Profitability, Liquidity, Company Size, And Sales Growth Effects On Debt Policy In Food And Beverage Sub-Sector Companies Listed On The Indonesia Stock Exchange In 2016–2021

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Abstract. This study aims to examine the effect of profitability, liquidity, company size, and sales growth on debt policy in food and beverage companies listed on the Indonesia Stock Exchange in 2016- 2021. This type of research is quantitative research, the population in this study were all food and beverage companies listed on the Indonesia Stock Exchange in 2016-2021 and selected using the non-probability Random Sampling type with the Convenience Sampling technique, so that a sample of 14 companies that met the criteria was obtained. The data analysis technique used in this research is multiple regression analysis methods. The results of this study indicate that Return on Asset has no significant effect on debt policy ; Current Ratio has a significant effect on debt policy;. Size has a significant effect on debt policy; and Sales Growth has no significant effect on debt policy.

Keywords: Profitability, Liquidity, Company Size, Sales Growth, Debt Policy

1. Introduction

Basically, the goal of practically all businesses is to increase profits. The business requires funds in order for its operational activities to function as smoothly as possible in order to accomplish this aim. This inspires management of the organization to be more inventive in finding the most efficient sources of finance. Both internal and external financial sources are options for the company's funding needs. Retained earnings serve as internal financing sources, while issuing shares or borrowing money from creditors serve as external funding sources. Companies must be careful when choosing their sources of funding since each one has a unique set of financial hazards, including debt that jeopardizes the company's liquidity. Companies view debt as their final option for financing, thus debt management practices must be effective to turn it into a source of capital that benefits the business [12]. It will be difficult for a firm to develop its business, which requires extra cash, if it just depends on its own capital or stock. By taking on debt, the business will be able to raise more money to realize its objective of boosting earnings [16]. In order to find sources of funding for the business that may be utilized to support the business' operational operations, management may adopt a debt policy [12]. Debt policy refers to all forms of debt, both short-term and long-term, produced or acquired by the business. The funding decision is one of the crucial choices financial managers must make in connection to the continuation of business operations. The financing choice, which is often referred to as a debt policy, is established to enhance corporate finances

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that will be utilized to satisfy the firm's operational demands. Debt has a significant impact on the firm since it may be used to finance expansion [7].

Debt policy may be impacted by a variety of variables, one of which is a company's profitability. The capacity of a corporation to make profits in relation to sales, total assets, and own capital is referred to as profitability. Company profitability is one of the metrics used to analyze a company's health. Profitability, liquidity, firm size, and sales growth are just a few of the variables that will be looked at in this study and are thought to have an impact on debt policy [14]. A company's capacity to turn a profit over a specific time period is known as profitability. Because the corporation may employ internal equity gained from retained earnings first, the lower the usage of debt in corporate finance the better the profit the company earns. Liquidity is another element that affects debt policy. Because a high level of liquidity shows that the firm is still able to pay off its short-term debt, it is still safe for companies to expand debt borrowing, thus they will make new debt loans [20]. The size of a firm's assets is referred to as its company size. In order for a large company to maximize performance and persuade lenders to extend loans using the assets they have, the size of the company can be determined by the total assets of those large assets. This can be done by computing the logarithm value of the total assets of a large company. And sales growth is a rise in sales from one year or period to the next. Businesses with rapid sales growth will need to invest more in several asset components, including current and fixed assets. The appropriate source of money for the acquisition of these assets must be taken into account by management. If a corporation funds its assets with debt and vice versa, it will be able to pay its debts if it has substantial sales growth [2].

Company Code	Year	Debt Policy (DER)	Profitability (ROA)	Liquidity (CR)
CEKA	2014	1.39	3.19	1.46
	2015	1.32	7.17	1.53
	2016	0.61	28.12	2.19
	2017	0.54	11.90	2.19
MYOR	2014	1.52	3.97	2.08
	2015	1.18	11.02	2.36
	2016	1.06	22.16	2.25
	2017	1.03	22.18	2.39
SKBM	2014	1.12	13.79	1.47
	2015	1.22	5.25	1.14
	2016	1.72	6.12	1.11
	2017	0.59	2.53	1.64
STTP	2014	1.29	13.61	1.85
	2015	1.25	14.18	2.58
	2016	1.00	14.91	1.65
	2017	0.69	15.60	2.64

ULTJ	2014	0.22	9.70	3.34
	2015	0.26	14.77	3.74
	2016	0.21	20.34	4.84
	2017	0.23	16.91	4.19

Table 1. Tabel of Financial Report for the Food and Beverage Sub-Sector

Based on the table above, the STTP firm was one of the companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange that showed this pattern. It is clear that during the course of the four years of research, the company's debt policy tends to decline while the profitability attained by these enterprises continues to rise. Such circumstances may result in a decline in business profitability. According to [12], a company's profitability influences its debt strategy favorably. This occurs because a business with a high degree of profitability is adept at managing its assets, making it simple to employ debt if the business takes out a sizable loan. Then the ULTJ firm experienced the following phenomena. It is clear that the company's debt policy has grown over the course of the four years of study, but that the company's liquidity has decreased over the course of the five years of research. This goes against the hypothesis advanced by [13]. Because creditors do not want to suffer losses as a result of default, liquidity is a criteria used by creditors to evaluate the viability of potential debtors. Giving debt to businesses with a high degree of liquidity is safer for creditors. The simpler it is to get loans, the higher the degree of corporate liquidity. It may be claimed that changes in capital structure will correspond to changes in liquidity. I am thus interested in continuing this research with the addition of various factors, such as firm size and sales growth on debt policy variables, based on the description and circumstances above. According on the description provided, the following conclusion may be drawn about how the study's problem was formulated:

1. Does the profitability variable have a major impact on the debt policy of food and beverage firms listed on the IDX?
2. Does the liquidity variable have a major impact on the debt policy of food and beverage firms listed on the IDX?
3. Does the size of the firm variable have a major impact on the debt policy of food and beverage firms listed on the IDX?
4. Does the sales growth variable have a major impact on the debt policy of food and beverage firms listed on the IDX?

2. Literature And Hypothesis Development

2.1 Debt Policy

[16] defines debt policy as a policy adopted by management in order to obtain sources of financing for the company so that it can be used to finance the company's operational activities. A corporation is deemed dangerous if it has a big amount of debt in its capital

structure; on the other hand, a firm is considered unable to take advantage of extra external money that can boost the company's operations if it employs little or no debt.

2.2 Profitability

Profitability is the ability attained by a corporation over a specific time period. Profitability analysis seeks to assess a company's potential to generate profits in proportion to its sales, assets, and own capital. According to [4], the projected rate of return will influence whether profits are distributed to shareholders as dividends or reinvested in the firm. The larger the company's profit, the greater the company's capacity to pay dividends.

2.3 Liquidity

The capacity of a corporation to satisfy its short-term obligations is referred to as liquidity. Another meaning is the company's capacity to satisfy urgent obligations or debts using its present assets. The liquidity ratio measures a company's capacity to satisfy its short-term (debt) obligations. Because dividends are paid in cash, the fundamental concern in dividend payment policy is corporate liquidity. The better the cash position and liquidity of the firm as a whole, the greater the company's capacity to distribute dividends [4].

2.4 Firm Size

The size of the firm is one of the criteria that must be considered when choosing the degree of debt policy that will be implemented by the organization. Small businesses are more sensitive to changes in economic conditions and are less lucrative, but large businesses may access the capital market, and with this convenience, it can be argued that businesses have the flexibility and capacity to receive cash or capital [8].

2.5 Sales Growth

Sales growth is a sign of demand as well as a company's competitiveness in the industrial sector. The rate of progress of an industry will have an effect on its ability to battle to sustain the surplus gained thus far to fund future demands. Reflects the fact that a company's manifestation will be utilized to forecast future growth [3]

2.6 Hypothesis

2.6.1 Effect of Profitability on Debt Policy

The Pecking Order Theory (POT) explains why profitable companies generally borrow small amounts of money. This is not because they have a low target debt ratio, but because they require little external financing. Thus the profitability variable harms debt policy. Companies with low levels of profitability, and high use of debt. Conversely, companies with high profitability tend to reduce the use of debt in financing their operational activities [18].

According to the results of research conducted by [12], [20], [18] state that profitability has a positive effect on debt policy. However, research [5] states that there is no effect on profitability (ROA) on debt policy.

H1: Profitability affects debt policy

2.6.2 Effect of Liquidity on Debt Policy

Liquidity is the company's ability to repay debt in the short term. According to [19]. The higher the company's liquidity level, the company can be said to be liquid because the company can pay off all of its short-term obligations, so companies that have a high level of liquidity tend to have low debt levels.
According to research [19] liquidity has no significant effect on debt policy, this is because a company's liquidity is not a direct factor that can be used as a consideration by management or companies to use debt to finance company operations and is not a direct factor for creditors in giving trust to companies to provide debt by looking at the level of liquidity of a company.

However, according to the results of research conducted by [20], [13], [4] state that liquidity has a significant negative effect on debt policy.
H2: Liquidity affects debt policy

2.6.3 Effect of Company Size on Debt Policy

Company size can be used as an indicator to show how easy it is for a company to get information or access to the capital market so that it will be easier to obtain loans from creditors because companies with large sizes have a greater probability of winning the competition or surviving in the industry [10].

According to research results [17] firm size has a positive and significant effect on debt policy, the larger the company size, the greater the company's tendency to use debt, because the company requires large funds to support company operations and investment. According to company size, it has a significant positive effect on debt policy. That is, the larger the size of the company, the more likely the company is to implement a debt policy.
H3: Company size affects debt policy

2.6.4 Effect of Sales Growth on Debt Policy

A company can predict how much profit it will generate by knowing in advance how much sales growth has been in the past, which can reflect future profits or growth. Because the prospects of a company can be assessed from sales growth, good growth can represent the company's development expected by the company's internal and external stakeholders [6]. Companies with increased sales need large amounts of funds. Funds are used to manage and invest in various asset elements. The company's internal funding may not be sufficient to meet these needs, so external funding is needed [11].

According to research conducted [5], [17] states that sales growth has a positive effect on debt policy.
H4: sales growth affects debt policy

3. Research Methods

3.1 Research design

Based on the background and problem formulation that has been described, this research can be classified as a quantitative study to know the effect of profitability, liquidity, company size, and sales growth on debt policy in food and beverage sub-sector companies listed on the Indonesian stock exchange in 2016-2021 years.

3.2 Variable Operational Definition

a. Dependent Variable

The dependent variable is a variable that is bound by other variables, or variables that are influenced by other variables [18]. The dependent variable in this study is debt policy which is represented by the debt-equity ratio (DER). Debt policy is often evaluated by the debt to equity ratio (DER), which is the ratio of total long-term debt to own capital [16]. This ratio is useful for determining the magnitude of the difference between the amount of funds given by creditors and the amount of funds provided by firm owners. The formula for the debt-equity ratio (DER) is as follows:

$$DER = \frac{Financing\ Debt}{Equity} \times 100\% \quad (1)$$

b. Independet Variable

(1) Profitability

Profitability is defined as the ability to generate profits from all current capabilities and sources, such as sales activities, cash, capital, the number of employees, the number of branches, and so on. In this study, the profitability proxy employed was Return on Assets (ROA), which is calculated by comparing profit after tax to total assets. The Return on Assets (ROA) formula is as follows [18]:

$$ROA = \frac{Net\ Profit}{Total\ Assets} \times 100\% \quad (2)$$

(2) Liquidity

The capacity of a corporation to satisfy its short-term obligations is referred to as liquidity. Another meaning is the company's capacity to satisfy urgent obligations or debts using its present assets. The liquidity ratio measures a company's capacity to satisfy its short-term (debt) obligations. Because dividends are paid in cash, the fundamental concern in dividend payment policy is corporate liquidity. The better the cash position and liquidity of the firm as a whole, the greater the company's capacity to distribute dividends. formula is as follows [4]:

$$CR = \frac{Current\ Assets}{Current\ Lialibilitas} \times 100\% \quad (3)$$

(3) Firm Size

Company size is a value that indicates the size of a business. Because the company's entire assets are valuable, this is simplified by changing into natural logarithms, so that firms can benefit with Size according to [17] as follows:

$$Size = Ln\ Total\ Assets \quad (4)$$

(4) Sales Growth

According to [17], sales growth is a rise in the quantity of sales from year to year or from time to time. This study compares sales in year (t) after subtracting sales from the previous period against sales in the previous period. You may use the Sales Growth proxy to calculate the ratio of this variable as follows:

$$Sales\ Growth = \frac{Sale\ t - Sale\ t^{-1}}{Sale\ t^{-1}} \quad (5)$$

Information:
Sales ^{t} = Sales in the current fiscal year
Sales $^{-1t}$ = Previous period sales

3.3 Population and Sample

The population is a combination of all elements formed by events, things, or people who have similar characteristics which are the center of attention of researchers because they are seen as a universe of research [15]. While the sample is part of the number and characteristics possessed by the population. Thus the sample is part of the population whose characteristics are to be investigated, and can represent the entire population so that the number is less than the population [18].

The population in this study are all food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) with a total of 26 companies (updated 25-Jan-2021). The sampling method in this study used non-probability random sampling with the convenience sampling technique, namely a sampling technique based on the ease of obtaining data and not being difficult to measure, and being cooperative (Sugiyono, 2016). The sample in this study is 14 companies with the following criteria in Table 2:

Table 2. Sample Criteria

No	Sample Criteria	Number of Sample
1.	Companies in the food and beverage sub-sector are listed on the Indonesia Stock Exchange.	26
3.	Companies that do not report their finances in rupiah (Rp).	0
4.	Companies that do not report annual financial statements.	2
5.	Company listed 2016 – 2021	12
	Number of Reserch Sample	14

Following are 14 samples of companies that include the above criteria. Can be seen in Table 3 as follows:

Table 3. Sample

No	Code	Company Name
1.	AISA	Tiga Pilar Sejahtera Food Tbk, PT
2.	ALTO	Tri Banyan Tirta Tbk, PT
3.	CEKA	Wilmar Cahaya Indonesia Tbk, PT
4.	DLTA	Delta Djakarta Tbk, PT
5.	ICBP	Indofood CBP Sukses Makmur Tbk, PT
6.	INDF	Indofood Sukses Makmur Tbk, PT
7.	MLBI	Multi Bintang Indonesia Tbk, PT
8.	MYOR	Mayora Indah Tbk, PT
9.	PSDN	Prasidha Aneka Niaga Tbk, PT
10.	ROTI	Nippon Indosari Corpindo Tbk, PT
11.	SKBM	Sekar Bumi Tbk, PT
12.	SKLT	Sekar Laut Tbk, PT
13.	STTP	Siantar Top Tbk, PT
14.	ULTJ	Ultra Jaya Milk Industry & Trading Company Tbk, PT

Source: https://www.sahamu.com/sub-sektor-makanan-minuman-di-bei-kode-jasica-51/

4. RESULTS AND DISCUSSION

4.1 Result

a. Descriptive Variable

Table 4. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
DER	84	.16	4.86	.9643	.72905
ROA	84	.05	68.40	14.4820	12.93607
CR	84	.15	8.64	2.3658	1.86240
Size	84	27.06	32.82	28.9439	1.51708
Sales Growth	84	-.6782	1.3683	.078019	.2243799
Valid N (listwise)	84				

Source: Data Processing Results

According to the Table 4, the average value of the debt policy variable (DER) is 0.9643, and the standard deviation is 0.72905. The average variable profitability (ROA) value is 14.4820, with a standard deviation of 12.93607. The average variable liquidity (CR) value is 2.3658, while the standard deviation is 1.86240. The standard deviation for the firm size variable (Size) is 1.51708 and the average value is 28.9439. and the average value for the variable Sales Growth is 0.078019, with a standard deviation of 0.2243799.

b. Kolmogorov-Smirnov Test

Table 5. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		84
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.35095668
Most Extreme Differences	Absolute	.104
	Positive	.104
	Negative	-.044
Test Statistic		.104
Asymp. Sig. (2-tailed)		.093[c]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Source: Data Processing Results

As may be seen in the table above, the Asymp. The two-tailed significance level is 0.093, which is larger than 0.05. Then comes the Asymp value. The presence of Sig. (2-tailed) in the Kormogorov-Smirnov test indicates that this is regularly distributed.

c. Multicollinearity Test

Table 6. Multicollinearity Test

Coefficients[a]

	Collinearity Statistics	
Model	Tolerance	VIF
Profitability (ROA)	.976	1.024
Liquidity (CR)	.985	1.015
Firm Size (SIZE)	.992	1.008
Sales Growth (SG)	.985	1.015
a. Dependent Variable: Debt Policy (DER)		

Source: Data Processing Results

By looking at the VIF value, the table above illustrates that the present data does not show indications of multicollinearity between any independent variable. Because the permitted VIF number is just 10, the above statistics show that there are no signs of multicollinearity. Because the data above reveals that the VIF value is less than 10, and the tolerance value is more than 0.10. Such conditions demonstrate that multicollinearity has no symptoms.

d. Autocorrelation Test

Table 7. Autocorrelation Test

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.745[a]	.555	.526	.50448	1.877

a. Predictors: (Constant), Pertumbuhan Penjualan (SG), Likuiditas (CR), Ukuran Perusahaan (Size), Profitabilitas (ROA)

b. Dependent Variable: Kebijakan Hutang (DER)

Source: Data Processing Results

The Durbin-Watson value obtained from the table above is 1.977, which indicates the D-W value is between 1.7462 and 2.2538, implying that there is no autocorrelation based on the Durbin Watson number.

e. Heteroscedasticity Test

Table 8. Heteroscedasticity Test

Coefficients[a]					
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
(Constant)	-23.674	20.352		-1.163	.250
Profitability	.002	.271	.001	.008	.994
Liquidity	-.003	.552	-.001	-.005	.996
Firm Size	6.035	6.067	.134	.995	.324
Sales Growth	.131	.287	.061	.457	.649

a. Dependent Variable: Lnujipark

Source: Data Processing Results

Based on the results shown in the table above, one way to detect it is by looking at the significance value in the table above, which shows that all independent variables have a significance value greater than 0.05, implying that these independent variables do not exhibit heteroscedasticity in the regression model.

f. Linear Regression Test

Table 9. Multiple Linear Regression Test

Coefficients[a]					
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
(Constant)	4.477	1.152		3.886	.000
Profitability (ROA)	.004	.005	.076	.914	.363
Liquidity (CR)	-.252	.032	-.645	-7.778	.000
Firm Size (SIZE)	-.102	.040	-.211	-2.557	.012
Sales Growth (SG)	-.500	.269	-.154	-1.858	.067

a. Dependent Variable: Debt Policy (DER)

Source: Data Processing Results

$$Y=4{,}477 + 0{,}004\ ROA + (-0{,}252)\ CR + (-0{,}102)\ SIZE + (-0{,}500)\ SG + e \quad (6)$$

Based on the given table, the multiple linear regression equation is stated as follows [9]:

a. The profitability variable (ROA) (X1) has a positive regression coefficient value of 0.004, which means that if the ROA variable grows, the DER will increase by 0.004.
b. The regression coefficient value of the liquidity variable (CR) (X2) is -0.252, indicating that when the liquidity variable (CR) increases, the DER increases by -0.25.
c. The regression coefficient value of the firm size variable (Size) (X3) is -0.102, indicating that as the company size variable (Size) grows, so will the DER.
d. The regression coefficient value of the sales growth variable (SG) (X4) is -0.500, indicating that if the sales growth variable (SG) grows, so will the DER.

Results of the T Test

a. Profitability (X^1) to Debt Policy (Y)
   It can be seen that the alpha value for the Profitability coefficient is greater than 0.05 (0.363 > 0.05) and the t_{count} is 0.914 with a t_{table} of 1.9904 where the t_{count} is less than t_{table} (0.914 1.9904), implying that Ho accepted and Ha rejected, implying that profitability has no effect on debt policy.
b. Liquidity (X^2) to Debt Policy (Y)
   It can be seen that the alpha value for the liquidity coefficient is less than 0.05 (0.000 <0.05), and the t_{count} is -7.778 with t_{table} -1.9904 where the t_{count} is greater than t_{table} (-7.778 < -1.9904) it can be concluded that Ho is rejected and Ha is accepted, which means that liquidity affects debt policy.
c. Firm size (X^3) to Debt Policy (Y)
   It can be seen that the alpha value for the firm size coefficient is less than 0.05 (0.012 <0.05), and the t_{count} is -2.557 with t_{table} -1.9904 where the t_{count} is greater than t_{table} (-2.557 < -1.9904) then it can be concluded that Ho is rejected and Ha is accepted, which means that company size influences debt policy.
d. Sales Growth (X^4) to Debt Policy (Y)
   It can be seen that the alpha value for the sales growth coefficient is greater than 0.05 (0.067 > 0.05), and the t_{count} is -1.858 with t_{table} -1.9904 where the t_{count} is smaller than t_{table} (-1.858 > -1.9904), so Ho is accepted and Ha is rejected.

g. Determination Coefficient Test

Table 10. Determination Coefficient

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.682[a]	.465	.438	.54651

a. Predictors: (Constant), sales growth, liquidity, firm size, Profitability

Source: Data Processing Results

According to the above table's test results for the coefficient of determination, the R Square value is 0.465. A test of the coefficient of determination in accordance with [9] may be used to determine how much of an impact the factors of profitability, liquidity, firm size, and sales growth have on debt policy:

KD = R2 × 100%
(7)
= 0,6822 × 100%
= 46,5%

The above R-Square value of 46.5% indicates that the role of the variation in the value of profitability, liquidity, firm size, and sales growth is responsible for 46.5% of the variance in the value of the debt policy. In other words, whereas other factors not examined in this study account for 53.5% of the variation in debt policy, profitability, liquidity, firm size, and sales growth account for 46.5% of it.
The dependent variable is correctly predicted by the regression equation model, as shown by the Standard Error of the Estimate of 0.54651.

4.2 Discussion

a. Profitability's impact on debt policy

The research on the profitability variable on debt policy yields an alpha value for the Profitability coefficient more than 0.05 and the t_{value} is less than the t_{table}, according to the findings of the t test.

The pecking order theory (POT) explains why successful businesses typically take out modest loans. This isn't because their desired debt ratio is low; rather, it's because they don't need much outside funding. As a result, the profitability factor has a bad impact on debt policy. Businesses with significant debt usage and poor levels of profitability. On the other hand, businesses that are profitable tend to require less debt to finance their daily operations [18].

The debt policy is unaffected by profitability. The capacity of a business to turn a profit over a specific time period based on sales, total assets, and own capital is known as profitability. One of the fundamental metrics for evaluating a firm's health is its profitability; the higher the profit the company generates, the less debt it uses to finance its operations since it may use internal equity from retained earnings first. This is possible since the company's income fluctuates from month to month. One of the responsibilities of debt policy management is to oversee and manage the business's finances. If the firm needs money, its primary priority is to employ internal resources, namely retained earnings, but if it must look outside the company for money, debt will take precedence.

The findings of this study are consistent with research [5], which found that profitability had no impact on debt policy, but they are at odds with research [20], which found that profitability had a favorable impact on forest policy.

b. Liquidity's impact on debt policy

According to the findings of the research of the liquidity variable on debt policy, the liquidity coefficient has an alpha value less than 0.05 and the t_{value} is bigger than the t_{table}.

The ability of the business to pay off debt quickly is known as liquidity. According to [19], a corporation may be considered to have a high level of liquidity if it can pay off all of its short-term debts. As a result, organizations with high levels of liquidity typically have low debt levels.

Debt policy is significantly impacted by liquidity. The ability of the business to pay off debt quickly is known as liquidity. Regarding the quantity of money invested in current assets, liquidity is considered to be a crucial concern. Investors should make sure that the company's liquidity is not in danger before purchasing shares. A corporation with a high current ratio will have enough short-term assets to cover its short-term liabilities, which will make it easier for investors to lend money to the company. From the standpoint of creditors, a firm with high liquidity is a good company because the short-term loans the company takes out may be secured by sizable quantities of current assets, making it simpler for the company to get financing if it wants to grow.

Because a firm's liquidity is not a direct component that may be utilized as a consideration by management or companies to use debt to finance corporate operations, this research contradicts research [19] that claims liquidity has no substantial influence on debt policy. and does not directly influence whether creditors are willing to lend money to a firm by assessing its level of liquidity.

c. Firm Size impact on Debt Policy

The findings of the study on the impact of business size on debt policy using the t test value show that the company size coefficient has an alpha value less than 0.05 and that the t_{value} is higher than the t_{table} value.

Because businesses with larger sizes have a higher likelihood of outlasting their competitors or remaining in business, company size can be used as an indicator of how easy it is for a company to access information or the capital market, making it simpler to get loans from creditors [10].

Debt policy is significantly influenced by a company's size. A scale or measurement called "company size" is used to define how big a firm is based on factors including total assets, log size, market value, share price, total sales, total revenue, total capital, and others. Large businesses have sufficient assets to serve as collateral for loan repayment. Because business size is one of the factors affecting a firm's finances, large organizations have extensive access to both internal and external capital. Therefore, the creditor will feel more comfortable lending money to the firm the bigger the company is. Additionally, it is foreseeable that a corporation would have more debt the bigger it is.

The findings of this study are consistent with previous research [17], which found that a company's size has a positive and significant impact on its debt policy and that larger companies are more likely to use debt because they need more money for operations and investments.

d. Sales Growth impact on Debt Policy

The study's findings on the sales growth variable's impact on debt policy are revealed by the t test value, which also yields a t_{value} that is less than t_{table} and an alpha value for the sales growth coefficient that is more than 0.05.

Businesses with rising sales want a lot of money. Various asset components are managed and invested in using funds. According to studies by [5], [11] external investment is required since the company's internal funding may not be adequate to satisfy these demands.

Growth in sales has no discernible impact on debt management. Sales growth is a metric used to determine if a company's sales rise or decrease from year to year. Sales growth is unable to affect rising company debt because not all costs for activities to increase sales, including those incurred by the company for raw materials, production, operations, and product promotion, are funded by debt. This means that not all businesses with high sales growth rates use debt as a source of funding. Since stronger sales growth results in bigger profits, the business can employ internal money from retained earnings. However, if internal resources are insufficient to cover these financial demands, the firm turns to debt as a low-cost financing option. However, if internal resources are adequate to carry out development, the amount of debt required may merely be little.

This study disputes studies by [5], [17] which claim that increasing sales have a favorable impact on debt policy.

5. Conclusion

It is possible to draw the following conclusions about the impact of profitability, liquidity, firm size, and sales growth on debt policy in food and beverage companies listed on the Indonesian stock exchange in 2016–2021 based on the study and discussion that the researchers have provided:

1. It can be said that during the years 2016 to 2021, the debt policy of food and beverage firms listed on the Indonesian stock exchange is not significantly impacted by the profitability variable, as represented by Return on Assets (ROA).
2. It can be stated that, for the years 2016–2021, the liquidity variable, as represented by the Current Ratio (CR), has a large impact on the debt policy of the food and beverage firms listed on the Indonesian stock market.
3. For the period of 2016–2021, debt policy for food and beverage firms listed on the Indonesian stock exchange is significantly influenced by the firm size variable, as measured by Size.
4. It can be inferred that, for the years 2016–2021, the sales growth variable, as represented by Sales Growth (SG), has no appreciable impact on the debt policy of the food and beverage firms listed on the Indonesian stock exchange.

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