THE EFFECT OF PROFITABILITY, ASSETS STRUCTURE, AND LIQUIDITY ON CAPITAL STRUCTURE FOOD AND BEVERAGE COMPANY WHICH IS REGISTERED ON BEI 2019-2022

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Abstract

This research aims to analyze the influence of profitability, asset structure and liquidity on the capital structure of Food and Beverage Companies listed on the Indonesia Stock Exchange for the 2019-2022 period. The population in this study were 43 Food and Beverage Companies registered on the IDX 2019-2022. The samples selected based on purposive sampling technique were 24 Food and Beverage Companies and had 96 observations. This research uses secondary data. The estimated model used is panel data regression analysis with the Fixed Effect Model. The research result show that Profitability has a negative and insignificant effect on Capital Structure, Asset Structure has a negative and significant effect on Capital Structure, Liquidity has a negative and insignificant effect on Capital Structure.

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

INTRODUCTION

Food and beverage companies are companies that have an important role in the Indonesian economy, because these companies have a stable nature and are not easily affected by changes in economic conditions or other factors. One important part of company management is finance. Financial managers have the task of making financial decisions. In making decisions, financial managers must be careful and calculate carefully so that investment and funding decisions can achieve the company's goals, namely maximizing the welfare of share owners. The company was built with the aim of making a profit and being able to exploit it in the future (Ramadhani & Fitra, 2019). One element that needs to be considered in managing finances is how much the company is able to meet the need for funds that will be used for operations and developing its business (Sutandi, 2018). Capital structure is a combination of the use of funding sources to fund a company's operational activities. Capital structure *is* a combination of long-term sources of funds *that* a company uses to achieve the company's goal of maximizing shareholder wealth. Capital structure is an important issue for companies because good or bad capital structure will affect the company's financial position (Sunaryo, 2020). Funding decisions are seen from the capital structure, a good capital structure is an optimal capital structure. Capital structure is important for companies because it relates to the policy of using the most profitable sources of funds (Komariah & Nururahmatiah, 2020). Empirically, the average capital structure of Food and Beverage Companies over the last four years can be seen in the graph below:

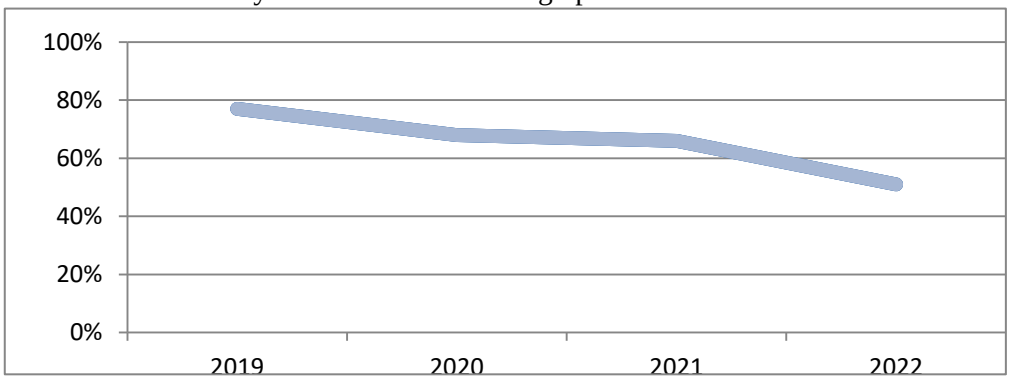
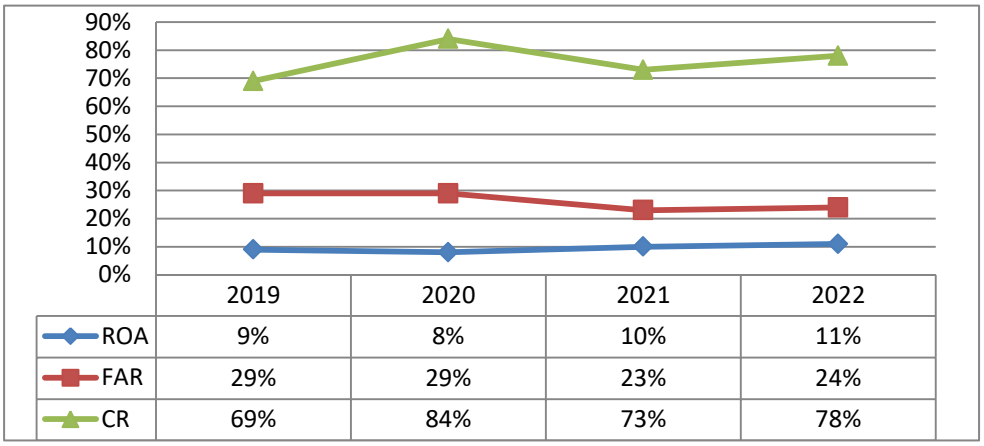


Figure 1 Capital Structure Graph (DER)

Based on the data in Graph 1, it shows that the capital structure (DER) of food and beverage companies in 2019-2022 has decreased. Where the capital structure of food and beverage companies in 2022 will decline. The decline in capital structure is influenced by various factors including profitability, asset structure and liquidity. Below are presented the average ROA, FAR and CR for the 10 samples of food and beverage companies in this study.



	2019	2020	2021	2022
ROA	9%	8%	10%	11%
FAR	29%	29%	23%	24%
CR	69%	84%	73%	78%

Source: Processed data (2024)

Figure 2 ROA, FAR and CR graphs

Profitability is an important indicator that influences capital structure. Profitability is the company's ability to generate profits (Sunaryo, 2020) . In this case profitability is proxied by *Return On Assets* (ROA). Based on Graph 2, it can be seen that *Return On Assets* is experiencing fluctuations. Where ROA in 2019 was 9%, in 2020 it decreased to 8%, and increased in 2021 to 10%. Profitability can be used as a measure of how a company uses working capital effectively and efficiently to achieve the expected results (Sanjaya & Rizky, 2018).

Another indicator that influences capital structure is asset structure. Asset structure is the balance or comparison between fixed assets and total assets (Sunaryo, 2020). In this case, the asset structure is proxied by *the Fixed Assets Ratio* (FAR). Based on Graph 2, it can be seen that *the Fixed Assets Ratio* in 2019-2022 experienced fluctuations. Where the FAR in 2019 was 29%, in 2020 29%, decreased in 2021 to 23% and increased in 2022 to 24%. The higher the FAR or the greater the number of fixed assets owned by the company, the higher the use of its own capital or the less use of foreign capital (Paramitha & Putra, 2020).

Another factor that influences capital structure is liquidity. Liquidity is the company's ability to pay off short-term debt (Ibrahim & Sudirgo, 2023). In this case, liquidity is proxied by *the Current Ratio* (CR). Based on Graph 2, it can be seen that *the Current Ratio* in 2019-2022 experienced fluctuations. Where CR in 2019 was 69%, in 2020 it was 84%, decreased in 2021 to 73%, and increased in 2022 to 78%. Companies that have a high liquidity ratio tend to reduce or not use debt because they have large internal funds, so they prefer to maximize the use of funds (Dewinigrat & Mustanda, 2018).

LITERATURE REVIEW

Trade Off Theory

Trade off theory is a capital structure theory which explains that companies have an optimal target *leverage ratio* to balance the risk of bankruptcy and the tax benefits resulting from the use of debt to finance the company. *Trade off* theory explains that a company will experience an increase along with an increase in *leverage* within the company. *Trade off theory* explains that the greater the use of debt, the greater the risk that the company must bear (Paramitha & Putra, 2020). The principle of *trade off theory* is that companies in financing their operations do not prioritize the company's internal funding sources but rather consider the benefits of using debt (Suherman, 2019).

Packing Order Theory

Packing order theory is a theory which states that companies prefer larger internal funding sources compared to external funding sources, so that companies do not need a lot of debt. *Packing order theory* is one of the policies adopted by companies to increase funds by selling assets owned by the company (Prastika & Candradewi, 2019). *packing order theory* states that companies with high liquidity capabilities are more likely to use internal company funds rather than external company funds (loans). Because company liquidity affects the size of a company's capital structure (Rivandi & Novriani, 2021). The provisions that apply to *packing order theory* are that a company uses its current assets (cash) to fund its operational activities to reduce debt (Suherman, 2019).

Capital Structure

Capital structure is an example of a company's financial comparison between equity obtained from long-term debt and equity which is a source of financing for a company (Ibrahim & Sudirgo, 2023). Capital structure is a component of a company's financial structure that maintains a balance between total debt and equity (Puspita & Dewi, 2019). Capital structure is a comparison between foreign capital or long-term debt and own capital. The capital structure itself can optimize the balance between risk and return (Chairil Akhyar et al., 2023). The use of the capital structure itself is as a reference in making decisions regarding a company's working capital. This capital is funded by two parties, namely internal parties and external parties.

Profitability

Profitability is a factor considered in determining a company's capital structure (Ramadhani & Fitra, 2019) . Profitability is one of the factors that can influence capital structure, because higher profitability will reduce the use of debt which can result in a low capital structure. The company has the main goal, namely to generate maximum profitability (Irhamna et al., 2023). High profitability does not use a lot of debt because the profits obtained result in high retained profits which can be used by the company to fund its operational activities so that it does not use debt. Profitability shows a company's ability to earn profits from the company's operational results.

Asset Structure

Asset structure is the wealth owned by the company which consists of *current assets* and *fixed assets* (Komariah & Nururahmatiah, 2020) . Companies must provide guarantees to creditors to ensure the company's credibility. This high asset structure for collateral can be used by companies to increase company funds that come from external sources (debt). Asset structure or *fixed assets ratio* (FAR) is a comparison between fixed assets and total assets owned by a company. Companies need large profits and fixed assets that do not shrink easily (Sunaryo, 2020).

Liquidity

Liquidity is a company's ability to pay off its short-term debt (Ibrahim & Sudirgo, 2023) . Companies that can pay off their debts in a shorter time will be more trusted by creditors to issue large loans, thereby affecting the company's capital structure. It is important for companies to regulate, maintain and maintain good liquidity to maintain credibility with creditors because an illiquid company is an unhealthy company. Liquidity is an indicator of a company's ability to pay all short-term financial obligations at maturity using available current assets (Nur Ilham et al., 2022).

Conceptual Framework

A conceptual framework is an arrangement of logical constructions used to explain a research variable. This conceptual framework describes how the concepts and variables in this research relate to each other. In conducting research, this framework is used to develop a flow of thought regarding the relationship between the variables you want to research. Based on the

description of the influence of profitability, asset structure and liquidity on capital structure, the following conceptual framework can be developed.

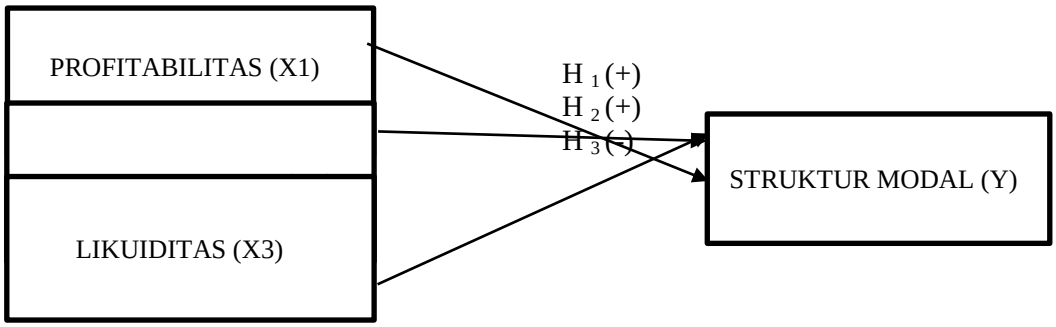


Figure 3 Conceptual framework

Hypothesis

Based on the description above, the temporary hypothesis formulation of this research is as follows:

H_1 : Profitability (ROA) has a positive effect on the capital structure of food and beverage companies listed on the IDX in 2019-2022.

H_2 : Asset structure (FAR) has a positive effect on the capital structure of food and beverage companies listed on the IDX in 2019-2022.

H_3 : Liquidity (CR) has a negative effect on the capital structure of food and beverage companies listed on the IDX in 2019-2022.

METHOD

The data collection techniques used in this research are documentation techniques and literature study. The data source in this research relies on financial reports and annual reports of food and beverage companies listed on the Indonesia Stock Exchange (BEI) for 2019-2022. The data analysis technique was carried out with the aim of explaining and providing estimates of secondary research data through descriptive statistical methods, classical assumption tests, panel data regression tests, model feasibility tests and hypothesis tests.

This descriptive statistical analysis was carried out to describe the data used in this research. Descriptive statistical analysis is an analytical tool used to describe and describe data that has been collected by researchers. Descriptive statistics is a method used to find out how to collect numbers, describe, process, analyze the numbers and present the numbers in the form of tables or graphs. In this research, descriptive statistical analysis is used to determine the effect of profitability, asset structure and liquidity on capital structure.

The classical assumption test is an analysis carried out to assess whether the variables in a regression model have classical assumption problems. This classic assumption test consists of a normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test (Intan Apsari & Dana, 2018) The normality test is a statistical test used to test whether the data observed by researchers has a normal or abnormal distribution. Data is normally distributed if it has a significance value of more than 0.05 or 5%.

The multicollinearity test aims to test whether in the regression model a correlation is found between independent variables (Komariah & Nururahmatiah, 2020). The multicollinearity test is a test to measure whether the regression model has a strong enough correlation between the independent variables. To show whether there is a multicollinearity problem or not, this can be done by paying attention to the VIF (*Variance Inflation Factor*) value. If a variable has a *tolerance value* > 0.10 and a VIF value below 10, it is said that there is no multicollinearity problem.

The heteroscedasticity test is a test used to determine whether there is an inequality in the variance of the residuals in the regression model from one observation to another. The heteroscedasticity test is used to determine whether in a regression model there is inequality of residual variance from one observation to another. A good model is homoscedasticity or heteroscedasticity does not occur. In this test, if the significant value is > 0.05, then there is no heteroscedasticity in the data.

The autocorrelation test is used to determine whether in a regression model there is a correlation between the confounding error in period t and the error in period t-1 (previous). A regression model that is said to be good is a regression that is free from autocorrelation (Ibrahim & Sudirgo, 2023)The autocorrelation test is carried out to see that in the regression the dependent variable is not correlated with itself (Ramadhani & Fitra, 2019).

Panel data regression analysis is a combined data analysis from *cross-sections* and *time series* (Pangestuti, 2020)Panel data regression analysis requires testing model specifications that are appropriate in describing the data. Panel data will be tested using 3 tests, namely *the Chow test*, *Hausman test* and *Lagrange test multiplier.*

Chow test is a test carried out to select the best model between *the common effect model* or *fixed effect model* (Pangestuti, 2020). In determining a panel data regression model, when the *cross-section chi-square value* is <significant value (0.05), the *fixed effect model* will be better to use compared to other panel regression models. Conversely, when the *cross-section chi-square value* is > significant (0.05), then *the common effect model* will be used. In the *Chow test* or *likelihood test*, a regression model can be accepted when the *probability value* of the f-statistic is below 0.05 (Rivandi & Novriani, 2021).

Hausman test is a test carried out to determine the best model to choose between *the fixed effect model* and *the random effect model*. In determining the panel data regression model, when the *random cross-section value* is <0.05, *the fixed effect model* will be used. Conversely, when the *random cross-section value* is > 0.05, *the random effect model* will be used. *Lagrange multiplier (LM)* test is a test carried out to select a model between *the common effect model* and *the random effect model*. *The Lagrange multiplier* test is needed because there are different results between the *Chow test* and the *Hausman test*. The Lagrange multiplier test is used with the aim of seeing which model is better to use between *the common effect model* and *the random effect model* (Pangestuti, 2020).

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Descriptive statistical analysis is used for an overview or description of data that provides minimum values, maximum values, average values (*mean*) and standard deviation of each variable used in this research. The results of the descriptive statistical analysis in this research can be seen in Table 1

Table 1
Results of Descriptive Statistical Analysis

	DER	ROA	FAR	CR
Mean	0.824672	0.094002	0.306063	1.034878
Maximum	2.969300	0.416300	0.607500	3.830300
Minimum	0.108500	0.000100	0.021500	0.001200
Std. Dev.	0.682832	0.064008	0.154631	1.044124
Observations	96	96	96	96

Source: *Eviews 10 output* (data processed by researchers), 2024
Information: Capital Structure (DER), Profitability (ROA), Asset Structure (FAR) and Liquidity (CR)

In Table 1, it can be seen that the average (*mean*) value of DER is 0.824672 with a standard deviation of 0.682832. This shows that the mean value is higher than the standard deviation. So it

indicates that the results are very good because the standard deviation or deviation level is normal and does not cause bias. The highest (maximum) DER value is 2.969300 at PT. Mahkota Group Tbk in 2022 and the lowest (minimum) DER value is 0.108500 at PT. Wilmar Cahaya Indonesia Tbk in 2022 with a total of 96 observations.

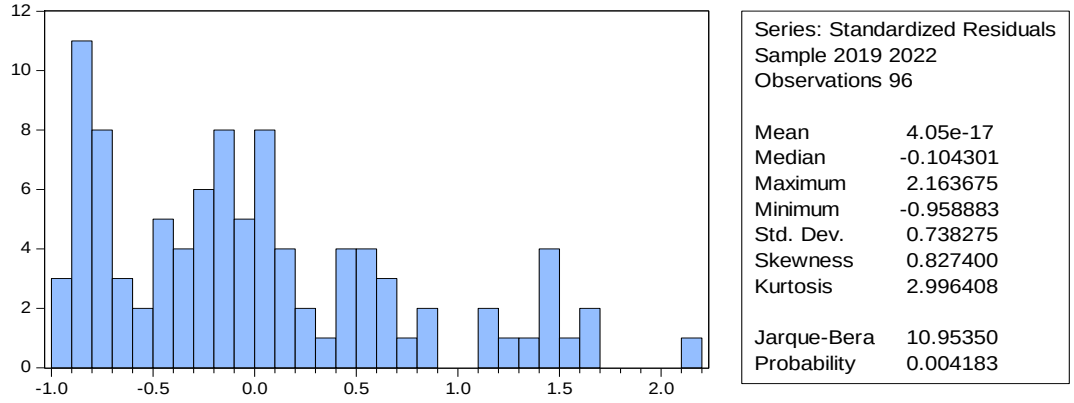
Variable has *an* average value of 0.094002 with a standard deviation of 0.064008. This shows that the mean value is higher than the standard deviation. So it indicates that the results are very good because the standard deviation or deviation level is normal and does not cause bias. The highest (maximum) ROA value is 0.416300 at PT. Multi Bintang Indonesia Tbk in 2019 and the lowest (minimum) ROA value was 0.000100 at PT. Buyung Poetra Sembada Tbk in 2022 with 96 observations made.

An average value of 0.306063 with a standard deviation of 0.154631. This shows that the *mean value* is higher than the standard deviation. So it indicates that the results are very good because the standard deviation or deviation level is normal and does not cause bias. The highest (maximum) FAR value is 0.607500 at PT. Mahkota Group Tbk in 2019 and the lowest (minimum) value was 0.021500 at PT. Charoen Pokphand Indonesia Tbk in 2021 with 96 observations made.

An average value of 1.034878 with a standard deviation of 1.044124. This shows that the *mean value* is lower than the standard deviation. So it indicates that CR is experiencing large fluctuations. The highest (maximum) CR value is 3.830300 at PT. Nippon Indosari Corpindo Tbk in 2020 and the lowest (minimum) CR value is 0.001200 found at PT. FKS Multi Agro Tbk in 2019 and 2020 for 96 observations made.

Normality Test

The normality test is used to test whether the regression model has a normal distribution or not. The normality test was carried out with the aim of finding out whether the distribution of this data follows or is close to normal (Irhamna et al., 2023). The normality test in this research is as follows.



Source: *Eviews 10 output* (data processed by researchers), 2024

Figure 4 Normality Test

In Figure 4 it can be seen that the Jarqua Bera value is 10.95350 with a probability value of 0.004183. The probability value (0.004183) < 0.05, it can be concluded that the data is distributed abnormally. This is because this data uses *cross section* panel data, which has different data trends every year, so the data is distributed non-normally.

Multicollinearity Test

Multicollinearity Test is a test carried out to see whether there is a correlation or no correlation between the independent variables in this research. The existence of multicollinearity can be seen from *the tolerance value* or *variation inflation factor* (VIF) value. The limit of *the tolerance value* is > 0.10 or VIF < 10. The results of the multicollinearity test can be seen in Table 2

Table 2 Multicollinearity Test

Variables	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.039685	8.480866	NA
ROA	1.189282	3.276219	1.030433
FAR	0.230261	5.773773	1.164323
CR	0.004953	2.275402	1.141863

Source: *Eviews 10 output* (data processed by researchers), 2024

In Table 2 we can see that the VIF calculation results show that there are no independent variables that have a VIF value of more than 10, which means there is no correlation between the independent variables. So, it can be concluded that there is no multicollinearity between the independent variables in the regression model.

Heteroscedasticity Test

The heteroscedasticity test is a classic assumption test which is carried out with the aim of testing whether in the regression model there is inequality of residual variance between one another. In this research, the *Glejser test method was used*. The results of the heretoscedasticity test can be seen in Table 3

Table 3 Heteroscedasticity Tests

Variables	Coefficient	Std. Error	t-Statistics	Prob.
C	0.844695	0.197763	4.271247	0.0000
ROA	-2.176277	1.104043	-1.971189	0.0517
FAR	0.457836	0.470278	0.973543	0.3328
CR	0.039109	0.068820	0.568279	0.5712

Source: Eviews 10 output (data processed by researchers), 2024

Based on Table 3 above, it can be seen that the probability value for each independent variable is above the significance value of 0.05. Therefore, it can be concluded that this research is free from symptoms of heteroscedasticity.

Autocorrelation Test

The autocorrelation test is a test carried out to test whether or not there is a correlation between errors in a model. The autocorrelation test is carried out to see that in the regression the dependent variable is not correlated with itself (Ramadhani & Fitra, 2019) . The results of the autocorrelation test are as follows.

Table 4 Autocorrelation Tests

Durbin-Watson stat	1.590135

Source: *Eviews 10 output* (data processed by researchers), 2024

Based on Table 4, the autocorrelation test can be seen from the Durbin-Waston value in this study. If the DW test value is -2 then it is stated that positive autocorrelation has occurred,

whereas if the DW value is between -2 to 2 then it is stated that there is no autocorrelation and if the DW value is above 2 then it is stated that negative autocorrelation has occurred. The Durbin-Waston value in this study was 1.590135, so it can be concluded that there is no autocorrelation.

In panel data regression analysis there are three models, including *the Common Effect Model* (CEM), *Fixed Effect Model* (FEM) and *Random Effect Model* (REM). To determine the best model, *the Chow Test, Hausman* Test, and *Lagrange Multiplier Test were carried out*. *Chow* test to determine the best model between CEM and FEM. *Hausman* test to determine the best model between FEM and REM. Meanwhile, the *Lagrange Multiplier* Test is to determine the best model between CEM and REM.

Chow Test

Chow test is a test carried out to determine a good model between CEM and FEM. The decision making criteria for the Chow Test can be seen based on the *Probability Chi-Square value*. If *the Probability Chi-Square value* is > 0.05 then *the Common Effect Model* (CEM) is selected. If *the Probability Chi-Square value* is <0.05 then *the Fixed Effect Model* (FEM) is selected. The *Chow* Test results in this research can be seen in Table 5:

Table 5 Chow Tests

Effects Test	Statistics	Df	Prob.
Cross-section F	23.229367	(23.66)	0.0000
Chi-square cross-section	211.942453	23	0.0000

Source: *Eviews 10 output* (data processed by researchers), 2024

Based on Table 5 above, it can be seen that the Probability value in Chi-Square is 0.0000 < 0.05. This value shows the results of the *Chow Test* in this research. The best model chosen was *Fixed Effect Model* (FEM), so it is necessary to continue carrying out the Hausman Test in order to compare the *Fixed Effect Model* (FEM) and *Random Effect Model* (REM).

Hausman Test

Hausman test is a test carried out to determine a good model between *the Random Effect Model* (REM) and *the Fixed Effect Model* (FEM). The decision making criteria for the *Hausman Test* can be seen based on the *Probability value*. If the *Probability value* is > 0.05 then *the Random Effect Model* (REM) is selected. If the Probability value is <0.05 then *the Fixed Effect Model* (CEM) is selected. The results of the *Hausman Test* in this research are as follows.

Table 6 Hausman Tests

Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Random cross-section	12.888933	3	0.0049

Source: *Eviews 10 output* (data processed by researchers), 2024

Based on table 6 above, it can be seen that the *Probability value* is 0.0049. This value shows that the *Probability value* is 0.0049 < 0.05, so the model selected for the *Hausman Test* is *the Fixed Effect Model* (FEM). The *Lagrange Multiplier* Test in this research does not need to be tested because the results of the *Chow Test* and *Hausman Test* have the same results, namely the model chosen is *the Fixed Effect Model* (FEM).

Based on the results of the model selection that has been carried out in this research, the model chosen in this research is the Fixed Effect Model (FEM). The panel data regression results with the Fixed Effect Model (FEM) can be seen in Table 7 below.

Table 7
Panel Data Regression Results Using the Fixed Effect Model

Variables	Coefficient	Std. Error	t-Statistics	Prob.
C	1.502729	0.161567	9.300976	0.0000*
ROA	-0.312586	0.791462	-0.394947	0.6941
FAR	-1.861927	0.447079	-4.164653	0.0001**
CR	-0.076151	0.074992	-1.015461	0.3134
R-squared				0.894574
Adjusted R-squared				0.854849
F-statistic				22.51883
Prob(F-statistic)				0.000000*
Durbin-Watson stat				1.590135

Sumber: *Output Eviews 10* (Data diolah peneliti), 2024
Information: Capital Structure (C), Return On Assets (ROA), Fixed Effect Model (FAR), Current Ratio (CR). Significance Levels of 1%, 5%, and 10% are expressed as signs (*),(**),(***).

Based on Table 7, panel data regression results using the Fixed Effect Model (FEM) obtained above, a linear equation can be prepared as follows.

DER = 1.502729 – 0.312586ROA – 1.861927FAR - 0.076151CR

From the equation above it can be seen that the constant value in this research is 1.502729. This shows that if ROA, FAR and CR are not 0, then DER will remain constant with a value of 1.502729. The estimation results in Table 7 show that *Return On Assets* (ROA) has a negative effect on Capital Structure with a coefficient of (-0.312586). This shows that if ROA increases by 1%, the capital structure value will decrease by (-0.312586).

Fixed Assets Ratio (FAR) has a negative effect on capital structure with a coefficient of (-1.861927). This shows that if the FAR increases by 1%, the capital structure value will decrease by (-1.861927). And finally the Current Ratio (CR) has a negative effect on capital structure with a coefficient of (-0.076151). This shows that if CR increases by 1%, the capital structure value will decrease by (-0.076151).

In Table 7, the coefficient of determination value in this study can be seen in the Adjusted R Square. The Adjusted R Square value in this research is 0.854849 or 85.4849%. This shows that the variables ROA, FAR, and CR are able to explain Capital Structure by 85.4849% and the rest will be explained by other factors not analyzed in this research.

Partial Testing (t Test)

Hypothesis testing in this research uses a partial significance test (t test). The results of this t test are used to see the influence of the independent variable on the dependent variable partially.

Effect of Return on Assets on Capital Structure

Based on the results of Panel Data Regression Estimation with FEM, it can be seen that ROA has a $_{\text{calculated t}}$ of (-0.394947) with *a probability* of 0.6941. The results of *the probability* show a value greater than 0.05 (0.6941 > 0.05). So H_1 is rejected, which means *Return On Assets* (ROA) has a negative and insignificant effect on the Capital Structure of Food and Beverage Companies listed on the IDX for the 2019-2022 period. Profitability does not have a significant effect on capital structure because the company is uncertain about using profits as company capital to generate profits.

The results of this research are in line with the findings of (Mukaromah & Suwarti, 2022)and (Amir, 2023)who found that ROA has a negative and insignificant effect on capital structure. This is because companies that generate profits or losses in their operations do not necessarily use the profits for funding or operational capital for the company. Increasing profitability in a company will reduce the capital structure. High profitability in a company indicates that the company has efficient financial performance (Irhamna et al., 2023)

Effect of Current Ratio on Capital Structure

Based on the results of Panel Data Regression Estimation using FEM, it can be seen that CR has a $_{\text{calculated t}}$ of (-1.015461) with *a probability* of 0.3134. The results of *the probability* show a value greater than 0.05 (0.3134 > 0.05). So H_3 is rejected, which means the Current Ratio (CR) has a negative and insignificant effect on the Capital Structure of Food and Beverage Companies listed on the IDX 2019-2022. This is because food and beverage companies have liquidity that fluctuates greatly every year. Liquidity does not have a significant effect on capital structure because the company has high liquidity so it can pay short-term debt.

The results of this research are in line with the findings of (Ramadhani & Fitra, 2019) and (Rivandi & Novriani, 2021) who found that CR has a negative and insignificant effect on capital structure. The level of company liquidity has no effect on improving performance in the company. Where the company's liquidity does not affect the size of the capital structure (Komariah & Nururahmatiah, 2020). Liquidity is an indicator of a company's ability to pay all short-term obligations that are due (Nur Ilham et al., 2022).

CLOSING

Conclusion

Based on the results of research conducted on Food and Beverage Companies listed on the Indonesia Stock Exchange in 2019-2022 and the discussions that have been carried out, it can be concluded as follows.

1. Return on Assets (ROA) has a negative and insignificant effect on the capital structure of Food and Beverage Companies listed on the Indonesia Stock Exchange in 2019-2022.
2. Fixed Assets Ratio (FAR) has a negative and significant effect on the capital structure of Food and Beverage Companies listed on the Indonesia Stock Exchange in 2019-2022.
3. Current Ratio (CR) has a negative and insignificant effect on the capital structure of Food and Beverage Companies listed on the Indonesia Stock Exchange in 2019-2022.

Suggestions

Based on the results of the research that has been carried out, the suggestions that can be given are as follows:

1. For researchers, it is hoped that research on profitability, asset structure and liquidity can be further developed by researchers with more information about variables, years and objects that can influence capital structure.
2. Investors who invest in food and beverage companies must of course pay more attention to information about these food and beverage companies.

3. It is hoped that the company can improve performance within the company so that Food and Beverage companies will continue to improve with better company results.

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