

# THE INFLUENCE OF ASSET GROWTH, FINANCIAL LEVERAGE, EQUITY GROWTH, AND FINANCIAL FLEXIBILITY ON THE VALUE OF FIRM WITH FINANCIAL RISK AND CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE AS MEDIATION AND GOOD CORPORATE GOVERNANCE AS MODERATION (MINING SECTOR STUDY LISTED ON THE INDONESIAN STOCK EXCHANGE)

ROSMIATI PAKATA <sup>1</sup>, TRI RATNAWATI <sup>2</sup> and HWIHANUS <sup>3</sup>

<sup>1,2,3</sup> Universitas 17 Agustus 1945 Surabaya.

Email: <sup>1</sup>rosmiaty.pakata@yahoo.co.id, <sup>2</sup>triratnawati@untag-sby.ac.id, <sup>3</sup>hwihanus@untag-sby.ac.id

## Abstract

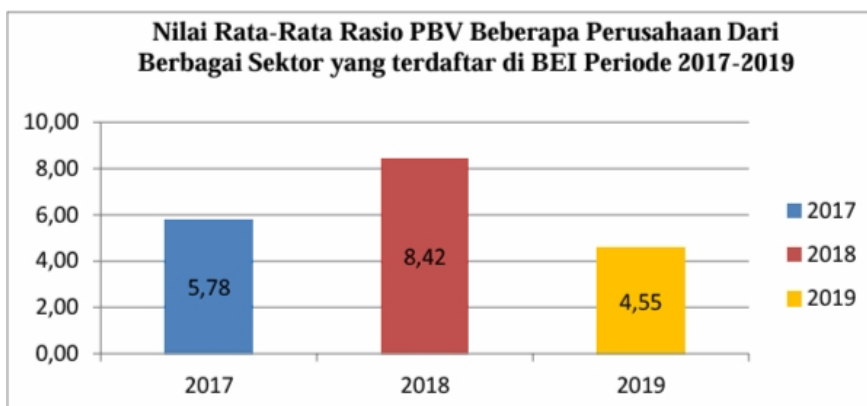
This research aims to analyze the factors that influence company value through asset growth, financial leverage, equity growth, and financial start-up, both directly and indirectly through financial risk and includes CSR, and moderated by GCG. This research uses a quantitative explanatory method using secondary data from 19 mining companies listed on the IDX for the 2017-2021 period, with Structural Equation Modeling (SEM) analysis techniques, using Partial Least Square (PLS) version 3.0. The research results show that asset growth and equity growth are significant to financial risk, while financial leverage and financial leverage are not significant. Asset growth is significant to CSR closure, while financial leverage, equity growth and financial sustainability are not significant. All main variables have a significant effect on company value, with financial risk and CSR coverage as mediators. GCG is not proven to be a moderating variable.

**Keywords:** Asset Growth, Financial Leverage, Equity Growth, Financial Flexibility, Company Value, Financial Risk, Corporate Social Responsibility Disclosure, Good Corporate Governance.

## 1. INTRODUCTION

Companies that have gone public have a uniform goal, namely increasing the wealth of owners or shareholders by increasing the value of the firm (company value). The company value is significant because high company value will be followed by high shareholder prosperity (Ahmad & Muslim, 2022).

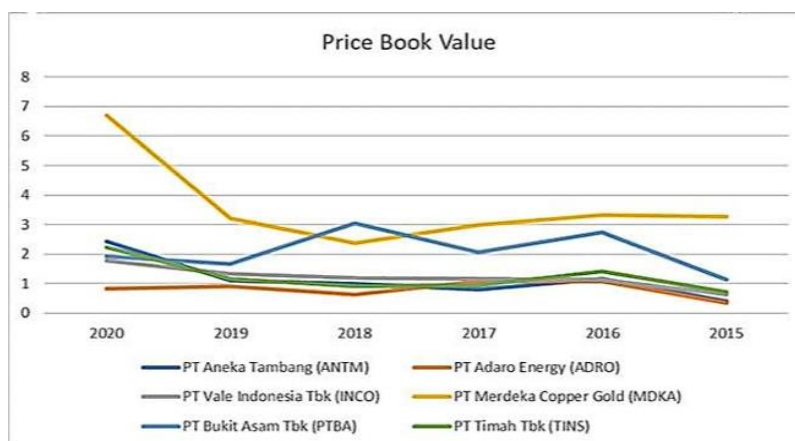
Price to Book Value (PBV) is a comparison between share price and book value per share, reflecting investors' perceptions of the company. A PBV ratio of more than 1 indicates good company performance, because investors are willing to buy shares above book value, increasing market confidence in the company's prospects. The following is the average value of the PBV ratio for several companies from various sectors listed on the IDX for the 2017-2019 period.



**Figure 1.1: Average PBV Ratio Value of Several Companies from Various Sectors listed on the IDX for the 2017-2019 Period**

Source: www.idx.co.id(Processed)

The PBV value of companies in various sectors listed on the IDX for the 2014-2017 period experienced fluctuations, with the lowest value being 4.55 in 2019 and the highest being 8.42 in 2018, indicating inconsistent market perceptions. PBV fluctuations also occur in the mining sector, which includes various exploration and extraction activities for natural resources. This sector is important for the Indonesian economy because of its contribution to state revenue and attracting investor interest for maximum profits. The impetus for research on mining sector companies is that there is more research dedicated to manufacturing companies. Meanwhile, the problems that occur in the mining sector in Indonesia have rarely been studied in depth by previous research (Romdhonah et al., 2022). From 2015 to 2020 the value of mining companies experienced fluctuating movements.



**Figure 1.2: Price Book Value of IDX30 Mining Sector Companies 2015-2020**

The graph above shows that PT Bukit Asam and PT Merdeka Copper Gold have PBV values above the industry average, while other mining companies are fluctuating and below the industry PBV average. Increases in average PBV are associated with increases in stock prices

across industries, whereas decreases in stock prices lower average PBV, reducing investor appreciation, and making it less desirable as a source of capital. Changes in company value affect shareholder wealth uncertainty and investor perceptions of investment decisions. Therefore, it is important to analyze the significant factors that influence company value so that the corporation can continue to operate and maximize company value. This research focuses on micro fundamental factors because these factors can be controlled by the company. These micro factors will influence investor behavior in making investment decisions in the capital market. This is of course a challenge for companies to maintain themselves in order to continue to exist and to be able to maintain the fundamental conditions and market price of the company's shares in the capital market.

Asset growth is considered an important factor that is predicted to influence changes in company value. According to the investor's perspective, a company that has good growth will produce a good rate of return from the investment made in the company. The higher the company's ability to earn profits, the greater the return investors expect (Puspitasari & Wiagustini, 2019). The next factor predicted to influence company value is financial leverage. According to (Van Horne & Wachowinc, 2014), the source of company financing can be short-term or long-term financing which will cause an effect called leverage. Company leverage can be used to increase the expected level of profit. The next micro fundamental factor that is predicted to influence changes in company value is equity growth. According to (Harahap, 2016) Equity or equity is the remaining right to the assets of an institution (entity) and its liabilities have been reduced. A company having high equity means it shows good news so that it will have an impact on financial reports which are allegedly good for investors so it can be said that equity will influence its share price.

The next factor predicted to influence company value is financial flexibility. Financial flexibility is a company's ability to take effective actions related to the amount and timing of cash flows, so that the company can respond to the challenges of unexpected needs and take advantage of existing opportunities. (Bilyay-Erdogan, 2020), maintaining the company's financial flexibility is a way to survive conditions of uncertainty, therefore financial flexibility plays an important role in strategic adjustments, especially in an uncertain environment (Teng et al., 2021).

## **2. LITERATURE REVIEW**

### **2.1 Company Value**

Company value is investors' perception of a public company. The higher the company value, the greater prosperity the company owner will receive. Company value is an important concept for investors, because it is an indicator for the market in assessing the company as a whole (Besley & Brigham, 2011). Company value, which is formed through stock market indicators, is greatly influenced by investment opportunities. Company value can be measured through the value of share prices in the market based on the formation of the company's share price in the market, which is a reflection of the public's assessment of the company's real performance. According to (Sartono, 2015) Company value is divided into types based on the

calculation method used, including: 1) Nominal Value: The value stated formally in the company's articles of association. 2) Market Value: The price that occurs from the bargaining process on the stock market. 3) Book Value: Company value calculated based on accounting concepts. 4) Liquidation Value: The sales value of all company assets after deducting all liabilities. 5) Intrinsic Value: The most representative concept for determining the value of a company, reflects the value of the company as a business entity capable of generating profits in the future.

## 2.2 Asset Growth

Growth is expressed as total asset growth where past asset growth will reflect future profitability and future growth (Puspitasari & Wiagustini, 2019). Companies that are able to manage the company well and have high profitability are considered to have high growth. The growth ratio is a ratio that aims to measure a company's ability to maintain its position in economic and industrial growth. Asset growth is the total growth of current assets plus the growth of non-current assets. Current Assets are cash and assets that are expected to be liquidated or exchanged for cash, sold or consumed within a certain period of time (maximum one year in the company's average activity turnover) (Wahyuni & Gani, 2022)

## 2.3 Financial Leverage

According to (Van Horne & Wachowinc, 2014) The source of company financing can be short-term or long-term financing which will cause an effect called leverage. Company leverage can be used to increase the expected level of profit. According to (Cheryta et al., 2017) financial leverage refers to the amount of debt in a business company's capital structure

## 2.4 Equity Growth

According to (Harahap, 2016) Equity is the remaining right to the assets of an institution (entity) after deducting its liabilities. High equity in a company indicates good news which has a positive impact on financial reports, attracts investor interest, and influences the company's share price. Equity is the residual interest in company assets after deducting liabilities. Equity is used as an internal source of funding that has an impact on the continuity of the company. Equity growth is defined as the difference between this year's equity and the previous year and divided by the previous year's equity (Karsam & Yanalia, 2013)

## 2.2 Financial Flexibility

According to (Bilyay-Erdogan, 2020) Financial flexibility is the company's ability to take effective actions related to the amount and timing of cash flows, so that the company can respond to the challenges of unexpected needs and take advantage of existing opportunities. The literature suggests that the degree of financial flexibility in terms of cash positions depends on the trade-off between costs and benefits associated with hoarding higher liquidity. Generally, financing costs usually include possible tax payments and low returns on cash holdings. Rather, the benefits are savings in raising money through issuing new capital or disposing of assets, reducing the likelihood of corporate failure, foregoing expensive financing, and unavailability of alternative financing (Islam et al., 2022).

## 2.2 Financial Risk

Financial risk is the additional risk to common shareholders due to a company's decision to obtain funding from debt (Brigham & Houston, 2014). Financial risk is the possibility of losing money on an investment or business venture. Financial risk is a type of danger that can result in loss of capital for interested parties (Shilpa & Amulya, 2020).

In this research, financial risk is measured by the Debt to assets ratio (DAR). The DAR concept states that DAR measures the level of debt use in a company's capital structure (Brigham & Houston, 2014). As stated by (Myers et al., 2013) Debt increases financial risk. Debt to Asset Ratio (DAR) is used to see or compare the total debt owned by a company with the total assets owned by the company, or in other words to see how much of the company's assets are financed by debt.

## 2.4 Corporate Social Responsibility Disclosure

CSR is regulated in Law Number 40 of 2007 concerning Limited Liability Companies. Defined as a company's commitment to participate in sustainable economic development, improving the quality of life and the environment that benefits the company, local communities and society. CSR is a company publication related to economic, social and environmental activities that impact not only society but also the sustainability of the company (Putri et al., 2020) CSR disclosure is based on GRI (Global Reporting Initiative) standards. Disclosure of corporate social responsibility is divided into several categories, namely (1) Economic Performance Indicators, (2) Environmental Performance Indicators, and (3) Social Performance Indicators.

## 2.5 Good Corporate Governance

Corporate Governance is defined as a system of relationships, structures and processes between shareholders, management and stakeholders. The goal is to achieve a certain level of profit and return on investment. The Board of Directors must provide regular and transparent financial and operational reports to shareholders, who also elect a Board of Commissioners to represent their interests. This corporate organ basically provides strategic direction and control over the company's Board of Directors. The Board of Directors is responsible to the Board of Commissioners, who are in turn responsible to the shareholders (Corporation, 2014) Good Corporate Governance is a form of corporate governance that explains the relationship between various parties in a company that determines the direction and performance of the company based on transparency, accountability, responsibility, independence as well as fairness and equality needed to achieve company sustainability by paying attention to stakeholders. (Islam et al., 2022)

## 3. CONCEPTUAL FRAMEWORK

The conceptual framework in this research is the influence of asset growth, financial leverage, equity growth, and financial flexibility on financial risk and corporate social responsibility disclosure as well as the value of the firm and good corporate governance as moderation, so the conceptual research framework is prepared as follows:

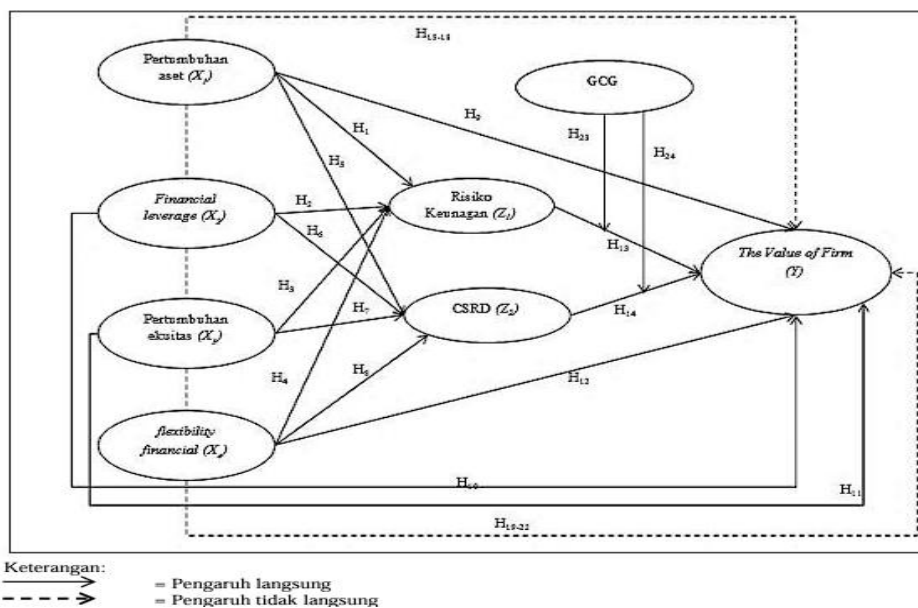


Figure 3.1: Conceptual framework

Table 3.1: Research Hypothesis

Hypothesis		
H1: asset growth has a negative effect on financial risk.	H9: asset growth has a positive effect on company value	H17: Financial risk mediates the effect of equity growth on firm value.
H2: Financial leverage has a positive effect on financial risk	H10: Financial leverage has a negative effect on firm value	H18: Financial risk mediates the effect of financial flexibility on company value
H3: equity growth has a negative effect on financial risk.	H11: equity growth has a positive effect on firm value	H19: CSRD mediates the effect of asset growth on company value.
H4: Financial flexibility has a negative effect on financial risk	H12: financial flexibility has a positive effect on company value	H20: CSRD mediates the effect of financial leverage on firm value
H5: asset growth has a positive effect on CSRD.	H13: Financial risk has a negative effect on company value	H21: CSRD mediates the effect of equity growth on firm value.
H6: Financial leverage has a positive effect on CSRD	H14: CSRD has a positive effect on company value	H22: CSRD mediates the effect of financial flexibility on company value
H7: equity growth has a positive effect on CSRD.	H15: Financial risk mediates the effect of asset growth on company value.	H23: GCG moderates the influence of financial risk on company value.
H8: financial flexibility has a positive effect on CSRD	H16: Financial risk mediates the effect of financial leverage on firm value	H24: GCG moderates the influence of CSRD on company value.



#### 4. RESEARCH METHODS

In this research, analysis was carried out using explanatory quantitative methods with a survey approach to explain the relationship between variables. This research focuses on mining companies listed on the IDX for the 2017-2021 period, with a sample consisting of 19 companies and 95 observation data. The dependent variable is Price Book Value (PBV), while the independent variables include asset growth, financial leverage, equity growth, and financial flexibility. CSR Disclosure is measured based on GRI, while Good Corporate Governance (GCG) is a moderating variable. Data was collected from the company's annual financial reports, analyzed using Partial Least Square (PLS) SEM to test the hypothesis. This method was chosen because it is able to manage non-normal data and is suitable for small samples.

#### 5. ANALYSIS AND RESULTS

Confirmatory analysis of exogenous variables is carried out to confirm whether the observed variables can reflect the factors being analyzed. This analysis includes model suitability tests, significance of factor weights, and lambda values or factor loadings. The results of the confirmatory analysis of exogenous variables were analyzed using the Partial Least Square (PLS) tool with the following results:

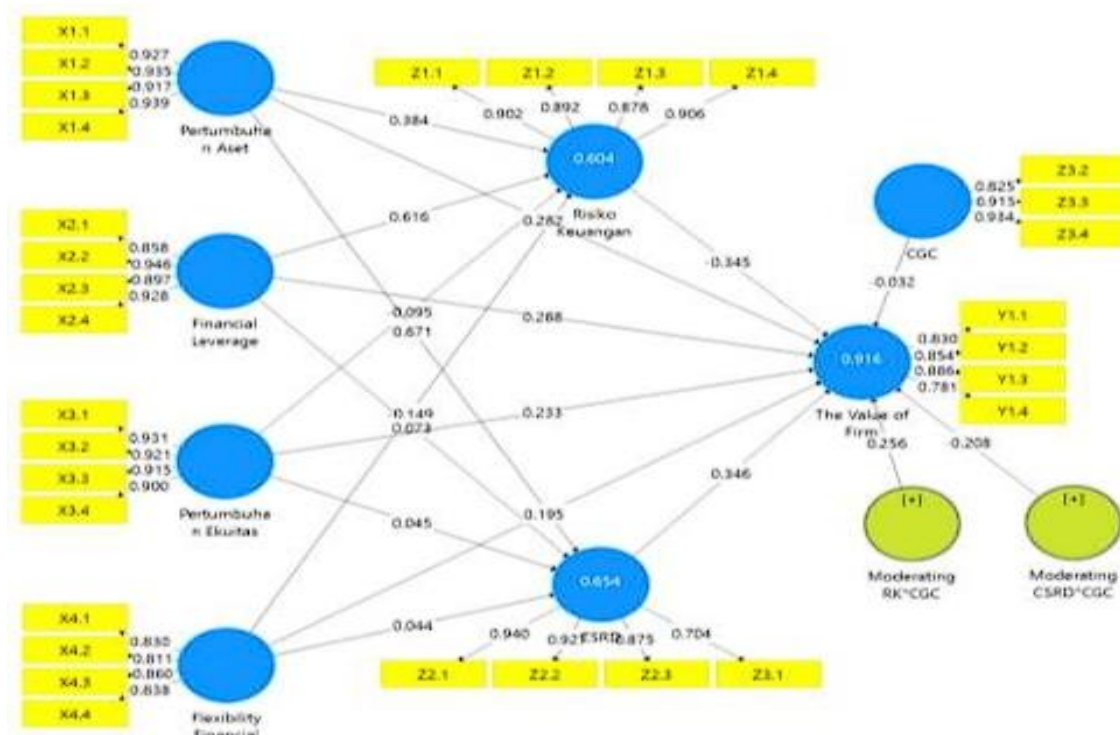


Figure 5.1: Loading Factor

In the research model, all loading factor values show positive values so that this research model can be continued.

## Measurement Model or Outer Model

### 1. Convergent Validity

**Table 5.1: Results for outer Loadings**

	Original Sample (O)	P Values
X1.1 <- Asset Growth	0.926	0,000
X1.2 <- Asset Growth	0.935	0,000
X1.3 <- Asset Growth	0.917	0,000
X1.4 <- Asset Growth	0.939	0,000
X2.1 <- Financial Leverage	0.858	0,000
X2.2 <- Financial Leverage	0.946	0,000
X2.3 <- Financial Leverage	0.897	0,000
X2.4 <- Financial Leverage	0.928	0,000
X3.1 <- Equity Growth	0.931	0,000
X3.2 <- Equity Growth	0.921	0,000
X3.3 <- Equity Growth	0.915	0,000
X3.4 <- Equity Growth	0.900	0,000
X4.1 <- Financial Flexibility	0.830	0,000
X4.2 <- Financial Flexibility	0.812	0,000
X4.3 <- Financial Flexibility	0.860	0,000
X4.4 <- Financial Flexibility	0.837	0,000
Y1.1 <- The Value of Firm	0.830	0,000
Y1.2 <- The Value of Firm	0.855	0,000
Y1.3 <- The Value of Firm	0.886	0,000
Y1.4 <- The Value of Firm	0.780	0,000
Z1.1 <- Financial Risk	0.902	0,000
Z1.2 <- Financial Risk	0.895	0,000

Source: SmartPLS Output

Validity is assessed by looking at convergent validity with the condition that the loading factor is above 0.50. From the results of the research model output, it was found that the loading factor was above 0.50 (p-value < 0.05). This can be seen from table 5.1. Result for Outer Loading where the original sample estimate is > 0.50 so that the research instrument is said to meet convergent validity.

### 2. Discriminant Validity

A construct with good validity requires that the AVE value be above 0.50. In table 5.2 as follows:

**Table 5.1 Average Variance Extracted**

	Average Variance Extracted(AVE)
CSR	0.856
Financial Leverage	0.824
Financial Flexibility	0.697
GCG	0.760
Asset Growth	0.864
Equity Growth	0.840
Financial Risk	0.800
The Value of Firms	0.703

Source: SmartPLS Output



Average Variance Extracted (AVE) shows a value above 0.50, which means that the variable instrument is said to be a valid discriminant. Another way to determine the discriminant validity of a variable is to compare the square root of the AVE ( $\sqrt{AVE}$ ) of a construct with the correlation value between other constructs. If the  $\sqrt{AVE}$  value is higher than the correlation between other constructs, it can be concluded that the research instrument meets the criteria for discriminant validity.

### 3. Composite Reliability

Composite Reliability is used to determine the amount of reliability or answers given by respondents in research.

**Table 5.3: Composite Reliability**

	Composite Reliability
CSRD	0.947
Financial Leverage	0.949
Financial Flexibility	0.902
GCG	0.927
Asset Growth	0.962
Equity Growth	0.955
Financial Risk	0.941
The Value of Firms	0.904

Source: SmartPLS Output

To find out the reliability of all constructs, it can be seen from the composite reliability value. A construct is said to be reliable if the composite reliability value is above 0.70. The output results show that all constructs in the CSRD, Financial Leverage, Financial Flexibility, GCG, Asset Growth, Equity Growth, Financial Risk and The Value of Firm variables are reliable because the composite reliability value is  $> 0.70$ .

### Measurement Model or Inner Model

#### 1. Goodness of Fit Model Check

The coefficient of determination or R<sup>2</sup> (R-square) value is used to determine the percentage (%) influence of exogenous variables on endogenous variables. In other words, the R<sup>2</sup> value explains how much variation or phenomenon in endogenous variables can be explained by exogenous variables, with the following table explanation:

**Table 5.4: R-square**

	R Square	R Square Adjusted
CSRD	0.662	0.647
GCG	0.659	0.648
Financial Risk	0.603	0.585
The Value of Firms	0.916	0.911

Model examination can be seen from the R2 (R-square) value, meaning that the model can explain the influence of exogenous variables on endogenous variables as follows:

- a) CSR variations can be explained by the variables asset growth, financial leverage, equity growth and financial flexibility, amounting to 66.20%, while the remaining 33.80% is explained by other variables outside the research model.
- b) Variations in Financial Risk can be explained by the variables asset growth, financial leverage, equity growth and financial flexibility amounting to 60.30%, while the remaining 39.70% is explained by other variables outside the research model.
- c) GCG variations can be explained by the variables asset growth, financial leverage, equity growth and financial flexibility amounting to 65.90%, while the remaining 34.10% is explained by other variables outside the research model.
- d) Variations in The Value of Firm can be explained by the variables asset growth, financial leverage, equity growth, financial flexibility, CSR, Financial Risk, and GCG amounting to 91.60%, while the remaining 8.40% is explained by other variables outside the research model.

## 2. T-test testing

**Table 5.5: Results for Iner Weights**

	Original Sample (O)	P Values	Note.
Asset Growth -> Financial Risk	0.387	0.004	Significant
Financial Leverage -> Financial Risk	0.613	0,000	Significant
Growth Equity -> Financial Risk	-0.094	0.396	Not significant
Financial Flexibility -> Financial Risk	-0.150	0.096	Not significant
Asset Growth -> CSR	0.718	0,000	Significant
Financial Leverage -> CSR	0.014	0.896	Not significant
Equity Growth -> CSR	0.003	0.985	Not significant
Financial Flexibility -> CSR	0.098	0.324	Not significant
Asset Growth -> The Value of Firm	0.285	0.045	Significant
Financial Leverage -> The Value of the Firm	0.262	0.017	Significant
Growth Equity -> The Value of the Firm	0.198	0.042	Significant
Financial Flexibility -> The Value of the Firm	0.203	0.001	Significant
Financial Risk -> The Value of the Firm	-0.250	0.001	Significant
CSR -> The Value of the Firm	0.303	0,000	Significant
Asset Growth -> Financial Risk -> The Value of the Firm	-0.097	0.032	Significant
Financial Leverage -> Financial Risk -> The Value of the Firm	-0.153	0.007	Significant

Based on the t-test results in Table 5.5, the results for each hypothesis are as follows:

- 1) **Hypothesis 1:** Asset growth has a significant effect on financial risk (0.387,  $p=0.004 > 0.05$ ). Hypothesis accepted.

- 2) **Hypothesis 2:** Financial leverage has a significant effect on financial risk (0.613,  $p=0.000 > 0.05$ ). Hypothesis accepted.
- 3) **Hypothesis 3:** Equity growth has no significant effect on financial risk (-0.094,  $p=0.396 > 0.05$ ). Hypothesis not accepted.
- 4) **Hypothesis 4:** Financial flexibility has no significant effect on financial risk (-0.150,  $p=0.096 > 0.05$ ). Hypothesis not accepted.
- 5) **Hypothesis 5:** Asset growth has a significant effect on CSRD (0.718,  $p=0.000 > 0.05$ ). Hypothesis accepted.
- 6) **Hypothesis 6:** Financial leverage has no significant effect on CSRD (0.014,  $p=0.896 > 0.05$ ). Hypothesis not accepted.
- 7) **Hypothesis 7:** Equity growth has no significant effect on CSRD (0.003,  $p=0.985 > 0.05$ ). Hypothesis not accepted.
- 8) **Hypothesis 8:** Financial flexibility has no significant effect on CSRD (0.098,  $p=0.324 > 0.05$ ). Hypothesis not accepted.
- 9) **Hypothesis 9:** Asset growth has a significant effect on company value (0.285,  $p=0.045 > 0.05$ ). Hypothesis accepted.
- 10) **Hypothesis 10:** Financial leverage has a significant effect on company value (0.262,  $p=0.017 > 0.05$ ). Hypothesis accepted.
- 11) **Hypothesis 11:** Equity growth has a significant effect on firm value (0.198,  $p=0.042 > 0.05$ ). Hypothesis accepted.
- 12) **Hypothesis 12:** Financial flexibility has a significant effect on company value (0.203,  $p=0.001 > 0.05$ ). Hypothesis accepted.
- 13) **Hypothesis 13:** Financial risk has a significant effect on company value (-0.250,  $p=0.001 > 0.05$ ). Hypothesis accepted.
- 14) **Hypothesis 14:** CSRD has a significant effect on company value (0.303,  $p=0.000 > 0.05$ ). Hypothesis accepted.
- 15) **Hypothesis 15:** Financial risk mediates the effect of asset growth on company value (-0.097,  $p=0.032 > 0.05$ ). Hypothesis accepted.
- 16) **Hypothesis 16:** Financial risk mediates the effect of financial leverage on company value (-0.513,  $p=0.007 > 0.05$ ). Hypothesis accepted.
- 17) **Hypothesis 17:** Financial risk does not mediate the effect of equity growth on firm value (0.023,  $p=0.376 > 0.05$ ). Hypothesis not accepted.
- 18) **Hypothesis 18:** Financial risk does not mediate the effect of financial flexibility on company value (0.038,  $p=0.145 > 0.05$ ). Hypothesis not accepted.
- 19) **Hypothesis 19:** CSRD mediates the effect of asset growth on firm value (0.217,  $p=0.001 > 0.05$ ). Hypothesis accepted.

- 20) **Hypothesis 20:** CSRD does not mediate the effect of financial leverage on firm value (0.004,  $p=0.894 > 0.05$ ). Hypothesis not accepted.
- 21) **Hypothesis 21:** CSRD does not mediate the effect of equity growth on firm value (0.001,  $p=0.985 > 0.05$ ). Hypothesis not accepted.
- 22) **Hypothesis 22:** CSRD does not mediate the effect of financial flexibility on company value (0.003,  $p=0.371 > 0.05$ ). Hypothesis not accepted.
- 23) **Hypothesis 23:** GCG cannot moderate financial risk and company value (-0.081,  $p=0.121 > 0.05$ ). Hypothesis not accepted.
- 24) **Hypothesis 24:** GCG cannot moderate CSRD and company value (-0.051,  $p=0.504 > 0.05$ ). Hypothesis not accepted.

## CONCLUSION

### Conclusion

Based on the results of the analysis of the 24 hypotheses proposed, it was found that 12 hypotheses were accepted, while the other 12 were not accepted or were not proven. The accepted hypotheses include asset growth has a significant effect on financial risk, financial leverage has a significant effect on financial risk, asset growth has a significant effect on CSRD, financial leverage has a significant effect on company value, equity growth has a significant effect on company value, financial flexibility has a significant effect on company value., financial risk has a significant effect on company value, CSRD has a significant effect on company value, and financial risk and CSRD are able to act as mediators in the relationship between asset growth, financial leverage and company value. However, hypotheses that are not accepted include equity growth, financial flexibility, and the CSRD variable has no significant effect on financial risk, CSRD is unable to act as a mediator between financial leverage and company value, and the GCG variable cannot moderate the relationship between financial risk and CSRD and value. Company. Thus, these findings provide important insights for research and business practice regarding asset management, financial leverage, CSR, and risk management to increase firm value.

### Suggestion

Based on the findings of this research, there are several suggestions for future researchers

- 1) Expand or add company sectors for more accurate results.
- 2) Adding a time span to increase the number of company samples.
- 3) Adding other variables such as profitability (ROA, NPM, ROI), financial performance (liquidity, solvency, activity), and other factors such as foreign and government share ownership, board size, leverage level, industry type, and institutional ownership.
- 4) Pay attention to financial flexibility factors as they can negatively influence financial risks, help in future investment decisions, and enable effective investment during periods of crisis.

## Bibliography

- 1) Ahmad, H., & Muslim, M. (2022). Several Factors Affecting Firm Value Manufacturing in Indonesia. *Journal of Accounting*, 26(1), 127. <https://doi.org/10.24912/ja.v26i1.821>
- 2) Besley, S., & Brigham, E.F. (2011). *Principles of Finance*. Cengage Learning.
- 3) Bilyay-Erdogan, S. (2020). Does financial flexibility enhance firm value? A comparative study between developed and emerging countries. *Business: Theory and Practice*, 21(2), 723–736. <https://doi.org/10.3846/btp.2020.12680>
- 4) Brigham, E.F., & Houston, J.F. (2014). *Fundamentals of Financial Management (10th Edition)*. Salemba Four.
- 5) Cheryta, AM, Moeljadi, & Indrawati, NK (2017). The Effect of Leverage, Profitability, Information Asymmetry, Firm Size on Cash Holding and Firm Value of Manufacturing Firms Listed at Indonesian Stock Exchange. *International Journal of Research in Business Studies and Management*, 4(4), 21–31. <http://dx.doi.org/10.22259/ijrbms.0404004>
- 6) Corporation, IF (2014). *The Indonesian Corporate Governance Manual*. The Indonesian Corporate Governance Manual. <https://doi.org/10.1596/26115>
- 7) Harahap, SS (2016). *Critical Analysis of Financial Statements*. Rajagrafindo Persada.
- 8) Islam, R., Haque, Z., & Moutushi, R.H. (2022). Earnings quality and financial flexibility: A moderating role of corporate governance. *Cogent Business and Management*, 9(1), 1–27. <https://doi.org/10.1080/23311975.2022.2097620>
- 9) Karsam, & Yanalia, S. (2013). The Effect of Equity Growth and Profit Growth on the Investment Opportunity Set. *Journal of Accounting and Finance Research*, 1(2), 95. <https://doi.org/10.17509/jrak.v1i2.6646>
- 10) Myers, P., Stathakis, S., Mavroidis, P., Gutierrez, A., Esquivel, C., Jones, W., Eng, T., Ha, C., & N. Papanikolaou. (2013). How the pecking-order theory explains capital structure. 40(6), 275.
- 11) Puspitasari, LPN, & Wiagustini, LP (2019). The Effect of Capital Structure and Firm Growth on Firm Value with Profitability as Mediation Variable in Indonesia Stock Exchange. *International Journal of Economics, Commerce and Management*, 7(12), 69–84. <http://ijecm.co.uk/>
- 12) Putri, MM, Firmansyah, A., & Labadia, D. (2020). Corporate Social Responsibility Disclosure, Good Corporate Governance, Firm Value: Evidence from Indonesia's Food And Beverage Companies. *The Accounting Journal of Binaniaga*, 5(2), 113. <https://doi.org/10.33062/ajb.v5i2.398>
- 13) Romdhonah, Z., Solikin, I., & Sari, M. (2022). The Influence of Capital Structure, Liquidity, Company Size, and Profitability on Company Value. *Ecobisma (Journal of Economics, Business and Management)*, 9(1), 89–101. <https://doi.org/10.36987/ecobi.v9i1.2269>
- 14) Sartono, A. (2015). *Financial Management: Theory and Applications*. BPF.
- 15) Shilpa, N.C., & Amulya, M. (2020). Financial leverage and firm valuation : an empirical study of Indian metal industry. *Research Journal of Recent Sciences*, 9(1), 19–25.
- 16) Teng, X., Chang, B.G., & Wu, K.S. (2021). The role of financial flexibility on enterprise sustainable development during the COVID-19 crisis-A consideration of tangible assets. *Sustainability (Switzerland)*, 13(3), 1–16. <https://doi.org/10.3390/su13031245>
- 17) Van Horne, J. C., & Wachowinc, J. M. (2014). *Principles of Financial Management (Fundamentals of Financial Management) (13 B Edition)*. Salemba Four.
- 18) Wahyuni, N., & Gani, AA (2022). Reviewing the Firm Value in terms of Profit, Debt, and Growth. *Journal of Management*, 26(1), 121–139. <https://doi.org/10.24912/jm.v26i1.843>