



Impact of liquidity, asset structure, and business risk on capital structure of automotive and component companies

Estuti Fitri Hartini, Inti Nuswandari*, Edi Wibowo, Amika Yulianingsih, & Agus Jenal Mutakin

ABSTRACT

This study aims to examine how liquidity, asset structure, and business risk impact capital structure. The study focuses on Automotive and Component companies listed on the Indonesia Stock Exchange (IDX) during the observation period of 2015-2019. The sample selection method employed in this study is purposive sampling. We selected a sample of 12 companies from the Indonesia Stock Exchange website (<https://www.idx.co.id/>). The study employed secondary data obtained from the financial statements of the companies. Multiple linear regression was used as the data analysis technique. The study's results indicate that capital structure is negatively and significantly influenced by liquidity. Additionally, asset structure has a negative and significant effect on the capital structure, and business risk has a negative and significant effect on the capital structure.

Keywords: Liquidity, asset structure, business risk, and capital structure

Article Information:

Received 8/2/2023 / Revised 10/20/2023 / Accepted 11/9/2023 / Online First 12/7/2023

Corresponding author:

Email: inti_endratmo@yahoo.com

Universitas IPWJIA, Jakarta, Indonesia

Extended author information available on the last page of the article



© The Author(s) 2023. Published by Sekolah Tinggi Ilmu Ekonomi Indonesia Jakarta. This is an Open Access article distributed under the terms of the Creative Commons Attribution License (<http://creativecommons.org/licenses/by/4.0/>), which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited. The terms on which this article has been published allow the posting of the Accepted Manuscript in a repository by the author(s) or with their consent.

Abstrak

Penelitian ini bertujuan untuk menguji bagaimana likuiditas, struktur aset, dan risiko bisnis mempengaruhi struktur modal. Penelitian difokuskan pada perusahaan Otomotif dan Komponen yang terdaftar di Bursa Efek Indonesia (BEI) pada periode observasi tahun 2015-2019. Metode pemilihan sampel yang digunakan dalam penelitian ini adalah purposive sampling. Kami memilih sampel sebanyak 12 perusahaan dari website Bursa Efek Indonesia (<https://www.idx.co.id/>). Penelitian ini menggunakan data sekunder yang diperoleh dari laporan keuangan perusahaan. Regresi linier berganda digunakan sebagai teknik analisis data. Hasil penelitian menunjukkan bahwa struktur modal dipengaruhi secara negatif dan signifikan oleh likuiditas. Selain itu, struktur aset berpengaruh negatif dan signifikan terhadap struktur modal, dan risiko bisnis berpengaruh negatif dan signifikan terhadap struktur modal.

Kata Kunci: Liquidity, asset structure, business risk, apital structure

1. Introduction

In today's global economic landscape, businesses are engaged in a cutthroat competition that demands each company be proficient in critical functions such as marketing, sales, finance, personnel management, production, and accounting. This issue is essential to succeed in the competitive market and maximize shareholder welfare through investment, funding, and dividend policies, thereby increasing the company's overall value. To achieve this, companies must allocate sufficient funds to implement these functions effectively. Funding can come from internal sources, such as retained earnings issuing shares, or external sources, such as debt financing, which closely relates to the company's capital structure.

The automotive and component sector is one of the manufacturing industries that has shown promising growth in recent years, particularly in the national automotive industry. This growth is a positive indicator of the industry's potential for a bright future. Moreover, the automotive industry is one of the manufacturing sectors that is being prioritized for development by the government. The goal is to make the national automotive industry one of the pioneers in implementing the fourth industrial revolution according to the government's program. Through this program, it is hoped that the national automotive industry will not only be able to serve the domestic market, but also penetrate regional and global markets.

The ever-changing global market, technological advancements, and economic uncertainty have created a unique context for automotive and component companies to adjust their capital structures. While previous research has shed light on important insights, knowledge gaps still need to be addressed to understand specific factors in this industry. Upon analyzing the literature, it was discovered that previous research mainly focuses on general variables such as company size and profitability. However, there is a need for an in-depth exploration of industry-specific factors such as liquidity, asset structure, and business risk that may influence capital structure decisions. This research stands out by simultaneously considering the relationship between liquidity, asset structure, business risk, and capital structure, which has yet to be fully explored in the automotive and components industry. This research aims to significantly contribute to the finance literature by providing a more comprehensive understanding of the factors that guide capital structure decisions in this sector.

Several studies contribute to understanding the relationship between asset and capital structure. However, their findings present a notable gap in consensus. Notably, Fahrurroji and Iwan (2018) and Angelita et al. (2018) posit a positive correlation, asserting that a larger asset structure leads to a capital structure predominantly derived from debt. Their findings suggest that companies are inclined to undertake additional debt for financing as long as fixed assets

serve as collateral. In contrast, Cindy (2017) and Yunita et al. (2019) challenge this perspective, finding no significant impact of asset structure on capital structure. Their argument contends that asset structure fails to predict the value of a company's capital structure, indicating a likelihood for companies to utilize their assets for operational needs. Consequently, this incongruity in findings highlights a crucial gap in the existing literature, emphasizing the need for a more nuanced exploration of the factors influencing the relationship between asset and capital structure.

Moreover, there is a lack of consensus in existing research regarding the relationship between business risk and capital structure. Some studies indicate a negative correlation between the two, while others argue for a positive correlation. Velda et al. (2020) support the opposing correlation argument, while Rahman (2019) disagrees, suggesting that business risk can positively influence capital structure. Rahman bases his argument on the post-global crisis, where, despite high business risk, banking companies were able to perform well in the stock market. Similarly, Aris et al. (2019) argue for a positive correlation, stating that companies with high business risks tend to have fluctuating profits, making it challenging to meet debt obligations and increasing reliance on outstanding debt. On the other hand, Nita S. and Agung (2018) argue that business risk does not significantly impact capital structure, as confident investors or creditors may not consider business risks while investing. Due to these conflicting findings, a more comprehensive exploration of the factors affecting the relationship between business risk and capital structure in different industries and economic conditions is necessary.

In sum, this research aims to investigate the impact of liquidity, asset structure, and business risk on the capital structure of listed manufacturing companies in Indonesia's automotive and component sub-sector. The three specific purposes are: 1) Assess the influence of liquidity on the capital structure, 2) Examine the relationship between asset structure and capital structure, and 3) Evaluate the impact of business risk on the capital structure. The practical significance of this study lies in providing valuable insights for financial decision-makers in the automotive and component industry, aiding them in making informed choices regarding liquidity management, asset structure decisions, and risk mitigation strategies, ultimately contributing to more effective capital structure planning for sustainable business development.

2. Theoretical background and hypothesis

Capital Structure

Understanding a company's financial structure and capital structure is crucial. It involves how a company finances its assets using long-term debt, preferred stock, or shareholder capital. In essence, the capital structure refers to the company's financial proportions between the capital owned, which comes from long-term debt (long-term liabilities), and own capital (shareholders' equity), which is a company financing source (Fahmi 2017:179).

Brigham and Houston (2011) identified four factors that influence capital structure decisions: business risk, corporate tax position, financial flexibility, and the ability to raise capital on reasonable terms under adverse conditions. Several factors influence the capital structure, including business risk, profitability, insider ownership, growth opportunity, liquidity, asset structure, company size, etc. In this study, we will focus on liquidity, asset structure, and business risk as determinants of capital structure.

Liquidity

The liquidity ratio measures a company's ability to pay its short-term debt obligations. A company that can pay its short-term debt is considered liquid, while one that cannot is considered illiquid. Conversely, the current ratio measures a company's ability to pay off its short-term obligations when they become due. This ratio is calculated by dividing the company's

assets by liabilities. It is also a measure of a company's safety margin. Companies must maintain a healthy liquidity and current ratio to demonstrate their ability to meet immediate financial obligations.

Liquidity is a financial ratio that measures a company's ability to meet its short-term debt obligations. Simply put, it determines whether a company can pay its bills on time. The current ratio (CR) is commonly used as a proxy for liquidity. It is calculated by dividing current assets by current liabilities. According to the pecking order theory, companies prefer internal funding to external sources like debt. Therefore, companies with high liquidity are less likely to rely on debt financing. Several studies have been conducted on the relationship between liquidity and capital structure. Raras et al. (2019) and Ingrid and Khairina (2019) found that liquidity significantly negatively impacts capital structure. However, Zulkarnain (2020) argued that liquidity has no significant adverse effect on capital structure. Meanwhile, Suherman et al. (2019) found that liquidity significantly positively affects capital structure.

Fixed Asset Ratio

The Fixed Asset Ratio (FAR), also known as the Fixed Assets to Total Assets Ratio, is a financial metric that assesses the proportion of a company's total assets tied up in fixed assets. Fixed assets are long-term assets with a useful life of more than one accounting period and are not held for resale. These assets are typically tangible, such as property, plant, equipment, and intangible assets like patents and trademarks. Fixed Assets represent the book value of a company's long-term assets, and "Total Assets" represent the sum of all assets on the company's balance sheet. The Fixed Asset Ratio provides insights into a company's asset base's composition and capital structure. A higher FAR indicates that a greater proportion of a company's assets are tied up in long-term investments, including property, machinery, and other fixed assets. On the other hand, a lower FAR suggests a higher proportion of current or short-term assets relative to fixed assets.

Asset structure refers to allocating funds for each asset component, including current and fixed assets (Syamsudin, 2011, p. 9). When a company has a higher proportion of tangible assets, the valuation of its assets becomes easier, decreasing the problem of information asymmetry. Consequently, the company's ability to use debt capital reduces with an increase in the proportion of tangible assets, which aligns with the pecking order theory that prioritizes internal funding sources. Previous studies by Fahrurroji and Iwan (2018), as well as Angelita et al. (2018), indicate that asset structure has a positive impact on capital structure. However, studies by Cindy (2017) and Yunia et al. (2019) suggest that asset structure does not affect capital structure.

Business Risk

According to Gitman (2015), a company's business risk level can be seen by calculating the degree of operating leverage (DOL). Operating leverage is the potential use of fixed operating costs to increase the effect of changes in sales on a company's EBIT. The Degree of Operating Leverage (DOL) is a financial metric that measures the sensitivity of a company's operating income to changes in its sales. It provides insight into how fixed operating costs, such as rent, salaries, and depreciation, contribute to a company's profitability variability as sales levels change. A high degree of operating leverage implies that a significant portion of a company's operating costs is fixed. As a result, even a small change in sales can lead to a proportionally more significant change in operating income. This situation can amplify both profits and losses, making the company more sensitive to changes in sales. On the other hand, a low degree of operating leverage suggests that a company has a higher proportion of variable costs in its cost structure. In this scenario, changes in sales are less likely to impact operating income significantly, as variable costs will adjust proportionally with changes in revenue.

Risk is the possibility of an event causing a loss during a specific time interval. This loss can be either small or large and can affect the viability of a company. The manager's capital structure decisions not only affect the company's liquidity but also its financial risks. Financial risk refers to the company's inability to pay its obligations and achieve its profit targets. An optimal capital structure produces an optimal rate of return, benefiting both the company and its shareholders. Previous studies conducted by Nita Septiani and Agung (2018) found that business risk does not affect capital structure, while Aris et al. (2019) and Arif Rahman (2019) found that it does. Velda et al. (2020) explained that business risk has a negative effect on capital structure.

3. Methodology

This research aims to investigate the effect of liquidity, asset structure, and business risk on automotive companies' capital structure and components. To achieve this purpose, a quantitative descriptive approach was utilized. The data for the study was collected from the annual financial reports of automotive and component companies listed on the stock exchange between 2010 and 2020, focusing on firms that had complete financial reports available online. The sample size was chosen purposefully to include companies of various sizes and performances in the automotive industry.

The data was analyzed using descriptive statistics such as mean, median, and standard deviation to give an overview of the sample characteristics. Multiple linear regression was then used to measure the impact of independent variables (liquidity, asset structure, and business risk) on the dependent variable (capital structure). The regression model measured the statistical significance and effect size of each independent variable.

4. Results and discussion

The liquidity value ranges between 0.60 and 14.00, with an average of 2.2492 and a standard deviation of 2.19599. Asset structure ranges between 0.02 and 1.02, with an average of 0.4327 and a standard deviation of 0.24645. Business risk ranges between -0.47 and 1.83, with an average of 0.1047 and a standard deviation of 0.27250. Capital structure ranges between 0.07 and 8.35 with an average of 1.1378 and a standard deviation of 2.7013 (see Table 1).

Table 1. Descriptive statistics

Variable	Mean	SD
Liquidity	2.249	1.195
Fixed asset	.433	.246
Business Risk	.105	.272
Capital Structure	1.138	1.270

Source: research data

Regression results

The table summarizing the model provides valuable insights into how well the variables considered explain the dependent variable. The coefficient of determination (R Square) indicates a value of 0.310, which suggests that the combination of Liquidity, Asset Structure, and Business Risk can jointly account for 31.0% of the observed variation in the capital structure. This result implies that the three variables collectively influence approximately one-third of the changes in the capital structure (see Table 2).

The adjusted coefficient of determination (Adjusted R Square) is reported as 0.273. This adjusted measure considers the number of predictors in the model. It provides a more accurate representation of the model's goodness of fit. The adjusted R Square of 0.273 suggests that, after considering the number of variables in the model, the combination of Liquidity, Asset Structure, and Business Risk can explain 27.3% of the variation in the capital structure.

Regression analysis has revealed several significant insights into the relationship between liquidity, asset structure, business risk, and the capital structure of automotive and component companies. Firstly, we found that liquidity has a strong negative relationship with the capital structure, with a coefficient of -0.235. These results suggest that higher liquidity can lead to lower reliance on debt in the capital structure, with a decrease of approximately -0.235 units. Secondly, we discovered a negative relationship between asset structure and capital structure, with a coefficient of -1.550, which implies that companies with a higher proportion of fixed assets relative to total assets may choose to finance their operations with less debt, relying more on equity financing instead (see Table 2). Lastly, we found that business risk has a negative relationship with capital structure, with a coefficient of -1.380. This result indicates that companies operating in environments with higher business risk may adopt a conservative approach to their capital structure. They avoid excessive debt to mitigate financial uncertainties, leading to a decrease of approximately -1.380 units in the capital structure.

Table 2. Regression results

Variable	β	SE	P-value
Constant	2.481	.356	.000
Liquidity	-.235	.067	.001
Fixed Asset	-1.550	.593	.012
Business Risk	-1.380	.538	.013
R ²	.273		
F-Statistics / p-value	6.370 (0.00)		

Source: SPSS ver 22

Discussion

The regression analysis results offer valuable insights into the complex dynamics between liquidity, asset structure, business risk, and the capital structure of automotive and component companies. Firstly, the analysis shows a strong negative correlation between liquidity and capital structure. This means that companies with higher levels of liquidity tend to rely less on debt in their capital structure. Businesses with readily available cash or liquid assets may opt for a more conservative financing approach, potentially minimizing debt-related financial risks.

The study reveals that liquidity has a significant negative impact on capital structure. This means that a decrease in liquidity leads to an increase in capital structure, while an increase in liquidity results in a decrease in capital structure. The pecking order theory suggests that companies with high liquidity tend to reduce debt funding. These companies rely on their liquid assets as internal funding sources. Higher liquidity leads to a lower utilization of external funds. However, when a company lacks sufficient internal funds, it tends to rely on external funding, which aligns with balancing theories. The results of this study are consistent with previous research, such as Raras et al. (2019) and Ingrid and Khairina (2019), which indicate that liquidity significantly negatively affects capital structure. However, the findings contradict Zulkarnain's (2020) and Suherman et al. (2019) research. Zulkarnain (2020) found that liquidity has an insignificant negative effect on capital structure, where companies can pay their debts, leading

to continued debt funding from investors. On the other hand, Suherman et al. (2019) found that liquidity significantly positively affects capital structure, where companies prioritize debt funding due to its advantages over internal sources of funds in financing their operations.

Secondly, the analysis reveals a negative correlation between asset and capital structures. Companies with a higher proportion of fixed assets may favor equity financing over debt. This strategic choice can help reduce financial leverage and enhance financial stability. This insight is crucial for understanding the capital allocation strategies within the automotive and component industries.

The asset structure of a company has a significant impact on its capital structure. A decrease in asset structure will lead to an increase in the company's capital structure. In contrast, an increase in asset structure will cause a decrease in the capital structure. A company with low fixed assets must rely on external funding to finance its investments. On the other hand, if a company has high fixed assets, it will use its internal funding instead of relying on external parties. Previous studies on this topic have shown mixed results. Some researchers, such as Fahrurroji and Iwan (2018) and Angelita et al. (2018), have found that asset structure positively affects capital structure. According to their findings, the larger the company's asset structure, the more its capital structure will be derived from debt, and additional debt will be carried out as long as there are fixed assets as collateral.

However, other studies, such as those by Cindy (2017) and Yunita et al. (2019), have found that asset structure does not affect capital structure. They argue that the asset structure cannot predict the value of the company's capital structure. Therefore, the company is more likely to use its assets for operations. Overall, the findings suggest that a company can use its capital to finance its investments and business development without necessarily relying on debt unless it has a high fixed asset level.

Lastly, the analysis indicates that there is also a negative correlation between business risk and capital structure. This highlights the impact of risk aversion on financing decisions. Companies operating in environments with higher business risk may adopt a more cautious approach by avoiding excessive debt. This risk-mitigating strategy contributes to a decrease in the capital structure. This finding underscores the importance of considering risk factors in shaping financial decisions within the industry.

Business risk has a significant adverse effect on the capital structure. Therefore, if the level of business risk decreases, it leads to an increase in the capital structure. On the other hand, if the business risk increases, the capital structure will also decrease. For companies with a high level of business risk, using high debt could be more efficient. This is because investors are less likely to invest more capital in such companies due to the high business risk. Additionally, it can also hinder the process of paying off debt.

Previous research conducted by Velda et al. (2020) supports the results of this study, as it also shows that business risk has a negative effect on capital structure. However, Rahman (2019) believes that business risk positively affects capital structure. He suggests that despite increased business risk, the stock market remains high for banking companies after the global crisis. Similarly, Aris et al. (2019) explain that business risk positively affects capital structure. They state that companies with high business risks generate fluctuating profits between different periods. As a result, using more outstanding debt can make it difficult for these companies to repay their debts, leading to more obligations. In contrast, Nita S. and Agung (2018) argue that business risk does not affect the capital structure. They believe some investors or creditors are risk takers and pay little attention to a company's business risks.

These findings have significant implications for financial decision-makers and strategists in the automotive and component sectors: First, companies should maintain ample liquidity as a risk management strategy, allowing them to navigate economic uncertainties without relying heavily on debt. Second, companies with substantial fixed assets should prioritize equity financing. This can guide financial planners in aligning capital structure decisions with the

composition of their asset base, fostering a more balanced and sustainable financial structure. Finally, companies facing higher business risk should consider the trade-off between financial leverage and risk exposure. Striking the right balance can lead to a capital structure that enhances resilience in volatile market conditions. Overall, these implications contribute to a more nuanced understanding of the financial strategies employed by automotive and component companies, aiding informed decision-making for sustainable growth and financial stability.

5. Conclusion

This research provides valuable insights into the relationship between liquidity, asset structure, business risk, and capital structure of automotive companies and their components. The results of the regression analysis revealed several significant findings. First, liquidity shows a strong negative relationship with capital structure, indicating that companies with high liquidity tend to reduce dependence on debt in their capital structure. These findings provide important implications regarding conservative funding strategies as risk management amidst economic uncertainty. Second, the negative relationship between asset structure and capital structure, with a negative coefficient, illustrates the tendency of companies with a high proportion of fixed assets to prefer equity financing. These findings have important implications in guiding financial planners to align capital structure decisions with the composition of their asset base.

Lastly, the finding that business risk has a negative relationship with capital structure, with a negative coefficient, highlights the importance of risk-aware decision-making. Companies operating in environments with high business risks tend to adopt a more cautious approach by avoiding excessive debt.

This study suggests that risk mitigation strategies can result in a more conservative and resilient capital structure. The conclusions of this research provide a deeper understanding of the financial strategies used by automotive companies and their components, helping to make informed decisions for sustainable growth and financial stability.

This research is limited to automotive and component companies, so generalizing the results to other industries must be done cautiously. Differences in industry characteristics may influence results and interpretations. Future research could expand the model by considering additional relevant variables, such as company size, macroeconomic conditions, and other environmental factors. Additionally, future studies could involve other industries to compare findings and identify whether the relationship between certain variables and capital structure is consistent or varies among industry sectors. Furthermore, the analysis does not include several factors that might influence capital structure, such as company size, business cycle, and management characteristics. Future research could consider these variables to gain a more comprehensive understanding. Finally, this research uses data from companies listed during a specific period. Economic and financial conditions that change over time may affect results. Selecting a broader period can provide a more holistic picture.

References

- Anggelita, P.T.; Harijanto, S.; Victorina, Z.T. (2018). *Pengaruh Struktur Aktiva dan Profitabilitas terhadap Struktur Modal pada Perusahaan Sektor Industri Barang Konsumsi yang terdaftar di Indonesia*. Jurnal Riset Akuntansi Going Concern. 13(3): 477-488.
- Arikunto, S. (2013). *Prosedur Penelitian: Suatu Pendekatan Praktik*. Jakarta: Rineka Cipta.
- Aris, M.; Aliah, P.; Iman, H. (2019). *Pengaruh Risiko Bisnis terhadap Struktur Modal pada Perusahaan Pabrik Kertas PT. Tjiwi Kimia Tbk. Periode 2013-2018*. Jurnal Manajemen dan Keuangan. 7(2): 53-61.

- Riyanto, B. (2011). *Dasar-dasar Pembelanjaan Perusahaan*. Yogyakarta: BPFE.
- Brigham, E.F.; & Houston, J.F. (2011). *Dasar-dasar Manajemen Keuangan Terjemahan*. Edisi 10. Jakarta: Salemba Empat.
- Cindy, R.C.; & Nurul, W. (2017). *Pengaruh Pertumbuhan Penjualan, Ukuran Perusahaan, dan Struktur Aktiva terhadap Struktur Modal*. Ilmu dan Riset Manajemen. 6(3): 1-17.
- Fahmi, I. (2017). *Analisis Laporan Keuangan*. Bandung: Alfabeta.
- Fahrurroji.; & Iwan. (2018). *Analisis Profitabilitas, Ukuran, Pertumbuhan, dan Aktiva terhadap Struktur Modal pada Perusahaan Manufaktur di BEI*. Cakrawala. 18(1): 107-115.
- Gitman, L.J. (2015). *Principles of Management Finance 12th Edition*. Boston: Pearson Education, Inc.
- Inggrid, L.; & Khairina, N. (2019). *Pengaruh Profitabilitas, Likuiditas Dan Ukuran Perusahaan Terhadap Struktur Modal*. Jurnal Manajerial dan Kewirausahaan. 1(3): 481-480.
- Yunita I, Mayliza R (2019). *Struktur Modal dalam Memediasi Pengaruh Profitabilitas, Struktur Aktiva dan Pertumbuhan Penjualan Terhadap harga saham*. INA-Rxiv Papers. [10.31227/osf.io/adruz](https://doi.org/10.31227/osf.io/adruz) 31 Juli 2019
- Kasmir. (2012). *Analisis Laporan Keuangan*. Jakarta : PT. Raja Grafindo Persada.
- Kasmir. (2014). *Analisis Laporan Keuangan*. Edisi Pertama. Cetakan Ketujuh. Jakarta: PT. Rajagrafindo Persada
- Lokobal, A.; & Marthin, D. (2014). *Manajemen Risiko pada Perusahaan Jasa Pelaksana Konstruksi di Propinsi Papua*. Jurnal Ilmiah Media Engineering. 4(2): 109-118.
- Nita Septiani, N.P.; & Agung Suaryana, I.G.N. (2018). *Pengaruh Profitabilitas, Ukuran Perusahaan, Struktur Aset, Risiko Bisnis dan Likuiditas pada Struktur Modal*. Akuntansi Universitas Udayana. 22(3): 1682-1710.
- Rahman, A. (2019). *Pengaruh Pertumbuhan perusahaan, Risiko Bisnis terhadap Struktur Modal dan Nilai Perusahaan pada Industri Perbankan di Bursa Efek Indonesia sebelum dan sesudah Krisis Global*. Ilmiah Manajemen & Akuntansi. 25(1): 114-129.
- Raras, N.F.; Ronny, M.M.; Budi, W. (2019). *Pengaruh Profitabilitas, Likuiditas, dan Ukuran Perusahaan Terhadap Struktur Modal (pada Perusahaan Otomotif yang terdaftar di Indonesia pada periode 2015-2018)*. Jurnal Riset Manajemen Fakultas Ekonomi Unisma. hal: 155-166.
- Sugiyono. (2014). *Metode Penelitian Pendidikan Pendekatan Kuantitatif, Kualitatif, dan R&D*. Bandung: Alfabeta.
- Sugiyono. (2017). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Bandung: Alfabeta, CV
- Suherman; Resy P.; Umi, M. (2019). *Pengaruh Struktur Aset, Likuiditas, dan Profitabilitas terhadap Struktur Modal dimoderasi oleh Ukuran Perusahaan*. Jurnal Ilmiah Manajemen. 9(2): 369-381.
- Syamsudin, Lukman. (2011). *Manajemen Keuangan Perusahaan*. Edisi Baru. Jakarta: PT. Raja Grafindo Persada
- Velda, L.; dkk. (2020). *Analisis Profitabilitas, Ukuran Perusahaan, Struktur Aset, Likuiditas, dan Risiko Bisnis terhadap Struktur Modal Perusahaan Manufaktur di Indonesia*. Journal of Economic, Business and Accounting. 3(2): 282-291.
- Zulkarnain, M. (2020). *Pengaruh likuiditas dan profitabilitas terhadap struktur modal*. Forum Ekonomi. 22(1): 49-54
- <https://www.idx.co.id>

Publisher's Note: Sekolah Tinggi Ilmu Ekonomi Indonesia Jakarta as publisher remains neutral with regard to jurisdictional claims in published maps and institutional affiliations

Declarations

Funding

The authors received no financial support for the research and publication of this article.

Conflicts of interest/ Competing interests:

The authors have no conflicts of interest to declare that are relevant to the content of this article.

Data, Materials and/or Code Availability:

Data sharing is not applicable to this article as no new data were created or analyzed in this study.

Additional information

Authors and Afliations

Estuti Fitri Hartini, Universitas IPWIJA, Jakarta, Indonesia. Email: Estuti16@gmail.com

Inti Nuswandari, Universitas IPWIJA, Jakarta, Indonesia. Email:inti_endratmo@yahoo.com

Edi Wibowo, Universitas IPWIJA, Jakarta, Indonesia. Email:78.ediw@gmail.com

Amika Yulianingsih, Universitas IPWIJA, Jakarta, Indonesia. Email:alhusnaatsuroyya95@gmail.com

Agus Jenal Mutakin, Universitas IPWIJA, Jakarta, Indonesia. Email: agusjenalmutakin@gmail.com

Cite this article:

Hartini, E., Nuswandari, I., Wibowo, E., Yulianingsih, A., & Mutakin, A. (2023). Impact of liquidity, asset structure, and business risk on capital structure of automotive and component companies. *Indonesian Journal of Business, Accounting and Management*, 6(02), 57 - 66.