Analysis of Factors Influencing Debt Policy in Pharmaceutical Companies

M. Firza Alpi

Email: m.firzaalpi@umsu.ac.id
Fakultas Ekonomi dan Bisnis, Universitas Muhammadiyah Sumatera Utara

ABSTRACT

Debt policy is one of the external funding decisions. Debt policy is the company's policy of using debt funds by maximizing the debt to obtain a high level of return on profits. This study aims to determine the effect of Asset Structure and Profitability on Debt Policy on Pharmaceutical companies listed on the Indonesia Stock Exchange. This research approach uses an associative approach. The population used is 9 companies, the method of determining the number of samples in this study is non-probability sampling and the selected sample as many as 7 companies. The results showed that the Asset Structure partially had no significant effect on Debt Policy, while Profitability had a negative and significant impact on debt policy. Then simultaneously the Asset Structure and Profitability have a significant effect on debt policy on pharmaceutical companies listed on the Indonesia Stock Exchange.

Keywords :   Asset Structure, Profitability, Debt Policy

INTRODUCTION

Every company needs funds to be able to run a business. In general, funding sources can be obtained from internal capital or external capital. Internal capital comes from retained earnings and own capital, while external capital is derived from debt. In obtaining or using funds should be based on considerations of efficiency and effectiveness. Funding policies within a company should aim to maximize prosperity. In this case, the policy should consider and analyze a combination of economical sources of funds for the company to finance routine needs and investments for the company.

One of the most important activities in the company is debt management, where it determines the source of funding used. The policy of funding by borrowing capital to creditors (debt) is considered more profitable for the company because the creditor will not interfere with the company's ownership rights and the profit sharing obtained by the company.
Debt policy includes corporate financing policies sourced from external companies. The determination of this debt policy relates to the capital structure because debt is one of the compositions in the capital structure. Pe¬rusahaan is considered risky if it has a large portion of debt in the capital structure, but on the contrary if the company uses a small u¬tang or not at all then the pe¬rusahaan is considered unable to utilize external capital materials that can improve the company's operations.

Debt policy is a very important policy taken by managers in order to obtain sources of financing for the company so that it can be used to finance the company's operational activities. If the company uses funds from the loan, the company will routinely pay interest costs which is a fixed burden for the company. Large debts can present a great risk to companies as well, as companies have to pay an increasing interest burden that is driven by higher debt. The increase in debt greatly affects the sustainability of the company and greatly affects the company's future performance. The increase in debt with interest expense is a necessity for companies to repay

loans in the future.

Financial data of Pharmaceutical companies obtained from research results at the representative office of the Indonesia Stock Exchange Medan, it can be seen that the average total debt from 2017 to 2020, can be seen for 2017 increased by 11.66%, in 2018 decreased -8.29%, in 2019 experienced an increase of 24.95%, and in 2020 experienced an increase of 15.95%. Based on the data, it can be known that companies tend to use and increase debt every year.

Financial data of Pharmaceutical companies obtained from research results at the representative office of the Indonesia Stock Exchange Medan, it can be seen that the average total capital of companies from 2017 to 2020, in 2017 increased by 12.74%, in 2018 increased by 20.77%, in 2019 increased by 16.48%, and in 2020 increased by 11.13%. This shows that the company has a good level of equity because there is always an increase every year.

Financial data of Pharmaceutical companies obtained from research results at the representative office of the Indonesia Stock Exchange Medan, it can be seen that the company's average fixed assets from 2017 to 2020, in 2017increased by 8.89%, in 2018 increased by 7.52%, in 2019 increased by 18.59%, and in 2020 increased by 21.02%. From the data, it can be known that fixed assets increase every year. The increase in fixed assets can be used as collateral to increase funds by making debt loans and can cover the company's debt.

Financial data of Pharmaceutical companies obtained from research results at the representative office of the Indonesia Stock Exchange Medan, it can be seen that the average total assets of the company from 2017 to 2020, in 2017 increased by 9.40%, in 2018 increased by 7.72, in 2019 increased by 18.61%, and in 2020 increased by 12.40%. From the data, it can be known that total assets increase every year. The higher the fixed assets and the total assets of the company the easier it will be for the company to get investors to invest its shares in the company, and the company must have a good total assets to cover the company's rising debt. But the increase in total assets is underutilized by companies to increase profits. The company's net profit from 2017 to 2020 can be seen in table I.5 for 2017 increased by 26.30%, in 2018 it increased by 34.12%, in 2019 it increased by 20.52%, and in 2020 it increased by 9.76%. From the data that the lack of laboratory profit obtained by the company is a problem for the company.

LITERATURE REVIEW
Debt Policy

Debt Policy is one part of the company's funding policy. Debt policy is a policy taken by management in order to obtain sources of financing for the company so that it can be used to finance the company's operational activities. According to Kieso et al in Perdana (2012) "Debt Policy is a policy taken by management in order to obtain sources of financing for the company so that it can be used to finance the company's operational activities. According to Suad in Nengsi (2013) "Debt Policy is an action of the company's management in order to fund the company's operation by using capital derived from debt.

The debt policy in this study was measured from the Debt to Equituy Ratio (DER). Debt to equity ratio for each company certainly varies depending on the characteristics of the business and the diversity of cash flow. Companies with stable cash flow typically have a higher ratio than less stable cash ratios. According to Cashmere (2012) "Debt to Equity Ratio is a ratio used to

assess debt by equity. This ratio is sought by comparing all debt, including current and all equity debt. This ratio is useful to know the amount of funds provided by borrowers (creditors) with the owner of the company. In other words, this ratio serves to know each rupiah's own capital that is used as collateral for debt.

The formula for finding debt to equity ratio can be used a comparison between total debt and total equity as follows:

$$Debt\ to\ equity\ ratio = \frac{Total\ Debt}{Equity}$$

Asset Structure

Determining a good asset structure that is good for a company is not easy because it requires the manager's ability to analyze past circumstances, as well as estimates for the future that are linked to the company's long-term goals. The structure of assets is an important variable in the company's funding decisions, because fixed assets provide guarantees for creditors. Most of each company has most of its capital embedded in the company's fixed assets, in general companies that have collateral against debt will be easier to get debt than companies that do not have guarantees.

According to Bambang Riyanto (2008)"Asset structure is a balance or comparison between current assets and fixed assets", so the structure of assets is the composition of the presentation of assets in a certain ratio of financial statements. Lukman (2009) stated that the structure of assets is the determination of how much allocation for each asset in both current and fixed assets as well as the forms of assets that must be owned by the company. From the above understanding, it can be concluded that the structure of assets is a comparison between fixed assets and total assets that can determine the amount of allocation of funds for each component of the asset.

The structure of assets describes the amount of assets that can be guaranteed by the company as collateral when the company makes a loan to the creditor. Structure of assets is a proportion of fixed assets owned by the company. Indrajaya, et al. (2011) stated that systematically the structure of assets can be formulated as follows:

$$Asset\ Structure\ (TANGB) = \frac{Fixed\ assets}{Total\ assets}$$

Profitability

Profitability is a comparison between profit and assets or capital generated by such profit expressed in percentage. Furthermore, because the sense of profitability is often used to measure the efficiency of capital use in the company, the economic rentability is often also intended as the ability of companies with all the capital that works in it to generate profit. According to Raharjaputra (2011) "Profitability Ratio is a ratio to measure the ability of company executives in creating a level of profit both in the form of corporate profit and economic value on sales, net assets of the company and its own capital (sharehoders equity)".

Profit or profit is an important means to maintain the survival of the company, the higher the profit generated, the company will be able to grow and develop and be resilient in the face of competition. Brigham (2010) states the formula for finding Return On Assets (ROA) can be measured by the following formula:

$$Return\ On\ Assets = \frac{Net\ Profit}{Total\ Asset}$$

While according to Kasmir (2012) the formula to find return on assets can be used as follows:

$$Return\ On\ Assets\ (ROA) = \frac{Earning\ After\ Interest\ and\ Tax}{Total\ Assets}$$

METHODS

The method used in this study is the associative research method. According to Sugiono (2007) associative research is a research question that asks the relationship between two or more variables. Such as the influence of variable X on Y. Sampling techniques in this study are nonprobability sampling. According to Sugiyono (2007) nonprobability sampling is a sampling technique that does not provide the same opportunities for every element or member of the population to be selected into a sample. one type of nonprobability sampling is purposive sampling. According to Azuar Juliandi and Irfan (2013) stated that this technique is to select samples from a population based on certain considerations, both expert and scientific considerations.

Table 1. Samples of Pharmaceutical Companies Listed on the Indonesia Stock Exchange

No	Code	Company
1.	DVLA	PT Darya-Varia Laboratoria Tbk
2.	KAEF	PT Kimia Farma (Persero) Tbk
3.	KLBF	PT Kalbe Farma Tbk
4.	MERK	PT Merck Tbk
5.	PYFA	PT Pyridam Farma Tbk
6.	SQBI	PT Taisho Pharmaceutical Indonesia Tbk
7.	TSPC	PT Tempo Scan Pacific Tbk

RESULTS AND DISCUSSION
Results
Multiple Linear Regression Analysis

Multiple linear regression analysis aims to see how much the regression coefficient affects between free variables and bound variables. The multiple linear regression equation models in this study are as follows:

Table 2. Multiple Linear Regression Analysis

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.426	.069		6.171	.000
	Asset Structure	.055	.158	.054	.348	.730
	Profitability	-.684	.160	-.659	-4.269	.000

a. Dependent Variable: Debt Policy

Seeing table 1 above, the equation formula can be made below:

$$Y = 0{,}426 + 0{,}055X_1 - 0{,}684$$

Simultaneous Test (F test)

Test F or also called a simultaneous significant test is intended to see the overall ability of free variables namely Asset Structure and Profitability (ROA) to be able or able to explain the behavior or diversity of bound variables namely Debt Policy (DER). The F test is also intended to tell if all variables have a regression coefficient equal to zero.

Table 3. Simultaneous Test

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.250	2	.125	18.280	.000^b
	Residual	.266	39	.007		
	Total	.516	41			

a. Dependent Variable: Debt Policy
b. Predictors: (Constant), Profitability, Asset Structure

Discussion

Effect of Asset Structure on Debt Policy (DER)

Based on the results of research obtained on the influence of Asset Structure on Debt Policy (DER) on Pharmaceutical companies listed on the Indonesia Stock Exchange. The partial hypothetical test result shows that the value for the Asset Structure variable is 0.348 with a known $\alpha = 5\%$ of 2,021. The results showed that partially there was no significant effect of asset structure on debt policy (DER) on Pharmaceutical companies listed on the Indonesia Stock Exchange.

Based on the results of research conducted by the authors and previous research that has been stated above on the influence of Asset Structure on Debt Policy (DER), this is because the year used in the research is less than maximum, the companies studied vary, and hypotheses are not supported by empirical data. It can then be concluded that there is no significant influence on the Asset Structure on Debt Policy (DER).

Effect of Profitability (ROA) on Debt Policy (DER)

Based on the results of research obtained on the influence of Profitability (ROA) on Debt Policy (DER) on Farnasi companies listed on the Indonesia Stock Exchange. Partial hypothetical test results showed that the value for the Variable Profitability (ROA) was -4,269 with a known $\alpha = 5\%$ of 2,021. The results show that partially there is a significant influence of Profitability (ROA) on Debt Policy (DER) on Pharmaceutical companies listed on the Indonesia Stock Exchange

Based on the results of the research conducted by the author as well as the theory, opinion, and previous research that has been stated above on the influence of Profitability (ROA) on Debt Policy (DER), then the author can conclude that there is a significant influence on Profitability (ROA) on the Capital Structure (DER).

Effect of Asset Structure and Profitability (ROA) on Debt Policy (DER)

Based on the results of research obtained on the influence of Asset Structure and Profitability (ROA) on Debt Policy (DER) on Pharmaceutical companies listed on the Indonesia

Stock Exchange. The test results together with the influence of Asset Structure and Profitability (ROA) on Debt Policy (DER) obtained a value of F of 18,280 with a significance of 0.000. The results show that the Asset Structure and Profitability (ROA) jointly have a significant effect on Debt Policy (DER) in Pharmaceutical companies listed on the Stock Exchange.

Based on these results, the variable Asset Structure and Profitability (ROA) variables jointly have a significant effect on Debt Policy (DER) in Pharmaceutical companies listed on the Indonesia Stock Exchange.

CONCLUSION

1. There is no significant influence on the Asset Structure on Debt Policy (DER). This means that the Asset Structure is not the main factor used by the company in determining debt policy.
2. There is a significant influence on Profitability (ROA) on Debt Policy (DER). This means that the company's ability to return investment in the form of assets is one of the factors that can be used by companies to determine debt policy.
3. There is a significant influence of Asset Structure and Profitability (ROA) on Debt Policy (DER). This is because asset structure and profitability (ROA) are the main factors in influencing Debt Policy (DER).

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