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The Effect of Sustainability Behavioral Control on Sustainable Entrepreneurship Among MSMEs in Jakarta and the Greater Area: The Role of Sustainable Intention

Micko Sugianto, Frangky Selamat

This study aimed to reveal the effect of sustainability behavioral control and sustainable intention on sustainable entrepreneurship among MSMEs in Jakarta and the Greater Area. This research is categorized as descriptive research. This study used a non-probability sampling method, which collected data...

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The Application of Herfindahl-Hirschman Index in Measuring the Concentration Level of Financial-Technology Industry

Suwinto Johan, Ivy Vania

The Herfindahl-Hirschman Index (HHI) is a tool for measuring industrial concentration. Industrial concentration is an indication of the occurrence of monopoly. Supervision of business competition is one of the tasks of the Indonesian Competition Commission (ICC) per the Law of the Republic of Indonesia...

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Factors Influencing Earnings Management Practices

Ignasia Ruvina Lidsa, Julisar Julisar

The purpose of this study was to obtain empirical evidence about the factors influencing earnings management practices. Quantitative method was used to conduct this study by using purposive sampling method. After selecting the company, there were 38 manufacturing companies listed on the Indonesia Stock...

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Creating a Model of Effectiveness Evaluation for the CEFE Method Entrepreneurship Training with Logic Model Approach and Based on Participant Needs

Sawidji Widoatmodjo

Entrepreneurship training interventions are the government's choice in many

countries to overcome their inability to provide job opportunities for their citizens. The Indonesian government uses the CEFE Method to provide entrepreneurship training to entrepreneurs in the trade, dairy, batik, and furniture...

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The Influence of Interest Rates, Exchange Rates, and Money Supply on Jakarta Composite Index (JCI)

Callista Diana Suhartini, Sawidji Widoatmodjo

This study aimed to examine the influence of interest rates, exchange rates, and money supply on the composite stock-price index in Indonesia Stock Exchange (IDX) during the period between January 2016 and December 2020. This research used a multiple-linear regression analysis on time-series data and...

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The Influence of Strategic Agility on Organizational Performance during Pandemic: A Perspective of SMEs in Manufacturing Sector

Shanmuganathan Palanisamy, Shankar Chelliah, Rajendran Muthuveloo

This research aimed to express the importance of strategic agility on organizational performance during the pandemic era, which demands organizations to strategically respond promptly to the uncertain and unexpected changes in the business environment. As many as 149 responses from a cross-sectional...

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The Influence of Market and Learning Orientation on MSME Business Performance Mediated by Innovation

Nadya Indira Hakim, Andi Wijaya

The purpose of this research was to investigate the effect of market orientation and learning orientation on MSMEs business performance in West Jakarta, with innovation as a mediating variable. The sample selection method in this study used the judgment sampling with a sample of 130 respondents who were...

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The Effect of Innovation, Risk-Taking, and Proactiveness on Business Performance Among MSMEs in Jakarta

Ivy Theresa, Nur Hidayah

The purpose of this study is to determine empirically the effect of innovation, risk taking, and proactiveness towards business performance. The sample used in this study were owners of micro, small and medium enterprises (MSMEs) in North Jakarta. The sampling technique used is probability sampling with...

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The Effects of Liquidity Company Growth and Net Working

The Effects of Liquidity, Company Growth, and Net Working Capital on Corporate Cash Holding Among Manufacturing Companies Listed in Indonesia Stock Exchange During 2015-2020

I Gede Adiputra, Nataherwin Nataherwin

Cash is a current asset used as a mean of payment and can also be withdrawn whenever the company needs it. Therefore, we need to pay attention to the cash management of the company, by optimizing the amount of cash managed. The purpose of this study was to examine the effects of liquidity, company growth,...

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The Effects of Capital and Liquidity on Profitability with Credit Problem as a Moderating Variable Among Conventional Commercial Banks

Yohana Ndaru Bata, Estralita Trisnawati, Herlina Budiono

This study aimed to obtain empirical evidence about the effects of capital and liquidity on profitability with credit problem as a moderating variable among conventional commercial banks listed in IDX during 2014-2018. In this study, the data was obtained from the annual financial reports of conventional...

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Does Entrepreneurial Marketing Affect the Growth of Small Businesses During The Covid-19 Pandemic?

Syamsul Bachri, Darman Darman, Vitayanti Fattah, Syarifah Aliyah Fitrisam

This research aims to analyze the role of entrepreneurial marketing (EM) on

...this research aims to analyze the role of entrepreneurial marketing (EM) in the growth of small businesses. The research sample was taken random many as 45 small business units. The research variables consist of business growth, entrepreneurship orientation (EO), marketing orientation (MO), and...

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Recommendation Quality and Perceived Serendipity as Predictors of Customer Loyalty: The Mediating Role of Decision Satisfaction

Aldo Prasetyo, Keni Keni, Teoh Ai Ping

The purpose of this study is to examine whether recommendation quality can predict customer loyalty, a) recommendation quality; b) perceived serendipity can predict decision satisfaction, decision satisfaction can predict customer loyalty, and decision satisfaction can mediate the prediction of a) recommendation...

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Understanding the Purchase Intention of Female College Students on Green Packaging Beverage Products between Taiwan and Vietnam

Cheng Lung Li, Tran Huyen Thi Thanh

This research adopts marketing 4C theory to explore customer's purchase intention on green packaging beverage products between two groups of female college students in Vietnam and Taiwan. The study conducts a qualitative method by moderating two focused groups to understand different buying perspectives...

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Profitability Effect on Smoothing of Income with Size of Firm as Moderating Variable in Manufacturing Corporates

Rini Tri Hastuti, Richard Andrew, Muhammad Bintang Prajogi

Empirically, this research examines the effect of profitability on income smoothing practices with the moderating variable of firm size in the manufacturing industry during the 2017 – 2019 period which is listed on the Indonesia Stock Exchange. 75 data used in this research were selected 225 data using...

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The Effect of Industrial-Specialized Auditors, Financial Performance, and Corporate Diversification on Earnings Management

Novita Sari Dewi, Widyawati Lekok

The aim of this research was to test the factors that may affect earnings management such as auditor size, industrial-specialized auditors, financial performance, corporate diversification, audit tenure, board of director size, and managerial ownership. The object used in this research was the observed...

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Tax Avoidance Strengthens Customers' Concentration on Aggressiveness Before and After the Tax Amnesty Period

Estralita Trisnawati, Elizabeth S. Dermawan, M. F. Djeni Indrajati

This study aims to obtain empirical evidence regarding tax avoidance that is able to strengthen the relationship between customer concentration and tax aggressiveness in the period before (2013-2015) and after (2017-2019) tax amnesty. This research uses panel data with SPSS version 21 for mining companies...

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Determining Factors of Dividend Premium For Manufacturing Company on IDX

Levilia Diana, Ignatius Roni Setyawan

One of important factors in determining the dividend distribution is how to measure dividend premium. Coming from Baker and Wurgler (1) & (2), it has been declared the catering theory dividend which states new perspectives for management which should take more attention regarding the demand of investors...

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Shaping Intention among Students in Environmental Entrepreneurship through Entrepreneurial Education and Environmental Concern

Bernadeta Setia, Kartika Nuringsih

In line with the efforts to maintain environmental sustainability and economic growth, a study of interest in environmental entrepreneurship was

Economic growth, a study of interest in environmental entrepreneurship

conducted. The goal was to investigate the effect of entrepreneurial education, self-efficacy, environmental concern, and gender on environmental entrepreneurship...

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Factors Affecting Employee Retention at PT X in Tangerang, Banten Province, Indonesia

M. Tony Nawawi

This research aims to determine the effect of training, work environment and compensation, on employee retention. This study used a sample of 100 respondents from PT X and used SmartPLS version 3.3.2 with a descriptive method. This study resulted that training had a positive and insignificant effect...

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The Roles of Effort Expectancy, Attitude, and Service Quality in Mobile Payment Users Continuance Intention

Sellyana Winata, Miharni Tjokrosaputro

This study aimed to reveal whether Effort Expectancy, Attitude, and Service Quality have certain roles in the Continuance Intention of Mobile Payment Users. This study was conducted because during a pandemic like this, mobile payment applications have increased. Therefore, researcher want to know whether...

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Looking Forward to Travel Abroad Again: An Empirical Study of People Intention to Travel in the Pandemic Covid-19 Era

Keni Keni, Purnama Dharmawan, Sabrina O. Sihombing

The Covid-19 pandemic has forced many people to refrain from traveling. The increasing number of people who get vaccines, the government's countermeasures, and others make it possible for people to travel, especially abroad, especially when travel restrictions are no longer enforced. Therefore, this...

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The Covid-19 Pandemic and Financial Internship: A Taiwan Technology University Case Study

Che-Fei Chen

Taiwan's enviable routine ended in mid-May 2021 when an outbreak of COVID-19 transmission upended everyday life. Over the next two months, the whole of Taiwan has been grappling with the effects of the Covid-19 Pandemic in businesses, employees, customers, communities, and the summer internship program....

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The Economic Recovery of People in the Post-Pandemic Era: An Example of Online Fitness-Platform in Taiwan

Shieunt-Han Tsai, I-Hsun Yang

In the post-pandemic era, whether the global economy will recover in a U-

shape, a V-shape, a K-shaped, or a L-shaped is still undecided. The economic of people livelihood has the most direct impact on the people and fitness industry has related to the mental and physical health of them. If it can attract...

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Construction of Teaching Mode of Real Market Practice

Te-Tsai Lu

The present study attempts to establish a teaching mode through a practical company in the college. It has long hoped to break the existing semester system and other functional curriculum design models, and construct a teaching mode that students can have no interruption and no division of courses within...

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Using USR as Course Field in Business Ethical Teaching and Social Practice

Tai-Ho Yang

Business ethical issues tend to be too abstract, leading to students' lack of interest in learning; students also presume that ethical teaching is merely "preaching"; thus, they have oppositions and even refusals to take such courses. Besides, lacking realistic job experiences make undergraduate students...

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The Effective Use of Semiotics in Marketing Communication to Create Product Relevance Through Naming Strategy

Michael Adhi Nugroho

Marketing communication effort employs various tools to garner brand identity and its relevance to its audience to increase sales. However, marketing communication tools such as advertising are often expensive, and other promotional tools are not necessarily beneficial in the market segment that is specification...

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Factors Affecting Financial Difficulty

Hadi Cahyadi, Andy Andy, Henryanto Wijaya, Susanto Salim, Alya Imharabbania P., Josephine Gabriella

The purpose of this study is to ascertain the effect of financial difficulties on liquidity, leverage, operating capacity, sales growth, firm size, and institutional ownership in manufacturing companies listed on the Indonesian Stock Exchange (IDX) between 2017 and 2019. The purposive sampling technique...

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The Role of Government Support and Networking on Business Success Among Beginner Entrepreneurs Fostered by Jakpreneur

Yunardi Wijaya, Kartika Nuringsih

To encourage the economic activity of a community, a mechanism is needed that is supported by the government and other relevant agencies so that it has a regulatory foundation and some facilities needed by new entrepreneurs.

One of the programs is Jakpreneur, which is organized by the government of Jakarta...

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Improving Experiential Quality and Experiential Value to Satisfaction and Revisit Intention to Lake Toba During Pandemic

Endang Sulistya Rini, Yeni Absah, Beby Karina Fawzee Sembriring

As the Pandemic has driven impacted to many fields, there are several Emergency Response that shall be taken accordingly as the response to tackle issues in different fields. For instance, in the social sector must be initiated social protection programs. Since many people are doing WFH, campaigns on...

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The Effect of Consumer Engagement as a Mediation Variable on Brand Experience and Brand Loyalty on E-Commerce in Covid-19 Pandemic

Calvin Wijardi, Miharni Tjokrosaputro, Maria Ekarista, Ariel Krisnaputra

The purpose of this study was to determine the effect of brand experience on customer engagement, the effect of customer engagement on brand loyalty...

customer engagement, the effect of customer engagement on brand loyalty, the effect of brand experience on brand loyalty, and the effect of brand experience on brand loyalty through customer engagement. The population of this...

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The Determinants of Reputation of Institution and Its Implications for the College Decision in Private-Owned Higher Educational Institution in LLDikti Region III Jakarta

Tri Waluyo, Abd. Rahman Kadir, Nuraeni Kadir, Andi Aswan

This research aims to analyze the decision of lectures in a Private-Owned Higher Educational Institution in LLDikti Region III Jakarta. The research was conducted on several students who decided to study pts who were in LLDikti Region III. Primary data is obtained from interviews with completeness in...

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The Perception of Chartered Accountant Professionals on the Opportunities for Implementing Private-Entity Financial Accounting Standards

M. F. Djeni Indrajati, Elizabeth S. Dermawan

Private Entity Financial Accounting Standards (SAK EP) as a substitute for Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) will come into effect in 2025 encouraging companies to prepare financial statements approaching major SAKs that adopt IFRS. The readiness of...

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Overcoming Entrepreneurial Challenges with Big Data Analytics Adoption to Accelerate Economic Recovery: Evidence from Malaysian Small Medium Enterprises

Chun Hong Loh, Ai Ping Teoh, Keni Keni

COVID-19, the worldwide epidemic coronavirus illness, has a substantial influence on the world economy. Big Data Analytics (BDA) assists organization in gaining relevant insights, is being hailed as a new tactical weapon in the sector during this pandemic covid-19 period. This study looked at the impact...

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The Determinants of Irrational Investment Decisions Among Individual Investors in Indonesia Stock Exchange

Dharma Viryajaya, Sarwo Edy Handoyo

The purpose of this study is to examine and analyze financial literacy, representative bias, and availability bias in predicting irrational investment decisions. This study also analyses the moderating effect of internal locus of control on the prediction of representative bias and availability bias...

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THE IMPACT OF PROFITABILITY AND MONITORING FUNCTION OF THE Board and Audit Committee on CSR Disclosures

Hisar Pangaribuan, Agus Sriyanto

The purpose of this study is to determine whether profitability, as measured by ROA and NPM, and the presence of an independent board of commissioners and an independent audit committee in carrying out their supervisory functions can have a significant impact on CSR disclosure in Indonesian banking companies....

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Promoting Manila Chinatown as a Tourism-Destination Hub

Jeetendra Vaswani

The study aimed to develop promotional strategies for various tourism sectors in Manila Chinatown, both for public and private entities. These developed strategies were based on the existing or new concepts in promotions, challenges to mitigate, and opportunities to exploit for the benefit of local community,...

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The Efficiency and Stability of the Islamic-Banking Industry in Indonesia, Malaysia, and the Middle-East

Yohanes Amadeus Raditya, Buddi Wibowo

The Indonesian Islamic banking industry has a lot of potentials, yet its market share has not risen above 7%. Comparing the number of total assets, the Indonesian Islamic-banking industry only makes up around 2% of the total global Islamic-banking assets. The Islamic-banking sector plays an important...

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The Influence of Financial Reporting Quality, Debt Maturity, and CEO Career Concerns on Investment Efficiency

Elsa Imelda, Erika Chandra Wijaya, Claudia Gita Hapsari

This research aimed to determine the effect of financial reporting quality, debt maturity, and CEO career concerns on investment efficiency among the companies in manufacturing industry listed on Indonesia Stock Exchange (IDX) from the year 2016 to 2019. The sample was selected by using the purposive...

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An Exploratory Study of the Relationship between Logistics Driver Competency and Work Performance by Using Occupational Competency Standard

Yi-Chang Chen, Tse-Wei Kuo

The positive relationship between competency and work performance were revealed theoretically and practically. However, few studies demonstrated how to use or transform a competency model or job description to investigate the relationship. This study took a document called occupational competency standard...

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The Role of Attitude in the Purchase Intention of Indonesia Muslim Men Towards Halal Personal Care Products

Sonia Citra Wijaya, Vita Briliana

The purpose of the study was to determine whether perceived value, religious belief, trust, brand image, halal certification and awareness of halal personal care products affect the attitudes of Muslim men, and whether the attitude of Muslim men towards halal personal care products affects their purchase...

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The Relationship of Chinese Yuan Renminbi, US Dollar, Australian Dollar, and Euro Exchange-Rate Against Rupiah Using Vector-Autoregression Method

Tongam Sinambela, Melda Melda, Paiaman Pardede

This study analyses the relationship between Chinese Yuan Renminbi, US Dollar, Australian Dollar, and Euro exchange-rate to Rupiah using the Vector-Autoregression (VAR) method from January 2017 to December 2019. The results of this study show that each variable has a good correlation in long and short-term....

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The Short-Term Effect of the Announcement of Covid-19 Pandemic in Indonesia on the Consumer Goods Industry

Hendro Lukman

President Joko Widodo's announcement of the introduction of COVID-19 to Indonesia on March 2, 2020 has created panic buying by people at convenience stores. Panic buying by the public can be information for

investors to determine stock prices and the level of stock return in the capital market. This...

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The Effect of Proactive Action, Innovation and Risk Taking on Business Performance

Hansen Kavana, Ida Puspitowati

The role of SMEs and its development become increasingly important for the economy. The purpose of this study is to examine whether: 1) Proactive action can affect business performance 2) Innovation can affect business performance 3) Risk taking can affect business performance. The sample used in this...

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The Implementation Practices of Total Quality Management and Its Impact on Employee Performance

Linda Lidyawati, Bambang Rismadi, Riyan Septian Nirwan

The study aimed to examine the influence of Total Quality Management (TQM) on employee performance. TQM and employee performance becomes the objects of this study. The characteristics of respondents are categorized into age, how long they work for this company, and gender. Research methods used by the...

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The Integrative Effects of Board Diversity, Firm Reputation and Innovation *vis-a-vis* Firm Performance

Yeo C. M. Amy, Cheang Esther, Felizia Arni Rudiawarni

A plethora of worldwide study on board diversity and its relationship with firm performance had produced mixed results. Our study investigated not only from the board diversity perspective, but also examined the integrative web of firm reputation and innovation as well as the shareholder activism. We...

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Partnership Pattern of Digital Collaboration between Regional Leaders and Micro Businesses

Isyak Meirobie, Agustinus Purna Irawan, Cep Ubad Abdullah

An effective collaboration between government regional leaders and entrepreneurs, which is believed to be a solution to accelerating micro business performance, needs to have both accessibility support and promotional outlet through social media. This study aimed to acquire a partnership pattern in improving...

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Organizational Humor: A Review

Tay Lee Chin, Hon-Wei Leow

Organizational humor is the common and universal phenomenon. Organizational humor has implications for interpersonal relationships in the

organizations. Humor could create bonds between managers and subordinates. Hence, organizational humor is attracting growing interest from organizational studies and...

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The Impact of Financial Flexibility and Business Risk on Capital Structure with Firm Size as a Moderating Variable

Yanti Yanti, Emillia Sastra, Timothy Brian Kurniawan

This study examines the impact of financial flexibility, business risk and moderating effect of firm size on the capital structure of listed manufacturing companies in Indonesia Stock Exchange for 2017 to 2019. The proxies for the financial flexibility are earning to total capital ratio, cash holding,...

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The Effect of Personal Qualities, Family Environment, Attitudes, Subjective Norms and Self-Efficacy on Entrepreneurial Intentions

Stefanus Wijaya, Ida Puspitowati

The purpose of this study was to determine the effect of personal qualities, family environment, attitudes, subjective norms and self-efficacy on entrepreneurial intentions in students of the Faculty of Economics in West Jakarta. The sample used in this study were 150 respondents who were students of...

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The Effects of External Audit, Independent Commissioner, and Firm Size on Earnings Management

Michelle Kristian T., Halim Putera Siswanto

This research aimed to examine the effects of external audit variables, independent commissioners, and firm size on earnings quality among manufacturing companies during the period of 2017-2019. Discretionary accruals are taken as a proxy for earnings quality, because those are components of accruals...

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Factors Determining Cash Holding in Manufacturing Companies

Agustin Ekadjaja, Halim Putera Siswanto, Agselia Agselia

This research aimed to reveal the influences of profitability, firm size, leverage, and capital expenditure on cash holding. In this study, 34 manufacturers listed on IDX from 2016 to 2018 were chosen using a purposive sampling strategy. Secondary data in the form of financial statements was utilized....

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The Moderation of Corporate Governance in the Effect of Surplus Free-Cash-Flow on Earnings Predictability

Henny Wirianata, Elsa Imelda, Yetty Yetty

This research aimed to reveal the effect of surplus free-cash-flow on earnings

predictability as well as the moderation effect of board independence, board size, dan independent chairman in that relationship. The subject of this research is manufacturing firms that were listed on Indonesia Stock Exchange...

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Gender, Diversity Management Perceptions, Workplace Happiness, and Organizational Citizenship Behavior

Elvi Elvi, Hetty Karunia Tunjungsari

This research aimed to analyze how happiness in the workplace will have an impact on the positive behavior practices of employees within diversity management. 100 respondents from telecommunications company employees were participated in online survey. Data was processed using SmartPLS.3.3.3. We believe...

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Factors Determining MRT Users' Satisfaction During Covid-19 Pandemic

Miharni Tjokrosaputro

This research aimed to acquire an empirical evidence about variables that affect the overall satisfaction of MRT users during Covid-19 pandemic in Indonesia. The Overall Satisfaction variable was measured by using the dimensions of Cleanliness and Safety, Services and Information, with Travel Convenience...

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The Effectiveness of Business Essentials through Action Module in Developing Entrepreneurial Thinking

Lynn LAM, Roland SOH, George TEO

It has been widely known that entrepreneurial education plays a critical role in propelling world economies forward, even in difficult times such as the Covid-19 pandemic that we are in. Cultivating entrepreneurial mindset, providing students with the necessary skills and content knowledge to collaboratively...

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Analyzing the Factors Influencing Lecturers' Financial Satisfaction in Indonesia

Khairina Natsir, Agus Zainul Arifin

This study aims to investigate and find empirical evidence about the effect of Financial Literacy on Financial Satisfaction where Financial Risk Tolerance and Financial Capabilities as mediation variables in Lecturers who are active in Universities throughout Indonesia. The research design is descriptive...

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The Effect of Leverage, Earning Power, and Sales Growth on Earnings Management Moderated by Corporate Governance

Earnings Management Moderated by Corporate Governance

Herlin Tundjung Setijaningsih, Merisa Merisa

This study aims to investigate analytically impact financial factors which are leverage, earning power, and sales growth affect earning management with corporate governance as a moderating variable. This research was conducted

on manufacturing companies listed on the Indonesia Stock Exchange (IDX), specifically...

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Entrepreneurial Orientation, Market Orientation, and Organizational Culture on Business Performance

Clarencia Margaretha, Lydiawati Soelaiman

Organizations are required to always think innovatively and dare to take the risks to achieve competitive advantage. The performance of the company is influenced by several factors such as entrepreneurial orientation, market orientation, and organizational culture. This study aimed to determine whether...

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The Effects of Strategic Competence, Ethical Competence, Entrepreneurial Orientation, and Network Competence on Culinary-Business Growth in Belitung Island

Rico Candra, Lydiawati Soelaiman

Belitung Island is one among the tourism destinations in Indonesia, which is now starting to rise after the easing of the Covid-19 pandemic. Now, entrepreneurs in the culinary-tourism sector must prepare themselves with

entrepreneurs in the primary tourism sector must prepare themselves with various strategies to be able to achieve business growth. For this reason, entrepreneurs...

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The Role of Social Media in Enhancing Business Performance

Lydiawati Soelaiman, Sanny Ekawati

Today, internet technology and social media has become a common practice for businessmen. Social media usage has now become a trend and is the most popular digital platform due to its low cost and minimum technical requirements. Social media is not only used by companies as a marketing medium, but also...

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The Effect of Operating Cash Flow, Net Working Capital, and Earning Quality on Cash Holding of Consumer Goods Companies

Nurainun Bangun, Khairina Natsir

Cash holding is cash or cash equivalent available in the company that is used for operating expenses. Holdings of cash are considered as cash and cash equivalents that can be converted into cash when needed. A sufficient amount of cash holdings indicates good liquidity of a company. The main objective...

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The Role of Financial Behavior in Shaping the Sustainability of Financial Satisfaction Among Millennials in Jakarta

Vivian Patricia, Kartika Nuringsih

This research is intended to analyze the effect of financial knowledge, financial attitude and financial socialization towards financial satisfaction with financial behavior mediating the relations in respect to the 12th Sustainable Development Goals (SDGs), responsible consumption. The sample for this...

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The Determinants of Customer Satisfaction of Electronic Wallets with the Mediation of Perceived Value in Jakarta

Sarwo Edy Handoyo, Djody Parerung

The purpose of this study was to determine the effect of promotion on perceived value, the effect of promotion on customer satisfaction, and the effect of promotion on customer satisfaction when mediated by the variable value perceived by customers of the OVO application product. The analytical method...

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Investor Bias Behavior in Investment Decision Making

Yusbardini Yusbardini, Khairina Natsir

The purpose of this study is to provide empirical evidence regarding investor bias behavior on investment decisions in the Indonesia Effect Exchange. This

research was conducted on individual investors sample of 200 respondents in Jabodetabek purposive sampling. The data analysis method using Structural...

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The Effect of Capital Structure, Profitability on Firm Value with Interest Rates as Moderating Variable

Rini Tri Hastuti, Veronica Carolina

This study aimed to determine whether capital structure and profitability have an influence on firm value with interest rates as a moderating variable in manufacturing companies listed on the Indonesia Stock Exchange. Samples were taken by purposive sampling method and had several predetermined criteria....

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The Effect of Knowledge Sharing and Entrepreneurial Leadership on Batik Business Performance in Madura During the Pandemic Era

Uci Yuliaty, Budi Eko Soetjipto, Sudarmiatin Sudarmiatin, Sopiah Sopiah

This study investigated the effect of knowledge sharing and entrepreneurial leadership on business performance, the characteristics of Batik Small and Medium Enterprises (SMEs) and its workers during the pandemic of Coronavirus era. The sum of respondents is 136 Small and Medium Enterprises (SMEs). Data...

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The Use of Social Media to Enhance the Performance of Small and Medium Scale-Businesses

Silvia Yulisa, Louis Utama, Tommy Setiawan Ruslim

This study aimed to examine whether Cost Effectiveness, Compatibility, and Interactivity influences Business Performance through Social Media Usage. The population in this study is small-medium business owners in the culinary business. In this study, the samples consist of 65 respondents as the owners...

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The Impact of Mergers on the Performance of Conventional Banks in Indonesia

Margarita Ekadjaja, Halim Putera Siswanto, Rorlen Rorlen

Merger is one of the efforts to increase the company's growth non-organically which requires large costs and better management capabilities. This study aimed to determine the impact of mergers on bank performance, which indirectly affects the bank health level. The subjects of this research were 12 conventional...

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Factors Affecting the Profitability of Banking Companies Listed in Indonesia Stock Exchange

Linda Santioso, Andreas Bambang Daryatno

The purpose of this research is to obtain empirical evidence of the effect of _____

capital adequacy ratio, non-performing loan, net interest margin and operational efficiency on bank profitability which is represented by return on assets in banking companies listed on the Indonesia Stock Exchange in 2017-2019....

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The Impact of Brand Identification, Social Media Marketing, and Brand Satisfaction Towards Brand Loyalty in the Indonesian Food and Beverage Sector

Meilia Japiana, Keni Keni

This study was conducted in order to determine the role of brand identification, social media marketing, and brand satisfaction on brand loyalty among Indonesian in the food and beverage sector. Data were collected using convenience sampling method and distributed digitally to all respondent who participated...

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S-Commerce Cues as a Predictor of Repurchase Intention: Customer Satisfaction as Mediating Variable

Sherly Sherly, Keni Keni

The purpose of this research is to examine the mediating role of customer satisfaction on the relationship between social commerce (s-commerce) cues (i.e. reliability and responsiveness) and repurchase intention. Data was collected from 211 respondents and 155 respondents can be used for this study....

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The Impact of System Quality, Perceived Value, and Brand Personality, on Behavior to Subscribe in the Online Streaming Service

Yohanes Nuhadriel, Keni Keni

Technology has become one of the most influential industries in the national and global economy. Along with the growth rate of smartphone and internet users due to the Covid-19 pandemic, it has opened up opportunities for the development of the technology industry, however, the pandemic has impacted...

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The Prediction of Purchase Intention Based on Digital Marketing, Customer Engagement, and Brand Preference

Clarence Clarence, Keni Keni

This study was conducted to predict purchase intention based on digital marketing, customer engagement, and customer perceived value. This study used a quantitative descriptive method by distributing online questionnaires via Google form to respondents who know and have purchase intentions. This study...

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Source Credibility, Perceived Quality, and Attitude Towards Brand as Predictor on Purchase Intention of Local Beauty Products

Yulianti Yulianti, Keni Keni

This study aims to determine the prediction of source credibility, perceived quality, and attitude toward brands on purchase intention in the local beauty products. Data were collected using an online questionnaire, that distributed via Google form. The total samples were 168 respondents, in which 132...

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The Impact of Country of Origin, Celebrity Endorsement, and Electronic Word of Mouth (eWOM) Towards Purchase Intention

Christian Halim, Keni Keni

This study aims to examine the impact of country of origin, celebrity endorsement, and electronic word of mouth (eWOM) on the purchase intention of skin care products. The research design is descriptive. Collecting data using a questionnaire through a google form with a Likert scale. Of the 218 questionnaires...

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The Role of e-WOM towards Value Co-Creation on Sharing Economy Platform in Indonesia

Hidayat Syamsoeyadi, Miharni Tjokrosaputro

The purpose of the research is to examine the effect of electronic Word of

THE PURPOSE OF THE RESEARCH IS TO EXAMINE THE EFFECT OF ELECTRONIC WORD OF MOUTH (e-WOM) ON VALUE CO-CREATION OF RIDE SHARING APPLICATION USERS IN INDONESIA (BOTH DIRECTLY AND INDIRECTLY). THE METHOD THAT WAS USED IS SURVEY METHOD WITH THE RESPONDENTS OF 201 RIDE SHARING APPLICATION USERS (GEN Y). A...

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Differences in the Effect of Occupational Safety and Health on Employee Performance in the Production and Non-Production Divisions of Manufacturing Company "X" in Cikupa District

Yenita Yenita

Company "X" is engaged in the manufacturing industry that produces a series of cables to companies that produce household electrical appliances in Indonesia. Most employees have direct contact with the production process every day, so they have the potential to experience health problems. The purpose...

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Transformational Leadership Impact on Organizational Effectiveness

Linda Lin-Chin Lin, Agustinus Purna Irawan, Paula Tjatoerwidya Anggarina, Sanjeev Kumar

This study aimed to analyze the impacts of transformational leadership on organizational effectiveness in training and development sectors. The research considers the impact of transformational leadership through its dimensions; idealized influence, inspirational motivation, intellectual

stimulation,...

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MACAN Museum's Strategies in Retaining Art Tourism Visitors During Covid-19

Radja Erland Hamzah, Citra Eka Putri, Prasetya Yoga Santoso, Kartika Sari

In Indonesia, museums are still the last choice for people as a tourist destination, both on weekends and holidays. MACAN Museum is the first museum in Indonesia dedicated to modern and contemporary art. This museum is also an educational institution that provides art education to the public, as well...

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Brand Identity Relevance and Co-Existence with Star Power

Michael Adhi Nugroho, Rudy Harjanto

Advertising as the most effective promotion tool available to marketer has been employing celebrity as figure to help focus the message and eventually sells the marketer's solution. The effectiveness of advertising to close the deal has been widely accepted by both academics and practitioners alike. The...

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Communication Strategy for the Empowerment of MSMEs During the Covid-19 Period in Indonesia Through PT PII Share

Dilda Dedy M. I. Toruan, Muhammed Saifullah, Muminto Arief

Since the Covid-19 pandemic hit the world, including Indonesia, various levels of society have felt the economic and social impacts directly. In fact, many have lost their jobs and of course have an impact on increasing the number of unemployed in Indonesia. The government quickly and consistently made...

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The Success Factors of Insurance Marketers Using the Digital System of Customer Applications in Insurance Companies

Meiliyah Ariani, Zulhawati Zulhawati

This study aims to examine the effect of competence, security and ease of use on the digital system application for insurance customers in Jakarta. The method used is simple random sampling, the number of respondents used in this study is 70 respondents of insurance marketers in Jakarta with the level...

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The Development of Sustainable Destination Marketing Model: An IPA Result of Tanjung Lesung Tourism Area

Chairy Chairy, Hetty Karunia Tunjungsari, Frangky Selamat

Recently, Tanjung Lesung is known as one of the top 10 priority destinations in Indonesia. The Indonesian government has designated Tanjung Lesung as a priority destination with high tourism potential and needs to be increased in popularity along with Toba Lake, Tanjung Kelayang, Mandalika, Wakatobi,...

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The Effect of Investment Decision, Funding Decision, and Profitability on the Firm Value of Consumer Goods Industry Registered in Indonesia Stock Exchange During 2017-2020

Carelia Sherine, Hendra Wiyanto, Herlina Budiono

This research was conducted to find out whether 1) investment decision can affect the firm value 2) funding decision can affect the firm value 3) profitability can affect the firm value 4) investment decision, funding decision, and profitability can affect the firm value simultaneously. The research...

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Gabriella Angela, Ary Satria Pamungkas

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The Effect of Attitude, Health Consciousness, and Environmental Concern on the Purchase Intention of Organic Food in Jakarta

Steffen Jonathan, Miharni Tjokrosaputro

The purpose of this study was to determine whether attitude, health consciousness, and environmental concern play a significant role in the purchase intention of organic food in Jakarta. This study employed the survey method, with data collected via questionnaire. The data for this study was collected...

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The Effect of Consumer Motivation (Social and Empowerment) on Online-Purchase Intention Mediated by the Trust Towards Retailers on Social Media

Nur Hidayah, Rodhiah Rodhiah

Nowadays, retail business is experiencing a problem due to the advancement of technology. In order to run the operation, retail business has to follow the current technological development, such as starting using the social media to enhance its business scale. This research aimed to reveal the effect...

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The Effect of Consumer Innovativeness on Purchase Intention of New Smartphone with Vicarious Innovativeness and Perceived Value as Mediations

Reyvina Reyvina, Hetty Karunia Tunjungsari

The purpose of this study was to examine the effect of consumer innovativeness on purchase intention of new Smartphone with vicarious innovativeness and perceived value as a mediation. A survey was conducted online with 200 respondents as participants. Hypotheses testing were done using smartPLS software...

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The Effects of Business Model Innovation, Efficiency Growth, and Revenue Growth on MSME Performance in Tangerang City, Banten Province, Indonesia

Rodhiah Rodhiah, Nur Hidayah

In the recent business context, Business Model Innovation (BMI) can be considered as a key to enhance the company performance. BMI can create the company's competitive advantage and increase its performance, even though there are still many Micro, Small, and Medium Enterprises (MSMEs) failing to generate...

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The Impact of Financial Flexibility and Business Risk on Capital Structure with Firm Size as a Moderating Variable

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Capital structure; financial flexibility; risk; size

Abstract

This study examines the impact of financial flexibility, business risk and moderating effect of firm size on the capital structure of listed manufacturing

companies in Indonesia Stock Exchange for 2017 to 2019. The proxies for financial flexibility are earning to total capital ratio, cash holding, operating cash flow to value ratio, and dividend pay-out ratio. Analysis used panel data regression models and *moderated regression analysis* (MRA). The results of the study indicate that financial flexibility which is measured by earning to total capital ratio has a negative and significant effect on capital structure. Meanwhile, financial flexibility which is measured by cash holding, operating cashflow to value ratio, and dividend pay-out ratio, have no significant effect on capital structure. Business risk has no significant effect on capital structure as well. Firm size as a moderating variable does not moderate the effect of financial flexibility and business risk on capital structure.

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The Impact of Financial Flexibility and Business Risk on Capital Structure with Firm Size as a Moderating Variable

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ABSTRACT

This study examines the impact of financial flexibility, business risk and moderating effect of firm size on the capital structure of listed manufacturing companies in Indonesia Stock Exchange for 2017 to 2019. The proxies for the financial flexibility are earning to total capital ratio, cash holding, operating cash flow to value ratio, and dividend pay-out ratio. Analysis used panel data regression models and *moderated regression analysis* (MRA). The results of the study indicate that financial flexibility which is measured by earning to total capital ratio has a negative and significant effect on capital structure. Meanwhile, financial flexibility which is measured by cash holding, operating cashflow to value ratio, and dividend pay-out ratio, have no significant effect on capital structure. Business risk has no significant effect on capital structure as well. Firm size as a moderating variable does not moderate the effect of financial flexibility and business risk on capital structure.

Keywords: Capital structure, financial flexibility, risk, size

1. INTRODUCTION

Companies must carefully consider all factors in making decisions related to their company so that they do not experience the risk of bankruptcy. The funding decision in the form of capital structure is a fairly important decision for the company. The capital structure emphasizes the combination of debt and equity to finance the company. Inappropriate decisions in determining the capital structure can cause the company to be illiquid, thereby reducing the value of the company [1].

This study examines the impact of financial flexibility, business risk and moderating effect of firm size on the capital structure of listed manufacturing companies in Indonesia Stock Exchange for 2017 to 2019. The proxies for the financial flexibility are earning to total capital ratio, cash holding, operating cash flow to value ratio, and dividend pay out ratio, as measured by Byoun [10]. Business risk as measured by degree of operating leverage (DOL) and capital structure as measured by debt to equity ratio (DER). Capital structure is a combination of debt and equity to finance company assets [2]. A good capital structure can increase a company's stock price, showing the percentage of debt and capital that has a balanced return and risk [3]. A good capital structure is formed because of the right funding decisions. Funding decisions for capital structure must be identified by looking at the financial composition of the company so that the resulting financial composition can be balanced and there are no mistakes in decision making. The

right decision for the capital structure can lead the company towards increasing profitability and ultimately the company can achieve its goals [4].

Various studies have been conducted to look at the factors that influence the capital structure, such as tangibility, profitability, liquidity, business risk, growth opportunities, age, sales growth, effective tax rate, non-debt tax shield, firm size, financial flexibility, share price performance, asset utilization ratio, state ownership, managerial ownership, institutional ownership, efficiency, inflation, gross domestic product, dividend pay-out ratio, growth of asset, financial constraint, agency cost, bankruptcy cost, political risk, research and development. For this study, we focus on financial flexibility, business risk, and firm size as moderating variables.

The funding decision in the form of capital structure is a fairly important decision for the company so that they do not experience the risk of bankruptcy. The ability of a company to decide effectively what amount and timing of cash flows is referred to as financial flexibility. These skills are important so that companies can guard against unexpected risks and take advantage of existing opportunities [5]. Companies with high financial flexibility experience less impact during a crisis. One part of the company's business strategy is to create financial flexibility [6]. Financial flexibility is able to influence capital structure decisions to be taken by company managers. The biggest cause of the low flexibility of a company, caused by high financing using debt.

Denis [7] states that companies achieve financial flexibility through managing company liquidity, through capital structure policies and payment policies. The company will be inflexible if it has a high level of debt because of the large cash needs to pay off the debt. Holding cash allows companies to quickly fund investment opportunities. Companies that have a high degree of flexibility usually have no problems in obtaining capital. Research by Alipour, et al. [1] and Rapp, et al. [8] found that companies that have less debt levels are companies that have a higher level of financial flexibility. On the other hand, Anderson and Carverhill [9] found that firms' flexibility increased when they had higher levels of long-term debt because it would reduce short-term debt. The findings of Byoun [10] also show that to maintain financial flexibility, large companies prefer to use their own capital. Unlike small companies. Even though they have low leverage, they tend to use equity and increase their cash holdings in order to maintain financial flexibility. As a result, this finding contradicts the pecking order theory.

Business risk is an obstacle for companies in carrying out external funding. Business risk has a significant effect on capital structure [11 - 15]. If the costs associated with the debt are high, the business risk faced by the company will be even higher. The risks that are likely to occur are increased risk of financial distress, bankruptcy costs, reorganization costs, lack of investment, and asset replacement problems [16].

Company size is a measure of how big or small a company is. Firm size in this study acts as a moderating variable which aims to show whether it can strengthen or weaken the relationship between variable X and variable Y. In various studies, it was found that company size is able to moderate the relationship between independent variables and capital structure [4], [17 - 19]. The bigger the business, the higher the financing required. Due to the large amount of funds needed, companies tend to use foreign capital so that their operational activities can run as expected [20].

2. LITERATURE REVIEW

From the agency theory point of view, one way to reduce conflicts of interest is to create the right capital structure. Why is that? Because as an agent, managers want to have control over resources. So they will strengthen the resources they have. Furthermore, to reduce agency conflict through free cash flow is by way of debt. The existence of debt will cause managers to be forced to spend cash to return the interest.

The use of debt in the capital structure can prevent unnecessary company expenses and encourage managers to operate the company more efficiently [21]. This causes agency costs to decrease and subsequently company performance is expected to increase. Agency problems arise not only between shareholders and managers but also in the relationship between shareholders and lenders [22]. Lenders exercise oversight over managers acting on behalf of shareholders to take advantage of lenders, those oversight

costs are called agency costs. The company has a choice of funding sources to invest, namely through internal funds and external funds. External funds whose cost of capital is cheaper is debt. The use of high debt in the capital structure may affect the behavior of managers. If the company is in a stable condition, managers can use cash flows for bonuses or expenses that are not needed and cause agency costs. Thus, it is expected that the debt can reduce agency costs [21], [23]. Agency costs can also occur if managers do not seize investment opportunities in new projects because they are worried about the risks they will bear. Capital structure has a positive effect on agency costs, meaning that debt policy increases agency costs. Agency theory predicts that debt will increase company efficiency through the risk of bankruptcy to service debt and reduce the cost of conflict between principal and agent.

According to Alipour et al. [1], internal funding is preferred by companies over external funding. In addition, funding from debt is prioritized over equity funding. According to Brigham & Houston [24], companies have a sequence in doing funding. First, using accounts payable and accruals. Second, is to use retained earnings. Third, in the event that retained earnings are not sufficiently available, the company will use debt. Only then, as the last one, does the company issue new common stock.

The Pecking Order Theory was first introduced by Donaldson in 1961[25]. He observed that management strongly favored internal generation as a source of new funds even to the exclusion of external funds except for occasional unavoidable 'bulges' in the need for funds. Pecking Order Theory [25] states that companies prefer internal finance and adjust their target dividend payout ratio to investment opportunities. If the cash flow generated internally is lacking, the company will first withdraw its cash balance or portfolio of securities. When external finance is required, companies will issue the safest securities first in the following order: debt, hybrid securities such as convertible bonds, and then equity as a last choice.

2.1. Capital Structure

Comparison of the level of debt and capital of a company is called the capital structure. The right composition between debt and equity is very important because it will facilitate daily operational activities. By adjusting the balance between debt and capital in the company, the company has prepared an optimal capital structure so that it gives rise to several benefits, such as increasing the value of the company concerned, minimizing financial and business risks, and maximizing the rate of return [26 - 29].

2.2. Financial Flexibility

Financial Flexibility relates to whether the company is able or unable to mobilize its financial resources when dealing with uncertain future risks. If expectations do not match reality, ex post financial flexibility companies are needed. If all this time in managing its finances, the company has taken the right attitude - even without special needs - then

this kind of company will have a valuable option in the future [10].

The main determinant of optimal capital structure is financial flexibility [1]. All companies in the world are required to be able to adapt to unexpected opportunities or needs. This can only be done if there is adequate financial flexibility. The company's ability to access and restructure financing at low costs is indicated by the level of financial flexibility it has. Financial flexibility also reflects the company's ability to adjust operations to increase operating cash flow, and the ability to sell assets without disrupting the company's operations [8].

2.3. Business Risk

Business risk is an uncertainty faced by the company. This uncertainty can increase the risk of bankruptcy as the company's debt increases. Business risk in a company must be really controlled so that debt does not increase drastically [24],[30]. When determining the right composition of capital structure, risk is the most important factor that must be considered by decision makers, based on Baranoff et al., in Alipour, et. al. [1]. Financial theory gives an important emphasis that companies with high risk so that they have a high probability of default, they should not be overly leveraged, according to Wiwattanakantang; Titman and Wessels, in Alipour et al. [1].

2.4. Firm Size

One of the factors that can describe the company's financial capability is the size of the company [13]. Because the size of the company is directly proportional to the assets they have. In addition to the number of assets, the size of the company can also be known from the number of sales, average sales and average total assets [31].

3. RESEARCH MODEL AND HYPOTHESES DEVELOPMENT

3.1. The Effect of Financial Flexibility as Measured by Earning to Total Capital Ratio on Capital Structure

Byoun [10] states that developing companies do not have sufficient funds to finance their operations, so they really need capital from outside. DeAngelo, DeAngelo, and Stulz in Byoun [10] found that one sign that a company is in the stage of needing capital is when they have low earned capital relative to total capital. On the other hand, firms with greater earned capital show that they are more stable because they have ample cumulative profits. Not surprisingly, such companies use more self-financing. Thus, it can be concluded that companies that are developing or have a low ratio of capital earned to total capital have a higher tendency for financial flexibility. On the other hand,

large companies that are characterized by having a high earned to total capital ratio have a lower need for financial flexibility than companies that are developing.

H1: Financial flexibility as measured by earning to total capital ratio has a negative effect on capital structure.

3.2. The Effect of Financial Flexibility as Measured by Cash Holding on Capital Structure

According to the pecking order theory, managers prefer internal financing to external financing [1]. Companies with high cash holdings will prefer not to use debt financing [32]. Byoun [10] states that the decision to determine how much cash to hold will depend on the costs and benefits of holding the cash itself. Growing companies will have the marginal value of cash will be very high because they are dealing with uncertain future investment opportunities. Having low internal funds makes the company face bigger financing constraints. Furthermore, Byoun [10] states that in previous studies it was found that companies that hold large amounts of cash are companies with more growth opportunities, riskier cash flows, and limited access to capital markets.

H2: Financial flexibility as measured by cash holding has a negative effect on capital structure.

3.3. The Effect of Financial Flexibility as Measured by Cash Flow-To-Market Value on Capital Structure

Growing companies usually have low cash flow or face cash flow shortages. As a result, the demand for additional capital is high. On the other hand, increasing capital by issuing debt will be risky. Because this will have an impact on reducing financial flexibility because debt financing causes fixed payments [10].

H3: Financial flexibility as measured by cash flow-to-market value ratios has a positive effect on capital structure.

3.4. The Effect of Financial Flexibility as Measured by Dividend Pay-out Ratios on Capital Structure

Companies that have plans to pay dividends in large numbers will maintain lower leverage. Therefore, it is not surprising that the dividend pay-out ratio will be negatively related to the leverage ratio. In contrast, companies that do not pay dividends, on average, have a lower leverage ratio than companies that pay consistent dividends. Furthermore, Byoun [10] explains that the relationship between dividend pay-out ratio and financial flexibility is an inverse U relationship.

H4: Financial flexibility as measured by dividend pay-out ratios has a negative effect on capital structure.

3.5. The Effect of Business Risk on Capital Structure

As explained earlier, the capital structure is massively affected by business risk. The capital structure of a company reflects the amount of risk inherent in the company's operations. It does not mean that a company that does not use debt financing means that the business risk is low [24]. Companies with high business risk will reduce the use of debt as a source of funding so that the company's risk does not increase [19]. This is in line with research conducted by Alipour et al. [1] which states that business risk affects the capital structure.

H5: Business risk has a negative effect on capital structure.

3.6. The Moderating Role of Firm Size

The size of the company is determined by the number of assets owned. Large companies are easier to get capital than small companies. The easier the accessibility to the capital market, the greater the flexibility of the company [30].

H6: Firm size moderates the effect of financial flexibility as measured by earnings to total capital ratio on capital structure.

H7: Firm size moderates the effect of financial flexibility as measured by cash holding on capital structure.

H8: Firm size moderates the effect of financial flexibility as measured by cash flow-to-market value ratios on capital structure.

H9: Firm size moderates the effect of financial flexibility as measured by dividend pay-out ratios on capital structure.

H10: Firm size moderates the effect of business risk on capital structure.

The research model of this study as presented in Figure 1:

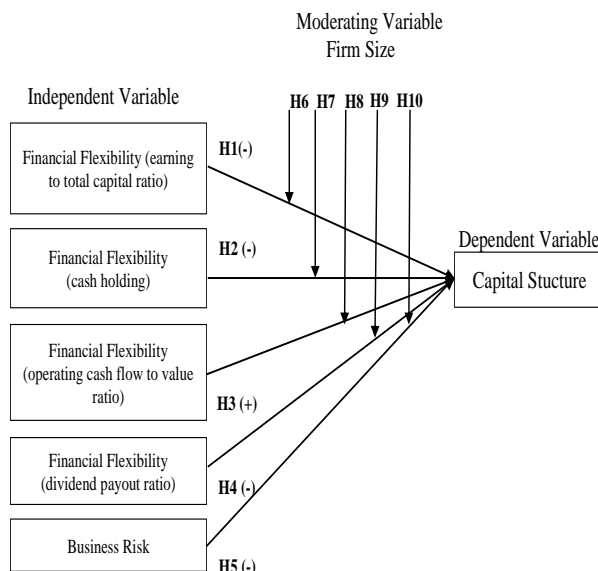


Figure 1 The Research Model

4. RESEARCH METHOD

The population of this study is all manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2019 period. The selected research sample is 52 companies. The sample selection used purposive sampling with the following sample criteria: (1) manufacturing companies that are consistently listed on the IDX for the 2017-2019, (2) companies that use Rupiah as their currency, (3) companies that earn net profits during the 2017-2019, and (4) companies that consistently distribute dividends during the 2017-2019 period. A total of 156 panel data (52 samples times 3 periods) were analyzed using multiple regression analysis and moderated regression analysis (MRA). Data processing in this study using EViews software. Following are the operationalization of research variables as presented in Table 1:

Table 1 Operationalization of Research Variables

Variables	Description	Adopted From
Capital Structure	$DER = \frac{Total\ Debt}{Total\ Equity}$	Zulvia & Linda, 2019
Earning to total capital ratio	$Ratio = \frac{Earning\ to\ Total\ Capital\ Retained\ Earnings}{Total\ Assets}$	Byoun, 2011 & Alipour, 2015
Cash Holding	$Cash\ Holdings = \frac{Cash\ and\ Short\ Term\ Investment}{Total\ Assets}$	Byoun, 2011
Operating Cash Flow to Market Value Ratio	$Ratio = \frac{Operating\ Cash\ Flow\ to\ Value}{Market\ Value\ of\ Assets}$	Byoun, 2011
Dividend Payout Ratio	$Ratio = \frac{Dividend\ per\ Share}{Earnings\ per\ Share}$	Byoun, 2011
Business Risk	$DOL = \frac{\% \text{ Changes in EBIT}}{\% \text{ Changes in Sales}}$	Byoun, 2011
Firm Size	$Firm\ Size = Ln(Total\ Asset)$	Alipour, 2015

Based on the hypothesis above, the regression equations formed:

$$CS = \alpha + \beta_1.X_1 + \beta_2.X_2 + \beta_3.X_3 + \beta_4.X_4 + \beta_5.X_5 + \epsilon..(1)$$

$$CS = \alpha + \beta_1.X_1 + \beta_2.X_2 + \beta_3.X_3 + \beta_4.X_4 + \beta_5.X_5 + \beta_6.Z + \beta_7.X_1*Z + \beta_8.X_2*Z + \beta_9.X_3*Z + \beta_{10}.X_4*Z + \beta_{11}.X_5*Z + \epsilon.....(2)$$

Note:

CS = Capital Structure

α = Constant or intercept value

β = Regression Coefficient

X1 = Earning to Total Capital Ratio

X2 = Cash Holding

X3 = Operating Cash Flow to Market Value Ratio

X4 = Dividend Pay-out Ratio

X5 = Business Risk

Z = Firm Size

ε = Error

5. RESULTS

Capital structure variable has a maximum value of 3.609272 and a minimum value of 0.090589. The mean value has a value of 0.705320 and a standard deviation of 0.657335. The financial flexibility variable measured by earning to total capital ratio has a maximum value of 0.824523 and a minimum value of 0.020456. The mean value is 0.370391 with a standard deviation of 0.206354. The financial flexibility variable measured by cash holdings has a maximum value of 0.632315 and a minimum value of 0.000864. The mean value is 0.128612 and the standard deviation is 0.116171. The financial flexibility variable measured by operating cash flow to value ratio has a maximum value of 0.712413 and a minimum value of -0.264585. The mean value is 0.085952 and the standard deviation is 0.130231. The financial flexibility variable measured by the dividend pay-out ratio has a maximum value of 3.521127 with a minimum value of 0.015091. The mean value is 0.472268 and the standard deviation is 0.398335. The business risk variable has a maximum value of 44,42426 and a minimum value of -353.8540. The mean value is -0.942851 and the standard deviation is 34.50158. The data used in this study is a combination of time-series and cross-sectional data, namely panel data. This research used the multiple linear equations which were tested by fixed effect model (FEM). Due to the use of panel data, the classical assumption test used is the multicollinearity test and the heteroscedasticity test. Based on the results of the multicollinearity test, the R^2 coefficient of each independent variable was < 0.80 , which means that the correlation between each independent variable is free from multicollinearity problems. Based on the results of heteroscedasticity testing before and with moderating variables, all variables have a probability value of > 0.5 . It means that the two of regression models do not occur heteroscedasticity.

The results of the simultaneous significance test (F-test), the Prob value (F-Statistic) is 0.000000 which means that the independent variables in this study simultaneously affect the dependent variable. Table 2 is the results of hypotheses testing (before moderating variable):

Table 2 The Results of Hypotheses Testing (Before Moderating Variable)

Variable	Coefficient	Sig. Value	Results
Constants	0.852812	0.0000	
Earning To Total Capital Ratio	-0.540837	0.0051	H1 is supported
Cash Holdings	0.574334	0.0913	H2 is rejected
Operating Cash Flow To Value Ratio	0.002225	0.9867	H3 is rejected
Dividend Pay-out Ratio	-0.045476	0.4767	H4 is rejected
Business Risk	-0.000264	0.6071	H5 is rejected

Below are the results of hypotheses testing (before moderating variable):

Table 3 The Results of Hypotheses Testing (With Moderating Variable)

Variable	Coefficient	Sig. Value	Results
Constants	-9.346606	0.0155	
Earning To Total Capital Ratio (ETCR)	-6.413112	0.2136	H1 is rejected
Cash Holdings (CH)	2.345751	0.7227	H2 is rejected
Operating Cash Flow To Value Ratio (OPCVR)	1.209688	0.7295	H3 is rejected
Dividend Pay-out Ratio (DPR)	1.213237	0.4101	H4 is rejected
Business Risk (BR)	0.021272	0.1142	H5 is rejected
Firm Size (Z)	0.354177	0.0077	
ETCR*Z	0.198351	0.2518	H6 is rejected
CH*Z	-0.062238	0.7848	H7 is rejected
OPCVR*Z	-0.042152	0.7354	H8 is rejected
DPR*Z	-0.045075	0.3985	H9 is rejected
RISK*Z	-0.000769	0.1120	H10 is rejected

From the coefficient of determination test and simultaneous significance test result before moderating variable, the adjusted R^2 value is 0.93180 which means that the financial flexibility variable and business risk variable have a contribution in predicting the capital structure by 93.18%, while the remaining 6.82% of the variation in the capital structure is influenced by other variables not included in this research. From the coefficient of determination test and

simultaneous significance test result with moderating variable, the adjusted R^2 value is 0.93672, which means that the financial flexibility variable and business risk variable have a contribution in predicting the capital structure by 93.18%, while the remaining 6.33% of the variation in the capital structure is influenced by other variables not included in this research. The F-test (simultaneous test) conducted on the independent variables is used to determine whether the regression model is feasible or not. It can be seen that the prob (F-statistics) value of the test result is 0.0000 (< 0.05), which means that the regression model used is good fit. The multiple linear regression is obtained as follow:

$$CS = 0,852812 - 0,540837X1 + 0,574334X2 + 0,002225X3 - 0,045476X4 - 0,000264X5 + \epsilon \dots (1)$$

$$CS = -9,346606 - 6,413112X1 + 2,345751X2 + 1,209688X3 - 1,213237X4 + 0,021272X5 + 0,354177Z + 0,198351X1*Z - 0,062238X2*Z - 0,042152X3*Z - 0,045075X4*Z - 0,000769X5*Z + \epsilon \dots (2)$$

6. DISCUSSION

Based on the results obtained and generated from this study, authors concluded several discussions. First, financial flexibility as measured with earning to total capital ratio has a negative effect on capital structure. According to Alipour et al. [1], managers prefer internal funding to external funding so that the company's financial weaknesses and strengths and whether debt financing is used depends on its financial flexibility. Companies that have a financial flexibility indicate that they also have less debt, because these companies eliminate the need for external financing by increasing their financial flexibility [1]. The results of this study are also in line with Alipour et al. [1] and Margaretha & Ginting [33], but not in line with Byoun [10]. Second, financial flexibility as measured by cash holding does not have significant effect on the capital structure. This indicates that even though companies hold more cash, they still choose to use external funds (debt), because cash is very important asset to deal with risks and uncertainties. In this study, the level of cash holding was found to have very little effect on the company's funding decisions. This is in line with research conducted by Yudhiarti & Mahfud [32] and Widodo [34], but not in line with Byoun [10]. Third, financial flexibility measured by operating cash flow to market value ratio does not have significant effect on the capital structure. Companies that grow with many investment opportunities tend to have low operating cash flow to value ratios, while more mature companies tend to have high operating cash flow to value ratios due to large operating cash flows [10]. In this study, the level of operating cash flow to market value ratio was found to have very little effect on the company's funding decisions. This is in line with research conducted by Byoun [10]. Fourth, financial flexibility measured by the dividend payout ratio

does not have significant effect on the Capital Structure. Large dividend payments serve as an empirical indicator of a mature company, because large dividend payments are generally not feasible to develop companies that have not achieved high profitability [10]. According to Paramu in Joni & Lina [35], dividend distribution will increase the welfare of shareholders and can lead to positive expectations from the market, so that it is easier for companies to issue capital securities and reduce leverage levels. This is in line with research conducted by Byoun [10] and Paramu (2006) in Joni & Lina [35]. Fifth, business risk does not have significant effect on the capital structure. A high level of risk allows creditors to demand a higher rate of return. In addition, creditors can rely on the company's fixed assets as collateral for funding or loans. That way, the company's level of business risk cannot indicate with certainty the source of funding that will be chosen by the company [36]. This is in line with research conducted by Firmanti [36], Seftianne & Handayani [37], and Mufidah et al. [38], otherwise not line in Gómez et al. [11]; Lie Sha [12]; Primantara and Dewi [13]; Setyawan et al. [14]; and Wijandari [15]. Sixth, firm size is not a moderating variable for the effect of financial flexibility on capital structure. This evidence is not in line with Byoun [10]. Byoun [10] found that the companies that most needed financial flexibility were small companies. They tend to use more internal financing or prefer lower leverage. In contrast to small companies, growing companies tend to have high leverage. Meanwhile, in large companies, they prioritize internal equity for financing and maintain moderate leverage so that they have high financial flexibility. On the other hand, in order to maintain financial flexibility, small firms use their equity more and increase their cash holdings even though they have low leverage thereby reversing the external financing hierarchy suggested by the pecking-order theory. Seventh, firm size is not a moderating variable for the effect of financial flexibility and business risk on capital structure. Each company has its own business risks. Therefore, companies tend to minimize bankruptcy by reducing the use of debt for both small-scale companies and large-scale companies. Thus, the size of the company does not affect the company's funding decisions. The results of this study are in line with research conducted by Anum [30], but the other side not in line with Gunardi et al. [17]; Qayyoun [4]; Sari et. al. [18]; and Zulvia and Linda [19].

7. CONCLUSIONS

The results of this study conclude that financial flexibility as measured by earning to total capital ratio has a negative effect on capital structure. Meanwhile, financial flexibility as measured by cash holding, financial flexibility as measured by operating cashflow to value ratio, and financial flexibility as measured by dividend pay-out ratio, they do not have significant effect on capital structure. Business risk does not have significant effect on capital structure as well. Firm size is not a moderating variable for the effect of financial flexibility and business risk on capital structure.

This study has several limitations as follows. First, the research period are only three years. Second, the proxies for financial flexibility and business risk variables are limited. Third, authors do not conclude control variables. Some suggestions for further researchers are: use a longer observation period, use long-term credit rating as another proxy for the financial flexibility [10], use Altman (*Z-score*) as another proxy for the business risk and add some control variables. Implication according to empirical evidence in this study that *earning to total capital ratio* as a proxy for financial flexibility has a significant effect on capital structure, companies are recommended to maintain optimal *earning to total capital ratio* so that the company's management can determine its capital structure in such a way that the value of the company can be maximized.

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