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The Effect of Profitability, Company Size, Asset Tangibility, and Non-Debt Tax Shield on Capital Structure of Technology Sector Companies Listed on IDX In 2017-2021

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Abstract

This study aims to determine the effect of profitability, company size, asset tangibility and non-debt tax shield on capital structure. This study used secondary data with a total sample of 109. The sampling technique uses a purposive sampling method. Data was collected from technology sector manufacturing companies listed on the Indonesia Stock Exchange (IDX) in the form of audited financial statements for 2017 to 2021. Hypothesis testing is performed by multiple linear regression analysis, simultaneous significant test (F test) and partial significant test (t-test). The results of this study show that profitability variables do not influence capital structure. It means that the size of the profit generated by the company does not cause changes in the capital structure of the company. The research results on company size variables show that company size does not influence capital structure, meaning that companies with large and small sizes do not make structure changes. The results showed that asset tangibility and non-debt tax shield had a negative and significant effect on the capital structure, meaning that the higher the asset structure, the smaller the company's capital structure. Similarly, the larger the non-debt tax shield, the smaller the company's capital structure.

Keywords: Profitability, Company Size, Tangibility Asset, Non Debt Tax Shield, Capital Structure