

Effects of Firm Size, Profitability, Liquidity, and Sales Growth on Capital Structure

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Abstract

This study intends to analyze the effect of firm size and profitability, liquidity, sales growth regarding capital structure in F&B firms listed on the IDX during 2021-2025. Research employed a using quantitative approach an associative method and utilized secondary sources of data derived the obtained from annual financial reports of the company. The study employed purposive sampling technique is employed to select the sample, producing 270 observations. Data analysis was conducted using multiple linear regression with the assistance of SPSS Version 25. Findings showed that profitability as well as liquidity had negative effect and a significant impact regarding capital structure, indicating that companies with a high level of profitability and Liquidity tends to prioritize internal funding financing over debt. Meanwhile, firm size and sales growth was not significant affect capital structure, thus these two variables are not yet primary factors in determining corporate financing policies. Simultaneously, firm size, profitability, liquidity, sales growth significantly influenced capital structure.

Keywords: company size, profitability, liquidity, sales growth, capital structure.

Introduction

Capital structure is defined as the mix of debt and equity financing sources used to fund operational activities and long-term investments (Aurelia et al, 2020). The funding composition reflects the decision regarding the ratio of internal to external funding sources. Managing an optimal capital structure is a crucial factor, as it impacts the cost of funding, the level of financial risk, and the firm's value. Financial theory explains this decision through the Trade-off Theory and the Pecking Order Theory, emphasizing the balance between the benefits and costs of debt usage and the tendency to prioritize internal funding over external financing (Meilisa Aldora & Soekotjo, 2020).

During the 2021–2025 period, companies in the food and beverage subsector listed on the Indonesia Stock Exchange display significant diversity in capital structure policies, which is reflected in variations in the use of internal and external funds. Large companies such as PT Indofood Sukses Makmur Tbk and PT Mayora Indah Tbk tend to continue to use debt to support business expansion due to easier access to external financing. On the other hand, companies with high profitability prioritize retained earnings, so their debt proportion is relatively smaller. In addition, companies with strong liquidity such as PT Ultrajaya Milk Industry & Trading Company Tbk maintain low debt levels because they can meet operational needs through current assets, while companies with low liquidity are more inclined to increase their use of debt. Furthermore, high sales growth does not always result in increased debt, because increased income can enrich internal funding sources and reduce dependence on external funding. This indicates that capital structure decisions are dynamic and influenced by company size, profitability, liquidity and sales growth, so further research is needed to examine the impact of these factors on capital structure in the 2021–2025 period. However, previous studies have reported inconsistent findings regarding the effects of firm size, profitability, liquidity, and sales growth on capital structure. Some studies found that these variables significantly influence capital structure, while others reported insignificant or contradictory results. These inconsistencies indicate that the determinants of capital structure remain inconclusive. Therefore, this study aims to analyze the influence of firm size, profitability, liquidity, and sales growth on capital structure.

Studies Sukardi & Nariman (2021) research on food and beverage companies listed on the IDX demonstrates a positive correlation between firm size and capital structure, indicating that entities with substantial total assets tend to have broad access to debt-based financing. Furthermore, the study reveals that liquidity levels have a significant negative impact on capital structure, meaning entities with high liquidity rely more on internal funding than on debt. Conversely, profitability was not found to have a significant relationship with capital structure, suggesting that profit levels are not necessarily the primary factor in determining debt-to-equity ratios. These results confirm that capital structure choices among food and beverage companies are situational and influenced by the companies' internal financial conditions.

Firm size serves as a metric for assessing the scale of a business entity based on its economic resources, as indicated by its total assets. In financial studies, this variable typically employs the natural logarithm of total assets; this approach provides a more stable representation of the entity's operational scale and minimizes excessive data variation. Large-scale firms generally exhibit robust operational stability, lower bankruptcy risk, and broader access to external financing compared to small-scale firms. Consequently, firm size is widely used as a variable in capital structure analysis, as it reflects a company's capacity to secure funding and meet its financial obligations (Hamzah, 2021). Researcher Widelia & Priowidodo (2024) shows that variable one is company size which has a positive influence on capital structure, while researchers Sari & Rini (2025) demonstrates that firm size has a negative influence on capital structure.

Profitability reflects a company's capacity to generate profit in relation to sales, total assets, and equity. The level of profit generated plays a role in shaping capital structure policy; companies with stable profitability can increase earnings while maintaining dividend payments to shareholders (Sari & Rini, 2025). Researcher Ramadhan et al.(2021) asserts that profitability has a positive influence on capital structure, whereas the researcher Tania Nabila & Ika Rahmawati (2023) states that profitability actually has a negative effect.

Liquidity reflects an entity's capacity to settle short-term obligations. It represents the entity's readiness to maintain operational continuity while repaying current liabilities, a process that potentially depletes available funds. According to the pecking order theory, companies prioritize the use of external capital; consequently, high liquidity levels are typically accompanied by a reduction in external financing, driven by the limitations of adequate internal funding (Laili & Utityati, 2021). Researcher Magdalena & Maimunah (2024) revealed that liquidity has a positive effect on capital structure, while the study Ningrum & Khairunnisa (2022) demonstrates that liquidity has a negative impact on capital structure.

Sales growth reflects the listed company's ability to consistently optimize revenue and operational performance. Increased sales can drive higher operating cash flow and retained earnings, thereby providing the company with greater internal funds and reducing its reliance on debt. This aligns with research Valencia & Dermawan (2024), which indicates that sales growth impacts capital structure, as increased sales can strengthen a company's financial position in determining sources of funding (Suriani et al. (2024) stated that sales growth has a positive impact on capital structure, indicating that increased sales activity can encourage companies to adjust their financing policies more optimally, while Lie & Dewi (2023) found different results—namely, that sales growth does not have a significant impact on capital structure—because an increase in sales is not always accompanied by a change in debt policy, particularly when the company relies more heavily on internal financing.

Based on a review of previous theories and studies, it can be concluded that the impact of company size, profitability, liquidity, and sales growth on the capital structure of companies in the food and beverage subsector still shows varying findings. Research by Ningrum & Khairunnisa (2022) studies indicate that firm size and liquidity negatively influence capital structure, whereas profitability shows no significant effect during the 2016–2020 period. However, research covering more recent periods—particularly following the COVID-19 pandemic—yields different results. Variations in economic conditions and corporate financing strategies are believed to drive changes in capital structure choices. Therefore, this research is conducted as a replication study focusing on the 2021–2025 period for food and beverage sub-sector companies listed on the Indonesia Stock Exchange, aiming to obtain up-to-date and relevant empirical evidence.

Thus, this study is necessary to assess the simultaneous and partial effects of firm size, liquidity, and profitability on the capital structure of food and beverage sub-sector companies listed on the IDX during the 2021–2025 period. The research findings aim to enrich the literature on corporate finance and serve as a practical guide for financial managers in making accurate financing decisions amidst economic uncertainty.

Literature Review

Pecking Order Theory It posits that entities tend to follow a hierarchy when selecting sources of funds, showing a strong preference for internal financing—specifically retained earnings—to fund capital investments and drive growth opportunities. Highly profitable firms typically limit their use of debt, as they possess sufficient internal financing capacity and aim to maintain low debt levels. This theory establishes a funding hierarchy starting with internal financing, followed by external debt financing, and finally equity issuance as a last resort, given that internal financing is considered to entail lower costs and risks than external financing (Kurniati & Yuliana, 2022). Managers prioritize internal funds over external financing; if these prove

insufficient, companies prefer debt to issuing new shares due to lower costs and to avoid negative signals arising from information asymmetry between management and investors (Yunia & Nurabiah, 2025).

Trade Off Theory explains that when determining the capital structure, entities are required to take into account the advantages and disadvantages of using debt. According to Sukardi & Nariman(2021), This theory highlights the balance between the tax-saving benefits of using debt and the risks of bankruptcy or financial distress associated with that debt. Corporate managers must consider the ideal level of debt; higher debt leads to increased interest expenses, potentially raising financial risk and reducing firm value. According to Trade-Off Theory, debt benefits a company because interest payments are tax-deductible, yet debt also entails direct and indirect bankruptcy costs; thus, the ideal capital structure is achieved by balancing the benefits of debt against bankruptcy costs (Lestari et al., 2026).

Large companies typically possess a strong capacity to secure external financing due to their low default risk and solid reputation among creditors and investors. Consequently, according to Trade-Off Theory, large firms are more inclined to utilize debt—given their lower bankruptcy risk—thereby enabling them to balance the tax benefits of debt (the tax shield) against bankruptcy costs to achieve an optimal capital structure. Thus, Trade-Off Theory posits that firm size influences capital structure, with large companies tending to maintain a higher proportion of debt within their capital composition. Based on research Susanti et al. (2023) and Ramadhan et al.(2021) Company size influences capital structure.

H1 = Company size influences capital structure.

Profitability reflects a company's ability to generate profit from its assets and is a key factor in capital structure decisions. According to the Pecking Order Theory, companies follow a hierarchy of financing preferences—starting with internal funds, followed by debt, and finally equity. Consequently, when profitability is high, companies prefer internal funds (retained earnings) over debt to avoid additional costs and risks; thus, the theory indicates that profitability influences capital structure, with highly profitable companies tending to maintain lower debt ratios. Based on research Ramadhan et al.(2021) and Widelia & Priyowidodo (2024) Profitability affects capital structure.

H2 = Profitability affects capital structure.

Companies with high liquidity are typically able to effectively finance their internal needs, thereby reducing reliance on external funding sources such as debt. According to the Pecking Order Theory, the hierarchy of financing preferences is internal funds, followed by debt, and finally equity; high liquidity provides sufficient liquid assets for operations and encourages the use of internal funds over debt to avoid additional costs and risks. Consequently, the theory posits that liquidity influences capital structure, with highly liquid companies tending to maintain a lower proportion of debt. Based on research Ramadhan et al.(2021) and Magdalena & Maimunah (2024) Liquidity affects capital structure.

H3 = Liquidity affects capital structure.

According to Pecking Order Theory, companies prioritize internal funds over debt or equity; consequently, as sales growth rises, companies generate greater cash flow and profits to fund operations and investments, thereby reducing their reliance on debt. Thus, the theory posits that sales growth influences capital structure, with companies experiencing high sales growth tending to maintain a lower proportion of debt in their capital structure. Based on research (Muyasaroh et al., 2023) and Chandra & Sutan (2023) Sales growth affects capital structure.

H4 = Sales growth affects capital structure.

Method

This research employs a quantitative approach using an associative method to examine the influence of firm size, profitability, and liquidity on capital structure. The study population comprises all companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange (IDX) during the 2021–2025 period. The sample was selected using purposive sampling based on the following criteria: companies that did not incur losses during the period, utilized the same reporting currency, and were classified as consumer non-cyclical companies—specifically within the food and beverage sub-sector. Secondary data were obtained from the companies' annual financial reports via the official IDX website (www.idx.co.id) and the official websites of the respective entities. Data collection was conducted using a documentation technique by gathering financial reports for the study period.

Capital structure serves as the dependent variable in this study and is measured by the Debt-to-Equity Ratio (DER). The independent variables include firm size—measured using the natural logarithm of total assets (Ln Total Assets)—profitability (measured by Return on Assets/ROA), and liquidity (measured by the Current Ratio/CR). The research data were analyzed using the multiple linear regression method with SPSS version 25 software. Hypothesis testing encompassed descriptive statistics, tests for normality, multicollinearity, heteroscedasticity, and autocorrelation, as well as regression equation analysis, the t-test, the F-test, and the coefficient of determination (R^2) to assess the independent variables' ability to explain the dependent variable. The regression model in this study is formulated as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Information:

Y = Capital Structure

X_1 = Company Size

X_2 = Profitability

X_3 = Liquidity

X_4 = Sales Growth

β = Regression Coefficient

ε = Error

Capital structure is a description of the composition of an entity's funding structure, namely the ratio between equity and debt financing used to finance the company's operations (Ningrum & Khairunnisa, 2022).

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

Company size refers to magnitude company as seen from total assets, total sales, company profits, company tax burdens (Ningrum & Khairunnisa, 2022).

$$\text{Company Size} = \ln(\text{Total Assets})$$

Profitability reflects the effectiveness of entity management that described by level income generated relative to sales and investment activities (Ningrum & Khairunnisa, 2022).

$$ROA = \frac{\text{Net profit}}{\text{Total Assets}}$$

Liquidity refers company's ability pay or settle its short-term obligations on time (Ningrum & Khairunnisa, 2022).

$$CR = \frac{\text{Current assets}}{\text{Current Liabilities}}$$

Sales growth indicator of entity ability to increase sales volume in current year in comparison with previous year (Ningrum & Khairunnisa, 2022).

$$\text{Pertumbuhan Penjualan} = \frac{\text{Sales}_t - \text{Sales}_{t-1}}{\text{Sales}_{t-1}}$$

Results and Discussion

Table 1. Population and Sampling

Num	Criteria	Amount
1	Companies listed on the IDX and categorized as non-cyclical Consumer Companies in 2021 - 2025	103
2	Food and beverage companies that did not experience losses during 2021 – 2025	(44)
3	Food and beverage companies that did not submit financial reports consecutively during 2021-2025	(5)
	Number of Samples	54
	Year 2021 – 2025 (54x5)	270
	Outlier	(40)
	Number of Samples after Outliers	230

Source: Data analysis using SPSS 25, 2026

Table 2. Descriptive Statistics Test

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Size	230	14.03	31.08	22.45	5.598
ROA	230	.01	.34	.0904	.05970
CR	230	.56	17.17	3.2394	2.99935
Sales growth	230	-.40	.77	.1377	.18886
Capital Structure	230	.06	1.98	.7083	.47084
Valid N (listwise)	230				

Source: Data analysis using SPSS 25, 2026

In Company Size (X1) The company size variable has a minimum value of 14.03 which indicates the company with the smallest total assets in the research sample, while the maximum value of 31.08 indicates the company with the largest total assets. The average value is 22.45 with a standard deviation of 5.598 which means the standard deviation is smaller than the average value. Profitability (X2) The profitability variable has a minimum value of 0.01 and a maximum value of 0.34. The average value is 0.0904 with a standard deviation of 0.05970 which means the standard deviation value is smaller than the average value.

Liquidity (X3) The liquidity variable has a minimum value of 0.56, indicating that there are companies with very low ability to meet their short-term obligations. Conversely, the maximum value of 17.17 indicates that there are companies that have current assets much larger than their current liabilities so that the ability to pay short-term debt is very high. The average value is 3.2394 with a standard deviation of 2.99935, which means the standard deviation value is smaller than the average value. Sales Growth (X4) The sales growth variable has a minimum value of -0.40, indicating that there are companies with the lowest sales growth value during the observation period.

Meanwhile, the maximum value is 0.77, the average value is 0.1377 with a standard deviation of 0.18886, which means the standard deviation value is greater than the average value. Capital Structure (Y) The capital structure variable has a minimum value of 0.06, while the maximum value is 1.98. The minimum value indicates that there are companies with a relatively low level of debt usage compared to their own capital, while the maximum value indicates that there are companies with a relatively high level of debt usage compared to their own capital. The average value is 0.7083 with a standard deviation of 0.48084, which means the standard deviation value is smaller than the average value, thus indicating a relatively low data spread.

Table 3. Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		230
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.36391239
Most Extreme Differences	Absolute	.085
	Positive	.085
	Negative	-.068
Test Statistic		.085
Asymp. Sig. (2-tailed)		.000 ^c
Monte Carlo Sig. (2-tailed)	Sig.	.069 ^d
99% Confidence Interval		
Lower Bound		.062
Upper Bound		.076

Source: Data analysis using SPSS 25, 2026

The One-Sample Kolmogorov-Smirnov Test yields an Asymp.Sig. score of 0.000 and a Monte Carlo Sig. score of 0.069, as shown in the table. The data shows that this regression model conforms to a normal distribution, as the Monte Carlo significance value is >0.05. Therefore, the normality assumption in the regression model has been met. Prior to testing, 40 outliers were removed because some data had extreme values and affected the data distribution. After this process, the number of samples used became 230, making the data suitable for use.

Table 4. Heteroscedasticity Test

Model		Coefficients ^a			t	Sig.	Collinearity Statistics	
		Unstandardized Coefficients		Standardized Coefficients			Tolerance	VIF
		B	Std. Error	Beta				
1	(Constant)	.319	.046		6.856	.000		
	Size	.000	.004	.004	.060	.952	.950	1.052
	ROA	-.554	.295	-.127	-1.880	.061	.935	1.070
	CR	-.012	.006	-.128	-1.940	.054	.976	1.024
	Sales Growth	.115	.069	.111	1.671	.096	.959	1.042
a. Dependent Variable: Capital Structure								

Source: Data analysis using SPSS 25, 2026

Based on the results of the heteroscedasticity test, it is known that the Company Size variable has a significance value of 0.952, ROA of 0.061, Current Ratio of 0.054, and Sales Growth of 0.096. All significance values are greater than 0.05, so it can be concluded that there are no symptoms of heteroscedasticity in the regression model.

Table 5. Multicollinearity Test

Model	Coefficients ^a	
	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Size	.982	1.019
ROA	.969	1.032
CR	.955	1.047
Sales growth	.948	1.054

a. Dependent Variable: Capital Structure

Source: Data analysis using SPSS 25, 2026

Based on the results of the multicollinearity test, all independent variables have a tolerance value above 0.10 and a VIF value below 10. The Company Size variable has a tolerance value of 0.982 and a VIF of 1.019, ROA has a tolerance value of 0.969 and a VIF of 1.032, Current Ratio has a tolerance value of 0.955 and a VIF of 1.047, and Sales Growth has a tolerance value of 0.948 and a VIF of 1.054. Thus, it can be concluded that there are no symptoms of multicollinearity between the independent variables.

Table 6. Autocorrelation Test

Before Cochran Orcutt

Model Summary^b

Model	R	Durbin-Watson
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1	.250 ^a	1.455
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a. Predictors: (Constant), Sales growth, ROA, CR ,Size

b. Dependent Variable: Capital Structure

Source: Data analysis using SPSS 25, 2026

Based on the results of the autocorrelation test using Durbin-Watson, the Durbin-Watson value was 1.455. This value indicates autocorrelation in the regression model, so it is necessary to improve the model using the Cochrane-Orcutt method.

Table 7. Autocorrelation Test

After Cochrane Orcutt

Model Summary ^b		
Model	R	Durbin-Watson
1		1.863
a. Predictors: (Constant), Sales growth, ROA, CR, Size		
b. Dependent Variable: Capital Structure		

Source : Data analysis using SPSS 25, 2026

After transformation using the Cochrane-Orcutt method, the Durbin-Watson value was 1.863. This value is close to 2, thus concluding that the regression model is free from autocorrelation. Based on the Coefficients table resulting from data processing, the following regression equation is obtained:

$$\text{Capital Structure} = 1.136 + 0.001\text{Size} - 2.433\text{ROA} - 0.082\text{CR} + 0.202\text{SG} + \varepsilon$$

Based on the regression equation obtained, the constant value of 1.136 indicates that if Company Size, Profitability, Liquidity, and Sales Growth do not change, then the Capital Structure has a value of 1.136. The Company Size coefficient of 0.001 Size indicates that the larger the company size, the Capital Structure tends to increase by 0.001. The Profitability coefficient of -2.433 ROA indicates that the higher the Profitability, the Capital Structure tends to decrease by 2.433. The Liquidity coefficient of -0.082 CR indicates that the higher the Liquidity, the Capital Structure tends to decrease by 0.082. Meanwhile, the Sales Growth coefficient of 0.202 SG indicates that the higher the Sales Growth, the Capital Structure tends to increase by 0.202.

Table 8. t-test

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.136	.114		9.921	.000
Size	.001	.004	.017	.323	.747
ROA	-2.433	.413	-.308	-5.893	.000
CR	-.082	.008	-.525	-9.960	.000
Sales growth	.202	.132	.081	1.535	.126

a. Dependent Variable: Capital Structure

Source : Data analysis using SPSS 25, 2026

Based on the results of the t-test, ROA (Profitability) and CR (Liquidity) were proven to have an effect on Capital Structure with a significance value of 0.000 (<0.05), while Company Size and Sales Growth did not have an effect on Capital Structure because their significance values were 0.747 and 0.126 (>0.05) respectively.

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	20.440	4	5.110	37.912	.000 ^b
Residual	30.327	225	.135		

Total	50.767	229
a. Dependent Variable: Capital Structure		
b. Predictors: (Constant), Sales growth, Size, ROA, CR		

Table 9. F Test

Source : Data analysis using SPSS 25, 2026

Based on the results of the F test, a significance value of 0.000 was obtained which is below (0.05), so it can be interpreted that Company Size, ROA, Current Ratio, and Sales Growth have an influence on Capital Structure.

Table 10. Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Durbin-Watson
					R Square Change	F Change	df1	df2	
1	.635 ^a	.403	.392	.36713	.403	37.912	4	225	.000

Source : Data analysis using SPSS 25, 2026

Based on the results of the Determination Coefficient Test, the R Square value was obtained at 0.403 and the Adjusted R Square at 0.392. This indicates that the variables of Company Size, ROA, Current Ratio, and Sales Growth are able to explain the dependent variable by 39.2%, while the remaining 60.8% is explained by other factors outside the research model. In addition, the Sig. F Change value of 0.000 (<0.05) indicates that the regression model used is feasible and the independent variables have an effect on the dependent variable.

Discussion

The first hypothesis states that company size influences capital structure. Based on the research results, H1 was rejected because the significance value was 0.747 (>0.05), so company size did not influence capital structure. The findings of this study indicate that the size of a company's assets is not a primary consideration in determining capital structure. This indicates that food and beverage companies consider internal financial conditions more than asset size in determining financing policies. The results of this study do not support the Trade-Off Theory, which states that large companies tend to use higher debt because they have a lower risk of bankruptcy. These results are consistent with Ningrum & Khairunnisa (2022), but differ from Susanti et al. (2023) and Ramadhan et al. (2021), which state that company size influences capital structure.

The second hypothesis states that profitability influences capital structure. Based on the research results, H2 is accepted because the significance value is 0.000 (<0.05). The findings of this research indicate that companies with a high level of profitability tend to use retained earnings as a source of funding so that the use of debt is lower. This shows that the ability to generate profits is an important factor in determining a company's capital structure. This occurs because companies with higher profitability generate sufficient internal funds to finance their operational and investment activities, thereby reducing their reliance on external debt. This finding supports the Pecking Order Theory which explains that companies prioritize internal funding before using debt. The results of this research are in line with Tania & Rahmawati (2023), but different from Ramadhan et al. (2021) which states that profitability influences capital structure.

The third hypothesis states that liquidity influences capital structure. Based on the research results, H3 is accepted because the significance value is 0.000 (<0.05). The findings of this study indicate that companies with high liquidity are better able to meet funding needs using their current assets, thus reducing their dependence on debt. This occurs because companies with higher liquidity have sufficient current assets to finance their operational activities and short-term obligations, reducing the need to obtain external financing through debt. These results support the Pecking Order Theory, which states that companies will prioritize the use of internal funds before using external funding. These research results align with Ningrum & Khairunnisa (2022) but differ from Magdalena & Maimunah (2024), who stated that liquidity influences capital structure.

The fourth hypothesis states that sales growth affects capital structure. Based on the research results, H4 is rejected because the significance value is 0.126 (>0.05), so sales growth does not affect capital structure.

Although the regression coefficient is positive, the effect is not statistically significant. This indicates that an increase in sales growth tends to be followed by an increase in capital structure; however, the relationship is too weak to have a significant impact. The findings of this study indicate that changes in sales growth are not yet a major factor in determining a company's capital structure. This indicates that food and beverage companies do not always increase the use of debt when sales increase because funding needs can still be met through internal funds. The results of this study do not support the Pecking Order Theory, which states that companies will prioritize internal funding before using external funding. These results are in line with Lie & Dewi (2023), but differ from Valencia & Dermawan (2024), who stated that sales growth affects capital structure.

Conclusion

Based on the findings of this study, capital structure decisions in food and beverage companies listed on the Indonesia Stock Exchange are primarily influenced by the company's internal financial condition. The findings indicate that profitability and liquidity are the main determinants of capital structure, while company size and sales growth are not the primary considerations in financing decisions. Overall, these findings suggest that companies tend to prioritize internal financial capacity when determining their capital structure. In addition, firm size, profitability, liquidity, and sales growth simultaneously have a significant effect on capital structure, with a coefficient of determination of 39.2%, indicating that the remaining 60.8% is explained by other factors outside the research model.

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