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The Effects of Dividend Policy, Company Size,Business Risk, and Company Growthon Debt Policy with Profitability as a Moderating Variable

[1*)] Tarisa Tri Utami, [2*)] Rina Trisnawati

[1)] Faculty of Economics and Business, University of Muhammadiyah Surakarta, Indonesia

[2)] Faculty of Economics and Business, University of Muhammadiyah Surakarta, Indonesia

Abstract: This study intends to determine the effect of dividend policy, company size, business risk, and company growth on debt policy with profitability as a moderating variable. This study makes use secondary data in the form of information taken from annual reports or financial statements of companies. This study employs a quantitative approach method with multiple linear regression analysis approaches utilizing SPSS software. The population of this study consists of business in the consumer goods sub-sector that are listed on the Indonesia Stock Exchange (IDX) for the 2018-2021 period. Purposive sampling was used in the sampling procedure, which led to thecollection 136 datafrom 34 companies. The results of this study are company size and business risk significantly affect debt policy, dividend policy and company growth significantly do not affect debt policy. Meanwhile, profitability is not able to significantly influence dividend policy, company size, business risk, and company growth on debt policy.

Keywords: dividend policy, company size, business risk, company growth, profitability, debt policy

I. INTRODUCTION

Companies typically engage in business activities to maximize profit. According to Harahap (2002), corporate objectives include long-term survival, steady expansion, and a favorable public image (image). People in business understand that huge sums of money and capital are unquestionably required to sustain all business activity. In order to increase the company's financial resources and advance overall operational performance, management must adopt a debt policy. When examining debt policies in relation to total assets, consumer products corporations are an intriguing subject. based on total asset data for the years 2018–2020 from the Indonesia Stock Exchange (IDX). PT Wilmar Cahaya Indonesia Tbk in its 2018 financial statements had assets of 1,168,956,042,706, then in 2019 it had assets of 1,393,079,542,074, and in 2020 it had assets of 1,566,673,828,068. While the total assets at PT Unilever Indonesia Tbk. has total assets of 20,326,869 in 2018, then in 2019 has total assets of 20,649,371, and in 2020 has total assets of 20,534,632. It can be concluded that the total assets owned by PT Wilmar Cahaya Indonesia Tbk. in good condition with a significant increase in three consecutive years, but at PT Unilever Indonesia Tbk. for the third year in a row was in unfavorable condition. This is because the higher the debt ratio, the higher the risk that will be accepted by the company. A company's total assets have decreased, so consumer goods companies need to review their debt policies.

Based on empirical evidence from research on the topic of debt policy, there are factors that influence debt policy. In previous research, several factors have been studied, namely dividend policy(Suhartatik & Budiarti, 2018), company size (Nurdani & Rahmawati, 2020), and asset structure (Umbarwati & Fachrurrozie, 2018). This study uses four independent variables, namely dividend policy, company size, business risk and company growth. This study also uses profitability as a moderating variable.

Dividend policy is the choice of whether to distribute year-end gains as dividends or not in order to raise money to support future business operations (Martono & Herzito, 2008). The size of a firm is determined by its size or the value of its assets.A corporation with a larger size has more available resources for help than one with a smaller size. Because large companies have easier access to the capital market and are therefore more flexible and able to obtain financing, small businesses will be more susceptible to changes in the economy and tend to be less lucrative (Wahidahwati, 2001). Business risk is the unpredictability that results from project returns or earnings in the future. The corporation is indirectly exposed to a number of hazards that result from the way it does business. Risk is an element that cannot be

isolated from business operations(Mardiyati et al., 2014). By comparing the proportion of assets in a given year to the year before, one can determine if a corporation has grown or shrunk in terms of total assets. High growth companies frequently rely on outside financing; the faster a firm grows, the more money it needs to fund its operations and investments (Brigham & Houston, 2011).Profitability is a term used to describe the revenue and net profit that a firm generates over a given time period. Debt policy is a way for a company to employ external finance (debt) that can be used to lower the amount of risk that the company must bear, like paying debts.Companies must exercise caution when implementing debt policies since the more debt a firm has, the more expensive it will be to repay it, the more expensive the interest will be, and the greater the chance of bankruptcy (Gusti, 2013).Based on the explanation above, the purpose of this study is to examine the effect of dividend policy, company size, business risk, and company growth on debt policy with profitability as a moderating variable.

II. LITERATURE REVIEW

2.1 Agency Theory

This study's primary theoretical lens is agency theory. The link between shareholders and management in the workplace is explained by agency theory. To run the business on behalf of the client, the shareholders appoint and authorize management (Jensen & Meckling, 1976). When shareholders appoint third parties to run the business, agency theory is at play.Monitoring the activities of these agents is therefore required (Susilawati, 2007). According to Meckling (1976), agency issues occur when managers have an ownership interest that is less than 100%. As a result, managers pursue their personal interests rather than maximizing the value of debt programs.It could be possible for management and owner responsibilities to be divided under this circumstance. This is so that the principal, rather than just management, is completely responsible for assuming the risk.

2.2 Trade-Off Theory

According to the trade-off theory, a company's decision to employ debt is based on a comparison of the cost of tax breaks and the cost of financial difficulty (Sudana, 2011). The goal of the trade-off theory in capital formation is to balance the advantages and disadvantages of borrowing money.Managers aim to increase leverage to the point when the increased expenses associated with financial difficulties fully outweigh the value of the additional interest tax protection. Adding more debt is acceptable as long as the rewards are substantial. Additional debt is no longer permitted if using debt will result in a significant cost (Hartono, 2003).

2.3 Pecking Order Theory

Managers first choose for the pecking order idea when deciding on internal finance for the organization. Hanafi (2004) claims that this approach produces a series of fund selections where managers pick retained earnings, debt, and share issuance before turning to them as a last resort. In accordance with the pecking order theory put forth by Breeley and Myers (1991), the financial hierarchy is as follows: 1) internal financing; 2) companies adjust the target dividend payout ratio with their investment opportunities and avoid drastic dividend changes; 3) in policy, profitability and opportunity investments that are relatively difficult to change due to unexpected fluctuations; and 4) when debt financing is necessary, the company will issue safe securities.

2.4 Contingenchy Theory

The outcomes of empirical study are interpreted using the contingency theory as a tool. This is because the theories that have been proposed to resolve the discrepancies in the results have not been fully tested or understood. When earlier investigations have produced inconsistent findings, the contingency strategy is applied. The contingency technique provides opportunity for other factors to function as moderators to evaluate the effectiveness of the relationship between the dividend policy, company size, business risk, and company growth and debt policy. The link between the variables might be strengthened or weakened by moderating variables. Profitability is used as a moderating variable in this study. The focus is on profitability because any gain generated by a company's manufacturing operations can be used to increase assets and satisfy debts.

2.5 Dividend Policy

The choice of whether to pay a company's profits to shareholders as dividends or to keep them in the form of retained earnings in order to fund future investments is known as the dividend policy, according to Martono & Harjito (2014). If the business decides to pay out profits as dividends, retained earnings will be reduced, and the overall internal funding sources will also be reduced.The opportunity to raise internal cash will be considerably greater, though, if the corporation decides to withhold the profits made.

2.6 Company Size

In accordance with Ibrahim (2008), a corporation can be categorized as large or small based on its total assets, average total assets, total sales, and average total sales. The more a company grows, the more money is required to support its operations. In order to categorize companies according to size, market value of their shares, total assets, and other factors. Companies with big sales volumes typically opt for accounting procedures that lower earnings because selling products involves substantial costs (Sidharta, 2000).

2.7 Business Risk

Uncertainty that could cause loss is referred to as business risk. It can take the shape of monetary losses, time losses, process losses, and other types of losses. Business risk is a crucial determinant for a company's financing structure, particularly when selecting to borrow. The standard deviation of EBIT (earnings before interest and taxes) relative to total assets is used in this study to illustrate business risk. Business risk is a significant consideration for businesses when deciding how to manage their debt. The adequacy of the company's income is closely tied to business risk. Businesses that confront large operational risks strive to limit the use of growing debt to finance operations.As a result, the danger of having trouble paying off its debt will be reduced for the corporation (Mamduh, 2004). The company's debt decreases as the level of business risk increases.

2.8 Company Growth

Suprantiningrum (2013) claims that measuring the percentage of assets in a given year compared to the year before will reveal whether a company has grown or shrunk in terms of total assets. High growth companies frequently rely on outside financing; the faster a firm grows, the more money it needs to fund its operations and investments (Brigham & Houston, 2011). From the discussion above, it can be inferred that businesses that experience sustained corporate growth or expansion in total assets tend to attract capital more readily and require more outside funding.

2.9 Profitability

The capacity of a business to make money over a specific time period is known as profitability. Companies that are profitable preserve their profits, thus management does not require extra outside capital. On the other hand, if a business is not successful, it may decide to use debt or additional outside investment to pay for running expenses. Profitability affects debt policy negatively, claim Nurdani (2020) and Nurlalis (2018). However, research by Amalia (2020) & Uniarti (2013) contradicts the assertion that profitability has a major favorable impact on debt policy.

2.10 Debt Policy

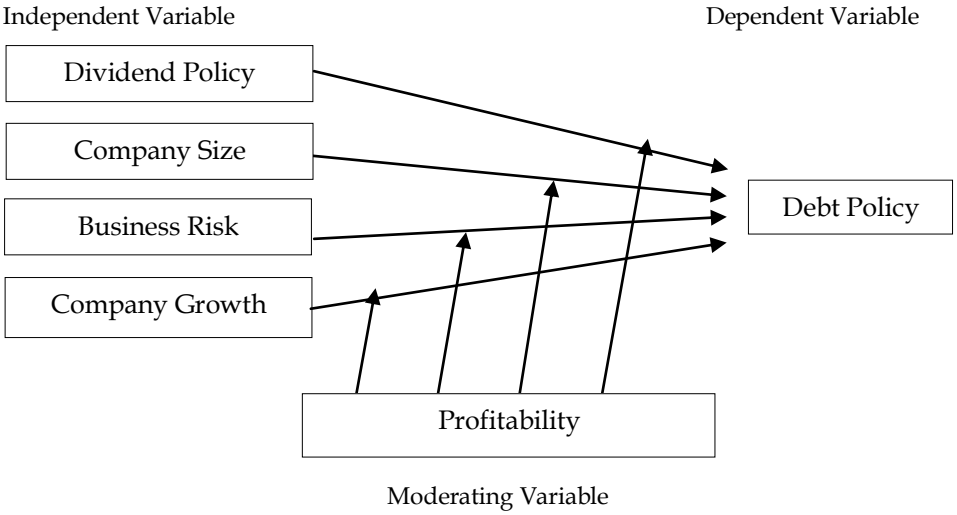
Debt policy deals with how a business decides to use financial loans or other forms of leverage to conduct its business (Brigham & Houston, 2011). Brigham & Houston (2006) identified three primary reasons why businesses use debt to support their operations (financial leverage), namely: 1) by raising money through debt, shareholders can preserve ownership of the business without forgoing investment; 2) the creditor bears the majority of the risk because it only contributes a tiny part of the total funding to create a safety margin; 3) shareholders will realize that profits will be larger even though they do not raise investment if the company makes more money than it has to repay from debt-financed investments.

III. INDENTATIONS AND EQUATIONS

3.1 Research Design

Because this study used numbers as variable indicators to address a research problem, the method used to analyze research problems was an associative quantitative approach.

3.2 Conceptual



3.3 Population and Sample

34 consumer products companies that are part of the subsector that has been listed on the Indonesia Stock Exchange make up the population of this study (IDX). With a total sample size of 136 for four periods and 29 data outliers carried out, a purposive sampling technique was applied, resulting in a final sample size of 107 samples. The study results had selected 34 organizations, making up the sample.

3.4 Data

This study uses secondary data from annual reports of companies in the consumer goods sector listed on the Indonesia Stock Exchange (IDX) for the years 2018 through 2021. The data sources for this study are the Indonesian Stock Exchange's official website (www.idx.co.id) and websites of related companies.

3.5 Data Analysis

In order to ascertain if profitability has the capacity to moderate the impact of dividend policy, company size, business risk, and company growth on debt policy, this study used moderated regression analysis (MRA) in multiple linear regression equations. The test model used in this investigation is represented by the following equation:

Equation 1:

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e$$

Information:

Y : Debt Policy
α : Constant
$\beta_1 - \beta_4$: Coefficient of Each Variable
X_1 : Dividend Policy
X_2 : Company Size
X_3 : Business Risk
X_4 : Company Growth
e : Error Value

Equation 2:

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + ß_5X_5 + \beta_6X_1X_5 + \beta_7X_2X_5 + \beta_8X_3X_5 + \beta_9X_4X_5 + e$$

Informasi:

Y : Debt Policy
α : Constant
$\beta_1 - \beta_9$: Coefficient of Each Variable
X_1 : Dividend Policy
X_2 : Company Size
X_3 : Business Risk
X_4 : Company Growth

X_5 : Profitability (moderation)
X_1X_5 : Interaction Between Dividend Policy and Profitability
X_2X_5 : Interaction Between Company Size and Profitability
X_3X_5 : Interaction Between Business Risk and Profitability
X_4X_5 : Interaction Between Company Growth and Profitability
e : Error Value

3.6 Variable Measurement

Debt on Equity Ratio (DER)

A number of factors, including the size of the business, business risk, and corporate growth, can be taken into account when determining how to handle debt. The debt to equity ratio is a tool for evaluating debt policy (DER). According to Hery et al., (2016)'s research, the following formula can be used to determine debt policy or debt to equity ratios:

$$\text{DER} = \frac{\text{Total Liability}}{\text{Total Equity}}$$

Dividend Payout Ratio (DPR)

A company's choice regarding how much of its profits will be distributed to shareholders is known as a dividend policy (Triana & Lukman, 2021). The research of Yeniatie et al., (2010) is cited in the formula for determining dividend policy, which is as follows:

$$\text{DPR} = \frac{\text{Dividend per Share}}{\text{Profit per Share}}$$

Size

According to Brigham & Houston (2012), company size is the capacity of the firm as demonstrated by the numerous assets, such as total sales, total assets, profits made, and others, that the company has. The following formula is used to determine a company's size or size, and it is based on research by Lumapow et al., (2018):

$$\text{SIZE} = \text{Ln Total Assets}$$

Risk

Business risk is a crucial determinant for a company's financing structure, particularly when selecting to borrow. The standard deviation of EBIT (earnings before interest and taxes) relative to total assets is used in this study to illustrate business risk. According to study by Dewa et al. (2019), the following formula can be used to determine business risk or risk:

$$\text{Risk} = \frac{\text{Earning Before Interest and Tax}}{\text{Total Assets}}$$

Growth

According to Suprantiningrum (2013), measuring a firm's growth by comparing the percentage of assets in one year to the previous year will reveal whether the company has grown or shrunk in terms of total assets. High growth businesses frequently rely on outside funding; the faster a business grows, the more money is required for operations and investment. The formula for estimating firm growth or growth is based on Suryani et al(2016) .'s research, and it is as follows:

$$\%\ \text{Total Assets} = \frac{\text{Total Assets of the Current Year} - \text{Toral Assets of Last Year}}{\text{Total Assets of Last Year}} \times 100\%$$

Profitability (ROE)

Variables that might decrease or increase the relationship between the independent variable and the dependent variable are known as moderating variables (Nuryaman & Christina, 2015:43). Profitability serves as the study's moderating variable. Jogiyanto claims that the moderating variable, which has a contingency impact resulting from the relationship between the independent and dependent variables, is another independent variable employed in the model. According to research by Nurfitriana et al. (2018), the method for determining profitability or ROE is as follows:

$$\text{ROE} = \frac{\text{Net Profit}}{\text{Total Equity}}$$

IV. DATA ANALYSIS AND DISCUSSION

4.1 Descriptive Statistical Analysis

Table 1 Descriptive Statistical Analysis

Equation 1

	N	*Minimum*	*Maximum*	*Mean*	*Std. Deviation*
Dividend Policy	107	-0,250	1,050	0,29280	0,269587
Company Size	107	27,530	32,820	29,68075	1,336109
Business Risk	107	-0,040	0,290	0,08907	0,062567
Company Growth	107	-17,080	32,470	6,74879	8,956836
Debt Policy	107	0,120	3,590	0,93654	0,774697
Valid N (listwise)	107				

Source: Secondary Data, Processed, 2022

The table above contains information about the minimum, maximum, average (mean), and standard deviation values of each variable examined in this study based on the descriptive statistical test.

1. The debt policy variable has the lowest value of 0.120 and the highest value of 3.590, while the average debt policy value is 0.93654 with a standard deviation of 0.774697.
2. The dividend policy variable has the lowest value of -0.250 and the highest value of 1.050, while the average value is 0.29280 at a standard deviation of 0.269587.
3. The company size variable has the lowest value of 27.530, the highest value of 32.820, and has an average value of 29.68075 with a standard deviation of 1.336109.
4. The business risk variable has the lowest value of -0.40, the highest value of 0.290, an average value of 0.08907, and a standard deviation of 0.062567.
5. The company growth variable has the lowest value of -17.080, the highest value of 32.470, an average value of 6.74879, and a standard deviation of 8.956836.

Table 2 Descriptive Statistical Analysis

Equation 2

	N	*Minimum*	*Maximum*	*Mean*	*Std. Deviation*
Dividend Policy	107	-0,250	1,050	0,29280	0,269587
Company Size	107	27,530	32,820	29,68075	1,336109
Business Risk	107	-0,040	0,290	0,08907	0,062567
Company Growth	107	-17,080	32,470	6,74879	8,956836
Debt Policy	107	0,120	3,590	0,93654	0,774697
Profitability	107	-0,080	0,310	0,11664	0,079289
Dividend Policy x Profitability	107	0,00	0,25	0,0408	0,05040
Company Size x Profitability	107	-2,24	8,91	3,4774	2,35920
Business Risk x Profitability	107	0,00	0,08	0,0145	0,01521
Company Growth x Profitability	107	-4,36	7,47	0,9411	1,58593
Valid N (listwise)	107				

Source: Secondary Data, Processed, 2022

1. The debt policy variable has the lowest value of 0.120 and the highest value of 3.590, while the average debt policy value is 0.93654 with a standard deviation of 0.774697.
2. The dividend policy variable has the lowest value of -0.250 and the highest value of 1.050, while the average value is 0.29280 at a standard deviation of 0.269587.
3. The company size variable has the lowest value of 27.530, the highest value of 32.820, and has an average value of 29.68075 with a standard deviation of 1.336109.
4. The business risk variable has the lowest value of -0.40, the highest value of 0.290, an average value of 0.08907, and a standard deviation of 0.062567.

5. The company growth variable has the lowest value of -17.080, the highest value of 32.470, an average value of 6.74879, and a standard deviation of 8.956836.
6. The profitability variable has the lowest value of -0.080, the highest value of 0.310, and an average value of 0.11664 with a standard deviation of 0.079289.
7. The dividend policy variable moderated by profitability has the lowest value of 0.00 and the highest value of 0.25, while the average value is 0.0408 at a standard deviation of 0.05040.
8. The company size variable moderated by profitability has the lowest value of -2.24, the highest value of 8.91, and an average value of 3.4774 with a standard deviation of 2.35920.
9. The business risk variable moderated by profitability has the lowest value of 0.00, the highest value of 0.08, an average value of 0.145, and a standard deviation of 0.01521.
10. The company growth variable moderated by profitability has the lowest value of -4.36, the highest value of 7.47, an average value of 0.9411, and a standard deviation of 1.58593.

4.2 Classical Assumptions Test

Based on the data that has been processed in this study, the classical assumption test results are obtained as follows. The first test is the normality test. The data distribution of a decent regression model should be normal or nearly normal. The Kolmogorov-Smirnov test was utilized in this work to check for normalcy. The Asymp value was obtained in this study. Equation 1 yields the Asymp. value when Sig. is greater than or equal to 0.05 and 0.083 in equation 2. It is determined that the research data is regularly distributed if the Sig. value is 0.111 or greater than 0.05.

The multicollinearity test is the next. According to the results of this test, all independent variables do not exhibit multicollinearity because the score of each tolerance value for each independent variable is larger than 0.1 and the VIF value is less than 10.

The Spearman test is used in this study's following test, which examines heteroscedasticity. As can be seen from the significant values that all independent variables in this study displayed, none of the independent variables in this study displayed heteroscedasticity symptoms.

Then, the last test is the autocorrelation test.Based on the test results, it is known that the result is a running test and that the 2-tailed Asymp. Sig. is greater than 0.05 or 5%. As a result, autocorrelation and random residual data are not present in any of the regression models used in this study.

4.3 Hypothesis Test

Table3Multiple Regression Analysis

Equation 1

Variabel	Coefficient	t	Sig.	Description
(Constant)	-2,301	-1,496	0,138	
Dividend Policy	-0,097	-0,356	0,723	Rejected
Company Size	0,120	2,311	0,023	Accepted
Business Risk	-4,557	-3,870	0,000	Accepted
Company Growth	0,014	1,829	0,070	Rejected
F Count			6,605	
R^2			0,206	
Adjusted R^2			0,175	
Significance F			0,000	

Source: Secondary Data, Processed, 2022

Based on this table, the regression equation can be arranged as follows:
DER = -2,301 – 0,097 DPR + 0,120 SIZE – 4,557 RISK + 0,014 GROWTH + e

Based on equation 1 above, it can be interpreted as follows a constant value in the table above shows -2.301, so if the independent variables, namely dividend policy, company size, business risk, and company growth are not constant, then the debt obtained is -2.301. The dividend policy coefficient proxied by the dividend payout ratio in the table above

shows that the negative regression coefficient is -0.097. This means that if the dividend payout ratio of the company increases, the amount of debt will decrease and vice versa. The coefficient of company size which is proxied by size in the table above shows that the positive regression coefficient value is 0.120. Thus, if the size is greater, the amount of debt obtained will increase and vice versa. The business risk coefficient proxied by risk in the table above shows a negative regression coefficient of -4.557. This means that if the risk to the company decreases, the amount of debt obtained will increase and vice versa. The coefficient of company growth proxied by growth in the table above shows a positive regression coefficient of 0.014. Thus the relationship formed between the dependent and independent variables is unidirectional. If the company's growth increases, the amount of debt obtained tends to increase and vice versa.

Table4Multiple Regression Analysis

Equation 2

Variabel	Coefficient	t	Sig.	Description
(*Constant)*	-3,556	-1,758	0,082	
Dividend Policy	-0,405	-1,140	0,257	Rejected
Company Size	0,157	2,259	0,026	Accepted
Business Risk	-17,531	-8,609	0,000	Accepted
Company Growth	0,009	0,876	0,383	Rejected
Debt Policy	41,602	2,473	0,007	Rejected
Profitability	1,217	0,505	0,615	Rejected
Dividend Policy x Profitability	-0,961	-1,869	0,065	Rejected
Company Size x Profitability	-4,419	-0,434	0,665	Rejected
Business Risk x Profitability	-0,047	-0,790	0,431	Rejected
F Count			25,634	
R^2			0,704	
Adjusted R^2			0,677	
Significance F			0,000[b]	

Source: Secondary Data, Processed, 2022

Based on this table, the regression equation can be arranged as follows:

DER = -3,556 – 0,405 DPR + 0,157 SIZE – 17,531 RISK + 0,009 GROWTH + 41,602 PROFITABILITY + 1,217 DPR.PROFITABILITY – 0,961 SIZE.PROFITABILITY – 4,419 RISK.PROFITABILITY – 0,047 GROWTH.PROFITABILITY

Based on the regression equation can be interpreted as followsa constant value in the table above shows -3.556 so if the independent variables, namely dividend policy, company size, business risk, and company growth are not constant then the debt obtained is -3.556. The dividend policy coefficient proxied by the dividend payout ratio in the table above shows that the negative regression coefficient is -0.405. This means that if the dividend payout ratio of the company increases, the amount of debt will decrease and vice versa. The coefficient of company size which is proxied by size in the table above shows that the positive regression coefficient value is 0.157. Thus, if the size is greater, the amount of debt obtained will increase and vice versa. The business risk coefficient proxied by risk in the table above shows a negative regression coefficient of -17.531. This means that if the risk to the company decreases, the amount of debt obtained will increase and vice versa. The coefficient of company growth proxied by growth in the table above shows a positive regression coefficient of 0.009. Thus the relationship formed between the dependent and independent variables is unidirectional. If the company's growth increases, the amount of debt obtained tends to increase and vice versa. The profitability coefficient proxied by the return on equity in the table above shows a positive regression coefficient of 41.602. This means that if the return on equity in the company increases, the amount of debt earned by the company increases and vice versa. The dividend policy coefficient is moderated by profitability proxied by the dividend payout ratio x return on equity in the table above shows a positive regression coefficient of 1.217. This means that if the dividend payout ratio which is moderated by the return on equity in the company decreases, the amount of debt obtained by the company tends to increase and vice versa. The coefficient of firm size is moderated by profitability proxied by size x return on equity in the table above shows a negative regression coefficient of -0.961. This means that if the size moderated by the return on equity is smaller, the amount of debt that the company gets tends to be low and vice versa. The business risk coefficient is moderated by profitability proxied by risk x return on equity in the table above shows a negative regression coefficient of -4.419. This means that if the risk, which is moderated by the return on equity, decreases, the amount of debt earned by the company tends to be low and vice versa. The company's growth coefficient is moderated by profitability proxied by growth x return on equity in the table above shows a negative regression

coefficient of -0.047. Thus the relationship formed between the dependent variable and the independent variable is not unidirectional. If the company's growth decreases, the amount of debt obtained by the company tends to be low and vice versa.

Based on the results of the F test contained in the table above, it can be seen that simultaneously or together the dividend policy variables, company size, business risk, and company growth affect debt policy. This is evidenced by the calculated F in equation 1 which has a value of 6.605 and a significance level of 0.000 and in equation 2 has a value of 25.634 and a significance level of 0.000. So with a significance value of less than 0.05 or 5%, the regression model used is able to predict debt policy and the independent variables that influence debt policy simultaneously or together.

Based on the test results of the coefficient of determination of the independent variables on debt policy in equation 1 it is expressed by the value of the coefficient of determination (Adjusted R2) of 0.175 or 17.5%. Thus it can be interpreted that the independent variables can explain the dependent variable by 17.5% while the remaining 82.5% is explained by other variables or factors outside the model. In equation 2 it is stated by the value of the coefficient of determination (Adjusted R2) of 0.677 or 67.7%. Thus it can be interpreted that the independent variables can explain the dependent variable of 67.7% while the remaining 32.3% is explained by other variables or factors outside the model.

Based on the table, a results of the statistical test (t-test) it can be explained as follows:

1. First Hypothesis Test Result (H_1)
   In this study, the first hypothesis (H_1) is the dividend payout ratio. The present ratio has a significant value of 0257, more than 0.05, as shown by the statistical t test findings in table 4 above. This suggests that H_1 is rejected. Therefore, it can be said that debt on equity ratio is unaffected by the dividend payout ratio.
2. Second Hypothesis Test Result (H_2)
   Based on the results of the statistical t test in table 4 above, It is well known that the significant ratio of size is 0.026, or less than 0.05. This suggests that H_2 is accepted. This suggests that debt on equity ratio is influenced by size.
3. Third Hypothesis Test Result (H_3)
   Based on the results of the statistical t test in table 4 above, It is well known that the significant ratio of size is 0.000, or less than 0.05. This suggests that H_3 is accepted. This suggests that debt on equity ratio is influenced by risk.
4. Fourth Hypothesis Test Result (H_4)
   Based on the results of the statistical t test in table 4 above, It is well known that the significant ratio of size is 0.383, or more than 0.05. This suggests that H_4 is rejected. This suggests that debt on equity ratio is unaffected by growth.
5. Fifth Hypothesis Test Result (H_5)
   Based on the results of the statistical t test in table 4 above, It is well known that the significant ratio of dividend payout ratio x return on equity is 0,505 or more than 0.05. This suggests that H_5 is rejected. This suggests that debt on equity ratio is unaffected by dividend payout ratio x return on equity.
6. Sixth Hypothesis Test Result (H_6)
   Based on the results of the statistical t test in table 4 above, It is well known that the significant ratio of size x return on equity is 0,065 or more than 0.05. This suggests that H_6 is rejected. This suggests that debt on equity ratio is unaffected by size x return on equity.
7. Seventh Hypothesis Test Result (H_7)
   Based on the results of the statistical t test in table 4 above, It is well known that the significant ratio of size x return on equity is 0,665 or more than 0.05. This suggests that H_7 is rejected. This suggests that debt on equity ratio is unaffected by risk x return on equity.
8. Eight Hypothesis Test Result (H_8)
   Based on the results of the statistical t test in table 4 above, It is well known that the significant ratio of size x return on equity is 0,431 or more than 0.05. This suggests that H_8 is rejected. This suggests that debt on equity ratio is unaffected by growth x return on equity.

4.4 Discussion

1. The Effect of Dividend Policy on Debt Policy

   The findings of this study refute the pecking order idea by providing evidence that managers use internal finance as their initial funding option when deciding how much money the company will receive. The target dividend payout ratio is adjusted by companies in accordance with their investment opportunities while avoiding abrupt dividend changes. Dividend policy is only used as a last choice by management when they require firm cash, hence there is no impact on dividends in this study.

The results of this study are inconsistent with the results of research conducted by Suhartatik & Budiarti (2018) and Angeline & Wijaya (2022) providing evidence that dividend policy has no effect on the debt policy of consumer goods sector companies listed on the Indonesia Stock Exchange (IDX) for the 2018- 2021.

2. The Effect of Company Size on Debt Policy

   The results of this study support the pecking order theory with evidence that in determining the amount of debt to a company, the size of the company is highly considered. Company size influences debt policy because there is an anomaly that the bigger the company, the more funds needed to support the company's operations. Company size refers to the size of the business as determined by its total assets at the end of the year.

   The results of this study are consistent with the results of research conducted by Nurdani & Rahmawati (2020), Benny & Susanto (2021), and Hidayat & Sari (2021) which show that company size influences debt policy.

3. The Effect of Business Risk on Debt Policy

   The study's findings provide evidence in support of the trade-off theory, showing that the higher the debt load, the larger the risk or cost of bankruptcy that the corporation must bear. The study's standard deviation of EBIT (earnings before interest and taxes) in relation to total assets illustrates business risk. Companies with generally steady sales levels have stable cash flows, which lowers their business risk and allows them to take on more debt because their debt-to-revenue ratios are stable.

   The results of this study are consistent with the results of research conducted by Sari & Setiawan (2021) and Fadilah, et al. (2021) where business risk affects debt policy.

4. The Effect of Company Growth on Debt Policy

   The study's findings show that companies will use external funds or debt options to meet their capital structure's requirements, as opposed to relying on internal funds or issuing new shares, which have proven insufficient to cover the costs of the company's operations and other activities. This refutes the pecking order theory. This occurs because growing businesses will rely more on stock or capital sources for funding than on debt. Because creditors will have the first claim on cash flows from investment projects if the company's growth is supported by debt, managers will not make the best investments.

   The results of this study are inconsistent with the results of research conducted by Sulistiani & Agustina (2019) and Setiawan & Bangun (2021) providing evidence that company growth has no effect on debt policy.

5. The Effect of Dividend Policy Moderated by Profitability on Debt Policy

   The study's findings contradict the agency theory, which holds that managers frequently pay large dividends to cut down on agency costs because of conflicts of interest between shareholders and management. Debt will be used by businesses with consistent and high profitability to finance operating costs as well as to invest. This indicates that the business can settle current debt and interest. The ability of the corporation to pay dividends increases with the amount of profit generated. Companies with high dividend yields will also refrain from paying huge dividends because they will reinvest their dividends in the business.

   The results of this study are inconsistent with the results of research conducted by Umbarwati & Fachrurrozie (2018) and Suhartatik & Budiarti (2018) proving that dividend policy is moderated by profitability does not affect debt policy.

6. The Effect of Company Size Moderated by Profitability on Debt Policy

   The study's findings refute the pecking order idea, according to which businesses prioritize internal funding sources like retained earnings but turn to the capital market if these are deemed insufficient. However, big businesses have internal cash reserves that they may use to finance their operations, so they don't necessarily need to borrow money.

   The results of this study are inconsistent with the results of research conducted by Sulistiani & Agustina (2019) and Nurdani & Rahmawati (2020) proving that company size is moderated by profitability and does not affect debt policy.

7. The Effect of Business Risk Moderated by Profitability on Debt Policy

   The findings of this study do not support agency theory, which holds that businesses with fast growth rates and great profitability will typically need huge amounts of capital, necessitating the development of a supervisory mechanism. Profitability influences how company risk affects debt policy.Profitability is a term used to define a company's future risk in relation to its capacity to deploy internal resources to the business. Profitable businesses use a lot of debt because they think it's necessary to do so in order to capitalize on growth opportunities, whereas less profitable businesses use less debt due to high business risk, ultimately avoiding debt as it increases the risk of the business failing to make payments on debt and interest.

   The results of this study are inconsistent with the results of research conducted by Nurfitriana & Fachrurrozie (2018) and Putri & Andayani (2021) that business risk is moderated by profitability does not affect debt policy.

8. The Effect of Company Growth Moderated by Profitability on Debt Policy

The findings of this investigation do not support agency theory. The high profitability and growth rate of the business necessitate enormous sums of money, particularly for quick development and growth.High profitability can finance the company's operations, therefore the high expansion of the business has little impact on the requirement for debt.

The results of this study are inconsistent with the results of research conducted by Nurfitriani & Fachrurrozie (2018) and Setiawan & Bangun (2021) that company growth is moderated by profitability does not affect debt policy.

V. CONCLUSION

The purpose of this study was to analyze and collect empirical evidence about the impact of corporate debt policies in the consumer goods sector listed on the Indonesia Stock Exchange (IDX) for the years 2018–2021, as well as the effects of dividend policy, company size, business risk, and company growth moderated by profitability. The following findings can be made based on tests performed on the research sample utilizing multiple linear regression analysis:

1. The dividend policy has no effect on the debt policy of companies in the consumer goods sector listed on the Indonesia Stock Exchange (IDX) for the 2018-2021 period. H1 is rejected (p-value of 0.257>0.05).
2. Company size influences the debt policy of companies in the consumer goods sector listed on the Indonesia Stock Exchange (IDX) for the 2018-2021 period. H2 is accepted(p-value of 0.026 <0.05).
3. Business risk affects the debt policy of companies in the consumer goods sector that are listed on the Indonesia Stock Exchange (IDX) for the 2018-2021 period. H3 is accepted(p-value of 0.000 <0.05).
4. Company growth has no effect on the debt policy of consumer goods companies listed on the Indonesia Stock Exchange (IDX) for the 2018-2021 period. H4 is rejected(p-value of 0.383 >0.05).
5. The dividend policy, moderated by profitability, has no effect on the debt policy of companies in the consumer goods sector listed on the Indonesia Stock Exchange (IDX) for the 2018-2021 period. H5 is rejected (p-value of 0.615 >0.05).
6. Company size moderated by profitability has no effect on the debt policy of companies in the consumer goods sector listed on the Indonesia Stock Exchange (IDX) for the 2018-2021 period. H6 is rejected(p-value of 0.065 >0.05).
7. Business risk moderated by profitability has no effect on the debt policy of companies in the consumer goods sector listed on the Indonesia Stock Exchange (IDX) for the 2018-2021 period. H7 is rejected(p-value of 0.665 >0.05).
8. Company growth moderated by profitability has no effect on the debt policy of consumer goods companies listed on the Indonesia Stock Exchange (IDX) for the 2018-2021 period. H8 is rejected (p-value of 0.431 >0.05).

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