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Determinant Factors of Funding at Small and Medium Enterprises in Indonesia

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Abstract: Company as an entity that operates by applying economic principles strives for the achievement of maximum profit and seeks to increase the value of companies as well as the prosperity of its owner. One of the main tasks of the financial manager in the operating activities of the company is funding decisions. A good company funding decision can be seen from the capital structure, namely the financial decisions related to the composition of the debt. Research Purposes - To determine whether factors such as: *Tangibility, Growth, Size of the firm, Liquidity, Non-debt tax shield, Income variability and the Age of the firm* influence on *Leverage*. In this study, the sample and population are from SME companies ever registered in Pefindo25 year of 2009-2014. Sampling was done by purposive sampling technique in order to obtain 72 samples. The hypothesis tests of the study were performed using the SPSS 19. The results of this study indicate that *Tangibilty, Growth, Size and Liquidity* have significant influence to *leverage* with the 95% confidence level. The implications of this study to determine the factors that influence the improvement of the company's assets, the capital increase of the company, the increase in sales of the company and decisions obtain funding from external parties (investors) to consider the risks of investing.

Keywords: Tangible Assets, Growth, Company Size, Liquidity, Non-Debt Tax Shield, Variability of Income and the Age of Firm.

INTRODUCTION

These days, the world is experiencing an economic crisis; this has led to constraints to economic growth in each country. Many companies are experiencing financial difficulties that need to be thinking about how to stimulate economic growth.

Economic growth can not be separated from the role of SMEs and becoming the SMEs as one of the solutions of the system of a healthy economy. SME industry is one sector that is experiencing the affect by global crisis that hit the world. From the above it is evident that SMEs can be taken into account in efforts to increase the competitive market and as the stability of the economic system.

The increasing number of SMEs each year, attracting the Indonesia Stock Exchange (BEI) to create a special index of small and medium companies. BEI cooperates with PT. PEFINDO launched a new kind of index for small and medium companies in 2009, named Pefindo25 (SME Index). During 2009 to 2012 the growth index is quite encouraging when compared with other index, although it included a new index in the Indonesia Stock Exchange (BEI). However, in 2013 the performance of the Pefindo25 index at the level of 358.5 which means experiencing a substantial decline in the amount of 23.7% when compared to the end of 2012 at the level of 469.9 [1].

However, there are also SMEs that have constraints in terms of the global economic crisis, especially the matter of funding. They should think hard for the company surviving. Funding activities of companies related to the company's discretion to take funding decisions by the selection of internal or external sources of funding. Companies must have a target of an optimal capital structure which is a combination use of debt, equity, and equity of companies that have been planned by the company to cover all its activities.

According Widyarini and Dul Muid, 2014 [2], stated that according to its origin, the source of funds the company can be divided into internal sources and external sources. The fund obtained from internal sources is a fund formed or produced by the company itself, namely retained earnings and depreciations. While the funds obtained from external parties are funds from creditors, owners, and the participant or a participant in the company.

According Prabansari and Kusuma, 2005 [3], in a company, the financial manager has the responsibility to perform management and capital structure decisions relating to matters of financing or funding for all operational and investment activities. According to Farah Margaretha and Ramadan, 2010 [4], a good funding decision of a company can be seen from the structure of capital, namely the financial decisions related to the composition of the debt. One of the most important decisions facing managers in relation to the operating activities of the company is financial decisions regarding the composition of the use of their own capital, the capital stock, as well as short-term and / or long term debt by the company. Identifying factors that can affect the capital structure can assist managers in making decisions with more appropriate because it supported a lot of information.

For many companies, funding sources which only form of capital itself is often deemed less. And debt was often an important part of the company's capital structure. But despite its crucial role, the problem of capital structure is a crucial problem for the company because of the merits of the company's capital structure will have a direct effect on its financial position. Therefore, companies need to know what factors are affecting the funding structure of the company.

The previous study conducted by Manish, 2015 [5], where the independent variables and the dependent variable are arranged in a model of multiple regression analysis in the pharmaceutical industry in India, shows that there are positive influence between tangibility, growth, size of the company and age of the company against total leverage in the pharmaceutical industry in India. In addition there is a negative influence between liquidity, non-debt tax shield and income variability to the total leverage in the pharmaceutical industry in India.

Given the importance of capital structure in determining the survival of the company, this study is to analyze whether there is influence between tangibility, growth, size of the company, liquidity, non-debt tax shield, income variability and age of the company to the total leverage on Small and Medium Enterprises in Indonesia.

LITERATURE REVIEW

Research conducted by Manish Kumar Jain, 2015 [5]in the Pharma companies in India shows the results of the analysis that there are a significant and a positive influence between tangibility, growth, size of the firm, and the age of the firm with leverage; while liquidity, non-debt tax shield and income variability analysis showed negative results. According to Akinyomi and Olagunju, 2013 [6] who conducted the research determinants of capital structure in Nigeria shows that the results are significant and positive influence between tangibility to leverage whereas significant and negative between size and leverage and no significant effect between growth and leverage. According to Sangeetha and Sivathaasan, 2013 [7] in companies in Sri Lanka shows the analysis results that there are significant and positive effect between size and tangibility to leverage, while there is a negative effect between the growth to the leverage.

Farah Margaretha and Ramadan, 2010 [4] in the manufacturing industry are listed on the Indonesian Stock Exchange in 2005-2008 produced a study that firm size and tangibility of assets have no significant effect on leverage. According Damayanti, 2013 [8] on a pharmaceutical company in Indonesia shows the results where growth is significant and positive effect on leverage. While the size effects significantly and adversely to leverage. Supriyanto and Falikhatun, 2008 [9] conducted a study on the food and beverage industry is listed on the Indonesian Stock Exchange in 1998-2005, with the results that tangibility, growth, and size has a significant relationship and positive impact on leverage.

Prabansari and Kusuma, 2005 [3] conducted a study on a manufacturing company in the Jakarta Stock Exchange, with the results that the size of the firm and growth has a positive and significant relationship to leverage. Research conducted by Ogbulu, *et al*., 2012 [10] on companies in Nigeria produced a study that the size, growth, tangibility, and age have no positive effect on leverage. Ceacilia, 2010 [11] conducted a study on companies LQ-45 in Indonesian Stock Exchange 2006-2008 period. The result is growth and size effects no significant and negative on leverage; while tangibility effects on leverage.

Kartika and Dana, 2015 [12] conducted research on the companies engaged in food and beverage industries listed in the Indonesian Stock Exchange, with the results that liquidity, size, and growth has a significant and positive relationship. In Al-Shubiri study, 2010 [13] on Industrial listed in Amman Stock Exchange (ASE) in the period from 2004 to 2007 in Jordan explained that there is a positive and significant relationship between the size, tangibility, growth, and non-debt tax shield against leverage.

Ramlall Indranarain, 2009 [14] conducted a study on the non financial firms in Mauritius and found the results that the growth of the firm did not have a significant effect on the capital structure. But on the other hand, tangibility has significant and negative effect of leverage.

Lim, 2012 [15] conducted a study on the financial services company in China, with the findings that there is a positive influence between the sizes to the leverage. And there is a negative influence among non-debt tax shield against leverage. Umer Usmen Muhammed, 2014 [16] describes the results of his research at the Large Taxpayer Share Companies in Ethiopia, that there is a positive and significant relationship between the size, tangibility, non-debt tax shield, age and liquidity to leverage. And there is a negative relationship between the growths to the leverage.

Ceacilia, 2010 [11] conducted a study on companies LQ-45 in Indonesian Stock Exchange 2006-2008 period with the result that there are significant research between profitability and leverage. Hadianto Bram, 2008 [17] describes the positive influence of asset structure, company size and profitability of the capital structure of the telecommunications sector issuers period 2000-2006. Seftianne and Handayani, 2011 [18] study the factors that affect the capital structure of public companies manufacturing sector with liquidity does not affect the result of leverage. Wimelda and Aan, 2012 [19] conducted a study variables that affect the capital structure of public corporations in non-financial sector with the result is liquidity does not affect the leverage.

Hapsari, 2014 [20] study the effect of the determinants of capital structure to leverage and speed of adjustment of the mining industry in Indonesia to find results that income variability do not affect the leverage. Farah Margaretha and Saputra, 2015 [21] conduct research accounting variable determination to the determination of capital structure policy on manufacturing companies in Indonesia and the result is that growth affects negatively the leverage. Hamidah, 2016 [22] conducted a study analysis of factors affecting capital structure and profitability in manufacturing companies in Indonesia in 2009-2013 and found a result that there is a negative and significant impact of liquidity to leverage.

Arslan and Zaman, 2014 [23] study the relationship between capital structure and ownership structure: a comparative study of textile manufacturing and non-textile manufacturing company in Pakistan to explain that there is a negative and significant effect between growth, liquidity and tangibility to leverage. Prasetya and Asandimitra, 2014 [24] study the effect of profitability, company size, growth opportunity, liquidity, asset structure, business risk and non-debt tax shield on capital structure on a company sub-sectors of the consumer goods found results that company size, growth opportunity, liquidity, asset structure, business risk and non-debt tax shield has no effect on the capital structure.

Hypothesis Development

1. Tangibility and Total Leverage Relationship
   Tangibility in question is a ratio that illustrates the proportion of fixed assets to total assets owned by the company. Tangibility can be used as collateral to the lender to obtain a loan approval. Positive and significant influence between tangibility to the total leverage successfully researched by Akinyomi and Olagunju, 2013 [6], Supriyanto and Falikhatun, 2008 [9].
   With the description of the studies above, it can be formulated hypotheses as follows:
   H_1: There is the influence of tangibility to the total leverage on small and medium enterprises.
2. Growth and Total Leverage Relationship
   Growth shows the results of sales growth from year to year which is so great; where the higher the sales growth of a company, then the capital structure will be higher because of growing companies with high sales will require additional funding to continue the increasing sales and make greater efforts. Positive influence between the growths to the leverage has been studied by Kartika and Dana, 2015 [12], Al-Shubiri, 2010 [13] and Damayanti, 2013 [8]
   Based on the description above, it can be formulated hypotheses as follows:
   H_2: There is influence between the growth to total leverage at small and medium enterprises.
3. Size of the Firm and Total Leverage Relationship
   Based on research conducted Sangeetha and Sivathaasan, 2013 [7] in companies in Sri Lanka shows the results that the size of the firm effects significant and positive on leverage. Research conducted Sangeetha and Sivathaasan, 2013 [7] in line with research conducted Al-Shubiri, 2010 [13]. Supriyanto & Falikhatun, 2008 [9] stated that where a large company with assets of more structures will be more daring use of loans in the finance capital assets than companies with fewer assets structure.
   Based on the description above, it can be formulated hypotheses as follows:
   H_3: There is the influence of the size of the firm to the total leverage on small and medium enterprises.
4. Liquidity and Total Leverage Relationship
   Research conducted by Kartika and Dana, 2014 [12] on Food and Beverages company listed on the Indonesian Stock Exchange period of 2010-2013 produced a study of liquidity which gives a positive and significant relationship to capital structure. According to Sabir, 2012 [25] companies that have high liquidity will lead to more use of debt and liquidity in the study showed a positive effect on the capital structure.
   Based on the description above, it can be formulated hypotheses as follows:
   H_4: There is the influence of liquidity to total leverage on small and medium enterprises.
5. Non-Dosen Kurikulum Tax Shield and Total Leverage Relationship
   Non-debt tax shield (NDTS) or the tax savings are not sourced from debt is not tax savings lokasi derived from loan interest paid. The higher the depreciation of a company, the higher the fixed assets owned by the company, so the company will be easier to obtain a loan from outsiders by pledging assets of the company. Research conducted by Lim, 2012 [15], found that the variable non debt tax shield (tax saving) gives a significant and negative effect on the capital

structure (leverage). Research conducted by Bayrakdaroglu, *et al*., 2013 [26] found that a variable of non-debt tax shield has a significant positive correlation with the capital structure (leverage) to firms in Turkey. The research was supported by research conducted by Umer Usman Muhammed, 2014 [16], who found that the variable of non-debt tax shield has a positive and significant impact on the capital structure on a 37-stock company registered taxpayers in Ethiopian.

Based on the description above, it can be formulated hypotheses as follows:

H_5: There is the influence of non-debt tax shield to the total leverage on small and medium enterprises.

6. Income Variability and Total Leverage Relationship

A company with a stable income have many opportunities to obtain loans because of the confidence of the parties will lend. While the Company with an unstable income levels have little chance of obtaining a loan due to distrust of the parties that will lend. Research conducted by Erkaningrum, 2008 [27], states that the relationship of income variability effects negative on leverage.

Based on the description above, it can be formulated hypotheses as follows:

H_6: There is the influence of income variability to the total leverage on small and medium enterprises.

7. Firm's Age and Total Leverage Relationship

Research conducted by Wardana & Sudiartha, 2015 [28] on the tourism industry in the period of 2010-2013 in BEI produce research that there is a negative and significant impact between the age of the firm to the total leverage. Research Umer Usman Muhammed, 2014 [16], suggests there is a positive relationship between ages of the firm with total leverage.

Based on the description above, it can be formulated hypotheses as follows:

H_7: There is the influence of age of the firm to the total leverage on small and medium enterprises.

METHODOLOGY

This study was conducted to analyze the factors affecting capital structure at small and medium businesses enrolled in Pefindo25 Index. In this study determined several factors are used as independent variables to study their effects on indicators of the capital structure of small and medium enterprises that are set as dependent variable.

Table-1: Variables and Measurement

Variable	Measurement	Sources
Laverage	$\frac{\textit{Total Liabilities}}{\textit{Equity}}$	Krisnanda & Wiksuana, 2015 [29]
Tangibility	$\frac{\textit{Total Fixed Assets}}{\textit{Total Assets}}$	Farah Margaretha & Ramadhan, 2010 [4]
Growth	$\frac{Sales_t - Sales_{t-1}}{Sales_{t-1}}$	Manish Kumar Jain, 2015 [5]
Size of the firm	*Log (Total Assets)*	Farah Margaretha & Ramadhan, 2010 [4]
Liquidity	$\frac{\textit{Current Assets}}{\textit{Current Liabilities}}$	Farah Margaretha & Ramadhan, 2010 [4]
Non Debt Tax Shield	$\frac{\textit{Depreciation Expense}}{\textit{EBIT}}$	Farah Margaretha & Ramadhan, 2010 [4]
Income Variability	$\frac{EBIT_t - EBIT_{t-1}}{\textit{Total Assets}_t}$	Farah Margaretha & Ramadhan, 2010 [4]
Age	*Log* (research year-research building)	Farah Margaretha & Ramadhan, 2010 [4]

The population in this study is small and medium businesses enrolled in Pefindo25 Index in 2009-2014. Research conducted during the time period 2009-2014. Sampling was done by using purposive sampling technique, which is a sampling technique with a certain consideration. As for the considerations set out in this study are as follows:

- The SMEs registered in PEFINDO Index 2009-2014.
- The SMEs which have the complete annual financial statements for 2009-2014.
- The SMEs that stood before 2009.

The equations model are used to test the hypothesis is as follows:

$$LEV = \alpha + \beta 1\ \textit{Tangibility}\ i,t + \beta 2\ \textit{Growth}\ i,t + \beta 3\ \textit{Size}\ i,t + \beta 4\ \textit{Liq}\ i,t + \beta 5\ NDTS\ i,t + \beta 6\ INC\_VAR\ i,t + \beta 6\ \textit{Age}\ i,t + ei,t$$

Information:

LEV	= Leverage
α	= constant (fixed)
β1, β2, β3, β4, β5, β6, β7	= regression coefficient
Tangibility i,t	= Tangibility firm i in year t
Growth i,t	= Growth firm i in year t
Size i,t	= Size of the Firm i in year t
Liquidity i,t	= Liquidity firm i in year t
NDTS i,t	= Non-Debt Tax Shield firm i in year t
INC_VAR i,t	= Income Variability firm i in year t
Age i,t	= Age of the Firm i in year t
e	= error (error disturber)

RESEARCH RESULTS

Influence of Tangibility to Leverage on Small and Medium Enterprises

Theoretically, tangibility is the level of fixed assets owned by the company, whereas fixed assets are usually also referred to property, plant, and equipment (PPE) is an asset that is purchased or acquired for use as a long-term enterprise. Examples are land, buildings and machinery. Tangibility shows a richness that can usually be used as collateral. The more tangibility of a company means more collateral assets (collateral) to be able to get external funding sources in the form of debt, it is because the lender will ask for collateral assets as collateral for loans debt.

Variable tangibility has a regression coefficient of -0.945 which the direction indicates the negative and significant value (sig.) amounted to 0,018. Significant value (sig.) is less than α = 0.05 so that tangibility effects on leverage. Based on test results, tangibility variable has a negative effect on leverage. Therefore, H_1 is expressed tangibility effect on leverage in receiving. This research is in accordance with Ramall Indranarain, 2009 [14] and Arslan and Zaman, 2014 [23]. This company's preference is to use retained earnings. Tangibility has no effect on leverage, this could be because the company does not consider the tangible assets in conducting the debt.

Influence of Growth against Leverage in Small and Medium Enterprises

Growth indicates the company's assets which assets are assets used in the operating assets of the company. If the growth of the company increases, the company will require a larger fund. An indicator used in the growth is sales, which shows the growth of assets used for operational activities of the company. The company growth rate (growth) will result in the rate of expansion that is happening. The larger the funds released in the future, will further enable the company needs funds. Therefore, the company's growth is one of the things that determine the debt policy.

Variable growth has a regression coefficient of -0.648 which indicates the direction a negative and significant value (sig.) of 0.022. Significant value (sig.) is less than α = 0.05 so that the growth effects the leverage. Based on test results, the growth variable has a negative effect on leverage. Therefore, H_2 stating that the growth effect on leverage is receiving. This research is in accordance with Farah Margaretha and Saputra, 2015 [21] and Arslan and Zaman, 2014 [23]. This indicates that small firms need more funds than large companies, where the funds are obtained from third-party loans that are used by companies to undertake expansion of the company. Small companies more need loans from outside parties so that they can grow and compete with other companies. Has the cost of debt is lower than the cost of equity

Influence of Size of the Firm to Leverage on Small and Medium Enterprises

Variable size of the firm has a regression coefficient of 0.183 which indicates a positive direction and significant value (sig.) of 0,001. Significant value (sig.) is less than α = 0.05 so that the size of the firm effect on leverage. Based on test results, the size of the firm variable has a positive effect on leverage. Therefore, H_3 which states that size of the firm influences leverage is received. The results are consistent with research Manish Kumar Jain, 2015 [5] and Al-Shubiri, 2010 [13] which states that the larger company would be easier to obtain a loan than with a small company, it is associated with the level of trust given by the creditor to big companies.

Influence of Liquidity to Leverage on Small and Medium Enterprises

Liquidity is the ability of companies to meet short-term liabilities with maturities with available cash. A high ratio indicates high liquidity of a company's current assets owned by the company. The amount of the profits of the company can be used to fund the company's investment decision as used for internal financing first, issuing debt and issuing shares as a last resort.

Variable liquidity has a regression coefficient of -0.148 which shows the negative direction and significant values (sig.) at 0. The significant value (sig.) is less than α = 0.05 so the liquidity effect on leverage. Based on the research results, liquidity variable has a negative effect on leverage. Therefore, H_4 which stated that the leverage affects the liquidity is received. The results are consistent with research Manish Kumar Jain, 2015 [5] and Arslan and Zaman, 2014 [23] and Hamidah, 2016 [22]. This is because companies with high liquidity has a large internal funds so that the company would prefer to use internal funds to finance its investment in advance before using external financing through debt or by issuing new shares. In accordance with the *Pecking Order* theory which states that in selecting the source of funding, the company prefers internal equity financing (using retained profits) than external equity financing (issuing new shares). This was due to the use of retained earnings is cheaper and does not need to disclose some information company. If the company requires external funding, it will first issue debt before issuing new shares. Issuance of new shares rank since the last issuance of new shares is a sign or signal to shareholders and potential investors about the company's condition and future prospects were not good.

Influence of Non-Debt Tax Shield against Leverage on Small and Medium Enterprises

Non-debt tax shield is a substitute interest expense will be reduced when calculating corporate taxes. So, in doing the efficiency of tax calculation in addition to charge interest on the debt, the company can utilize the benefits / tax protection through tax privileges granted by the government or so-called non-debt tax shield.

Variable non-debt tax shield has a regression coefficient of 0.19 which indicates a positive direction and significant values (sig.) of 0.151. Significant value (sig.) is greater than $\alpha = 0.05$ so that non-debt tax shield has no effect on leverage. Based on the research results, the variable non-debt tax shield has no influence on leverage. Therefore, H_5 which states that non-debt tax shield effect on leverage is declined. This is not in accordance with the research by Manish Kumar Jain, 2015 [5], Lim, 2012 [15] and Umer Usman Muhammed, 2014 [16] which states that non-debt tax shield has an effect on leverage.

This results are consistent with Sari *et al*., 2013 [30] and Prasetya and Asandimitra, 2014 23]. The savings of income tax payments besides from the debt is by charging the depreciation cost in the profit and loss, so that the taxable income will be lower. Depreciation expenses are non-cash charges as cash flows included in the company's internal financing. So that non-debt tax shield has no effect on leverage. This indicates that non-debt tax shield companies that have a large depreciation failed to obtain large loans from outside parties, where the value of the large depreciation shows that the company has a great asset values. It indicates that the company obtains the company's assets using internal funds.

Influence of Income Variability to Leverage on Small and Medium Enterprises

A company with a stable income have many opportunities to obtain loans because of the confidence of the parties will lend. While the Company with an unstable income levels have little chance of obtaining a loan due to distrust of the parties that will lend.

Variable income variability has a regression coefficient of 0.929 which indicates a positive direction and significant value (sig.) of 0.463. Significant value (sig.) over $\alpha = 0.05$ so that income variability has no effect on leverage. Based on test results, income variability variable has no influence on leverage. Therefore, H_6 which stated that the income variability has an effect on the leverage is declined. This result does not correspond with the research by Erkaningrum, 2008 [27] and Manish Kumar Jain, 2015 [5] who found that there is a negative influence between income variability to leverage but the results of this study according to Hapsari, 2014 [20], who found that income variability has no effect on leverage.

The results of this study explains that the company has a stable level of earnings, can not affect the lender in lending to companies as creditors; because in lending does not viewed in terms of income alone but more pay attention to current corporate cash flow. With the smoothly cash flow the lender more confidence to lend to companies in the appeal a large income but has an unfavorable cash flow.

Influence of Age of the firm to Leverage on Small and Medium Enterprises

Theoretically a company that has a long existence will be trusted by investors rather than new established company, because the company that has a long existence assumed to be able to generate higher profit than a new company.

Age of the firm variable has a regression coefficient of 0.137 which indicates a positive direction and significant value (sig.) amounted to 0,312. Significant value (sig.) is less than $\alpha = 0.05$ so the Age of the firm has no effect on leverage. Based on the research results, the age of the firm variable does not have an impact on leverage. Therefore, H_7 stating that the age of the firm influences to leverage is rejected. The results are consistent with research by Ogbulu, *et al*., 2012 [10] which states that there is no influence between the age of the firm to leverage but in contrast with the research by Manish Kumar Jain, 2015 [5] which stated age of the firm influences leverage. The results of this study indicate that companies that have a longer life does not stand more easily meet the needs of their funds through debt, because of the level of confidence in giving loan lenders are not affected by the length of firm life. It is clear that the longer the company operates; the company is not necessarily enhancing the growth of the company, so that confidence in the company's creditors increases. This is likely due to the high and low use of debt not resulting from the age of the company but of the sheer number of fully-owned fixed assets that can be made as collateral [31].

Table 2: t Test Results

Variable	B	Sig.	Result
(Constant)	-3,685	1,634	-
TANGIBILITY	-0,945	0,018	Significant
GROWTH	-0,648	0,022	Significant
SIZE	0,183	0,001	Significant
LIQUIDITY	-0,148	0	Significant
NON DEBT TAX SHIELD	0,19	0,151	Not Significant
INCOME VARIABILITY	0,929	0,463	Not Significant
AGE	0,137	0,312	Not Significant

CONCLUSION

From the results of hypothesis tests conducted, variables that affects leverage namely tangibility, growth, size of the firm and liquidity. In this study, the results of a statistical test (t test) that tangibility variables have greater influence in comparison with variables of growth, size of the firm and liquidity at small and medium enterprises.

The variables that have an influence on the research problem, namely:

- Tangibility has a negative effect on leverage.
- Growth has a negative effect on leverage.
- Size of Firm has a positive effect on leverage.
- Liquidity has a negative effect on leverage.
- Non-Debt Tax Shield has no effect on leverage.
- Income Variability has no effect on leverage.
- Age of The Firm has no effect on leverage.

The results of this study found a significant effect between tangibility, growth, size of the firm and liquidity to leverage. As for, the findings of this study have important implications for:

1. The Management (Finance Manager)
   It is needed to consider factors of tangibility, growth, size of the firm and liquidity to improve the company's assets, increase the capital of the company, the increase in sales of the company and the decision to obtain funding from external parties and may be the basis for consideration in determining the level of funding that is most optimal for the company to be able improve its competitiveness.
2. Shareholders and Investors
   Can determine and take into account the different levels of risk taken when companies obtain funding from external parties by looking at various factors such as tangibility, liquidity, growth and size of the firm. Given by this research, it can help new investors to consider the decision to invest in the company.

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