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Moderated Mediation of Capital Structure and Company Value by Asset Utilization and Financial Distress

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Abstract

This study examines the moderated mediation effects between capital structure and company value using asset utilization as the moderating variable and financial stress as the mediating variable. The study uses the Hayes PROCESS macro model 14 with SPSS Statistics 27 version, and it uses a sample size of 40 observations from 8 enterprises listed in the Software and IT Services subsector on IDX between 2019 and 2023. The capital structure has a direct beneficial impact on firm value. There is no mediation of the link between leverage and firm value by asset utilization. The link between asset usage and business value can be moderated by financial distress, but the indirect impact of leverage on firm value through asset use is not much mitigated by financial distress. These results emphasize the dependent impacts of financial crisis on operational efficiency and business valuation while showing the complex function of leverage in boosting corporate value. They also partially align with the trade-off theory and pecking order theory.

Keywords: *asset utilization, capital structure, company value, financial distress, moderated mediation*

INTRODUCTION

At present, the world economic situation displays great instability as seen in the rapid changes that come with uncertainties in the macroeconomic universe and technological advancement. Even though there have been disrupting incidents like the pandemic, the tech industry continues to register huge economic strides, being one of the sectors that have shown resilience. Despite exponential growth fueled by increased digital transformations and innovations, there are still some stumbling blocks such as regulatory pressures and supply chain disruptions thereby affecting its stability levels and limits of expansion altogether (Kézai & Kurucz, 2023; Shinozaki, 2023).

Recent researches about what makes up for company value puts more emphasis on internal and external factors as being the backbone. Corporate governance, financial capability among others like market dynamics play a big part in determining this value however they differ from one industry to another (Milewska, 2022). Technology being no exception given its fast pace of change brought about by continuous innovations which means there is need for constant assessment with regards to these drivers of worth. It is

however unfortunate that they are hardly recognized yet such assets should be held dearly at all times since without them no organization can succeed especially in today's business world depicted by stiff competition (Kazancoglu et al., 2023). Intellectual property alongside other intangible resources is becoming more valuable day by day not only within but even beyond boundaries due mainly towards dynamism associated with the Information Communication Technology (ICT) industry worldwide.

Globally, the technology industry has witnessed a boom in startups driving innovation and economic growth. However, this rapid expansion comes with high profile failures and significant downsizing which underscores the volatility in the sector. In Indonesia, the tech ecosystem mirrors these global trends where businesses such as Gojek and Tokopedia have made remarkable strides while others are grappling with scalability and financial sustainability. As such, many businesses have closed down while others have reduced their workforce because they reflect inherent risks and opportunities within the field (Ermawati & Lestari, 2022).

Empirical research on leverage's impact on company value has been inconclusive. Akhmadi et al., (2023) highlights the importance and benefit of capital structure to business value. Other studies show a positive impact of capital structure on profitability, which in turn increases company value and reduces financial distress (Ichwanudin et al., 2023). On the other hand, (Asif et al., 2021) state that capital structure has a significant effect on firm value, but debt financing had a negative relationship with the firm's value in Pakistani firms. The study did not support the positive impact of debt financing, whether long or short term, on firm value. Meanwhile, the study conducted by Akhmadi et al., (2022) show the company value is positively and marginally impacted by the capital structure. These mixed outcomes demonstrate why it is important to investigate those factors that can be used in order to moderate or mediate this connection especially in sectors that undergo rapid development like technology.

Theories such as Modigliani-Miller propositions, the trade-off theory of capital structure, give different insights regarding how capital structure affects firm value. These theories propose that optimal balance between debt and equity should be maintained in firms depending on their industry life cycle stage, business risk level, or nature of operations (Modigliani & Miller, 1959). However, practical applications reveal deviations due to market imperfections, agency costs, and industry-specific dynamics. These deviations underscore the importance of context-specific studies to understand the capital structure decisions of technology firms.

Given the complexities and mixed findings in existing literature, this study aims to explore the moderating mediation effect between leverage and company value with asset utilization as a mediating variable and financial distress as a moderating variable. The primary research questions guiding this study are:

1. How does asset utilization mediate the relationship between leverage and company value in technology firms?
2. To what extent does financial distress moderate this mediated relationship?

The study will provide a comprehensive understanding of how capital structure, asset utilization, and firm value interact with each other and also be able to furnish

financial executives in the technology industry with some insights on this topical issue as far as emerging markets such as Indonesia are concerned. The paper will analyze the effect of mediation by asset utilization between leverage and firm value in technology companies and moderation by financial distress. It further seeks to determine the circumstances under which leveraging can increase or decrease firm worth. This paper thus offers important findings for financial management in Indonesia's tech sector, a high growth world of international technology businesses.

METHODOLOGY

Sample Selection

The sample includes companies listed on the Indonesia Stock Exchange (IDX) in the Software and IT Services subsector with a quantitative approach. Companies on the special monitoring board are excluded to ensure a focus on stable and regularly operating firms. The final sample consists of 8 companies over a 5-year period (2019-2023), resulting in 40 observations. Data sourced from annual financial reports available on the IDX, Yahoo Finance, Stockbit or company website.

Data Analysis Method

The methodology employed in this research utilizes the Hayes Process Macro Model 14 approach, which integrates moderation and mediation analyses within a regression framework. This approach is particularly suited for examining complex relationships among variables, such as the interplay between leverage (capital structure), asset utilization, financial distress, and company value. The Hayes Process Macro utilizes bootstrapping as a preferred method for hypothesis testing and constructing confidence intervals. Bootstrapping is preferred over traditional assumptions (e.g., normality of data, homoscedasticity) because it provides robust estimates and confidence intervals that are not dependent on specific distributional assumptions. This is particularly advantageous in finance research where data may not always meet classical assumptions due to non-normality or outliers. This process addresses the redundancy issue often encountered in research, where reliance solely on classical assumptions might overlook the complexities and variability present in real-world data (Hayes, 2022).

Research Variables and Operational Descriptions

Company Value (Dependent Variable)

Market capitalization or enterprise value is a common measure of company value. It reflects the market's perception of its financial health and growth prospects. It is influenced by factors within the organization such as capital structure, and external market conditions. This research defines company value as PBV ratio. PBV is a ratio used in finance to relate the market price of a company to its book value. PBV is calculated by dividing the market price per share of a company with its book value per share. PBV is widely used because it shows how investors perceive the growth prospects

and profitability of firms compared to their actual financial statements (Brigham & Ehrhardt, 2016).

$$PBV = Market\ Price\ per\ Share \div Book\ Value\ per\ Share$$

Capital Structure (Independent Variable)

Leverage involves using debt in a firm's capital structure. In theory, leveraging can increase corporate worth through tax shields and improved managerial efficiency. Nevertheless, high levels of leverage also heighten financial risk and vulnerability to financial distress. In this study, DER represents capital structure. This signifies that DER gauges how much debt financing a firm has relative to equity financing or shareholder funds available for investment purposes; it measures what percentage each source contributes into total financing of assets owned by firms.

A higher DER implies higher financial risk as it indicates more debt financing relative to equity, which can affect the company's value positively or negatively depending on how well the debt is managed (Brigham & Ehrhardt, 2016).

$$DER = Total\ Liabilities \div Shareholders' Equity$$

Asset Utilization (Mediation Variable)

Asset utilization represents how efficiently a company uses its assets to generate revenue. Efficient asset utilization can improve operational performance, leading to higher profitability and, consequently, increased company value. When a company effectively uses its assets, the positive impacts of leverage on company value are more pronounced because the returns generated by the assets can outweigh the costs of debt. Asset utilization is measured by the Total Asset Turnover (TATO) ratio. TATO indicates how efficiently a company uses its assets to generate sales. It is calculated by dividing the company's total sales by its total assets. A higher TATO signifies better utilization of assets, which typically leads to higher profitability and potentially greater company value (Brigham & Ehrhardt, 2016).

$$TATO = Total\ Sales \div Total\ Assets$$

Financial Distress (Moderating Variable)

Financial distress is when a firm struggles to meet its money needs. It plays a role in how debt affects firm worth. It can moderate the relationship between leverage and company value by influencing the risk associated with high leverage. When a company experiences financial distress, the negative aspects of high leverage (such as bankruptcy risk and higher cost of capital) become more significant, potentially diminishing the positive effects of efficient asset utilization. Financial distress is measured using the Altman Z-Score, which is a formula used to predict the likelihood of a company going bankrupt. For non-manufacturing companies, a modified version of the Altman Z-Score is used, which includes some financial ratios that are weighted to produce an overall score. This score helps to assess the financial health of a company, with lower scores indicating a higher risk of financial distress (Altman, 2000).

$$Z - Score = 6.56X1 + 3.26X2 + 6.72X3 + 1.05X4$$

Where:

- $X1 = Working\ Capital \div Total\ Assets$
- $X2 = Retained\ Earnings \div Total\ Assets$
- $X3 = Earnings\ Before\ Interest\ and\ Taxes\ (EBIT) \div Total\ Assets$
- $X4 = Book\ Value\ of\ Equity \div Total\ Liabilities$

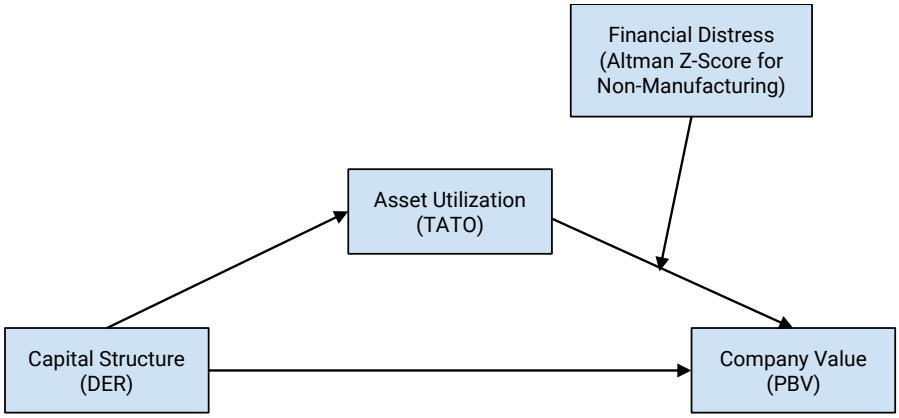

Figure 1. Conceptual Framework

RESULTS AND DISCUSSIONS

Results

The following descriptive statistics provide an overview of the variables used in this research, encompassing 40 observations from companies listed in the IDX Software and IT Services subsector, excluding those in the special monitoring board (Table 1). The Debt-to-Equity Ratio (DER) varies widely among sampled firms, with a minimum value of -26.9291 and a maximum of 13.9773. The negative minimum value indicates that some firms have more liabilities than assets, possibly reflecting significant financial distress or negative equity. The mean DER of 0.013950 is close to zero, suggesting that, on average, the companies maintain a balanced approach to leveraging their equity. However, the high standard deviation of 5.4969786 reflects considerable variability in leverage strategies among the firms.

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Debt to Equity Ratio	40	-26.9291	13.9773	.013950	5.4969786
Total Assets Turnover	40	.2116	11.0657	3.133970	2.3309812
Z-Score (Non Manuf.)	40	-.8298	126.2002	15.474733	26.2615996
Price to Book Value	40	-18.1987	46.9451	6.043210	11.6562979
Valid N (listwise)	40				

Total Assets Turnover (TATO) measures the efficiency of a company's use of its assets to generate sales. The observed values range from 0.2116 to 11.0657, with a

mean of 3.133970, indicating that, on average, firms generate approximately 3.13 times their total assets in sales. The standard deviation of 2.3309812 signifies moderate variation in asset utilization efficiency across the firms.

The Z-Score for non-manufacturing firms, used as an indicator of financial distress, ranges from -0.8298 to 126.2002. The mean Z-Score of 15.474733 suggests that, on average, firms are well above the threshold indicating financial health. However, the substantial standard deviation of 26.2615996 reflects significant disparities in financial stability among the firms, with some experiencing severe financial distress and others being exceptionally stable.

Price to Book Value (PBV), a measure of market valuation relative to book value, shows a wide range from -18.1987 to 46.9451. The negative minimum indicates that some firms have a market value lower than their book value, possibly reflecting investor pessimism or undervaluation. The mean PBV of 6.043210 indicates that, on average, the market values these firms at about six times their book value. The high standard deviation of 11.6562979 highlights substantial variation in market perceptions and valuations of the firms in the sample.

```
Model   : 14
    Y   : PBV
    X   : DER
    M   : TATO
    W   : Z_Non

Sample
Size:  40

**************************************************************************
OUTCOME VARIABLE:
 TATO

Model Summary
          R       R-sq        MSE          F        df1        df2          p
      ,0524      ,0027     5,5611      ,1047     1,0000    38,0000      ,7480

Model
             coeff         se          t          p       LLCI       ULCI
constant    3,1337      ,3729     8,4042      ,0000     2,3788     3,8885
DER          ,0222      ,0687      ,3236      ,7480     -,1168      ,1613
```

Figure 2. Hayes Model 14 Result (Outcome Variable: TATO)

From these results, the model summary indicates that DER does not significantly predict asset utilization (TATO), as evidenced by the very low R-sq (R^2 = 0,0027) value and non-significant (DER coefficient = 0.0222 and p-value = 0.7480 > 0.05).

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OUTCOME VARIABLE:
 PBV

Model Summary
          R       R-sq        MSE          F        df1        df2          p
      ,9288      ,8627    20,7907    54,9672     4,0000    35,0000      ,0000

Model
              coeff         se          t          p       LLCI       ULCI
constant     -,1784     1,5691     -,1137      ,9101    -3,3638     3,0071
DER           ,7070      ,1331     5,3110      ,0000      ,4367      ,9772
TATO         -,0781      ,4926     -,1585      ,8749    -1,0780      ,9219
Z_Non         ,0354      ,1158      ,3058      ,7615     -,1996      ,2705
Int_1         ,1226      ,0424     2,8917      ,0065      ,0365      ,2087

Product terms key:
 Int_1    :        TATO      x        Z_Non

Test(s) of highest order unconditional interaction(s):
       R2-chng          F        df1        df2          p
M*W      ,0328     8,3617     1,0000    35,0000      ,0065
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    Focal predict: TATO      (M)
          Mod var: Z_Non     (W)

Conditional effects of the focal predictor at values of the moderator(s):

      Z_Non     Effect         se          t          p       LLCI       ULCI
     1,5594      ,1131      ,4436      ,2551      ,8002     -,7874     1,0136
     9,2549     1,0569      ,3139     3,3666      ,0019      ,4195     1,6942
    19,1539     2,2708      ,5343     4,2500      ,0002     1,1861     3,3555
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Figure 3. Hayes Model 14 Result (Outcome Variable: PBV)

The model summary for PBV indicates that the overall model is highly significant (R^2 = 0.8627, p-value = 0.0000 < 0.05), explaining about 86.27% of the variance in company value. The direct effect of DER on PBV is significant (DER coefficient = 0.7070, p-value = 0.0000, CI [0.4367, 0.9772]), suggesting that leverage positively impacts company value.

The interaction between TATO and financial distress (Z_Non) is significant, indicating that financial distress moderates the relationship between asset utilization and company value. Financial distress acts as pure moderation, because the interaction between financial distress and asset utilization is able to have a significant influence (Int_1 coefficient = 0.1226, p-value = 0.0065, CI [0.0365, 0.2087]) on company value, while the direct influence of asset utilization on company value is not significant (TATO coefficient = -0.0781, p-value = 0.8749, CI [-1.0780, 0.9219]). The conditional effects at different levels of financial distress (Z_Non) show significant effects at higher levels, implying that the impact of asset utilization on company value increases with financial distress.

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****************** DIRECT AND INDIRECT EFFECTS OF X ON Y *****************

Direct effect of X on Y
     Effect         se          t          p       LLCI       ULCI
      ,7070      ,1331     5,3110      ,0000      ,4367      ,9772

Conditional indirect effects of X on Y:

INDIRECT EFFECT:
 DER          ->     TATO          ->     PBV

      Z_Non      Effect      BootSE    BootLLCI    BootULCI
     1,5594      ,0025       ,2010      -,0768       ,0764
     9,2549      ,0235       ,1822      -,1511       ,1925
    19,1539      ,0505       ,5098      -,3081       ,3982

      Index of moderated mediation:
           Index      BootSE    BootLLCI    BootULCI
Z_Non      ,0027       ,0368      -,0171       ,0220

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Figure 4. Hayes Model 14 Result (Direct and Indirect Effects of DER on PBV)

The direct effect of DER on PBV is significant and positive (coefficient = 0.7070, p = 0.0000), suggesting that higher leverage directly enhances company value. The indirect effects of DER on PBV through TATO are not significant at any level of financial distress, suggesting that asset utilization does not mediate the relationship between leverage and company value. At low levels of financial distress (Z_Non) (Effect = 0.0025, CI [-0.0768, 0.0764]), at moderate levels (Effect = 0.0235, CI [-0.1511, 0.1925]), and at high levels (Effect = 0.0505, CI [-0.3081, 0.3982]) all CI values through 0.

Based on the Index of moderated mediation = 0.0027 and CI [-0.3081, 0.3982]), the moderated mediation effect is not significant, indicating that the conditional indirect effect is not moderated by financial distress.

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*********** BOOTSTRAP RESULTS FOR REGRESSION MODEL PARAMETERS ************

OUTCOME VARIABLE:
 TATO

              Coeff    BootMean      BootSE    BootLLCI    BootULCI
constant     3,1337      3,1595       ,3769      2,4455      3,9252
DER           ,0222       ,0292       ,2227       -,1254       ,1695

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OUTCOME VARIABLE:
 PBV

              Coeff    BootMean      BootSE    BootLLCI    BootULCI
constant      -,1784      -,2106      1,5594      -3,9081      2,6703
DER           ,7070       ,7431       ,4455       ,5031      1,0905
TATO          -,0781      -,0421       ,6588      -1,1934      1,5481
Z_Non         ,0354       ,0196       ,1378       -,3231       ,2593
Int_1         ,1226       ,1232       ,0485       ,0279       ,2315

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Figure 5. Hayes Model 14 Result (Bootstrap Results for Regression Model Parameters)

The bootstrap results for the regression model parameters provide robust estimates of the coefficients, their standard errors, and confidence intervals. The constant term (3.1337) indicates the average level of TATO when DER is zero. The bootstrap CI [2.4455, 3.9252] suggests that this estimate is statistically significant. The coefficient for DER (0.0222) suggests a positive relationship between leverage and TATO, though the effect is small and not statistically significant given that the bootstrap CI [-0.1254, 0.1695] includes zero. The constant term (-0.1784) is not statistically significant, as indicated by the wide bootstrap CI that includes zero [-3.9081, 2.6703]. The coefficient for DER (0.7070) is statistically significant with a bootstrap CI [0.5031, 1.0905] that does not include zero, suggesting that higher leverage positively impacts PBV. The coefficient for TATO (-0.0781) is not statistically significant, with a CI [-1.1934, 1.5481] that includes zero, indicating that asset utilization does not have a direct significant effect on PBV in this model. The coefficient for Z_Non (0.0354) is not statistically significant, with a CI [-0.3231, 0.2593] that includes zero, implying that financial distress alone does not have a significant direct effect on PBV.

The interaction term (TATO x Z_Non) has a coefficient of 0.1226 and is statistically significant, as the bootstrap CI [0.0279, 0.2315] does not include zero. This indicates that the effect of asset utilization on PBV is moderated by financial distress. Specifically, as financial distress increases, the positive impact of asset utilization on the firm value becomes more pronounced.

Discussions

The descriptive statistics (table 1) reveal significant heterogeneity among the sampled IT firms in terms of leverage, asset utilization, financial health, and market valuation. The wide ranges and high standard deviations across all variables indicate diverse financial strategies, operational efficiencies, and market perceptions within the industry. This variability underscores the importance of examining the moderating and mediating effects in the relationship between leverage and company value, as different firms face distinct financial and operational realities.

The trade-off theory posits that companies balance the benefits of debt (e.g., tax shields) against the costs of financial distress. The significant positive direct effect of DER on PBV supports the notion that leverage can enhance company value, aligning with the trade-off theory. However, the lack of significant mediation by asset utilization suggests that the operational efficiency benefits (from better asset utilization) do not significantly alter this leverage-value relationship (Ichwanudin et al., 2023).

The pecking order theory suggests that firms prefer internal financing first, then debt, and equity as a last resort due to information asymmetry and financing costs. The positive impact of leverage (DER) on company value could imply that firms in the sample are using debt strategically to finance growth, consistent with the pecking order theory (Kong et al., 2023). However, the non-significant role of asset utilization as a mediator suggests that internal funds and operational efficiencies are not the primary drivers of the observed leverage effects.

A company value theory emphasizes that a firm's market valuation is influenced by its financial decisions and operational efficiency. The significant direct effect of leverage on company value highlights the importance of capital structure in determining company value (Ichwanudin et al., 2023). The interaction effect with financial distress suggests that in times of higher financial distress, asset utilization becomes more critical in affecting company value, underscoring the complex dynamics between financial health, operational efficiency, and market valuation.

The lack of a significant mediation effect suggests that the efficiency with which firms utilize their assets does not significantly alter the relationship between leverage and company value in this context. This may indicate that while leverage directly influences company value, the way assets are used is not a critical intermediary in this relationship for sampled firms. Despite the theoretical importance of asset utilization in contributing to profitability and value, the empirical results indicate that for these Indonesian Software and IT Services companies, operational efficiency (measured by TATO) may not be the primary channel through which leverage impacts company value. This could be due to other factors such as market dynamics, growth opportunities, or industry-specific characteristics that play a more dominant role.

Financial distress (Z_Non) significantly moderates the relationship between asset utilization (TATO) and company value (PBV), but does not significantly moderate the indirect effect of leverage (DER) on PBV through TATO. The trade-off theory accounts for the costs of financial distress when firms increase leverage. The significant moderating effect of financial distress on the TATO-PBV relationship suggests that as financial distress increases, the efficiency of asset utilization becomes more crucial in determining Company Value. In high distress scenarios, efficient asset utilization may mitigate some negative effects of distress, thereby supporting company value.

The lack of a significant conditional indirect effect indicates that while financial distress influences how asset utilization impacts company value, it does not significantly alter the pathway from leverage to the company value through asset utilization. This implies that the direct benefits of leverage on the company value are more robust and less sensitive to changes in asset utilization efficiency under varying levels of financial distress. Companies facing a higher financial distress may need to focus more on optimizing asset utilization to sustain or enhance their value. This aligns with the idea that in tougher financial times, firms need to extract a maximum value from their existing assets to remain competitive and valuable in the market.

Companies should carefully weigh the dangers of financial crisis against the benefits of their leverage in order to maximize company value. Strong risk management frameworks should be created by financial managers in order to lessen the negative impacts of high leverage. To optimize leverage advantages without putting the company in danger of financial trouble, companies should keep an eye on their debt-to-equity ratios and maintain ideal levels.

Businesses should prioritize making investments in technology, process optimization, and resource management in order to increase operational efficiency. Frequent evaluations of financial health with the use of metrics such as Altman Z-Score

can assist in early detection of possible distress and enable prompt treatments. Businesses may handle financial duress more skillfully by putting in place financial distress management procedures, such as crisis management teams and backup plans.

In order to ensure that decisions about leverage, investments in efficiency improvements, and reactions to financial hardship are in line with overall business goals, corporate plans should combine financial management with operational and market strategies. Companies should promote a culture of flexibility and constant development, and training initiatives should concentrate on equipping staff members with the knowledge and abilities needed to successfully handle operational and financial difficulties.

The study focuses on how leverage, asset utilization, financial distress, and company value interact, although it may not be as generalizable to other industries or sectors due to the limited sample size of 40 observations from 8 businesses over a 5-year period. The results may not apply to organizations in various sectors or geographic locations with varying economic circumstances and market dynamics since the sample is limited to companies in the Software and IT Services subsector listed on the Indonesian Stock Exchange (IDX). The research's proxies might not entirely express the intricacy of the underlying ideas; for example, PBV could not accurately depict company value in situations where intangible assets play a large role.

The Hayes Process Macro Model 14's fundamental assumptions, such as linearity and accurate interaction term definition, are the foundation of the study. Variations from these presumptions may affect how valid the findings are. Because the accuracy of the bootstrapping approach depends on both the number of bootstrap samples and the representativeness of the sample, it has limits. Other pertinent variables, such as firm size, market competitiveness, innovation capacity, and macroeconomic conditions, that potentially affect company value may be left out of research. Although complicated linkages may be examined using the Hayes Process Macro Model, demonstrating causation is still difficult.

Although the study offers insightful information on how leverage, asset usage, financial hardship, and company value interact, its limitations call for caution in interpreting the findings and suggest that more research may be necessary. Increasing the sample size, taking into account other factors, and investigating other industries and geographical areas may improve the findings' generalizability and robustness.

The findings underscore the value of applying moderated mediation models in corporate finance research. Future studies can build on this approach to explore other variables and contexts where interactions between financial distress, operational efficiency, and leverage might play critical roles. The significant interaction between asset utilization and financial distress in determining Company Value suggests that theories on capital structure should incorporate the nuanced effects of operational efficiency and financial health. This can lead to a more comprehensive framework that better predicts Company Value under varying conditions of financial distress. The significant moderation effect of financial distress indicates that Company Value models need to integrate measures of financial health more explicitly. Theories should explore

how the financial distress alters the effects of other variables like leverage and asset utilization, potentially developing new models that better predict firm outcomes varying economic conditions.

CONCLUSION

The study reveals that leverage directly impacts Company Value, aligning with trade-off and pecking order theories. Asset utilization efficiency is crucial, especially during financial distress, but it does not significantly mediate the leverage-value relationship. Financial distress plays a critical moderating role, emphasizing the importance of strategic asset management to sustain Company Value. This understanding can guide managers in making informed capital structure decisions and optimizing operational efficiency. The findings contribute to more effective financial management and corporate strategy development by advancing theoretical models and offering practical recommendations. Firms that strategically manage leverage and operational efficiency while proactively addressing financial distress are better positioned to enhance market value and achieve long-term success. Capital Structure positively influences company value, while Asset Utilization does not mediate the relationship between leverage and company value. Financial distress moderates the relationship between asset utilization and company value but does not significantly moderate the indirect effect of leverage on company value through asset utilization.

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