax savings. Therefore, the greater the profitability of the company, the higher the level of use of debt.

This is in line with research belonging to Estuti et al, (2019) which states that profitability has a positive and significant effect on debt policy. Meanwhile, Sha's research (2018) states that profitability has a negative and significant effect on debt policy. In contrast to research belonging to Fardianti and Ardini (2021) and Novitasari and Viriany (2019) which state that profitability has no significant effect on debt policy.

4. CONCLUSIONS AND SUGGESTIONS

Based on the results of the previously disclosed t test, the characteristics of the company (X1) with growth as a proxy, show a negative and insignificant effect on debt policy. Based on the results of the t test previously stated, asset structure (X2), with its proxy for tangibility, shows a negative and insignificant effect on debt policy. Based on the results of the t test, profitability (X3), which is proxied by dividing earnings after tax from cash flow for three years with total assets, shows a positive and insignificant effect on debt policy.

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