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The Effect of Asset Structure, Non-Debt Tax Shield, and Dividend Policy on Capital Structure

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ABSTRACT

Capital structure decisions are very important for a company, because they can reflect the company's financial position. Debt conditions continue to increase in 2020-2022 in the chemical and pharmaceutical industries which is not balanced with operating results, indicates that the company has not made good capital structure decisions. Therefore, the aim of this research is to determine the influence of asset structure, non-debt tax shield, and dividend policy on capital structure. The population in the research is the chemical and pharmaceutical industry sub-sector of manufacturing companies listed on the Indonesia Stock Exchange for the 2020-2022 period with a total of 107 companies. The sampling technique in the research used non-probability sampling with a purposive sampling method, so that a sample of 23 companies and 69 company sample data were obtained. This research uses multiple linear regression analysis techniques with the help of the SPSS 25 program. Based on the results of research that has been conducted, it shows that partially asset structure variable has an effect on capital structure, variable non-debt tax shield has no effect on capital structure, and variable dividend policy has no effect on capital structure.

Keywords: asset structure; capital structure ; dividend policy; non debt tax shield

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INTRODUCTION

The development of the business world has now entered the era of globalization, resulting in intense competition between companies. Therefore, this condition requires companies to manage their finances well. Managing finances is one of the most important things that must be considered when starting, running and developing a business. The first step in managing good finances can be by determining the amount of costs for business operations, the desired profit target, and cash reserves for business development. Managing finances well will result in good decisions, can reduce risks that will harm the business, and be able to control business operations. Thus, companies need to develop their business by paying attention to their capital structure (Fachri & Adiyanto, 2019).

Basically, companies need a lot of capital to run their business. Funding decisions are one of the important decisions faced by company managers in the continuity of company operations. Internal and external capital have advantages and risks for companies so that companies are required to create an optimal capital structure by raising internal and external funds (Meilani & Wahyudin, 2021).

According to Ratuloly et al., (2020) the capital structure is a form of the company's financial proportion, namely between foreign capital (debt) and own capital (equity). When the company decides to go into debt, the cost of capital is the cost of interest plus fees charged by creditors, on the other hand, for creditors, there will be an opportunity cost of the funds used. The emergence of a high cost of capital indicates that the company does not make capital structure decisions properly and appropriately, which results in low company profitability that can threaten the company's financial position. According to Ismoyo & Aprinanto, (2020) stated that in determining the capital structure, companies need to consider and understand the variables that can affect it, because the capital structure will reflect how the company's financial position. So that it will determine the level of existence of the company in maintaining and developing its business.

A capital structure that has a value of more than one will show that the company's debt is greater than the company's assets or capital. To calculate the capital structure can use the debt to equity ratio. Debt to equity ratio (DER) can be calculated using the formula for the ratio between total debt and own capital or equity (Triani & Sulastiningsih, 2022).

The year 2022 is an expansive year for the industrial world in Indonesia after covid-19 which paralyzed the world economy. When viewed from the position of Indonesia's foreign debt (ULN) at the end of the fourth quarter of 2022, it was recorded at 396.8 billion US dollars with the largest private ULN payments, one of which came from the manufacturing industry (Department of Communication, 2023).

The company with the largest private external debt payment means that the total debt owned by the company is also greater. This can be proven by the chemical and pharmaceutical industry, which is the industry with the largest additional budget from the government to support health products, which amounted to 75 trillion in 2020 (Farid Firdaus, Euis Rita Hartati, 2020). For more details, it can be seen from the total debt report presented in the form of a graph below.

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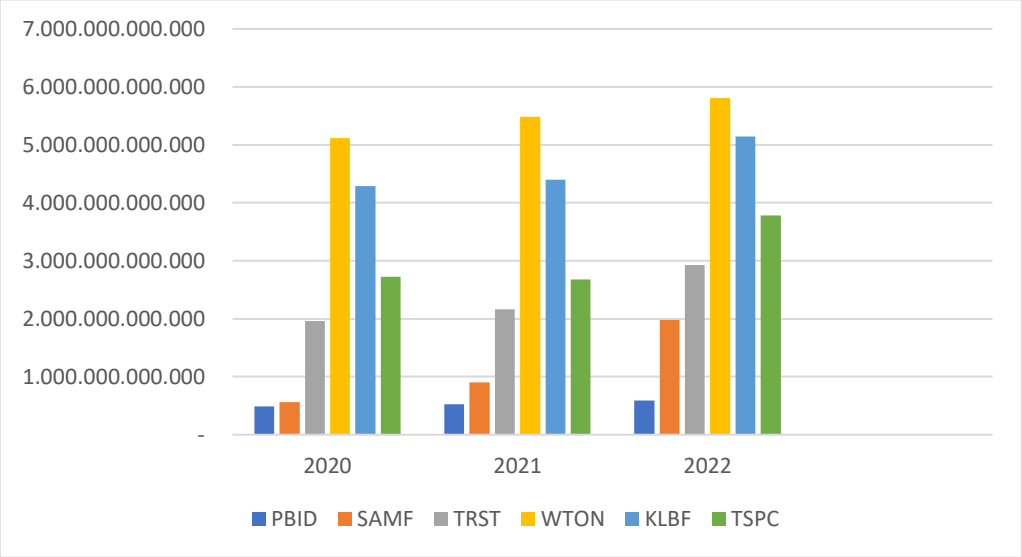

Source: www.idx.co.id (2024)

Figure 1. Report on Total Debt of Chemical and Pharmaceutical Industry Manufacturing Companies in 2020-2022 (In full IDR)

Based on the graph above, it shows that PBID's total debt in 2020 amounted to Rp. 492,491,798,000. Meanwhile, SAMF with the same year shows a total debt of Rp. 558,300,272,457. And at TRST amounting to Rp. 1,956,491,953,490... Meanwhile, PBID's profit in 2020 amounted to Rp. 373,653,845, SAMF amounted to Rp. 118,207,447,778, and TRST amounted to Rp. 73,277,742,422. This means that PBID, SAMF and TRST use external funding (debt) to meet some of their company's needs. Likewise the same with the other three companies.

Companies with high debt levels and low operating results will result in an unfavorable capital structure, namely a gap between available capital and required capital. Companies with high debt utilization will provide a heavy burden for the company, as well as increase the risk of not being able to pay their debt interest expense. In addition, an increase or decrease in the capital structure that is not offset by operating results will have a negative impact on the company's finances, one of which will reduce the level of investor confidence to invest. Therefore, the company is required to optimize the capital structure, so the company must consider the factors that affect the capital structure. Several previous researchers have shown different results related to the factors that influence the capital structure. According to (Triani & Sulastiningsih, 2022) the factors that affect capital structure are profitability, sales growth, asset structure, and non-debt tax shield (Triani & Sulastiningsih, 2022). And according to Ratuloly et al. (2020), the factors that influence capital structure are dividend policy, liquidity, tangibility, asset turnover, and company growth.

Researchers chose to use a combination of the determinants of capital structure above, such as asset structure, non-debt tax shield, and dividend policy. The use of these three factors is because there are still differences in research results (reseach gap) in previous studies which will be discussed as follows.

The first factor that allegedly affects capital structure is asset structure. According to Vanessa May & Lukman Surjadi (2022), asset structure is the ratio between the amount of fixed assets and the total assets owned by the company. This measurement is used to see how much the company's fixed assets are used as collateral to obtain external funding. Companies that have fixed assets that are suitable for credit guarantees or most of their assets are embedded in fixed assets, will tend to use a lot of debt because of the convenience they have, and will affect the capital structure.

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The second factor in this study that is thought to affect the capital structure is the non-debt tax shield. According to Wulandari & Artini (2019) non debt tax shield is tax savings due to depreciation expense. Non debt tax shield is proxied by the ratio between depreciation value and total assets. Companies that have a high non-debt tax shield value tend to increase the use of debt, which will affect the capital structure.

The last factor that is predicted to influence the capital structure is dividend policy. Dividend policy is a policy related to determining the distribution of company income given to shareholders as dividends or invested in the company (Adityo Dwi Ismoyo and Aprinanto, 2020). When the company chooses to distribute its profits as dividends and the company needs additional capital, the company will tend to use external funding for its business operations, this will affect the capital structure.

The results of Rubiyana & Kristanti's research (2020) state that the asset structure (assets) has a positive effect on the capital structure, meaning that it can predict the emergence of the capital structure. However, in contrast to the results of research conducted by Lianto et al., (2020) stated that asset structure has no effect and is significant to the capital structure.

Meanwhile, research conducted by Alex (2020) states that non-debt tax shield has no effect on capital structure. In contrast to the results of research conducted by Rivera (2022), where non-debt tax shield has a positive effect on capital structure.

According to Ismoyo & Aprinanto (2020), dividend policy affects capital structure. But in contrast to the results of research conducted by Ratuloly et al., (2020) states that dividend policy has no effect on capital structure.

Based on the background above, the authors will examine the effect of asset structure, non-debt tax shield, and dividend policy on capital structure (study on the chemical and pharmaceutical industry sub-sectors of manufacturing companies listed on the Indonesia Stock Exchange for the period 2020-2022) ".

LITERATURE REVIEW, FRAMEWORK AND HYPOTHESIS

Trade-Off Theory

Trade-off theory was first introduced by Modigliani and Miller in 1963. Trade-off theory is a capital structure theory that explains the balance of benefits and sacrifices arising from the use of debt. When the benefits are greater, additional debt is still allowed. But if the sacrifice of using debt is greater, then additional debt is not allowed. The use of 100% debt is difficult to find in practice and this is opposed by the trade-off theory. In fact, the more debt, the higher the costs that must be borne by the company (Ismoyo & Aprinanto, 2020).

According to Rubiyana & Kristanti (2020), the concept of harmonizing the benefits and costs of using debt in the capital structure is that companies use a certain amount of debt to achieve an optimal capital structure. It can be said that to achieve an optimal capital structure with a balance between the costs and benefits obtained by the company from debt.

The trade-off theory model in determining the optimal capital structure includes several factors, namely bankruptcy costs, interest costs, agency costs, and so on. Bankruptcy costs cause company losses and incur a lot of costs. This is a consideration for the company in selling its assets. Companies faced with bankruptcy costs tend to lead to the inclusion of more debt in the composition of their capital structure. However, it is not expected to use excessive debt. Similar to interest costs on the use of debt and agency costs caused by the expansion of the company, the company should not use excessive debt.

Capital Structure

According to Triani & Sulastiningsih (2022) capital structure is the ratio between debt and equity. The capital structure is very important for the company, because the capital structure can show how much the company uses debt or uses its own capital to finance the company's operational activities. So that the

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company will know the financial proportion of the company. The measuring instrument used by the author in the capital structure variable is DER. Debt to Equity Ratio is a ratio used to measure the extent of capital available in the company to cover the company's debt (Fahmi, 2020).

Asset Structure

According to Sinaga et al., (2022) asset structure is the composition of the company's assets or property which shows how much the company's assets are. The composition of current assets and fixed assets that support the company's operations. In addition, the amount of assets can be used as a benchmark for investors to invest in the company. Asset structure can be measured by the ratio between fixed assets and total assets owned by the company.

Asset structure describes the composition of assets used for company operations. Capital structure is a choice between risk and expected return (Musthafa, 2017: 85). In general, creditors will first take into account the condition of the company before providing loans or debts, because creditors will bear the risks resulting from operations carried out by the company, such as the risk of bankruptcy.

Companies that have high assets tend to use more debt, because an increase in assets is followed by an increase in operating results. The amount of assets owned by the company can be used as collateral by creditors, so that it increases creditor confidence in the capital invested in the company. Thus, in accordance with the trade off-theory in which companies tend to use greater debt, because of the balance between benefits and sacrifices. Companies that have a high asset structure will make it easier for companies to get into debt compared to companies that have a low asset structure (Rubiyana & Kristanti, 2020).

Based on the explanation above, when a company has high assets, it tends to use more debt, so that it will increase the capital structure. So in this case the asset structure affects the capital structure, and is in line with research conducted by Melinda Rubiyana and Farida Titik Kristanti (2020), and Meilani & Wahyudin (2021) which states that asset structure has a positive effect on capital structure.

H1 : Asset structure affects the capital structure.

Non-Debt Tax Shield

Tax shield is a tax facility provided by the government to reduce the tax burden. According to Banuray (2022) non-debt tax shield is a form of corporate tax savings that arise due to the expenditure of depreciation costs. It can be said that the amount of depreciation can affect the use of greater debt in the company, because of the tax shield that can be utilized by the company.

Non-debt tax shield describes the tax benefits that can be received by the company as a tax deduction or saver that does not come from debt interest, but from the value of depreciation. Capital structure is a description of the form of the company's financial proportion, namely between capital originating from long-term debt (foreign capital) and own capital which is the source of financing for a company (Ratuloly et al., 2020).

Companies have an obligation to pay taxes to the state. Companies with high taxes should use more debt, because of the tax shield. As for the depreciation value, which can also be used to reduce the tax burden. The higher the depreciation value owned by the company will further reduce the value of corporate tax costs and will further motivate the company to seek loans (Hengky, 2022).

The greater the depreciation value will lead to greater tax savings on corporate income. Companies that have a high non-debt tax shield tend to use more debt to reduce the high tax burden with tax incentives from depreciation. In accordance with the trade off theory theory in which companies tend to use greater debt to obtain benefits or advantages. So, in this case non debt tax shield affects the capital structure. In accordance with research conducted by Hengky (2022) and Rivera (2022) which states that non debt tax shield has a positive effect on capital structure.

H2 : Non debt tax shield affects the capital structure.

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Dividend Policy

According to Adityo Dwi Ismoyo and Aprinanto (2020) dividend policy is a policy related to determining the distribution of income between users to be given to shareholders as dividends or used in the company as retained earnings. The dividend value will become an obligation for the company at the General Meeting of Shareholders (GMS). The measuring instrument used by the author in the dividend policy variable is the Dividend Payout Ratio. According to Ardiansyah et al., (2020) DPR is an annual cash dividend per share which shows the percentage of the company paid to the company's ordinary shareholders in the form of cash dividends. DPR is a ratio used to calculate the amount of dividends to be distributed to shareholders.

According to Adityo Dwi Ismoyo and Aprinanto (2020) dividend policy is a policy related to determining the distribution of company income given to shareholders as dividends or invested in the company. According to Ratuloly et al., (2020) Capital structure is a description of the form of the company's financial proportion, namely between capital originating from long-term debt (foreign capital) and own capital which is the source of financing for a company.

According to Hengky (2022) dividend policy can be measured by the Dividend Payout Ratio (DPR) Dividend payout ratio is a ratio used to measure the company's income which will be paid as dividends to shareholders. Dividend policy has an influence on the use of debt indirectly. With the determination of the value of dividends to be distributed to shareholders that have been decided at the General Meeting of Shareholders (GMS), the company will announce it to the public. At the time of the dividend announcement, the company will record the value of the dividend as dividend debt. The incurrence of this dividend debt will increase the total liabilities owned by the company. In addition, dividend payments distributed to shareholders and when the company needs additional capital to fund its operations, the company tends to use greater debt, and this will increase the capital structure.

Based on the explanation above, when the company has a large dividend payout ratio value, it will reduce the amount of internal funding, and will tend to use more debt. In line with the trade off-theory where companies tend to use greater debt to obtain benefits. This means that the dividend policy in this case affects the capital structure. Supported by research by Adityo Dwi Ismoyo and Aprinanto (2020) which states that dividend policy affects capital structure, and Ardiansyah et al., (2020) that dividend policy has a positive effect on capital structure.

H3: Dividend policy affects capital structure.

Based on the study above, the conceptual framework in this research can be described as a research paradigm as follows:

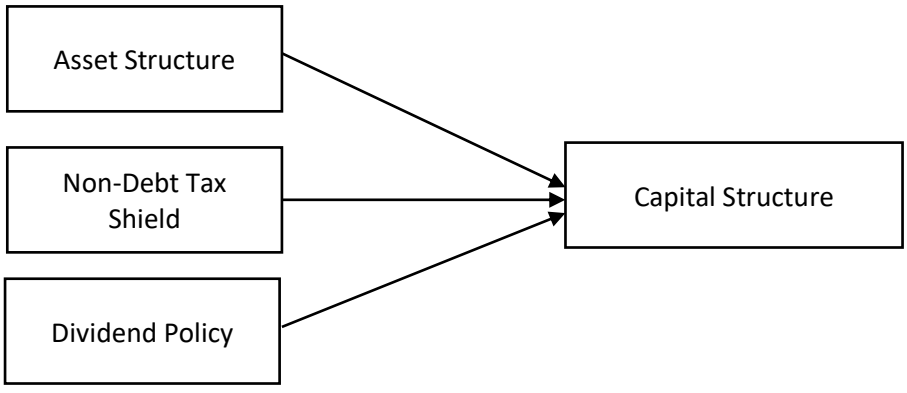

Figure 2. Research Paradigm

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METHODS

According to Sugiyono (2019: 2) what is meant by research methods is a scientific way to get data with specific purposes and uses. The analysis method used in this research is descriptive and verification analysis. Descriptive analysis is to provide a systematic, factual, and accurate description of the facts, characteristics, and phenomena studied. The verification method is used to test the truth of the theory and hypothesis, in this case regarding the effect of asset structure, non-debt tax shield, and dividend policy on capital structure. The population in this study is the chemical and pharmaceutical industry sub-sector of manufacturing companies listed on the Indonesia Stock Exchange for the 2020-2022 period, namely 107 companies. The sample in this study used a non-probability sampling method with purposive sampling technique. The sample in this study obtained as much as 23 data using research criteria in the sample including:

1. Manufacturing companies in the chemical and pharmaceutical industry sub-sectors listed on the Indonesia Stock Exchange for the period 2020-2022.
2. Manufacturing companies in the chemical and pharmaceutical industry sub-sectors that publish company financial reports for the 2020-2022 period.
3. Manufacturing companies in the chemical and pharmaceutical industry sub-sectors that have net profit for the period 2020-2022.
4. Manufacturing companies in the chemical and pharmaceutical industry sub-sectors that have complete data for the 2020-2022 period.
5. Manufacturing companies in the chemical and pharmaceutical industry sub-sectors that use rupiah currency in their financial statements for the 2020-2022 period.

Based on the above criteria, the companies that meet the criteria in this study are 23 companies from a total population of 107 manufacturing companies in the chemical and pharmaceutical industry sub-sectors listed on the Indonesia Stock Exchange with a total of three years of observation, so the total sample is 69. Data processing is carried out by using mathematical calculations, then the variables that have been calculated are processed using SPSS 25 to determine the results of calculations that show the effect of the independent variable on the dependent variable. The method of analysis in this study is multiple linear regression analysis.

RESULTS AND DISCUSSION

Normality Test

The normality test is used to test whether the distribution of independent variables for each value of the dependent variable is normally distributed or not. A good regression model is if all data is normally distributed. The normality test was carried out with the Kolmogorov-Smirnov (K-S) test. The results can be seen in table 1.

Table 1. Result of Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		69
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.21424487
Most Extreme Differences	Absolute	.152
	Positive	.152
	Negative	-.085
Test Statistic		.152

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Asymp. Sig. (2-tailed)			.000[c]
Monte Carlo Sig. (2-tailed)	Sig.		.070[d]
	99% Confidence Interval	Lower Bound	.063
		Upper Bound	.077
a. Test distribution is Normal.			
b. Calculated from data.			
c. Lilliefors Significance Correction.			
d. Based on 10000 sampled tables with starting seed 957002199.			

Source: SPSS 25 output, 2024

Based on table 4.3 above, shows the value of the Kolmogorov-Smirnov test results of 0.152 with monte caro sig (2-tailed) of 0.070. These results indicate that the data is normally distributed as indicated by the monte carlo sig (2-tailed) value of 0.70 greater than 0.05. So it can be concluded that the asset structure, non-debt tax shield, and dividend policy, and capital structure are normally distributed.

Multiple Regression Analysis

Multiple linear regression analysis in this study is used to determine the effect of independent variables, namely asset structure, non-debt tax shield, and dividend policy on the dependent variable, namely capital structure. The results of this analysis are used to draw conclusions whether the increase or decrease in the dependent variable can be increased by the independent variable or not. The following are the results of the multiple linear regression test presented in table 2.

Table 2. Result of Multiple Regression Analysis

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.191	.161		1.191	.238		
	AS	.709	.146	.503	4.840	.000	.971	1.029
	NDTS	.742	.541	.142	1.371	.175	.983	1.018
	DP	.075	.063	.122	1.180	.242	.984	1.016
a. Dependent Variable: CS								

Source: SPSS 25 output, 2024

Based on the results of the SPSS 25 analysis in table 2, the following regression equation is obtained:

Y = 0.191 + 0.709X1 + 0.742X2 + 0.075X3 + e

The multiple linear regression equation above can be concluded as follows:

A constant of 0.191 and a positive value. This shows that if the asset structure, non-debt tax shield, and dividend policy are zero (0), then the capital structure will be worth 0.191. The asset structure regression coefficient of 0.709 and a positive value indicates that when the asset structure increases by one unit, it will increase the capital structure by 0.709. Conversely, every decrease in one unit of asset structure will decrease the capital structure by 0.709 assuming other variables are considered constant or fixed. The non-debt tax shield regression coefficient of 0.742 and a positive value indicates that when the non-debt tax shield increases by one unit, it will increase the capital structure by 0.742. And conversely, every decrease of one unit of non-debt tax shield will decrease the capital structure by 0.742 assuming other variables are considered constant or fixed. The dividend policy regression coefficient of 0.075 and positive value indicates that when the dividend policy increases by one unit, it will increase the capital structure by 0.075. And conversely, every decrease of one unit of dividend policy will decrease the capital structure by 0.075 assuming other variables are considered constant or fixed. e (epsilon) is a nuisance error, namely an error that occurs in the estimation or forecast of variable Y which is caused by other factors besides variable X that affect variable Y, but are not taken into account.

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Hypothesis Test (t test)

Hypothesis testing in this study is a partial test using the t-test. The t-test is used to compare the partial impact of asset structure, non-debt tax shield, and dividend police on capital structure. The results can be seen in table 3.

Table 3. t-Test Result

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.191	.161		1.191	.238
	AS	.709	.146	.503	4.840	.000
	NDTS	.742	.541	.142	1.371	.175
	DP	.075	.063	.122	1.180	.242
a. Dependent Variable: CS						

Source: SPSS 25 output, 2024

Based on table 2 above, it can be explained as follows:

The effect of assets structure on capital structure

Based on table 3, the partial test results of the asset structure have a t-statistic of 4.840 with a significance value of 0.000. At degrees of freedom (df) = n -k - 1 = 69 - 3 - 1 = 65 with alpha (a) 5%. In the t distribution table for df = 65, it is 1.99714. Then the t-statistic > t-table is obtained, namely 4.840> 1.99714 and a significance of 0.000 <0.05, so that H1 is accepted. Thus, partially the asset structure has an effect on the capital structure.

The results of this study are consistent with previous studies conducted by Rubiyana & Kristanti (2020) and Meilani & Wahyudin (2021) which stated that asset structure affects capital structure. However, the results of this study are inconsistent with previous studies conducted by Lianto et al., (2020) which stated that asset structure has no significant effect on capital structure.

The concept of trade-off theory introduced by Modigliani and Miller in 1963 which explains the theory of capital structure is about the balance between benefits and sacrifices arising from the use of debt. Where the use of greater debt is still allowed when the benefits obtained are also greater.

The results of this study are in accordance with the concept of trade-off theory explained above because companies with a high asset structure will use more debt in their capital structure. This is indicated by the composition of fixed assets owned by the company in large amounts. The amount of fixed assets owned by the company can be an opportunity to obtain additional capital, namely debt, where the amount of fixed assets can be used as collateral.

The asset structure, which is proxied by the comparison between the amount of fixed assets and total assets, will show the amount of asset composition owned by the company. Therefore, the higher the company's asset structure, the higher the company's ability to guarantee its debts, and this will increase its capital structure.

Empirical evidence is shown by one of the manufacturing companies in the chemical and pharmaceutical industry sub-sector listed on the Indonesia Stock Exchange, namely PT. Indocement Tunggal Prakarsa Tbk in 2021-2022. In 2021, PT. INTP had an asset structure value of 0.548, while its capital structure was 0.267. In 2022, the asset structure value was 0.579 and the capital structure was 0.313. Therefore, it can be said that the higher the asset structure, the higher the capital structure.

The effect of non-debt tax shield on capital structure

Dividend policy has a t-statistic of 1.180 with a significance value of 0.242. At degrees of freedom (df) = n -k - 1 = 69 - 3 - 1 = 65 with alpha (a) 5%. In the t distribution table for df = 65, it is 1.99714. Then obtained t-statistic < t-table, namely 1.180 < 1.99714 and significance 0.242 > 0.05, so H2 is rejected. Thus, partially dividend policy has no effect on capital structure.

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The results of this study are consistent with previous research conducted by Gwe Dy Alex (2020) which stated that non-debt tax shields have no effect on capital structure. However, the results of this study are inconsistent with previous research conducted by Rivera (2022) which stated that non-debt tax shields have a positive effect on capital structure.

Trade-off theory introduced by Modigliani and Miller in 1963 which explains the theory of capital structure, namely the balance between benefits and sacrifices arising from the use of debt, where the use of greater debt is still allowed when the benefits obtained are also greater. The assumption states that companies with high taxes should use greater debt, because of the tax shield in the form of depreciation value, which can be used to reduce the tax burden.

The results of this study are not in accordance with the trade-off theory explained above because companies that finance their investments with tax benefits obtained from non-debt tax shields tend to be small, where tax benefits from non-debt costs have limitations in tax deductions, such as depreciation costs which can only be partially deducted from the value of certain fixed assets each year. Therefore, the company does not take into account the non-debt tax shield as a tax deduction that can affect the company in making capital structure decisions related to funding. Thus, it can be said that the size of the non-debt tax shield does not affect the company's capital structure.

Empirical evidence is shown by one of the manufacturing companies in the chemical and pharmaceutical sub-sector listed on the Indonesia Stock Exchange, namely PT. Lautan Luas Tbk in 2021-2022. In 2021, PT. INTP has a non-debt tax shield value of 0.023, while its capital structure is 1.303. In 2022, the non-debt tax shield value is 0.024 and the capital structure is 0.040. Therefore, it can be concluded that the high and low non-debt tax shield does not affect the capital structure.

The effect of dividend police on capital structure

Dividend policy has a t-statistic of 1.180 with a significance value of 0.242. At degrees of freedom (df) = n -k - 1 = 69 - 3 - 1 = 65 with alpha (a) 5%. In the t distribution table for df = 65, it is 1.99714. Then obtained t-statistic < t table, namely 1.180 < 1.99714 and significance 0.242 > 0.05, so H2 is rejected. Thus, partially dividend policy has no effect on capital structure.

The results of this study are consistent with previous research conducted by Ratuloly et al., (2020) which stated that dividend policy has no effect on capital structure. However, the results of this study are not consistent with previous research conducted by Ismoyo & Aprinanto (2020) which stated that dividend policy has an effect on capital structure.

Trade-off theory introduced by Modigliani and Miller in 1963 which explains the theory of capital structure, namely the balance between benefits and sacrifices arising from the use of debt, where the use of greater debt is still allowed when the benefits obtained are also greater. At the time of the dividend announcement, the company will record the dividend value as dividend debt. The emergence of this dividend debt will increase the total liabilities owned by the company. In addition, dividend payments are distributed to shareholders and when the company needs additional capital to fund its operations, the company tends to use more debt, and this will increase the capital structure.

The results of this study are not in accordance with the trade-off theory explained above because dividend policy is related to how the company distributes profits to shareholders. Dividends do not affect the amount of capital available to the company, because dividends are a distribution of excess cash or existing profits. On the other hand, although dividend policy can affect stock prices and investor perceptions of the company, it does not directly affect the capital structure, because investors can sell or buy shares according to the dividend policy and the company's growth prospects without changing or influencing the company's decisions regarding the use of debt. Thus, it can be said that when there is an increase or decrease in dividend policy, it does not affect the capital structure.

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CONCLUSION

Based on the results of the study on the effect of asset structure on capital structure in the chemical and pharmaceutical industry sub-sector of manufacturing companies listed on the Indonesia Stock Exchange for the 2020-2022 period explained earlier, it can be concluded that asset structure affects capital structure. This is because companies that have a high asset structure will use more debt in their capital structure. With high fixed assets that can be used as collateral for creditors, it will make it easier for companies to obtain external funding (debt). This means that the higher the asset structure, the higher the company's capital structure. Then, non-debt tax shields have no effect on capital structure. This is because when companies that finance their investments with tax benefits obtained from non-debt tax shields tend to be small, where the tax benefits from non-debt costs have limitations in tax deductions, such as depreciation costs which can only be deducted in part from the value of certain fixed assets each year. Therefore, the company does not take into account non-debt tax shields as a tax deduction that can affect the company in making capital structure decisions related to funding. Thus, it can be said that the size of the non-debt tax shield does not affect the capital structure. Finally, dividend policy has no effect on capital structure. This is because dividend policy is related to how a company distributes profits to shareholders. Dividends do not affect the amount of capital available to the company, because dividends are a distribution of excess cash or existing profits. On the other hand, although dividend policy can affect stock prices and investor perceptions of the company, it does not directly affect the capital structure, because investors can sell or buy shares according to the company's dividend policy and growth prospects without changing or influencing the company's decisions regarding the use of debt.

Implications for companies are that companies should conduct careful analysis to understand the implications as a whole, such as asset optimization that can allow for greater use of debt if assets generate stable cash flow, and can also increase the value of the company. The limitation of this study is that researchers examine the financial condition of companies through capital structure in only two sub-sectors of manufacturing companies using only three independent variables. So that it is not possible to find out the conditions in the sub-sectors and other factors. Therefore, for further researchers, it is expected to be able to add other variables that can affect the capital structure such as company size, profitability, tax rates, and others. In addition, it is expected to be able to replace the research object and research period, so that it can provide an overview of the company's condition in other sub-sectors.

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