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Analysis of Factors Affecting Capital Structure with Profitability as a Moderating Variable in Consumer Non-Cyclicals Sector Companies

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ABSTRACT

This study investigates the effect of liquidity, sales growth, firm size, activity ratio, and business risk on capital structure, moderated by profitability. A sample of 60 consumer non-cyclicals companies listed on the Indonesia Stock Exchange (IDX) during 2021–2023 was selected using purposive sampling. Data were analyzed using multiple linear regression. The results show that liquidity, firm size, and activity ratio significantly influence capital structure, while sales growth and business risk do not. Profitability moderates the relationship between all variables and capital structure, except business risk. These findings offer insights for investors and corporate financial decision-makers.

ABSTRAK

Penelitian ini mengkaji pengaruh likuiditas, pertumbuhan penjualan, ukuran perusahaan, rasio aktivitas, dan risiko bisnis terhadap struktur modal dengan profitabilitas sebagai variabel moderasi. Sampel terdiri dari 60 perusahaan sektor consumer non-cyclicals yang terdaftar di BEI periode 2021–2023 dengan metode purposive sampling. Data dianalisis menggunakan regresi linier berganda. Hasil menunjukkan bahwa likuiditas, ukuran perusahaan, dan rasio aktivitas berpengaruh signifikan terhadap struktur modal, sedangkan pertumbuhan penjualan dan risiko bisnis tidak. Profitabilitas memoderasi seluruh hubungan kecuali risiko bisnis. Temuan ini memberi wawasan bagi investor dan pengambil keputusan keuangan perusahaan.

Introduction

Competition among companies has proven to encourage effective and efficient management of economic activities, functions, and financing within firms, especially in the context of manufacturing companies and those in the consumer non-cyclicals sector. Prudent allocation of financial resources is a crucial aspect of corporate strategy, with the effectiveness and efficiency of financing depending on achieving an optimal capital structure. Studies have shown that achieving an optimal capital structure is a key element in reducing the risk of business failure and directly enhancing firm value. To pursue optimal profit, a company's financial needs may be fulfilled through a combination of internal resources, external capital, or debt financing. The use of debt is primarily understood as a means to improve financial performance.

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If a company's financial strategy relies solely on internal capital, it may face significant challenges in pursuing market expansion opportunities. However, debt usage must be carefully managed to ensure it does not exceed the company's capital capacity. Capital structure is defined as the proportion of long-term financing, indicated by the ratio of long-term debt to equity.

According to the latest available data, PT Unilever Indonesia Tbk (UNVR) had total liabilities of IDR 15.4 trillion as of 2021, followed by performance decline such as reduced net income and increased advertising and promotional costs. This phenomenon attracted researchers to study PT Unilever Indonesia Tbk (Hamdhi, 2023). In 2022, PT Pilar Tiga Sejahtera Food Tbk (AISA) reported liabilities of IDR 1.04 trillion, accompanied by an overstatement by management that portrayed higher sales than the actual condition. This led researchers to examine corporate sustainability in the face of high debt but lower-than-reported sales (Rochman, 2021). In the same year, PT Mayora Indah Tbk (MYOR) recorded liabilities of IDR 9.44 trillion but with seemingly healthy sales performance, prompting interest in studying whether sales growth influences sustainability amid high debt (Setiawati, 2023). Also in 2022, PT Indofood CBP Sukses Makmur Tbk recorded liabilities of IDR 57.83 trillion with a considerable financial burden, attracting researchers to explore the sustainability of companies with high debt and financial pressure (Tim Riset CNBC Indonesia, 2023).

As reflected in the above phenomena, these companies exhibit high levels of debt, making their operations heavily reliant on debt financing. This creates an imbalance in their capital structure. Therefore, decisions regarding capital structure must consider multiple factors to maximize profitability and improve capital structure.

Profitability is a preferred metric for evaluating a company's capacity to generate profit using internal resources, including assets, capital, and revenue. It serves as a benchmark that can enhance capital structure. The return on capital invested by shareholders is part of profitability, which affects a company's image and attractiveness to investors.

The following factors have been identified as influencing capital structure through profitability: The first factor is liquidity. Higher liquidity indicates improved capacity to meet short-term obligations. This finding is consistent with existing literature on the effect of liquidity on capital structure, as evidenced by prior studies (Nursyahbani, Sukarno, & Agus, 2023). However, other researchers found that liquidity has no effect on capital structure (Listyaningsih, Fitriyah, & Ratnawati, 2020). A decline in the proportion of current assets to total assets has been shown to increase both profitability and risk. This increase is due to greater capital allocation to fixed assets, which can generate higher returns than current assets. Liquidity levels are directly correlated with profitability.

The second factor is sales growth. Its effect on profitability is a critical factor in determining optimal capital structure. Some studies have found that sales growth significantly affects capital structure (Lestari, 2023), while others found no such effect (Nursyahbani, Sukarno, & Agus, 2023). Furthermore, sales growth plays a key role in effective working capital management. It allows firms to project potential earnings, forming the foundation for long-term operational and investment strategies. The third factor is firm size. Larger firms tend to incur higher operating costs and have a greater tendency to use external financing. Previous studies have found that firm size significantly affects capital structure (Putri & Laily, 2021), while others report no such effect (Nursyahbani, Sukarno, & Agus, 2023). Larger firms generally have easier access to external financing, including large-scale debt, supporting operations, productivity, and ultimately profitability growth.

The fourth factor is the activity ratio. The faster an asset turns over, the more efficiently it is used. Previous studies have shown that asset utilization correlates with higher sales and consequently higher profits and returns (Putri & Laily, 2021). The fifth factor is business risk. Companies with higher risk tend to use less debt, as greater risk makes it more difficult to repay debt. Prior findings show a significant influence of business risk on capital structure (Putri & Laily, 2021), while others found no effect (Setyani, Wiyono, & Kusumawardhani, 2022). Operating leverage relates to profitability, as it reflects how changes in sales impact operating income.

Based on the above explanation, the researchers were motivated to conduct this study titled *"Analysis of Factors Affecting Capital Structure with Profitability as a Moderating Variable in Consumer Non-Cyclicals Sector Companies."* The novelty of this research lies in the incorporation of profitability as a moderating variable and the addition of activity ratio and business risk as independent variables. This study focuses on consumer non-cyclicals companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period. The practical outcome of this study is to provide insight for investors and prospective investors regarding capital structure, aiding in investment decisions. It is expected that these findings will contribute significantly to academic knowledge and serve as a valuable reference for future researchers in this field. Moreover, the findings aim to support managerial decision-making in financial resource allocation, ensuring efficient and effective use of corporate funds for operational activities.

Literatur Review

Capital Structure

The concept of capital structure is described as the proportion between external funding sources, represented by debt, and internal funding sources, represented by equity. Debt includes both short-term and long-term liabilities. This structure reflects the extent to which a company relies on debt to finance its investments. Information related to capital structure is highly valuable to investors, as it allows them to assess the balance between the risks undertaken and the potential return on their investment. Therefore, capital structure management aims to determine an optimal combination of funding sources to minimize the cost of capital and maximize the firm's share value. A capital structure that maximizes share price is thus referred to as an "optimal capital structure" (Sulindawati, Yuniarta, & Purnamawati, 2019).

Profitability

Profitability ratios are quantitative metrics used to assess a company's ability to generate income or profit from its normal business activities. These activities may include the utilization of assets or equity. In general, companies strive to achieve their primary goal of maximizing profits, both in the short and long term. In this context, the management of financial ratios is one of the key tools for achieving this objective. Management is expected to increase returns for shareholders while also improving employee welfare. These outcomes can only be realized if the company generates profit from its business operations (Hery, 2017).

Liquidity

The liquidity ratio measures a company's ability to meet its short-term obligations. It functions as an indicator of the extent to which a company can fulfill its short-term liabilities. In other words, the liquidity ratio reflects the company's capacity to pay off maturing short-term debts or its ability to finance and settle obligations when due (Kasmir, 2021).

Through the liquidity ratio, business owners can evaluate management's effectiveness in handling entrusted funds, particularly those allocated to settling short-term liabilities. This ratio also allows managers to monitor the company's cash position, ensuring sufficient funds are available to cover imminent obligations. Besides its use by internal stakeholders, the liquidity ratio is also valuable to external parties. Investors may be interested in this ratio, especially regarding the payment of cash dividends, while creditors focus on the company's ability to repay principal and interest. It is a general principle that creditors and suppliers are more likely to extend credit to companies with strong liquidity levels (Hery, 2017).

Sales Growth

Sales growth is defined as the variation in sales figures from one period to another. It is assumed that an increase in sales growth indicates a rise in company revenue. Measuring sales growth is crucial for the long-term health of a company. In addition to serving as a strategic planning indicator, it also facilitates the identification of growth trends. It is a well-established fact that there is a direct correlation between a company's sales growth rate and the amount of additional funding it requires (Budiarto, 2017).

In other words, the higher the sales growth rate, the greater the company's need for external financing. Conversely, a lower sales growth rate implies a lesser need for additional funding. Companies with relatively stable sales tend to have stable cash flows, placing them in a better position to utilize greater levels of debt compared to firms with unstable sales.

Firm Size

Firm size can be measured in various ways, including total assets, market capitalization, and other relevant parameters. It is considered to have a significant impact on firm value, primarily because larger firms typically find it easier to obtain financing from both internal and external sources. Large companies are generally less constrained in securing loans from external sources, due to higher collateral value and greater external confidence compared to smaller firms (Hery, 2017).

This scale influences a company's ability to manage and mitigate risks. Larger firms tend to possess stronger managerial capabilities and greater market control, which lowers the level of risk they face compared to smaller firms. Additionally, large firms have more resources to enhance their value, owing to better access to external funding sources. Investors have been observed to respond positively to larger companies, thereby increasing their market value (Hery, 2017).

Activity Ratio

The activity ratio serves as an indicator for evaluating the extent to which a company can utilize its assets optimally. It also measures the efficiency of resource management and the company's ability to conduct its daily operations. The empirical results obtained from this measurement enable the assessment of managerial performance within the operational context of the firm. Furthermore, these measurements help determine whether the company has used its available resources efficiently and effectively (Hery, 2017).

Subsequently, the results are compared with the targets previously set by the company or, alternatively, with ratio outcomes from prior periods. This comparison allows an evaluation of whether the company's activities

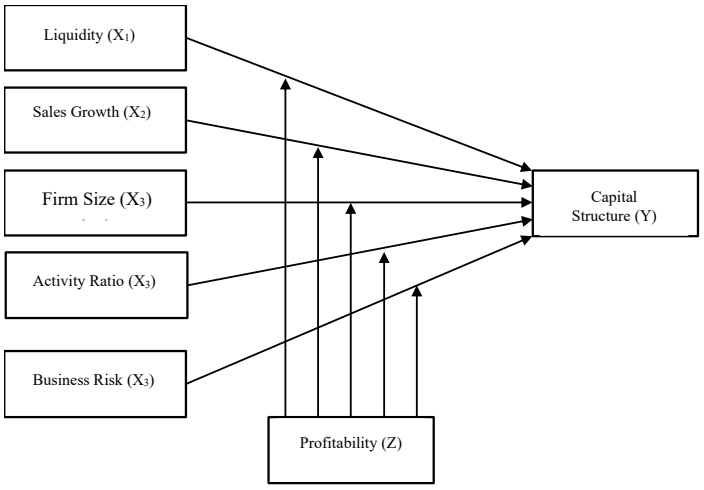
during the analyzed period align with its targets. Additionally, it reveals whether managerial performance has improved or deteriorated relative to previous periods. If the results show that the company has failed to meet its prior targets or has experienced declining performance, it becomes imperative for management to analyze the causes and implement corrective actions promptly (Hery, 2017).

Business Risk

Business risk can be defined as the degree of risk associated with a company's future operations that are not financed through the use of debt. It is evident that business risk is one of the most significant determinants of capital structure. Business risk depends on several factors, such as the level of competition (with monopolies reducing risk except in the case of price regulation), variability in demand and product prices, input cost fluctuations, product obsolescence especially in high-tech industries exposure to foreign risks including exchange rates and political conditions, the firm's ability to adjust output prices to cost changes, and the proportion of fixed costs that increase operating leverage. Most of these factors are industry-specific, though they can also be influenced by management (Brigham & Houston, 2018).

Conceptual Framework of the Research

Based on the hypotheses mentioned above, the conceptual framework of this research is as follows:



Hypothesis Development

The Effect of Liquidity on Capital Structure with Profitability as a Moderating Variable

Liquidity is defined as a company's ability to pay short-term debts on time (Brigham & Houston, 2018). The Pecking Order Theory suggests that companies tend to prioritize the use of internal funds over external sources due to the internal funds' ability to meet short-term financial obligations as they come due. Allocating funds from internal sources reduces the overall debt burden, thereby improving the capital structure. Conversely, the lower the liquidity, the greater the difficulty in meeting short-term obligations. Consequently, capital structure is affected, potentially leading to increased debt, which presents greater challenges for business expansion due to limited access to additional short-term financing.

Research conducted by Rahmawati and Sapari found that liquidity negatively affects capital structure. This correlation can be explained by the fact that a company's capacity to meet short-term liabilities directly reflects its financial health. Companies with higher liquidity are in a better position to meet short-term obligations, thereby reducing the amount of debt incurred (Rahmawati & Sapari, 2021).

Based on the above discussion, the following hypotheses are proposed:

$H1_a$: Liquidity affects capital structure.

$H2_a$: Profitability moderates the relationship between liquidity and capital structure.

The Effect of Sales Growth on Capital Structure with Profitability as a Moderating Variable

Annual increases in sales reflect a company's productivity and operational capacity. This indicator also serves as a benchmark of the company's competitiveness within the industry. High or stable sales growth is associated with lower risk in utilizing debt financing, as the company is better positioned to manage interest payments (Viandy & Dermawan, 2020). Sales growth benefits investors, who in turn expect returns on their investments as the company's operational performance improves.

In line with findings by Viandy and Dermawan, it has been demonstrated that increasing sales has a positive impact on capital structure (Viandy & Dermawan, 2020). A company's decision to use debt is not necessarily influenced by fluctuations in sales growth, as both high and low sales levels may still be within the company's financial capacity. The ability to minimize costs and optimize operational efficiency remains the most crucial factor in deciding to take on debt.

Based on the above discussion, the following hypotheses are proposed:

$H1_b$: Sales growth affects capital structure.

$H2_b$: Profitability moderates the relationship between sales growth and capital structure.

The Effect of Firm Size on Capital Structure with Profitability as a Moderating Variable

Firm size is indicated by various factors, including total capital, revenue, share sales, market value, total assets, and others (Rahmawati & Sapari, 2021). The presence of a large-scale company signifies a business that has reached a level of maturity, with strong prospects for sustained cash flow over the long term.

According to findings by Rahmawati and Sapari, firm size has a positive effect on capital structure (Rahmawati & Sapari, 2021). Externally, this is viewed favorably, based on the understanding that larger firms are better positioned to manage debt obligations and are perceived to have promising future prospects.

Based on the above discussion, the following hypotheses are proposed:

$H1_c$: Firm size affects capital structure.

$H2_c$: Profitability moderates the relationship between firm size and capital structure.

The Effect of Activity Ratio on Capital Structure with Profitability as a Moderating Variable

The activity ratio is a metric used to assess a company's efficiency in utilizing its assets. A high activity ratio indicates increased managerial effectiveness in managing company assets, thereby facilitating smoother operational activities. Company activity, measured by asset turnover, is analyzed to determine profitability levels. This approach emphasizes evaluating how effectively a company generates sales. High asset turnover values are proven to be indicative of high sales relative to total assets (Putri & Laily, 2021). Research findings by Putri and Laily demonstrate that the activity ratio has a considerable effect on capital structure (Putri & Laily, 2021).

Based on the above discussion, the following hypotheses are proposed:

$H1_d$: Activity ratio affects capital structure.

$H2_d$: Profitability moderates the relationship between activity ratio and capital structure.

The Effect of Business Risk on Capital Structure with Profitability as a Moderating Variable

Business risk arises when a company fails to cover its operational costs due to an imbalance between revenue and expenses. This can jeopardize the company's financial stability. Juliantika, Ratri, and Christianti found that business risk does not affect capital structure. This phenomenon may be attributed to the failure to align increased fixed costs with rising sales. Asset additions made by a company should be accompanied by growing consumer demand to boost sales volume and maximize profit. When consumer demand declines, it results in lower sales volume and an increase in the business risk borne by the company (Setyani, Wiyono, & Kusumawardhani, 2022).

Based on the above discussion, the following hypotheses are proposed:

$H1_e$: Business risk affects capital structure.

$H2_e$: Profitability moderates the relationship between business risk and capital structure.

Research Methods

Population, Sampling Technique, and Sample Size

This study employs a descriptive quantitative approach using secondary data obtained from the official website of the Indonesia Stock Exchange (IDX). The research population consists of companies in the consumer non-cyclicals sector listed on the IDX during the 2021–2023 period. The sampling technique used is purposive sampling, a non-random sampling method based on specific criteria or considerations, generally aligned with the research problem and objectives (Sujarweni, 2017).

Table 1. Sample Selection Criteria

Description	Total
Research population: Consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period	125
Criteria:	
1. Consumer non-cyclicals companies not consistently listed on the IDX during 2020–2023.	(30)
2. Consumer non-cyclicals companies that do not present financial statements in Indonesian Rupiah	(3)
3 Consumer non-cyclicals companies that did not report profits	(32)
Total sample	60
Total observations= 60 x 3	180

As illustrated in Table 1, a total of 125 companies from the consumer non-cyclicals sector were listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period. Of these, 30 companies were not consistently listed throughout the period and were therefore excluded from the research sample. This left 95 companies that

were consistently listed on the IDX between 2021 and 2023. However, three of these companies did not present their financial statements in Indonesian Rupiah and were thus excluded. From the remaining 92 companies, 32 were found to be unprofitable during the observation period and were also excluded. Consequently, the final research sample consists of 60 companies. With a three-year observation period, the total number of research observations amounts to 180.

The data analysis method used in this study is multiple linear regression, conducted using IBM SPSS Statistics version 25. This method tests the relationship between dependent and independent variables, both simultaneously and individually. Additionally, the absolute difference value test is employed to assess the moderating role of profitability in influencing the relationship between independent and dependent variables (Ghozali, 2021).
The regression model used in this study is formulated as follows:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

Explanation:

Y	:	Capital structure
Z	:	Profitability
α	:	Constant
β_1-β_5	:	Regression coefficients
X_1	:	Liquidity
X_2	:	Sales growth
X_3	:	Firm size
X_4	:	Activity ratio
X_5	:	Business risk
e	:	Standard error

To examine the moderating effect of the variable on the relationship between independent and dependent variables, the Absolute Difference Value test is conducted. The regression equation used is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 Z + \beta_7 [X_1 Z] + \beta_8 [Z] + \beta_9 [X_3 Z] + \beta_{10} [X_4 Z] + \beta_{11} [X_5 Z] + e$$

Explanation:

Y	:	Capital structure
Z	:	Profitability
α	:	Constant
β_1-β_5	:	Regression coefficients
X_1	:	Standardized score of liquidity
X_2	:	Standardized score of sales growth
X_3	:	Standardized score of firm size
X_4	:	Standardized score of activity ratio
X_5	:	Standardized score of business risk
[X_1.Z]	:	Absolute difference between liquidity and profitability
[X_2.Z]	:	Absolute difference between sales growth and profitability
[X_3.Z]	:	Absolute difference between firm size and profitability
[X_4.Z]	:	Absolute difference between activity ratio and profitability
[X_5.Z]	:	Absolute difference between business risk and profitability
e	:	Standard error

Result and Discussion

Normality Test

Table 2 Normality Test

One-Sample Kolmogorov-Smirnov Test			
			Unstandardized Residual
N			132
Normal Parameters[a,b]	Mean		.0000000
	Std. Deviation		.41946933
Most Extreme Differences	Absolute		.103
	Positive		.103
	Negative		-.082
Test Statistic			.103
Asymp. Sig. (2-tailed)			.002[c]
Monte Carlo Sig. (2-tailed)	Sig.		.118[d]
	99% Confidence Interval	Lower Bound	.109
		Upper Bound	.126

Based on the Kolmogorov-Smirnov analysis shown in the table above, the significance value (Monte Carlo Sig. (2-tailed)) is 0.118. Since this value is greater than the critical threshold of 0.05 (0.118 > 0.05), it can be concluded that the data are normally distributed. Therefore, the assumption of normality in this test is satisfied.

Multicollinearity Test

Table 3 Multicollinearity Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-.137	.375		-.364	.716		
Sales Growth	.152	.221	.048	.687	.494	.948	1.055
Firm Size	.077	.022	.248	3.488	.001	.929	1.077
Activity Ratio	.096	.049	.136	1.977	.050	.986	1.014
Business Risk	.007	.010	.049	.708	.480	.978	1.022
Liquidity	-.178	.023	-.537	-7.709	.000	.964	1.038

The results in Table 3 show that all independent variables have Tolerance values greater than 0.10 and VIF values less than 10. Based on these criteria, it can be concluded that there is no indication of multicollinearity among the independent variables in this model.

Heteroscedasticity Test

Table 4 Heteroscedasticity Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-5.679	1.871		-3.035	.003		
Sales Growth	.572	1.101	.046	.520	.604	.948	1.055
Firm Size	.190	.111	.155	1.715	.089	.929	1.077
Activity Ratio	-.282	.242	-.102	-1.167	.245	.986	1.014
Business Risk	-.020	.048	-.036	-.411	.682	.978	1.022
Liquidity	-.110	.115	-.085	-.956	.341	.964	1.038

Based on Table 4, all independent variables have significance values (Sig.) greater than 0.05. These results indicate that there is no systematic relationship between the independent variables and the error term (residual) in the regression model. In other words, the model is free from heteroscedasticity problems, as the residuals exhibit a random pattern and do not form a specific trend.

Autocorrelation Test

Table 5 Run Test

Runs Test	
	Unstandardized Residual
Test Value[a]	-.07494
Cases < Test Value	66
Cases >= Test Value	66
Total Cases	132
Number of Runs	76
Z	1.573
Asymp. Sig. (2-tailed)	.116

Based on the analysis in Table 5, the Asymp. Sig. (2-tailed) value is 0.116. Since this value exceeds the significance level of 0.05 (0.116 > 0.05), the regression model can be considered free from autocorrelation issues. This indicates that the residuals are randomly distributed and do not form any specific pattern, thus fulfilling one of the key assumptions in regression analysis namely, the absence of autocorrelation.

R Test

Table 6 Coefficient of Determination (R^2) Test

Coefficient of Determination (R^2) Test				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
	.641[a]	.411	.387	.42771

The analysis results in Table 6 show an adjusted R square value of 0.387. This indicates that the combination of independent variables (liquidity, sales growth, firm size, activity ratio, and business risk) explains 38.7% of the variation in capital structure. Meanwhile, the remaining 61.3% of the variation is influenced by other factors outside the scope of this research model.

F-Test

Table 7 F-Statistic Test

Uji Statistik F					
Model	**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Regression	16.053	5	3.211	17.550	.000[b]
Residual	23.050	126	.183		
Total	39.103	131			

Based on Table 7, with degrees of freedom for the numerator = 5 and the denominator = 126 at a significance level of 0.05, the result shows that the calculated F-value (F = 17.550) is greater than the F-table value (2.272137). The significance value of 0.000 is also much smaller than the 0.05 threshold (0.000 < 0.05). Under these conditions, H_0 is rejected and H_1 is accepted, indicating that the variables liquidity, sales growth, firm size, activity ratio, and business risk jointly have a significant effect on capital structure.

T-Test

Table 8 t-Statistic Test

Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**	**Collinearity Statistics**	
	B	**Std. Error**	**Beta**			Tolerance	VIF
(Constant)	-.137	.375		-.364	.716		
Sales Growth	.152	.221	.048	.687	.494	.948	1.055
Firm Size	.077	.022	.248	3.488	.001	.929	1.077
Activity Ratio	.096	.049	.136	1.977	.050	.986	1.014
Business Risk	.007	.010	.049	.708	.480	.978	1.022
Liquidity	-.178	.023	-.537	-7.709	.000		

With degrees of freedom (df) = (180 - 5 - 1), where *n* is the number of data points and *k* is the number of independent variables, the critical t-table value is 1.973691. Based on Table 8, the partial t-tests yielded the following results:

1. Effect of Liquidity on Capital Structure: The t-value is 7.709, which is greater than the t-table value of 1.973 (7.709 > 1.973), and the significance value is 0.000 (< 0.05). Thus, H_0 is rejected and H_1 is accepted. It can be concluded that liquidity significantly affects capital structure in consumer non-cyclicals companies.
2. Effect of Sales Growth on Capital Structure: The t-value is 0.687, which is less than the t-table value of 1.973 (0.687 < 1.973), and the significance value is 0.494 (> 0.05). Thus, H_0 is accepted and H_1 is rejected. It can be concluded that sales growth does not significantly affect capital structure in consumer non-cyclicals companies.
3. Effect of Firm Size on Capital Structure: The t-value is 3.488, which is greater than the t-table value of 1.973 (3.488 > 1.973), and the significance value is 0.001 (< 0.05). Thus, H_0 is rejected and H_1 is accepted. It can be concluded that firm size significantly affects capital structure in consumer non-cyclicals companies.
4. Effect of Activity Ratio on Capital Structure: The t-value is 1.977, slightly greater than the t-table value of 1.973 (1.977 > 1.973), and the significance value is 0.050 (= 0.05). Thus, H_0 is rejected and H_1 is accepted; however, the effect is at the borderline of statistical significance, indicating a weak yet significant influence. It can be concluded that the activity ratio affects capital structure in consumer non-cyclicals companies.
5. Effect of Business Risk on Capital Structure: The t-value is 0.708, which is less than the t-table value of 1.973 (0.708 < 1.973), and the significance value is 0.480 (> 0.05). Thus, H_0 is accepted and H_1 is rejected. It can be concluded that business risk does not significantly affect capital structure in consumer non-cyclicals companies.

Moderation Test

Table 9 Moderation Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.062	.012		5.080	.000		
$AbsX_1$-Z	-.017	.007	-.034	-2.342	.021	.719	1.390
$AbsX_2$-Z	.173	.046	.055	3.734	.000	.683	1.463
$AbsX_3$-Z	.056	.001	.929	46.065	.000	.366	2.732
$AbsX_4$-Z	.029	.009	.058	3.279	.001	.472	2.120
$AbsX_5$-Z	.062	.012		5.080	.000		

Based on the table above, the results of the moderation test can be interpreted as follows:

1. There is an interaction between liquidity and the moderating variable (AbsX1-Z) with a significance value of 0.021, which is less than 0.05 (0.021 < 0.05). This means that profitability is able to moderate the relationship between liquidity and capital structure.
2. There is an interaction between sales growth and the moderating variable (AbsX2-Z) with a significance value of 0.000, which is less than 0.05 (0.000 < 0.05). This means that profitability is able to moderate the relationship between sales growth and capital structure.
3. There is an interaction between firm size and the moderating variable (AbsX3-Z) with a significance value of 0.000, which is less than 0.05 (0.000 < 0.05). This means that profitability is able to moderate the relationship between firm size and capital structure.
4. There is an interaction between activity ratio and the moderating variable (AbsX4-Z) with a significance value of 0.001, which is less than 0.05 (0.001 < 0.05). This means that profitability is able to moderate the relationship between activity ratio and capital structure.
5. There is an interaction between business risk and the moderating variable (AbsX5-Z) with a significance value of 0.368, which is greater than 0.05 (0.368 > 0.05). This means that profitability is not able to moderate the relationship between business risk and capital structure.

The Effect of Liquidity on Capital Structure with Profitability as a Moderating Variable

Based on the SPSS 25 statistical analysis presented above, it can be observed that liquidity has a negative effect on capital structure. This implies that the higher the value of the independent variable, the lower the value of the dependent variable, and vice versa. These findings are consistent with previous research indicating that liquidity influences capital structure (Rahmawati & Sapari, 2021). This study further indicates that profitability is capable of moderating the relationship between liquidity and capital structure.

The Effect of Sales Growth on Capital Structure with Profitability as a Moderating Variable

Based on the SPSS 25 statistical analysis presented above, it can be seen that sales growth does not have an effect on capital structure. This suggests that an increase in the independent variable does not correspond with a predictable change in the dependent variable. These findings are not in line with previous research which stated that sales growth affects capital structure (Viandy & Dermawan, 2020). However, this study indicates that profitability is able to moderate the relationship between sales growth and capital structure.

The Effect of Firm Size on Capital Structure with Profitability as a Moderating Variable

Based on the SPSS 25 statistical analysis presented above, firm size is found to have an effect on capital structure. This means that an increase in the independent variable corresponds with a change in the dependent variable, either positively or negatively. These results are consistent with previous studies that demonstrated a relationship between firm size and capital structure (Rahmawati & Sapari, 2021). Furthermore, the findings indicate that profitability is able to moderate the relationship between firm size and capital structure.

The Effect of Activity Ratio on Capital Structure with Profitability as a Moderating Variable

Based on the SPSS 25 statistical analysis presented above, the activity ratio is found to have an effect on capital structure, although the result lies exactly at the threshold of statistical significance. Therefore, the effect can be considered weak but statistically significant. This suggests that changes in the independent variable are associated with changes in the dependent variable, either positively or negatively. These findings align with prior research showing that activity ratio influences capital structure (Putri & Laily, 2021). Furthermore, the study indicates that profitability is able to moderate the relationship between activity ratio and capital structure.

The Effect of Business Risk on Capital Structure with Profitability as a Moderating Variable

Based on the SPSS 25 statistical analysis presented above, business risk is found to have no effect on capital structure. This implies that changes in the independent variable do not correspond with consistent changes in the dependent variable. These findings contradict previous research stating that business risk influences capital structure (Setyani, Wiyono, & Kusumawardhani, 2022). Additionally, this study indicates that profitability is not able to moderate the relationship between business risk and capital structure.

Conclusion and Suggestion

Conclusions

Based on the results of the research conducted above, it can be concluded that simultaneously, liquidity, sales growth, firm size, activity ratio, and business risk influence the capital structure of consumer non-cyclicals companies listed on the Indonesia Stock Exchange (IDX) for the 2021–2023 period. Partially, liquidity, firm size, and activity ratio have an effect on capital structure in consumer non-cyclicals companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period. Meanwhile, sales growth and business risk do not influence the capital structure of consumer non-cyclicals companies listed on the Indonesia Stock Exchange (IDX) for the 2021–2023 period.

Suggestions

Based on the research findings, future researchers are encouraged to explore other potential factors that may influence capital structure and profitability, such as solvency and asset structure, or to examine the relationships between liquidity, sales growth, firm size, activity ratio, business risk, profitability, and capital structure in greater depth. Researchers should also consider using a broader panel dataset and a longer, more updated observation period to obtain more comprehensive results. The findings of this study may be utilized by internal company stakeholders in decision-making processes and by investors as a reference in making investment decisions.

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