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THE INFLUENCE OF LIQUIDITY, PROFITABILITY AND NON-DEBT TAX SHIELD ON CAPITAL STRUCTURE WITH INSTITUTIONAL OWNERSHIP AS A MODERATING VARIABLE

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ABSTRACT

This study aims to empirically prove the effect of liquidity, profitability, non-debt tax sheild on capital structure with institutional ownership as a moderating variable in manufacturing companies listed on the Indonesian stock exchange for the 2017-2021 period. The research time period used is 5 years, namely 2017-2021. The population of this study includes all manufacturing companies listed on the Indonesian stock exchange for the 2017-2021 period, totaling 60 companies. Tests in this study using E-Views 9 software. The sampling technique used purposive sampling technique. Based on predetermined criteria obtained 12 companies. The analytical method used is Moderate Regression Analysis (MRA). This test uses quantitative research methods. The results of this research show that partially liquidity and profitability have no effect on capital structure. while the non-debt tax sheild has a negative effect on capital structure. institutional ownership is not able to moderate the liquidity and profitability of transfer pricing. And the non-debt tax sheild is able to moderate the debt covenants on the capital structure.

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INTRODUCTION

In the era of society 5.0, an era where technology has become an inseparable part of human life. Through society 5.0, artificial intelligence will transform big data collected via the internet in all areas of life into new wisdom, which will be dedicated to increasing human capabilities to open up opportunities for economic and human life. The increasing number of companies competing globally has a huge impact on the financial ups and downs of a company, especially for companies in developing countries such as Indonesia. Tight competition between companies will cause companies to compete in capital investment which looks very tight and competitive, especially in manufacturing companies, manufacturing companies try to carry out economic activities and manage the functions within the company effectively. Capital or funding has various issues, including how much the company is able to meet the need for funds that will be used to operate and developing a good capital structure will have an impact on the company and indirectly increase the value of the company. Capital structure is the proportion of use of debt and equity. Management as company managers must be able to balance the use of debt and equity to achieve an optimal capital structure (Dewi & Sudiartha, 2017).

The phenomenon that occurred in 2017 was the economic slowdown and weakening of people's purchasing power which had an impact on the manufacturing industry. However, this is not due to a decrease in people's purchasing power, but rather the psychological influence of current conditions. (CNN Indonesia, 2017). Another phenomenon is that the rupiah exchange rate against the United States (US) dollar continued to weaken in 2018. One of the industrial sectors that was also hit by this situation was the manufacturing company sector, because the need for imported raw materials was still high while foreign investment (PMA) was still high. slow down. (Kontan.co.id, 2018) Based on temporary observations, it was found that economic performance as assessed by the capital structure of several manufacturing sector companies experienced a phenomenon where there was an increase and decrease in capital structure.

This phenomenon includes the capital structure of manufacturing companies which consists of several sectors. The companies in the observation sample include PT. Semen Indonesia Tbk, PT. Semen Baturaja Tbk, PT. Indocement Tunggal Prakarsa Tbk, PT. Solusi Bangun Indonesia Tbk, PT. Wijaya Karya Beton Tbk. The following is the capital structure that occurred in several companies during the 2017-2021 period (Idx.co.id). Based on this phenomenon, it can be seen that the ups and downs of the capital structure during the 2017-2021 period appear to be fluctuating. Where it can be seen that all the companies in the observation sample use debt as capital. Over a period of 5 years, these companies experienced a significant increase in debt reduction with the lowest value of debt use, namely 18%, experienced by INTP (Indocement Tunggal Prakarsa Tbk) in 2017 and the highest value of 191% obtained by SMCB (Solusi Bangun Indonesia Tbk) in 2018. This situation was influenced by several factors including politics, economics, both the country's economy and the global economy, as well as the rise and fall of interest rates (Idx.co.id).

Several previous studies related to this research include research conducted by (Watiningsih, 2018) and also research by (Purba et al., 2018) indicating that for previous research on the effect of liquidity on capital structure according to (Nita Septiani & Suaryana, 2018) identified that liquidity has no effect on capital structure. However, research by (Ratuloly et al., 2020) and (Dewi & Dana, 2017) shows that liquidity has a positive effect on capital structure. profitability has a significant positive effect on capital structure. However, research conducted by (Rifiana et al., 2016) has a negative effect on capital structure. Meanwhile, according to research by (Nita Septiani & Suaryana, 2018), profitability has no effect on capital structure. The final variable, namely the non-debt tax shield on capital structure, according to (Purba et al., 2018) and (Dewi & Dana, 2017) argue that the non-debt tax shield has an effect on capital structure but negatively. Meanwhile, after research by (Natasha Miraza & Muniruddin, 2017) they argue that the non-debt tax shield has a positive effect on capital structure.

Several previous studies have examined the relationship between liquidity, profitability and non-debt tax shield on capital structure, but this research has provided inconsistent results which may be caused by several other factors explained in the research theory. Due to the limited literature and lack of previous research on capital structure research moderated by institutional ownership, this research adds institutional ownership variables as a moderator, to moderate the relationship between liquidity, profitability and non-debt tax shield on capital structure. The aim is to increase and decrease the influence of the independent variables in this research. The reason is because the higher the institutional ownership, the higher the capital structure.

According to contingency theory, this is caused by the role of institutional ownership as a monitoring agent. Supervision carried out by institutional shareholders on management will have an impact on increasing the confidence of investors and creditors to provide funds to the company (Natasha Miraza & Muniruddin, 2017). The explanation of the phenomena, research gaps and theoretical support stated above are the background for submitting this research. This research was conducted in the manufacturing sector on the Indonesia Stock Exchange for the period 2017-2021. The manufacturing sector was chosen because manufacturing companies experience fluctuating and significant capital structure growth every year. Apart from that, manufacturing companies can also describe the economic performance of all companies in Indonesia. Based on the description above and research related to capital structure showing inconsistent results, the author is interested in exploring the relationship between factors related to capital structure which is realized in the final thesis research with the title "The Influence of Liquidity, Profitability and Non-Debt Tax Shield on Capital Structure With Institutional Ownership as Moderating (In Manufacturing Companies Listed on the IDX in 2017-2021)"

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Literature review

Teori Pecking Order

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Teori Kontijensi

Contingency theory is a theory of leader suitability which means adapting leaders to the right conditions. The theory put forward by Firdler's argues that leaders' performance is determined by their understanding of the situation in which they lead. The philosophy of the contingency theory mindset is based on the fact that each organization has its own characteristics and faces different problems. Therefore, this approach has the view that different situations must be faced with different leadership behavior, and each organization must be faced with its own leadership style (Paranoan et al., 2019).

Contingency theory in management control arises from the basic assumption of increasing management performance in making company operational funding decisions. That a management control system can be applied to all companies in various conditions (Atiek Sri Purwati, 2006). In contingency theory, it explains various variations in variables in organizational structure. The relationship between this theory lies in the moderating variable, namely institutional ownership. Institutional ownership is considered capable of influencing company performance, either increasing or decreasing the level of company performance. This is supported by a good level of corporate governance if it is strengthened by the presence of institutional shareholders to supervise funding decisions made by financial management and company operational activities to achieve company goals, namely maximizing company profits.

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Hypothesis Development

The Effect of Liquidity on Capital Structure

Liquidity is one of the variables that greatly influences capital structure. With high liquidity, a company's capital structure will be lower because the company is considered capable of meeting its short-term obligations. Companies that have debt and are able to pay off their debt on time are companies that have high liquidity (Zulkarnain, 2020).

The company's liquidity level can be measured using the current ratio. Current ratio is the ratio between current assets and current liabilities. This ratio shows the extent to which a company's current assets are sufficient to cover its current liabilities. According to pecking order theory, the higher the level of liquidity of a company, the less likely the company is to use debt as a source of capital. This is in accordance with previous research, namely that the

greater the current ratio in a company means that the greater the company's ability to fulfill its short-term liabilities or obligations, which means the higher the company's liquidity level (Ratuloly et al., 2020).

The higher a company's liquidity, the higher the company's capital structure. Because it is considered that higher liquidity will be the basis for approval to invest or expand into other businesses that are considered profitable and can also increase the level of confidence of creditors and investors (Ratuloly et al., 2020). Based on the description above, the hypotheses that can be proposed in this research are:

H1: Liquidity influences capital structure

The Effect of Profitability on Capital Structure

According to Kasmir (2012), the profitability ratio is a ratio that is useful in measuring or assessing a company's ability to gain profits, and can also measure the effectiveness of management in performance within a company. The high profitability of a company will increase the company's capital structure because it is considered capable of increasing the value of the company. Profitability can be a measuring tool for a company's operational performance to generate profits, so the company will use more funding from the company's internal funds. According to pecking order theory, profitability reflects the profit for investment funding. Therefore, the company's first choice in funding decisions is to use retained earnings, then use debt and equity.

Based on previous research, it can be understood that the higher the level of company profitability, the greater the increase in a company's capital structure. This is in line with research conducted by (Purba et al., 2018) which states that profitability has a positive effect on capital structure:

H2: Profitability influences capital structure

The Effect of Non-Debt Tax Sheild on Capital Structure

Non-debt tax shield is a tax deduction, but not from debt but from depreciation and amortization of company assets. A high non-debt tax shield will indicate that the company has more tangible assets, with a high non-debt tax shield it tends to use more debt. The company's large number of tangible assets can be used as collateral for additional funds through debt. Empirical evidence also states that companies that have a high non-debt tax shield will have an impact on debt reduction (Purba et al., 2018). In the pecking order theory, companies that have a large non-debt tax shield tend to use larger debt because of the benefit in the form of a tax shield (Gaud et al, 2005). Based on the description above, the hypotheses that can be formulated in this research are:

H3: Non-debt tax shield influences capital structure.

The Effect of Liquidity on Capital Structure with Institutional Ownership as a moderator.

Liquidity is the company's ability to fulfill its financial obligations in the short term with available current funds (Wiagustini, 2014), to keep the company always liquid, funding control is needed from internal, namely management and additionally from external, namely institutional share ownership. Based on the pecking order theory, liquidity can provide positive results on the company's capital structure. Because the more liquid a company is, the higher the level of investor confidence in that company. But in order for the company to remain and always be liquid, it needs control. A large level of institutional ownership will also increase tighter supervision by institutional investors and can prevent deviant behavior from company managers, especially in implementing company capital use policies. Based on the description above, the hypothesis that can be formulated in this research is:

H4: Institutional ownership can reduce the relationship between liquidity and capital structure

The influence of profitability on capital structure with institutional ownership as a moderator

Profitability is the level of profit a company obtains when running its company operations. Which is considered capable of reducing the level of capital structure because the company will prioritize the use of internal funds compared to using external funds, in this way it will minimize

the use of debt as a source of company funding, but the funding policy can change because internal parties are monitored and controlled by external parties or institutional shareholders . In accordance with pecking order theory which states that companies will use retained earnings first, but signaling theory states that companies will emphasize the importance of information released by the company on investment decisions from parties outside the company (Natasha Miraza & Muniruddin, 2017). In this way, institutional ownership can moderate the influence of profitability on capital structure, because it is considered capable of strengthening or weakening profitability on capital structure. Based on the description above, the hypotheses that can be formulated in this research are:

H5: Institutional ownership can increase the relationship between profitability and capital structure

The influence of the non-debt tax shelf on capital structure with institutional ownership as a moderator

Non-debt tax shield is a reduction in tax costs not from debt but by amortization and depreciation. Which is considered capable of influencing the capital structure. The higher the non-debt tax shield, the company will reduce funding originating from debt, because tax reductions originating from loan interest can be distributed through depreciation and amortization monitored by institutional shareholders (Natasha Miraza & Muniruddin, 2017). To reduce financial risk, institutional shareholders can assist management in controlling the use or allocation of tax benefits other than debt. Institutions can monitor the course of asset depreciation and amortization by giving directions to managers to make maximum use of company assets in order to reduce funding through debt. Based on the description above, the hypothesis that can be formulated in this research is:

H6 : Kepemilikan institusioanl dapat meningkatkan hubungan non debt tax sheild sebagai pemoderasi.

RESEARCH METHOD

The sample research method used is purposive sampling, certain considerations and considerations taken are based on the research objectives. The sample for this research is manufacturing companies listed on the Indonesia Stock Exchange (BEI) for the period 2017 to 2021.

Operational Definition of Capital Structure Variables

Capital structure is the comparison between external capital in the form of money (debt) and own capital (equity). can be calculated using the following formula: Profitability is the comparison of net profit after tax with own capital in ratio or percent units. Profitability is a benchmark in determining financing alternatives, but the way to assess the profitability of a company is that it depends on the profit and assets distributed, namely net profit after tax (net income) originating from the company's operating activities divided by total assets (total assets). It can be calculated using the following formula:

$$\text{Debt To Equity Ratio} = \frac{Total\ Utang}{Total\ Modal}\ x\ 100\%$$

Liquidity

Liquidity is how much the company's ability to fulfill the company's obligations or debts. Liquidity is a comparison between the company's current assets and current liabilities which is intended to determine the company's financial condition. Liquidity in this research is calculated using the current ratio with the following formula:

$$Current\ Rasio\ (CR) = \frac{Aktiva\ Lancar}{Hutang\ Lancar}\ x\ 100\ \%$$

Profitability

Profitability is a comparison of net profit after tax with own capital in ratio units or percent. Profitability is a benchmark in determining financing alternatives, but the way to assess the profitability of a company is that it depends on the profit and assets distributed, namely net profit after tax (net income) originating from the company's operating activities divided by (total assets)

$$ROA = \frac{\text{Laba Bersih Setelah Pajak}}{Total\ Aktiva} \ x\ 100\%$$

Non Debt Tax Shield

Tax Shield merupakan kemampuan perusahaan dalam penghematan ataupengurangan pajak akan memberikan keseimbangan dalam pengelolaan struktur modal. Non debt tax shield adalah memanfaatkan beban penyusutan aktiva tetap untuk mengurangi pajak. Non debt tax shield dapat dihitung dnegan formula sebagai berikut :

$$\text{Non Debt Tax Sheil} = \frac{Jumlah\ Depresiasi}{Total\ Aktiva} \ x\ 100\%$$

Institutional Ownership

Institutional ownership is the number of shares owned by external parties to the company, namely institutions or institutions such as banks, insurers, insurance companies and so on. Institutional ownership can be calculated using the following formula:

$$INST = \frac{\text{Jumlah saham yang dimiliki institusional}}{\text{Total Keseluruhan Saham}} X100$$

Hypothesis Test

Determation Coefficient Test (Uji R^2)

The results of the coefficient of determination explain how far the regression model's ability to explain variations in the independent variable affects the dependent variable. The larger the R2 results, the better because this identifies the better the natural independent variable explains the dependent variable. The value of R2 must be in the range 0-1, if the value of R2 is equal to 1 it means the dependent variable is increasing or decreasing (Y) is 100% influenced by the independent variable (X). If the R2 value is 0, it means there is no relationship at all with the independent variable.

Uji F (ANOVA)

The model feasibility test or commonly known as the F test is used to explain whether all the independent variables included in the model together have an influence on the dependent variable, or in other words the model is fit or not. If the F test has no effect then the research is not worth continuing because the research model is unable to explain the relationship between the independent and dependent variables. This could also happen

because there is a relationship between independent variables (multicollinearity) which causes this the research model becomes unfit (Winarno, 2017).

Personal Hypothesis Testing (Uji t)

The t test (partial test) aims to see the influence of the independent variables, namely profitability (X1), Liquidity (X2), Tangibility (X3), Non Debt Tax Shield (X4), partially on Capital Structure (Y). The t statistical test basically shows how far the influence of one explanatory/independent variable individually is in explaining variations in the dependent/dependent variable (Winarno, 2017).

Panel Data Regression Analysis

Panel data is data that is a time series and cross section, so it consist of several objects and covers several periods (Winarno, 2017). The regression model in this research can be written in 2 models, namely:
Model 1 (before moderation).

$$DER_{(i,t)} = a + \beta_1 CR_{(I,t)} + \beta_2 ROA_{(I,t)} + \beta_3 NDTS_{(I,t)} \ldots . + \beta_n X_{n(I,t)} + e_{(I,t)}$$

Model 2 (after moderation)

$$DER_{(i,t)} = a + \beta_1 CR_{(I,t)} + \beta_2 ROA_{(I,t)} + \beta_3 NDTS_{(I,t)} + \beta_1 CR * KI_{(I,t)} + \beta_2 ROA * KI_{(i,t)} + \beta_3 NDTS * KI_{(I,t)} \ldots . + \beta_n X_{n(i,t)} + e_{(I,t)}$$

RESEARCH RESULTS AND DISCUSSION

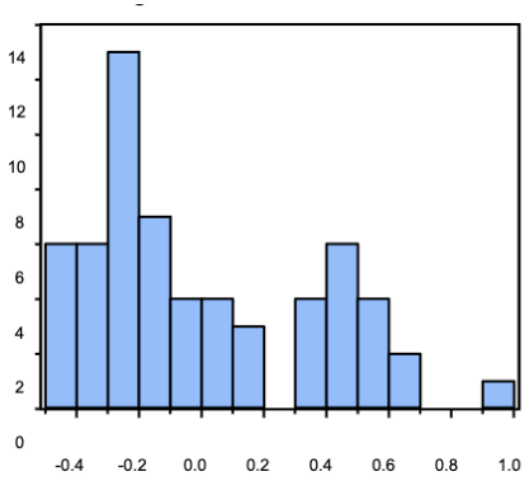
	DER	CR	ROA	NDTS	KI	CR_KI	ROA_KI	NDTS_KI
Mean	0.768827	1.944835	0.087127	0.036739	0.546914	1.031291	0.049477	0.023152
Median	0.535705	1.984080	0.066140	0.034070	0.578080	0.728660	0.024364	0.021507
Maximum	1.766420	3.830300	0.526700	0.111340	0.832800	3.171757	0.430746	0.091056
Minimum	0.175390	0.082570	0.008940	0.000340	0.000920	0.002318	6.47E-05	2.34E-05
Std. Dev.	0.441469	0.910435	0.097998	0.022161	0.254998	0.803422	0.081265	0.019406
Observations	60	60	60	60	60	60	60	60

Based on the data processing results table above, it can be seen that the mean value of the capital structure variable in this study is 0.768827 with a median value of 0.535705. The maximum and minimum capital structure values in this study are 1.766420 and 0.175390, where the standard deviation value is 0.441469.

Based on the data processing results table above, it can be seen that the mean value of the liquidity variable in this study is 1.944835 with a median value of 1.984080. The maximum and minimum liquidity values in this study are 3.830300 and 0.082570, where the standard deviation value is 0.910435. Based on the data processing results table above, it can be seen that the mean value of the profitability variable in this study is 0.087127 with a median value of 0.066140. The maximum and minimum profitability values in this study are 0.526700 and 0.008940, where the standard deviation value is 0.097998. Based on the data processing results table above, it can be seen that the mean value of the non-debt tax shield variable in this study is 0.036739 with a median value of 0.034070. The maximum and minimum non-debt tax shield values in this study are 0.111340 and 0.000340, where the standard deviation value is 0.022161.

Based on the data processing results table above, it can be seen that the mean value of the institutional ownership variable in this study is 0.546914 with a median value of 0.578080. The maximum and minimum values for institutional ownership in this study are 0.832800 and 0.000920, where the standard deviation value is 0.254998.

Normality Test Result



From the test results shown in the table below, the Jarque-Bera value is 1.060 with a probability of 0.589. If the Jarque-Bera value is > 2 and Probability < 0.05 then the residual data distribution is not normal, and Jarque-Bera < 2 and Probability > 0.05 then the residual data distribution is normal.

	DER	CR	ROA	NDTS	KI	CR_KI	ROA_KI	NDTS_KI
DER	1.000000	-0.757120	0.199308	0.558820	0.294051	-0.386238	0.337842	0.523925
CR	-0.757120	1.000000	-0.230874	-0.436744	-0.141777	0.654309	-0.318455	-0.423005
ROA	0.199308	-0.230874	1.000000	0.383864	0.074328	-0.216952	0.921613	0.450584
NDTS	0.558820	-0.436744	0.383864	1.000000	0.550572	-0.011991	0.588444	0.941538
KI	0.294051	-0.141777	0.074328	0.550572	1.000000	0.627127	0.407297	0.714557
CR_KI	-0.386238	0.654309	-0.216952	-0.011991	0.627127	1.000000	-0.028202	0.139948
ROA_KI	0.337842	-0.318455	0.921613	0.588444	0.407297	-0.028202	1.000000	0.680694
NDTS_KI	0.523925	-0.423005	0.450584	0.941538	0.714557	0.139948	0.680694	1.000000

From the output above, it can be seen that there are no independent variables that have a value of more than 0.8, so it can be concluded that there is no multicollinearity in the regression model.

Chow Test Result (Common Effect vs Fixed Effect)

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	34.828209	(11,41)	0.0000
Cross-section Chi-square	140.185290	11	0.0000

Based on the Chow test results abouve, it can be seen that the cross-section profitability value F is 0.0000, which means the cross-section profitability value F is smaller than the significant level. The cross-section profitability value F is smaller than the significant level a = 5% (0.0000 < 0.05). So it can be concluded that Ha is accepted, meaning the panel model used is the Fixed Effect Model.

Hausman Test Result (Fixed Effect vs Random Effect)

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	37.7813 4	7	0.0000

From the results of the Hausman test above, it can be seen that the random cross-section probability value is 0.0005, which means the significance probability value is 5% (0.0005 0.05). So it can be concluded that Ha is accepted, which means the panel model used is the Fixed Effect Model.

Conclusion Mode

Based on the results of the three tests that have been carried out, the Fixed Effect Model (FEM) is used in this research to estimate the influence of Liquidity, Profitability and Non-Debt Tax Shield on capital structure with institutional ownership as a moderator in manufacturing companies for the 2017-2021 period. The following are the output results of the Fixed Effect Model.

Hasil Uji Hipotesis Hasil Uji F	
F-statistic	50.91987
Prob (F-statistik)	0.000000

Koefisien Determinasi

R-squared	0.966464
Adjusted R-squared	0.951470

Based on the results of the coefficient of determination test above, it can be seen that the Adjusted R-squared value is 0.951470, which means that variations in changes in the ups and

downs of capital structure can be explained by the variables Liquidity, profitability, non-debt tax shield and institutional ownership of 95.14% while the remaining is 4, 86% explained other variables not examined in this study.

T Test Result

Partial t test before using moderating variables

Based on the results of the feasibility test of the model above. shows that the F-statistic value is 50.91987, while the F table with level a = 5%, dfl (k-1) = 5 and df2 (n-k) 54, the F table value is 2.39, so it can be seen that the F-statistic value > F table (50.91987>2.39) and the F-statistic probability value <0.05 (0.000000 < 0.05). This shows that Ha is accepted, which means this model is said to be fit or feasible for research and together the variables profitability, liquidity, tangibility and non-debt tax shield influence the capital structure with institutional ownership as a moderating variable.

Dependent Variable: DER				
Method: Panel Least Squares				
Date: 02/04/23 Time: 00:37				
Sample: 2017 2021				
Periods included: 5				
Cross-sections included: 12				
Total panel (balanced) observations: 60				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.545108	0.334664	4.616897	0.0000
CR	-0.056198	0.035225	-1.595417	0.1178
ROA	0.226488	0.324421	0.698130	0.4888
NDTS	-5.162393	2.871924	-1.797538	0.0791
KI	-0.908846	0.653706	-1.390299	0.1714

1. The Liquidity t-statistic (CR) value shows 1.013081, while the t table with level a = 5%, df (n-k) 54 is 2.00488. So it can be concluded that the t-statistic CR <t table and the CR probability value is 0.3173> 0.05, so it can be concluded that the Liquidity variable (CR) in this study has no influence on Capital Structure (DER). Thus it can be concluded, H_2 in this study is rejected.
2. The Profitability (ROA) t-statistic value shows 0.186497, while the t table with level a = 5%, df (n-k) 54 is 2.00488. So = it can be concluded that the ROA t-statistic < t table and the ROA probability value is 0.8530 0.05, so it can be concluded that the Profitability variable (ROA) in this research has no influence on Capital Structure (DER). Thus it can be concluded, Hi in this study is rejected.
3. The Non Debt Tax Shield (NDTS) t-statistic value shows - 3.812481, while the t table with level a = 5%, df (n-k) = 54 is 2.00488. So it can be concluded that the NDTS t-statistic < t table and the NDTS probability value is 0.0005 0.05, so it can be concluded that the Non Debt Tax Shield (NDTS) variable in this study has an influence on Capital Structure (DER). Thus it can be concluded, H4 in this study is accepted.
4. The t-statistic value of Institutional Ownership moderating Liquidity (CR*KI) shows 0.956871, while the t table has a level of a = 5%. df (n-k) = 54 is obtained as 2.00488. So it can be concluded that the t-statistic CR*KI < t table and the probability value CR*KI is 0.3445 > 0.05, which means that the ownership variable has no influence on the

relationship between liquidity and capital structure. Thus, it can be concluded that Ho in this study was rejected.

5. The t-statistic value of Institutional Ownership moderating Profitability (ROA*KI) shows 0.115453, while the t table with level a = 5%, df (n-k) 54 is 2.00488. So it can be concluded that the t-statistic ROA*KI < t table and the probability value of ROA KI is 0.9087> 0.05, which means that the institutional ownership variable has no influence on the relationship between profitability and capital structure. Thus it can be concluded, Hs in this study was rejected.
6. The value of 1 statistic for Institutional Ownership Moderating Non Debt Tax Shield (NDTS KI) shows 3.617194, while the t table with a level of 5%, df (n-k) = 54 is 2.00488. So it can be concluded that the t-statistic NDTS*KI > t table and the probability value NDTS*KI 0.0008 < 0.05, which means that the institutional ownership variable can strengthen the relationship between non-debt tax shield and capital structure. Thus it can be concluded, Hs in this study was rejected

DISCUSSION

The Effect of Liquidity on Capital Structure

Based on the results of hypothesis testing, it shows that liquidity has no influence on capital structure, which means that the size of liquidity cannot affect the company's capital structure. Thus, H_2 in this study is rejected. This means that if liquidity increases or decreases, it will not affect the capital structure. It is proven that in 2019 PT Tempo Scan Pacific Tbk (TSPC) had a 20% increase in Liquidity (CR) value from 251% to 257% in the previous year, however the Capital Structure (DER) remained stable at a percentage of 44%. Liquidity that has no influence on capital structure can occur because liquidity is a measure of a company's ability to pay off its debt obligations and influences the company's capital structure in the form of internal funds as a source of high funds. Each company has its own ability to fulfill its obligations or current obligations. The greater the liquidity capacity, the more capable the company is of paying off the company's debt or external funding. With its liquidity capabilities, a company can reduce the level of corporate risk due to debt by reducing the level of debt above its capacity.

This is not in line with the pecking order theory, where companies tend to prefer internal funding. This is due to the small risk borne by the company if it uses internal funding. With the ability to fulfill its debt obligations, the company will reduce the company's risk by reducing the company's debt. Companies that tend to have high liquidity will tend to use external funding. This is in accordance with research conducted by MD Nst (2017) which states that liquidity has no effect on capital structure. Which means that the higher the company's liquidity level, the less it will affect the company's capital structure.

The Influence of Profitability on Capital Structure

Based on the results of hypothesis testing, it shows that profitability has no influence on capital structure, which means that the size of profitability cannot influence the company's capital structure. Thus, H in this study is rejected. This means that if profitability increases or decreases, it will not affect the capital structure.

Proven at PT. Darya-Varia Laboratoria Tbk (DVLA) in 2019 had a Profitability (ROA) value increased by 2% from the previous year's 10% to 12% but the Capital Structure (DER) remained stable at a percentage of 40%. Profitability that has no influence on capital structure can occur because profitability is a measure of a company's ability to earn profits and influences the company's capital structure in the form of internal funds as a source of high funds. So companies will prefer to use internal funding rather than external funding such as debt. As per the Pecking Order Theory, companies prioritize using internal funds compared to external funds. So it can be said that profitability does not affect the debt structure of a company, where the company is late in determining its capital structure based on the cost of capital and the return (amount of benefit) resulting from the use of debt to support the company's operations (Mustika, 2014). This is in accordance with research conducted by Scherman et al (2019), Aisyah (2017), Andika (2019) which states that profitability has no significant effect on capital structure. This research is not in accordance with research conducted by Intan (2017),

Zahro et al. (2018) and Watung et al (2016) which state that profitability has a significant positive effect on capital structure.

The Effect of No Debt Tax Sheild on Capital Stucture

Based on the results of the hypothesis test, it shows that the non-debt tax shield has a negative effect on capital structure, which means that the size of the non-debt tax shield can affect the company's capital structure. Thus, H. in this study was accepted. It is also proven at PT. Budi Starch & Sweetener Tbk (BUDI) from 2018-2021 whose Non Debt Tax Shield (NDTS) value increases every year but its Capital Structure (DER) decreases. The results of this research prove that the non-debt tax shield has a negative influence on capital structure. Companies that have a high non-debt tax shield will tend not to use internal funding, which is in accordance with the Pecking Order Theory. The company will incur depreciation costs as an impact on the use of assets, especially fixed assets. The profits obtained by the company if it uses debt as funding for the company's investment activities will have an impact on tax savings and interest costs that will be paid. Likewise, companies that incur greater depreciation costs will receive tax benefits as a result of the depreciation costs paid. This is in line with research conducted by Purba et al (2018), that the non-debt tax shield has an effect on capital structure. Which means that companies with a larger non-debt tax shield will have an impact on reducing the debt that will be paid.

The Effect of Liquidity on Capital Structure with Institutional Ownership as a Moderator

Based on the results of hypothesis testing, it was found that institutional ownership has no effect on the relationship between liquidity and capital structure. This means that institutional ownership is unable to reduce or weaken the influence of liquidity on the company's capital structure. The greater the institutional ownership in the company, the less influence liquidity will have on the company's capital structure. Therefore, H6 in this study is rejected. The rejection of H6 is due to the fact that even though institutional ownership in the company is quite large, controlling shareholders cannot provide influence or encouragement to management in making capital decisions to reduce the risk of using the company's external funds. This causes an increase in the use of debt as a source of funding for company operations.

The results of this test are not in accordance with contingency theory which states that the greater the institutional ownership, the controlling shareholder can exercise control over management in making decisions about the company's operational funding sources. This theory is considered invalid because it is considered unable to increase the use of debt as a source of funding for company operations and cannot predict the costs that must be incurred by the company. This result is not in line with research by Nur, T., & Mustofa, D. (2018) which states that after the existence of institutional ownership, increasing company liquidity actually reduces the company's use of debt. This is because institutions which are also company owners carry out supervision to achieve high company liquidity by using high debt because they are considered capable of paying debt with the liquidity obtained.

The Influence of Profitabilty on Capital Structure with Institutional Ownership as a Moderator

Based on the results of hypothesis testing, it shows that institutional ownership has no effect on the relationship between profitability and capital structure, which means that institutional ownership is not able to increase or strengthen the influence of profitability on the company's capital structure. The greater institutional ownership in the company will not increase the influence of profitability on the company's capital structure. Thus the Hs in this study are rejected.

This is due to the high level of institutional ownership which causes greater control rights held by controlling institutional shareholders in providing influence or encouragement in the form of policies to management to change funding sources in order to maximize profits so that managers/directors can receive bonus compensation from company owners.

The results of this test are not in accordance with the contingency theory which states that managers/directors want to get large bonuses so that management gets encouragement or influence from controlling shareholders to change the company's operational funding sources because they want profits by sharing profits from company profits, while the company must use

external funds or using debt as a source of funding for company operations. This test is not in line with research according to Nur, T., & Mustofa, D. (2018) which states that institutional ownership is able to strengthen the influence of profitability on capital structure. The higher the return on assets, the lower the company's ability to use debt. However, with the existence of institutional ownership, the increase in return on assets turns out to increase the company's tendency to use debt, indicating that managers who are also company owners will produce a high return on assets, making it easier to obtain debt.

The Effect of non-debt tax shield on capital structure with institutional ownership as a moderator

Based on the results of the hypothesis test, it shows that institutional ownership has an influence on the relationship between the non-debt tax shield and capital structure, which means that institutional ownership is able to strengthen or increase the influence of the non-debt tax shield on the company's capital structure. The greater institutional ownership in the company will strengthen the influence of the non-debt tax shield on the company's capital structure. Thus, H in this study is accepted.

This is because even though institutional ownership in the company is quite large, controlling shareholders can influence or encourage management to make capital decisions in order to reduce the risk of using the company's external funds which can result in a decline in the company's capital structure. Thus managers will make decisions to use tax benefits other than debt. Institutional shareholders can also monitor the course of depreciation of company assets by giving directions to managers to make maximum use of company assets in order to reduce funding through debt.

The test results are in accordance with contingency theory which states that the greater institutional ownership of controlling shareholders can exercise control over management in making decisions on sources of company operational funding because it is considered to reduce the use of debt.

CONCLUSIONS AND SUGGESTION

This research aims to research and obtain empirical evidence regarding the influence of liquidity, profitability and non-debt tax shield on capital structure with institutional ownership as a moderator. This research uses a sample of 12 manufacturing companies listed on the Indonesia Stock Exchange (BEI) for the 2017-2021 period. Based on the analysis and discussion that has been carried out using panel data regression, the following conclusions are obtained:

1. The results of panel data regression testing show that the liquidity variable has no effect on the capital structure of manufacturing companies listed on the Indonesia Stock Exchange.
2. The results of panel data regression testing show that the profitability variable has no effect on the capital structure of manufacturing companies listed on the Indonesia Stock Exchange.
3. Panel data regression test results show that the non-debt tax shield variable has a negative effect on the capital structure of manufacturing companies listed on the Indonesia Stock Exchange.
4. The results of panel data regression testing show that the institutional ownership variable does not moderate the relationship between liquidity and capital structure in manufacturing companies listed on the Indonesia Stock Exchange.
5. The results of panel data regression testing show that the institutional ownership variable does not moderate the relationship between profitability and capital structure in manufacturing companies listed on the Indonesia Stock Exchange.
6. The results of panel data regression testing show that the institutional ownership variable moderates the relationship between non-debt tax shield and capital structure in manufacturing companies listed on the Indonesia Stock Exchange.

LIMITATIONS

There are several limitations in this research, including:

1. The research topic regarding institutional ownership as a moderator of the relationship between profitability, liquidity, tangibility, non-debt tax shield and capital structure variables is still rarely researched, so it is difficult to find references to previous research or related theories.
2. Many manufacturing companies do not separate amortization costs from depreciation costs in financial statement disclosures.
3. The research sample used was only 12 manufacturing companies with a research period of 5 years, which does not reflect the long-term conditions of the research

SUGGESTIONS

Based on the research results and conclusions that have been explained, the suggestions that the author can give are as follows:

1. For Companies
   Companies should pay attention to factors other than profitability, liquidity, tangibility, non-debt tax shield, and institutional ownership in influencing management decisions for company funding decisions, because there are still many factors not examined in this research that are capable of influencing company funding decisions.Bagi Investor
2. For Invstor
3. Investors must be more selective in choosing companies to invest in and consider many factors that will influence the company's funding sources such as profitability, liquidity, tangibility, non-debt tax shield, and institutional ownership to combine permanent funding sources that the company uses for its operational needs. These operational needs can maximize the value of the company itself.
4. For Further Researchers
   Future researchers should use a longer research time period, for example 6 years or more and use more accurate research methods. Future researchers are expected to use other variables It is possible to influence the company in operational funding.

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