Website:
ejournal.umm.ac.id/index.php/jrak

***Correspondence:**
faridatk@telkomuniversity.ac.id

DOI: 10.22219/jrak.v15i2.40219

Citation:
Delila, D. H., Kritanti, F. T. (2025). Capital Structure of Consumer Non-Cyclical Companies Listed on The Indonesian Stock Exchange Based on Financial Flexibility and Earnings Volatility. Jurnal Reviu Akuntansi Dan Keuangan, 15(2), 336-348.

Article Process
Submitted:
February 6, 2025

Reviewed:
March 21, 2025

Revised:
May 24, 2025

Accepted:
May 27, 2025

Published:
July 3, 2025

Office:
Department of Accounting
University of
Muhammadiyah Malang
GKB 2 Floor 3.
Jalan Raya Tlogomas 246,
Malang, East Java,
Indonesia

P-ISSN: 2615-2223
E-ISSN: 2088-0685

Article Type: Research Paper

CAPITAL STRUCTURE OF CONSUMER NON-CYCLICAL COMPANIES LISTED ON THE INDONESIAN STOCK EXCHANGE BASED ON FINANCIAL FLEXIBILITY AND EARNINGS VOLATILITY

Dwi Hafizha Delila[1], Farida Titik Kritanti[2*]
Affiliation:
School of Economics and Business, Telkom University

ABSTRACT

Purpose: This study aims to explore the factors that influence the capital structure of consumer non-cylical companies listed on the Indonesia Stock Exchange (IDX) for the period 2017-2023 which is influenced by financial flexibility and earning volatility.

Methodology/approach: This research uses a quantitative approach with the Generalized Method of Moments (GMM) method using the tool e-views 12. Using purposive sampling technique to collect observation data of 53 companies and obtain 371 samples. GMM method is applied to analyze the dynamic relationship between firm characteristics and capital structure decisions, by considering the possibility of endogeneity in the model.

Findings: This study found that financial flexibility variables have a positive effect on capital structure, while Earning volatility has no effect but has a positive and negative impact on the capital structure of consumer non-cyclical companies listed on the Indonesia Stock Exchange for the period 2017-2023.

Practical implications: These findings can help managers make more informed decisions regarding capital structure, particularly in aligning financing strategies with firm characteristics and market conditions.

Originality/value: This study provides new insights into the capital structure choices of Indonesian non-cyclical consumer firms, with the application of the GMM method to address endogeneity in the analysis, which has not been widely studied in the context of emerging markets.

Keywords: Capital Structure; Earning Volatility, Financial Flexibility; Generalized Method of Moments.

ABSTRAK

Tujuan penelitian: *Penelitian ini bertujuan untuk mengeksplorasi faktor-faktor yang mempengaruhi struktur modal perusahaan consumer non-cylical yang terdaftar di Bursa Efek Indonesia (BEI) periode 2017-2023 yang dipengaruhi oleh financial flexibility dan earning volatility.*

Metode/pendekatan: *Penelitian ini menggunakan pendekatan kuantitatif dengan metode Generalized Method of Moments (GMM) dengan menggunakan alat yaitu e-views 12. Menggunakan teknik purposive sampling untuk mengumpulkan data observasi sebanyak 53 perusahaan dan memperoleh 371 sampel. Metode GMM diterapkan untuk menganalisis hubungan dinamis antara karakteristik perusahaan dan keputusan struktur modal, dengan mempertimbangkan kemungkinan endogenitas dalam model.*

Hasil: *Penelitian ini menemukan bahwa variabel financial flexibility berpengaruh dan positif terhadap struktur modal, sedangkan Earning volatility tidak berpengaruh tetapi berdampak positif dan negatif terhadap struktur modal perusahaan consumer non-cyclicals yang tercatat di Bursa Efek Indonesia periode 2017-2023.*

Implikasi praktik: *Temuan ini dapat membantu manajer dalam membuat keputusan yang lebih tepat terkait struktur modal, khususnya dalam menyelaraskan strategi pembiayaan dengan karakteristik perusahaan dan kondisi pasar.*

Orisinalitas/kebaharuan: *Penelitian ini memberikan wawasan baru mengenai pilihan struktur modal pada perusahaan konsumen non-siklikal Indonesia, dengan penerapan metode GMM untuk mengatasi endogenitas dalam analisisnya, yang belum banyak diteliti dalam konteks pasar negara berkembang.*

Kata kunci: *Capital Structure; Earning Volatility, Financial Flexibility; Generalized Method of Moments.*

INTRODUCTION

The capital structure is one of the major assets that ensures the longevity of a consumer firm. It is the ratio of the total company debt to total firm assets, this is also pointed out by Arvin Gosh et al. (2000). Capital structure is important in providing relevant information in the company's financial statements (Wardoyo & Andani, 2024). Van & Wachowicz (2013) define capital structure as one of the activities when a company finances its long-term business operations with the use of debt, preferred shares, and ordinary stock. In a given operational

activity of a corporation, when an operational entity or business is said to incorporate debt as well as equity into the capital resources, Kochhar (1997) defines capital structure as the method of combining different types of capital. Among all the variables that influence a company's performance and business competitiveness, this capital structure is one of them (Vintila et al., 2019). There is no company that does not source funds from both national and international markets. This implies that such funds need to be optimally blended through capital structure management to enhance corporate efficiency (Nita Septiani & Suaryana, 2018). This brings the need for prudent management of capital structures in anticipation of future financial challenges.

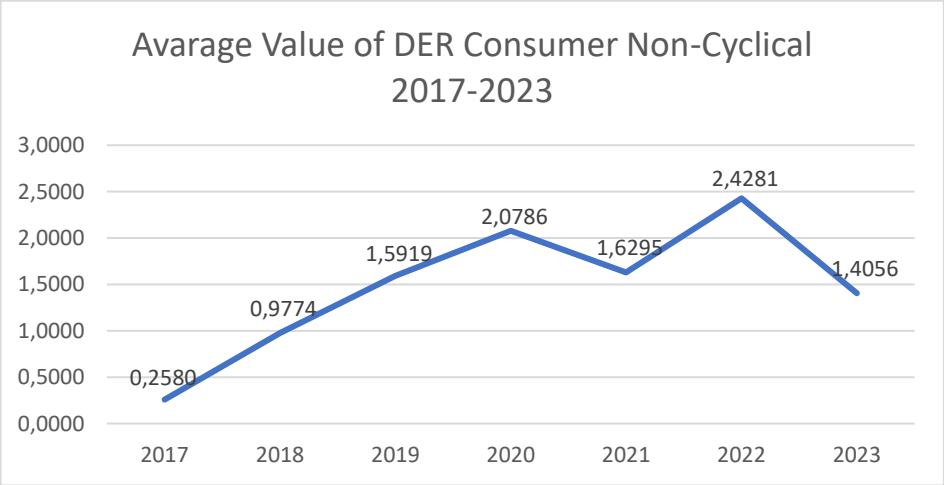

Figure 1. Average Value of DER Consumer non-Cyclical

Source: Processed by the author (2025)

The Consumer Non-Cyclical sector consists of companies that offer essential goods and services that maintain steady demand regardless of economic fluctuations. These typically include products such as food, beverages, household supplies, and personal care items that people continue to buy even during economic slowdowns. Capital structure is described by the calculation of Debt-to-Equity Ratio (J Lenas, 2022), A company's Debt to Equity Ratio is said to be healthy if it is below 1 or 100%. Based on data from the IDX, the average value of Debt-to-Equity Ratio (DER) in primary consumer sector companies has not yet reached an ideal condition and shows fluctuations every year. In the 2017-2020 period, the average DER experienced a significant increase. However, in 2021, the figure decreased to 1.6295, indicating that this sector managed its capital structure better than in 2020, which recorded a figure of 2.0786. Furthermore, in 2022, the average DER reached its peak in the last seven years at 2.4281, reflecting the increased use of debt by companies. Then, in 2023, the figure dropped again to 1.4056.

Over the past five years, there are still many primary consumer companies whose capital structure is still not optimal. In 2023, one of the companies from the primary consumer sector, PT Jaya Agra Wattie Tbk (JAWA), reached a very high level of 5,513.67%. This provides evidence of a poor situation where total debt service commitment is far greater than available capital. An increase in debt will raise the risk of failing to meet fixed obligations, potentially leading to financial difficulties for the company (Kristanti & Effendi, 2017). Thus, the company's ability to fulfill its obligations against its capital is in an unhealthy condition. One company that experiences a good DER level is PT Mayora Indah Tbk (MYOR) below 100%. MYOR's Debt to Equity Ratio (DER) was recorded at 71.45%, indicating that the company's total capital is much greater than its total debt. As of March 31, 2023, MYOR's

total capital, excluding non-controlling interests, reached IDR13.3 trillion, while its total debt stood at IDR9.5 trillion. Thus, MYOR's ability to meet its debt obligations against capital is quite good, reported in CNBC Indonesia news (https://www.cnbcindonesia.com). The higher the debt-to-equity ratio (DER), the greater the amount of borrowed capital taken by the company, which results in an increase in debt burden (interest costs) that must be paid. The increased debt burden will reduce the company's profit (Heikal et al., 2014).

Priyan et al., (2023), Khan et al., (2023), Abdullah et al., (2022), Rubiyana & Kristanti, (2020), Gurusamy (2024) have systematically explored various firm-specific attributes that influence capital structure, including profitability, firm size, asset tangibility, and growth opportunities. However, despite this rich body of literature, findings related to earnings volatility and financial flexibility remain inconclusive and fragmented across different institutional contexts. These inconsistencies underscore a critical gap, particularly in the context of emerging markets such as Indonesia, where financial structures, regulatory environments, and corporate governance mechanisms diverge significantly from those in developed economies. This study seeks to address this gap by focusing specifically on the consumer non-cyclical sector an industry known for its regulatory rigidity and resilience over the 2017–2023 period. To overcome methodological limitations in prior studies, this research employs a dynamic panel data approach using the GMM. Unlike static estimators, GMM accounts for the dynamic nature of leverage decisions and addresses endogeneity concerns arising from simultaneity, unobserved heterogeneity, and autoregressive effects. While GMM is not inherently novel, its application within the Indonesian sectoral context especially to capture the post-pandemic capital behavior of firms is both methodologically relevant and empirically underutilized. This study contributes to the theoretical refinement of capital structure discourse and extends empirical insights by demonstrating how volatility in earnings and the degree of financial flexibility jointly shape financing decisions, particularly under the institutional and economic nuances of an emerging economy.

Culata & Gunarsih (2012) said The Packing Order Theory is one of the most influential theories regarding the company's capital structure. This research uses The Packing Order Theory, this theory was first coined and developed in 1984 by Myres and Maljuf. Myers suggested that companies choose the funding source that is easiest to obtain and disclose little information to competitors. This theory emphasizes that internal funding is preferred over debt and equity or external funding. The order of funding starts from funds sourced from retained earnings, then debt and finally the issuance of new equity (Myers & Majluf, 1984).

The concept of financial flexibility refers to the firm's ability to access capital whenever required, which helps a business to manage unexpected circumstances in a better way, increasing its overall value. It enables firms to afford to miss out on investment opportunities and have sufficient resources to mitigate shortfalls, thus improving the overall firm's value (Hoberg et al., 2012). In carrying out its operations, a company allocates various assets from its resources (Isynuwardhana & Octavia, 2024). The Company may require additional assets to fund current operations as well as future corporate activities (Kristanti & Rahayu, 2018). Under Pecking Order Theory, outside capital will be sought at less profitable firms, and the corporation will have more financial flexibility. Chandra et al. (2022) identified financial flexibility as a distinctive and strategic attribute, emphasizing its negative association with capital structure. This inverse relationship can be theoretically grounded in the premise that firms endowed with high financial flexibility often possess substantial internal resources and access to non-debt financing alternatives, thereby reducing their reliance on external leverage. In this context, financial flexibility serves as a buffer against financial distress, enabling firms

to pursue investment opportunities without incurring additional debt, particularly under conditions of market uncertainty or credit constraints. Consequently, greater flexibility tends to coincide with more conservative capital structures, as firms deliberately limit their exposure to fixed financial obligations in favor of preserving future financing capacity and operational agility.

H1: Financial Flexibility has a negative impact on capital structure

Earning variation indicates the amount of risk and the possibility of a firm's failure. Earning volatility isn't always synonymous with risk (Brigham & Houston, 2013). Earning volatility is the measure of the standard deviation of operating profit in relation to assets (De Jong et al., 2008). The standard deviation will be computed in this work for seven years. This variable will display the unpredictability in forthcoming income sources and the dangers which are associated with them. Saif-Alyousfi et al. (2020) To put it another way, when earning patterns are turbulent, a firm's ability to raise capital through debt or equity becomes very limited, because the firm is too risky for creditors and investors to put money into because of the high likelihood of default or bankruptcy (Moradi & Paulet, 2019). In previous studies (Putri & Willim, 2024), (Moradi & Paulet, 2019), (Khémiri & Noubbigh, 2018) the earnings volatility negatively affects capital structure, and according to the Pecking Order Theory, it indicates that there is a negative relationship between earnings volatility and level of debt.

H2: Earning volatility has a negative impact on capital structure.

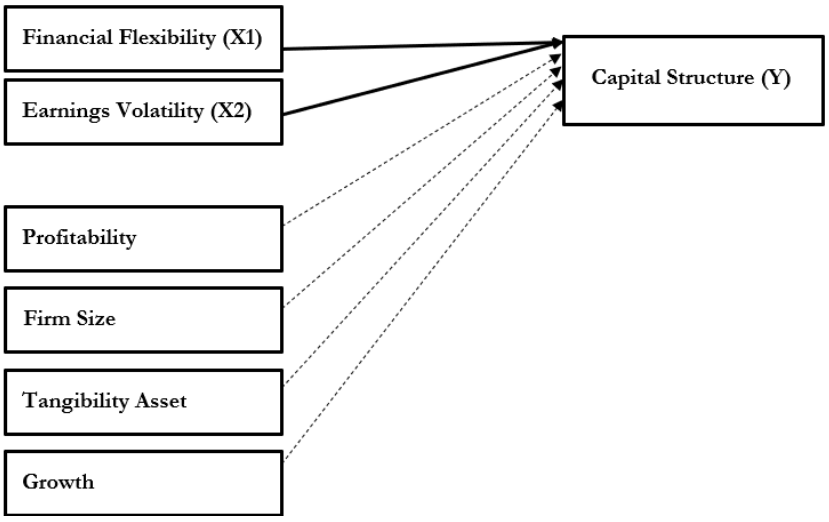

Figure 2. Conceptual Framework

Source: Processed by the author (2025)

METHOD

No	Sampling Criteria	Total
	Population: Consumer Non-Cyclical Companies listed on the IDX Sampling-based on criteria (purposive sampling):	
1.	Consumer Non-Cyclical sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2017-2023	**62**

Table 1. Sampling Criteria

2.	Consumer Non-Cyclical sector companies listed on the Indonesia Stock Exchange (IDX) that do not publish and are inconsistent in submitting financial reports for the period 2017-2023	**(-9)**
	Number of Companies sampled in the study	**53**
	Number of Observation Data (2017-2023) (53x7)	**371**

Sumber: Diolah oleh penulis (2025)

Variable	Measure	Source
Dependent Variable:		
Capital Structure	$DER = \frac{Total\ Debt}{Total\ Equity}$	Annual Report
Independent Variable:		
Financial Flexibility	$FF = \frac{Retained\ Earning}{Total\ Asset}$	Annual Report
Earning Volatility	$EVOL = \frac{\sigma EBIT}{Total\ Asset}$	Annual Report
Control Variable:		
Profitability	$ROA = \frac{Net\ Income}{Total\ Asset}$	Annual Report
Firm Size	$Firm\ Size =$ Ln Total Asset	Annual Report
Tangibility Asset	$TANG = \frac{Fix\ Asset}{Total\ Asset}$	Annual Report
Growth	$Growth = \frac{Total\ Asset_t - Total\ Asset_{t-1}}{Total\ Asset_{t-1}}$	Annual Report

Table 2. Variable Measurement

Source: Author's compilation based on (Khan et al., 2023) (De Jong et al., 2008) (Rehman et al., 2024)

This work uses (1) Descriptive Analysis (2) Model Specification Test (3) Uji Autokorelasi (3) Generalized Method of Moments (Dynamic Panel Data) for analysis utilizing e-Views program. Usually experiencing endogeneity, dynamic models have reverse causality between dependent and exogeneous variables (Akbar et al., 2023).

$$Lcv_{i.t} = \beta_0 + \beta_1 Evol_{it} + \beta_2 FF_{it} + \beta_3 Prof_{it} + \beta_4 Size_{it} + \beta_5 Tang_{it} + \beta_6 Grow_{it} + \mu_{it}$$

Description:

i = Cross section (i = 1,…n)

t = Time

$Lcv_{i.t}$ = Leverage using the debt to equity ratio scale

$Evol_{it}$ = *Earning volatility*

FF_{it} = *Financial Flexibility*

$Prof_{it}$ = *Profitability*

$Size_{it}$ = *Firm Size*

$Tang_{it}$ = *Asset tangibility*

$Grow_{it}$ = *Growth*

$B_{0,1,2,3,4,5,6}$ = Coefficien $X_{i1,2,3,\ldots,n}$

μ_{it} = Error term

RESULT AND DISCUSSION

Descriptive Statistics

Table 3. Descriptive Statistics

	DER(Y)	FF	EVOL	PROF	SIZE	TANG	GROW
Mean	1.48	0.14	0.08	4.46	29.21	0.34	0.04
Maximum	26,93	0.96	1.32	1.12	32.85	0.86	1.67
Minimum	-45.95	-3.076	0.005	-58.25	25.23	0.002	-0.78
Std. Dev.	4.01	0.52	0.17	13.12	1.48	0.18	0.17
Observations	371	371	371	371	371	371	371

Source: Processed Data (2025)

The The descriptive statistics indicate substantial variation in firms' capital structures. The Debt to Equity Ratio (DER) ranges from a maximum of 29.31 (2,931%) reported by PT Jaya Agra Wattie Tbk in 2022 to a deeply negative value of -45.95 (-4,595.94%) recorded by PT Bakrie Sumatera Plantations Tbk in 2017. On average, the DER is 1.48, suggesting that most firms are more debt-reliant than equity-financed, indicating a tendency toward high financial leverage. FF also shows wide dispersion, with values ranging from 0.96 (PT Ultrajaya Milk Industry and Trading Company Tbk in 2023) to -3.08, reflecting notable disparities in firms' ability to respond to financial pressures. EVOL, the range extends from a near-zero minimum of 0.005 (PT Tunas Baru Lampung) to a high of 1.32 (PT FKS Food Sejahtera in 2021), indicating significant heterogeneity in income stability among firms. To enhance interpretability, the firm size variable initially presented in its logarithmic form with a mean of 29.21 corresponds to an approximate average asset value of IDR 5.32 trillion, assuming the logarithm is natural. This more tangible figure offers a clearer view of the scale of companies in the sample. High standard deviations for DER (4.01) and PROF (13.12) underscore the considerable variation in financial characteristics across the 371 observations, reinforcing the heterogeneity of the firms included in the analysis.

Uji Chow

Table 4. Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	4.995671	(52,312)	0.0000
Cross-section Chi-square	224.730347	52	0.0000

Source: Processed data, 2025

Uji Hausman

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	**30.211642**	**6**	**0.0000**

Table 5. Hausman Test

Source: Processed Data (2025)

Model Specification Test

1. **Chow Test**
   Nilai The probability value (Prob.) of the Cross-section F test shows a result of 0.0000, which is smaller than the significance level of 0.05. This indicates that the fixed effect model is appropriate in this study. Furthermore, to ensure that the selected model is truly optimal and in accordance with the characteristics of the data, the Hausman test is conducted.
2. **Hausman Test**
   The probability value (Prob.) of the Cross-section random test shows a result of 0.0000, which is smaller than the significance level of 0.05, so the best model that can be used in this study is fixed effect.

	DER	FF	EVOL	PROF	SIZE	TANG	GROW
DER	1.000000	-0.128960	-0.048298	-0.106700	-0.061292	-0.040876	-0.022628
FF	-0.128960	1.000000	-0.591644	0.237403	0.271533	0.076558	0.121596
EVOL	-0.048298	-0.591644	1.000000	-0.017284	-0.136896	0.061034	-0.120044
PROF	-0.106700	0.237403	-0.017284	1.000000	0.085467	-0.098690	0.018960
SIZE	-0.061292	0.271533	-0.136896	0.085467	1.000000	-0.027869	0.124625
TANG	-0.040876	0.076558	0.061034	-0.098690	-0.027869	1.000000	-0.130593
GROW	-0.022628	0.121596	-0.120044	0.018960	0.124625	-0.130593	1.000000

Table 6. Multicolinearity Test

Source: Processed Data (2025)

Fixed Effect Model

Cross Section fixed (dummy variables)			
R-square	0.478705	Mean Dependent var	1,481293
Adjusted R-squared	0.381797	S.D. dependent var	4.017504
S.E. of regression	3.158797	Akaike info criterion	5.283120
Sum squared resid	3113.136	Schwarz criterion	5.905912
Log likelihood	-921.0188	Hannan-Quinn criter.	5.530473
F-statistic	4.939817	Durbin-Watson Stat	1.684028
Prob(F-statistic)	0.000000		

Table 7. Fixed Effect Model

Source: Processed Data (2025)

Classical assumption test

1. **Multicolilinearity Test**
   To find out that there is no multicollinearity, namely if the Varian Inflation Factor (VIF) value is <0.8. Table 6 shows the VIF value between each independent variable

on the dependent variable <0.8. So, there is no multicollinearity in the independent variables.

2. **Autocorelation Test**
   To determine the presence of autocorrelation, namely if the fixed effect model test produces a Durbin Watson Stat value of < 2. Table 7 shows the Durbin-Watson Stat value of 1.684028. Then there is autocorrelation and endogeneity, so the Generalize Method of Moment model is a better test.

Table 8. Regression Test Results

Variabel	OLS		FEM	REM	GMM
	CEM	Robust			
FF	0.0026	0.0000	0.0666	0.0298	0.0021
EVOL	0.0069	0.0000	0.0017	0.4156	0.1426
PROF	0.2668	0.0018	0.0000	0.0145	0.0000
SIZE	0.6824	0.0001	0.4545	0.4862	0.0067
TANG	0.6663	0.0258	0.4439	0.3834	0.1396
GROW	0.7386	0.6738	0.4915	0.9889	0.6590

Source: Processed Data (2025)

Based on the comparison of Table 8, it can be seen that Generalized Method of Moment testing and Robustness testing are the best of several test comparisons.

Variable Instrumental Test (IV)

Table 9. Variable Instrumental Test

Cross-section fixed (First Difference)			
Mean dependent var	0.085635	S.D dependent var	3.270871
S.E of regression	3.248963	Sum squared resid	2723.386
J-statistic	13.75679	Instrument rank	21
Prob(J-statistic)	0.467983		

Source: Processed Data (2025)

Based on the test results of instrumental variables (IV), the Prob (J-statistic) value is 0.467983, this condition is declared a valid instrument or there are moment conditions because the probability value is greater than 0.05.

Table 10. GMM Estimation

Variable	Coefficient	Std.Error	t-Statistic	Prob
DER(-1)	0.009478	0.022081	0.429230	0.6695
FF	4.955426	1.534007	3.230379	0.0021
EVOL	-13.17416	8.849863	-1.488629	0.1426
PROF	-0.135589	0.006080	-22.30020	0.0000
SIZE	-5.564027	1.969408	-2.825229	0.0067
TANG	-4.432595	2.954475	-1.500299	0.1396
GROWTH	0.327909	0.738830	0.443822	0.6590

Effect Specification			
Cross-section fixed (First Difference)			
Mean dependent var	0.085635	S.D dependent var	3.270871
S.E of regression	3.248963	Sum squared resid	2723.386
J-statistic	13.75679	Instrument rank	21
Prob(J-statistic)	0.467983		

Source: Processed Data (2025)

Based on the results of testing the dynamic panel data regression equation using Generalized Method of Moments (GMM) estimation, the following is obtained:

$$\text{Lev}_{i.t} = 0.009478 + 4.955426 - 13.17416 - 0.135589 - 5.564027 - 4.432595 + 0.327909 + \mu it$$

Table 11. Wald Test

Test Statistic	Value	df	Probability
F-statistic	868.0778	(6, 258)	0.0000
Chi-square	5208.467	6	0.0000

Source: Processed Data (2025)

Based on the Wald test, the Chi-square value is 5208.467 with a probability value of 0.0000. Because the p-value is below 0.05, H0 is rejected while H1 is accepted. This confirms that the independent variables included in the test—profitability, firm size, asset tangibility, growth, financial flexibility, and earning volatility—affect the capital structure as the dependent variable. Also, this is consistent with the Guided Method of moment estimation model of the study.

Based on the t-test results on Tabel 11, the following is obtained:

1. *The Effect of Financial Flexibility on Capital Structure*

From 2017 to 2023, the monetary flexibility of the companies operating in the primary consumer sector which are listed on the IDX has positive influences on the capital structure, and the t-test validates this. This conclusion is based on the t-test probability value of 0.0021, which is still less than the 0.05 significance level. The positive regression coefficient of 4.955426 means that the order pecking hypothesis is not supported. This hypothesis suggests that these firms are unlikely to reduce the external costs. However, it is contradicted by this theory which states that the firms which are more profitable shall incur reduced costs for financing externally.

This study does not support the primary hypothesis or the results from previous studies (Chandra et al., 2022), and it does not support the pecking order theory which states that financial flexibility must have a negative impact on capital structure. For this reason, the validated hypothesis is not supported in this study.

2. *The Effect of Earning Volatility on Capital Structure*

The T-test reveals that the highest earnings volatility negatively affects the capital structure of major listed consumer sector firms on the Indonesian stock exchange over the period of 2017-2023. This is with a probability value of 0.1426, which is greater than 0.05, and a negative regression coefficient of 13.17416. Negative earnings can be expensive and having growing debt makes it hard to pay; hence, they are repelled by high cost of capital.

The findings above are in accordance with the assumptions of the study, Pecking Order theory, (Putri & Willim, 2024), (Moradi & Paulet, 2019), (Khémiri & Noubbigh, 2018) and all other studies mentioned above support the view that there is a negative relationship between earnings volatility and capital structure. Therefore, the assumption of this research can be accepted.

CONCLUSION

The more than 30 firms in the consumer group registered on the Indonesian Stock Exchange are assessed in this paper concerning the interplay of financial flexibility profitability, earnings volatility firm size, asset tangibility, and growth, between the years 2017 and 2023. The Generalised Method of Moments estimator is employed in the dynamic panel regression method of this work. The study's findings indicate that both profitability and the size of the firm adversely impact capital structure, while financial flexibility positively impacts it. On the other hand, business growth and asset tangibility, together with earnings volatility, have no effect or even a negative effect on capital structure expansion. Lastly, this research did not take into account other factors such as asset utilisation, advertising, or asset turnover. Furthermore, companies should prioritise effective management of the resources available in order to improve performance, Effective management of available resources is paramount for companies to enhance performance because it ensures optimal allocation and utilization of inputs, thereby maximizing operational efficiency and competitive advantage. Proper resource management minimizes waste, reduces costs, and fosters agility in responding to market changes, which collectively contribute to sustainable growth and profitability. Moreover, strategic resource management enables firms to leverage their unique capabilities and adapt to environmental uncertainties, ultimately reinforcing their capacity to achieve long-term organizational goals.

REFERENCES

Abdullah, M. N., Chowdhury, E. K., & Tooheen, R. B. (2022). Determinants of capital structure in banking sector: a Bangladesh perspective. *SN Business & Economics*, *2*(12). https://doi.org/10.1007/s43546-022-00370-8

Akbar, S., Khan, S., Haq, Z. U., & Khan, M. I. (2023). Capital structure dynamics of Shariah-compliant vs noncompliant firms: evidence from Pakistan. *International Journal of Islamic and Middle Eastern Finance and Management*, *16*(2), 366–383. https://doi.org/10.1108/IMEFM-06-2021-0239

Arvin Gosh, Francis Cai, & Wenhui Li. (2000). The Determinants of Capital Structure. *American Business Review, 18(2),* 129.

Brigham, E. F. ., & Houston, J. F. . (2013). *Fundamentals of financial management*. South-Western Cengage Learning.

Chandra, T., Junaedi, A. T., Wijaya, E., & Ng, M. (2022). The impact of co-structure of capital, profitability and corporate growth opportunities on stock exchange in Indonesia. *Journal of Economic and Administrative Sciences*, *38*(2), 246–269. https://doi.org/10.1108/JEAS-08-2019-0081

Culata, P. R. E., & Gunarsih, T. (2012). Pecking Order Theory and Trade-Off Theory of Capital Structure: Evidence from Indonesian Stock Exchange. *The Winners*, *13*(1), 40. https://doi.org/10.21512/tw.v13i1.666

De Jong, A., Kabir, R., & Nguyen, T. T. (2008). Capital Structure Around The World: The roles of firm- and country-specific determinants. *Journal of Banking & Finance*, *32*(9), 1954–1969. https://doi.org/10.1016/j.jbankfin.2007.12.034

Gurusamy, P. (2024). Corporate Ownership Structure and Its Effect on Capital Structure: Evidence from BSE Listed Manufacturing Companies in India. *IIM Kozhikode Society and Management Review*, *13*(2), 135–153. https://doi.org/10.1177/2277975220968305

Heikal, M., Khaddafi, M., & Ummah, A. (2014). Influence Analysis of Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), Debt To Equity Ratio

(DER), and current ratio (CR), Against Corporate Profit Growth In Automotive In Indonesia Stock Exchange. *International Journal of Academic Research in Business and Social Sciences*, *4*(12). https://doi.org/10.6007/ijarbss/v4-i12/1331

Hoberg, G., Phillips, G., & Prabhala, N. (2012). *Product Market Threats, Payouts, and Financial Flexibility*. http://ssrn.com/abstract=1787315comments.Anyremainingerrorsaretheauthors'alone .Electroniccopyavailableat:https://ssrn.com/abstract=1787315

Isynuwardhana, D., & Octavia, R. A. (2024). *The Effect of Managerial Ownership, Institutional Ownership, Foreign Ownership and Tangibility on Capital Structure* (pp. 529–538). https://doi.org/10.1007/978-3-031-49544-1_48

J Lenas, M. N. (2022). Analisis Rasio Solvabilitas Untuk Menilai Kinerja Keuangan Pada Perumda Air Minum Tirta Bantimurung Kabupaten Maros. In *Jurnal Online Manajemen ELPEI* (Vol. 2, Issue 2). http://jurnal.stim-lpi.ac.id/index.php/elpei

Khan, S., Bashir, U., Attuwaijri, H. A. S., & Khalid, U. (2023). The Capital Structure Decisions of Banks: An Evidence From MENA Region. *SAGE Open*, *13*(4). https://doi.org/10.1177/21582440231204600

Khémiri, W., & Noubbigh, H. (2018). Determinants of capital structure: Evidence from sub-Saharan African firms. *The Quarterly Review of Economics and Finance*, *70*, 150–159. https://doi.org/10.1016/j.qref.2018.04.010

Kochhar, R. (1997). Strategic assets, capital structure, and firm performance. *Journal of Financial and Strategic Decisions*, *10*(3).

Kristanti, F., & Effendi, N. (2017). A survival analysis of Indonesian distressed company using Cox Hazard Model. *International Journal of Economics and Management*, *11*(1), 155–167.

Kristanti, F., & Rahayu, S. (2018). Capital Structure and Performance due to Gender Diversity of CEOs in Indonesian Small & Medium-sized Business. *International Journal of Engineering & Technology*, *7*(4.38), 920. https://doi.org/10.14419/ijet.v7i4.38.27609

Moradi, A., & Paulet, E. (2019). The firm-specific determinants of capital structure–An empirical analysis of firms before and during the Euro Crisis. *Research in International Business and Finance*, *47*(1), 150–161.

Myers, & Majluf. (1984). Corporate financing and investment decision when firms have information investors do not have. *Journal of Finance Economics*, 187–221.

Nita Septiani, N. P., & Suaryana, I. G. N. A. (2018). Pengaruh Profitabilitas, Ukuran Perusahaan, Struktur Aset, Risiko Bisnis dan Likuiditas pada Struktur Modal. *E-Jurnal Akuntansi*, 1682. https://doi.org/10.24843/eja.2018.v22.i03.p02

Priyan, P. K., Nyabakora, W. I., & Rwezimula, G. (2023). Firm's Capital Structure Decisions, Asset Structure, and Firm's Performance: Application of The Generalized Method of Moments ApproachD. *PSU Research Review*. https://doi.org/10.1108/PRR-06-2022-0069

Putri, R. L., & Willim, A. P. (2024). Analysis of the Effect of Assets Structure, Earning Volatility and Financial Flexibility on Capital Structure in Consumer Goods Industry Sector Companies on the Indonesia Stock Exchange. *LBS Journal of Management & Research*, *22*(1), 25–36. https://doi.org/10.1108/lbsjmr-11-2022-0069

Rehman, O. U., Wu, K., & Liu, J. (2024). COVID-19 exposure, financial flexibility, and corporate leverage adjustment. *International Review of Economics & Finance*, *96*, 103651. https://doi.org/10.1016/j.iref.2024.103651

Rubiyana, M., & Kristanti, F. T. (2020). Pengaruh Profitabilitas, Struktur Aktiva, Pertumbuhan Perusahaan, Risiko Bisnis dan Aktivitas Perusahaan terhadap Struktur

Modal. In *BALANCE : Economic, Business, Management, and Accounting Journal: Vol. XVII* (Issue 2).

Saif-Alyousfi, A. Y. H., Md-Rus, R., Taufil-Mohd, K. N., Mohd Taib, H., & Shahar, H. K. (2020). Determinants of capital structure: evidence from Malaysian firms. *Asia-Pacific Journal of Business Administration*, *12*(3/4), 283–326. https://doi.org/10.1108/APJBA-09-2019-0202

Van, H. J. C., & Wachowicz, J. M. (2013). *Fundamental of financial management*. Salemba Empat.

Vintila, Gherghina, & Toader. (2019). Exploring the determinants of financial structure in the technology industry: panel data evidence from the New York Stock Exchange listed companies. *Journal of Risk and Financial Management, 12*(4), 163.

Wardoyo, D. U., & Andani, A. D. (2024). Analisis Faktor-Faktor Yang Mempengaruhi Struktur Modal: Studi Kasus Pada Sektor Industri Asuransi. *Jurnal Reviu Akuntansi Dan Keuangan*, *14*(2), 477–491. https://doi.org/10.22219/jrak.v14i2.33497