International Journal of Application on Economics and Business (IJAEB)
Volume 3, Issue 2, 2025. ISSN: 2987-1972

THE MODERATING EFFECT OF CORPORATE GOVERNANCE ON THE RELATIONSHIP BETWEEN CAPITAL STRUCTURE AND COMPANY PERFORMANCE

Steven Jong[1], Elsa Imelda[2], Emillia Sastrasasmita[3*]

[1,2,3] Faculty of Economics and Business, Universitas Tarumanagara, Jakarta, Indonesia
Email: stella.125210053@stu.untar.ac.id, elsai@fe.untar.ac.id, emillias@fe.untar.ac.id

*Corresponding Author

Submitted: 11-02-2025, Revised: 27-02-2025, Accepted: 04-04-2025

ABSTRACT

The objective of this research is to identify the impact of corporate governance as moderator variables on the capital structure and company performance relationship within non-cyclical consumer companies listed on the Indonesia Stock Exchange from 2021 to 2023. This study uses secondary data using 54 samples selected through the purposive sampling method and processed using the E-views 12 program. The results obtained show that both long-term and short-term debt-to-total assets ratios have a significant negative impact on ROE. However, corporate governance factors like Board Size, Commissioner Size, and shareholder size cannot moderate this relationship.

Keywords: *Capital Structure, Company Performance, Corporate Governance*

1. INTRODUCTION

Non-cyclical consumers are industries engaged in the field of basic community needs such as food and beverages to household needs. This industry is also one of the largest on the Indonesia Stock Exchange with 125 listed companies. Quoting The Economic Times, inflation that causes an increase in commodity prices brings challenges to the FMCG (non-cyclical) industry. This phenomenon is caused by global economic and political instability. According to Qolbi (2021), crude palm oil is one of the main raw materials for this industry. Citing data from the World Bank Commodity Prices (2024), during the 2021-2023 period, crude palm oil reached its highest level at $1776.96. In addition, fluctuations in the rupiah exchange rate are also a threat. During 2021-2023, the rupiah has depreciated against the USD by 9.6%.

The above phenomenon ends in an increase in production costs which ultimately reduces the company's margin. This is due to the dependence of the non-cyclical consumer industry on commodity goods and imports as the main raw materials. So, to maintain profit margins, companies must increase product selling prices. However, this can lead to a decrease in demand for products, especially during uncertain economic conditions due to COVID-19 which can result in a decrease in company performance. To minimize this, cost savings are needed through effectiveness and efficiency in company operations.

One way that can be done is by allocating the right capital structure. Companies in conditions like this must minimize the use of external funding due to costs that must be disrupted. This is in line with Ashvin's research (2017) which argues that companies with low debt tend to have higher profitability.

In addition, to produce good performance and accommodate the impact of debt use, a corporate governance mechanism is needed. This mechanism can consist of supervision from top management. Research conducted by Pham & Nguyen (2019) found the significance of corporate governance mechanisms in increasing the effectiveness of debt use, minimizing the negative impacts of debt, and increasing benefits.

Given the description above, the aim of this study to examines the moderating effect of corporate governance on the relationship between capital structure and company performance in the consumer non-cyclical companies listed on Indonesia Stock Exchange between 2021 and 2023.

Agency Theory

The theory defined as a contract between one or more parties (principals) involving another party (agent) to perform several services based on the interests of the principal by giving decision-making authority to the agent (Jensen & Meckling, 1976). Mitnick (2019) argues that conflict can occur when agents prioritize personal interests over the interests of the principal. This creates agency problems and the emergence of agency costs, which are expenses for monitoring, maintaining relationships, and residual value (Jensen & Meckling, 1976). In response to this problem, Jensen & Meckling (1976) argue that the use of debt can help align the interests of principal and agent. The presence of debtholders is expected to help principals in supervising agents which helps reduce agency costs and leading to optimal company performance.

Signalling Theory

Signal theory explains the mechanism used by the owner to send information in the form of signals to the recipient (Spence, 1973). Management as the owner of information uses various aspects of the financial report to provide signals to external parties regarding the condition of the company. Bergh et al. (2014) explain the main idea of providing financial reports to external parties because of the asymmetry of information between management and external parties regarding the contents of the company. Signal theory views the use of large debt provides a signal that the company has profitable prospects, which makes debtholders and investors interested in funding the company.

Company Performance

Company performance is the overall success and effectiveness of the company in achieving its goals and objectives (Egidio et al., 2018). Kasmir (2019) stated that ROE is profitability ratio used to measure net profit after being charged with equity.

Capital Structure

Capital structure represent the mix of equity and debt employed to funds assets of the business (Bui et al., 2023). Brigham & Ehrhardt (2016) explain that long-term debt to total assets ratio is calculate the proportion of total assets financed by long-term debt. While Ross et al. (2016) indicates that the ratio of short-term debt to total assets reflects the share of a company's assets financed through short-term debt, which an important indicator for evaluating company capital structure. Research by Anwar et al. (2022) found that short-term debt has a positive but insignificant influence on ROE. Conversely, Nazir et al. (2021) found that short-term debt & long-term debt have reverse influence on overall firm performance. Financial performance often serves as a benchmark in assessing company performance, namely by looking at the profitability generated. The result is then measured using total assets and total equity to assess the efficiency and effectiveness of the company in using these assets and equity. The assets and equity owned come from shareholder capital. However, due to limited funds from shareholders, other funding alternatives are needed. One

of them is through debt which affects the form of capital structure. Debt can make it easier for companies to expand their market share because capital has been fulfilled. If debt is managed properly, it will enable companies to enhance their performance. Howener, debt comes with costs that must be paid and becomes a burden for the company which can reduce firm profitability. Bui et al. (2023) discovered that both long-term debt and short-term debt negatively impact ROE. Given the discussion above, the following hypothesis is suggested:
H1: Capital structure has negative influence on company performance. (See Figure 1)

A mechanism designed to secure shareholders interests (Ngatno et al. 2021). Board size represent the quantity of directors serving as a board member, including executives, non-executives, independents (Anwar et al., 2022). A study conducted by Ngatno et al (2021) conclude board size is unable to influence significantly the correlation between capital structure and firm performance. Opposite results were presented by Anwar et al (2022) found that board size successfully moderate capital structure-firm performance relationship. The board of directors as representatives of shareholders is aware of company funding needs due to its responsibility to run the firm operations. Ngatno et al (2021) assume that large number of directors have diverse experiences and relationships that can open access to external funding and expected to make the right decision for capital structure. In addition, with the broad scope of the company, each division requires different directors to minimize fraud from dual positions in the efforts to maximize company performance. Given the discussion above, the following hypothesis is suggested:
H2: Board size is able to strengthen the relationship between capital structure and company performance. (See Figure 1)

Commissioner size is a measure of commissioners on board which refers to the number of commissioners in a company (Dharmawan & Hermawan, 2022). Ngatno et al (2021), discovered that the size of commissioner has limited moderating impact on the linkage between leverage and firm performance. However, Widuri et al. (2022) found no significant impact of the size of the independent board of commissioners on leverage and profitability relationship. The greater the number of commissioners will bring diverse input due to different backgrounds and bring broader supervision. This type of oversight mechanism is expected to encourage the director's caution in decision-making, particularly with respect to the selection of funding sources that are follow the company financial condition, in an effort to maintain the company performance. Given the discussion above, the following hypothesis is suggested:
H3: Commissioner size is able to strengthen the relationship between capital structure and company performance. (See Figure 1)

Shareholder size or in this study refers to ownership concentration, which is the number of shareholders in a company who have an ownership portion of more than 5% (Al Saidi, 2015). The more shareholders with ownership above 5%, the more concentrated the ownership is considered. Ngatno et al. (2021) in their study explained that shareholder size is unable to influence the linkage between capital structure and company performance. Conversely, Javeed et al. (2017) determined that ownership concentration is able to influence the link between capital structure and company value. The more concentrated the shareholders, the fewer the number of shareholders. With few shareholders, there is a smaller chance of a conflict of interest. With minimal conflicts of interest, decision-making becomes more effective, and with that it can result in the selection of the right funding and lead to maximum company performance. Given the discussion above, the following hypothesis is suggested:

H4: Shareholder size is able to strengthen the relationship between capital structure and company performance. (See Figure 1)

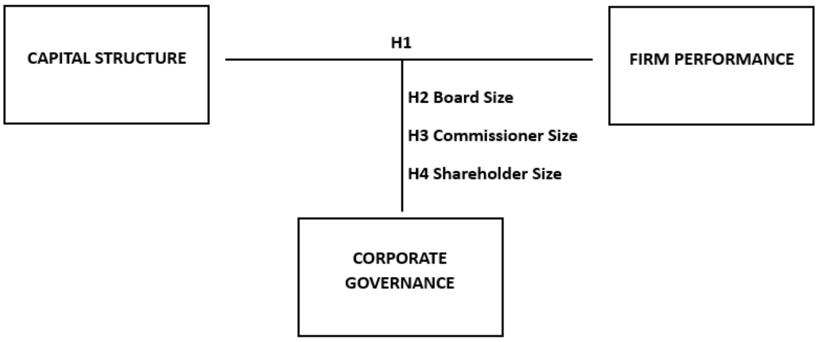

Figure 1. Research Framework

2. RESEARCH METHOD

Population and Samples

This research utilizes data from non-cyclical consumer companies publicly traded on the Indonesia Stock Exchange during 2021-2023. This research employs purposive sampling method, selecting the data in accordance with the following criteria: 1) Consumer Non-cyclical companies that are consistently listed on the Indonesia Stock Exchange during 2021-2023. 2) Consumer non-cyclical companies that present financial statements in Rupiah during 2021-2023 3) Consumer Non-cyclical companies that present audited financial statements ending on December 31 during 2021-2023 4) Consumerr Non-cyclical companies that consistently present information disclosure reports during 2021-2023.

Data Collection Technique

Data was collected from non-cyclical consumer companies' financial statements publicly traded on the Indonesia Stock Exchange during 2021-2023. Data was then processed using Eviews 12 software.

Variable Operations

This research employs Return on Equity as dependent variable and independent variables are long-term debt to total assets and short-term debt to total assets ratio. Moreover, the moderator variables are including board size, commissioner size, and shareholder size as explained below:

Table 1. Operationalization of Research Variables

Variable	Scale	Proxy
ROE	Ratio	$Return\ on\ Equity = \frac{\text{Net Profit}}{\text{Total Equity}}$
LDTA	Ratio	$Long\ term\ debt\ to\ total\ asset = \frac{Long\ Term\ Debt}{\text{Total asset}}$
SDTA	Ratio	$Short\ term\ debt\ to\ total\ asset = \frac{Short\ Term\ Debt}{\text{Total asset}}$
BS	Ordinal	*Number of Directors*
CS	Ordinal	*Number of Commissioner*
SS	Ordinal	*Number of Shareholders*

2. RESULTS AND DISCUSSIONS

Based on the criteria, 72 outliers were identified and resulting a total sample of 162 data was obtained in the research period from 2021-2023. The result of the descriptive statistics for each variable can be seen in table below:

Table 2. Descriptive Statistics

Variables	Max	Min	Mean	Std. Deviation
ROE	-0.310548	0.286004	0.093610	0.094770
LDTA	0.002568	0.724374	0.163676	0.162258
SDTA	1.829308	0.045108	0.308276	0.253632
BS	12.00000	1.000000	4.950617	2.345347
CS	9.000000	2.000000	3.932099	1.737874
SS	7.000000	1.000000	2.253086	1.380034

Based on the statistics descriptive above, the value of Return on Equity (ROE) ranges from minimum value -0.310548 and maximum value 0.286004. Resulting mean value of 0.093610, indicating that the average company is sufficient to yield a profit of 9.36 % of the invested capital. Standard deviation for ROA is 0.094770, indicates the data distribution is very small and shows that most of the data are close to its average value.

Based on the statistics descriptive above, the value of long-term debt to total asset (LDTA) ranges from minimum value 0.002568 and maximum value 0.724374. Resulting mean value of 0.163676, indicating companies fund 16.37% of company's assets using long-term debt. Standard deviation for LDTA is 0.162258, which can be concluded that the data spread is quite low and shows most of the data are close to the average.

Based on the statistics descriptive above, the value of short-term debt to total asset (SDTA) ranges from minimum value 0.045108 and maximum value 1.829308. Resulting mean value of 0.308276, indicating companies fund 30.83% of company's assets using short-term debt. Standard deviation for LDTA 0.253632, which can be concluded that the spread of data are quite low and shows that most of the data are relatively close to its average value.

Based on the statistics descriptive above, the value of board size (BS) ranges from minimum value 1 and maximum value 12, which leads to mean value of 4.950617. This means on average that the company has 4-5 board members. Standard deviation for BS 2.345347, which means that the data spread are quite high and shows that most of the data is not close to the average value.

Based on the statistics descriptive above, the value of commissioner size (CS) ranges from minimum value 2 and maximum value 9, which leads to an mean value of 3.932099. This means on average that the company has 3-4 board members. Standard deviation for CS 1.737874, which means that the data spread is quite high and shows that most of the data are not close to the average value.

Based on the statistics descriptive above, shareholder size (SS) ranges from minimum value 1 and maximum value 7, resulting an average mean value of 2.253,086. This means on average company has 2-3 shareholders with ownership above 5%. Standard deviation for SS 1.380,034, indicating that the data spread is quite high and shows that most of the data are not close to its average value.

Classical Assumption Test

The classical assumption test comes to the conclusion that all data was normal and did not have any symptoms of autocorrelation, multicollinearity, or heteroscedasticity. According to Chow test, Hausman, and Lagrange Multiplier test, found most appropriate model chosen for this research is Random Effect Model.

Hypothesis Test Result

Table 3. Regression Test Results

	Coefficient	Std. Error	t-statistic	Prob.
C	0.154223	0.017645	8.740526	0.0000
LDTA	-0.191764	0.059545	-3.220473	0.0016
SDTA	-0.094804	0.035722	-2.653955	0.0088

According to the data in the table above, multiple linear regression equation can be derived as follows:

$$ROE = 0.154223 – 0.191764LDTA – 0.094804SDTA$$

Table 4. Moderated Regression Analysis Model 1 Test Results

	Coefficient	Std. Error	t-statistic	Prob.
C	0.105919	0.047212	2.243479	0.0263
LDTA	-0.241453	0.197656	-1.221578	0.2237
BS	-0.000531	0.006226	-0.085223	0.9322
CS	0.005249	0.008396	0.625257	0.5327
SS	0.002000	0.010293	0.194311	0.8462
LDTA_BS	0.067190	0.027958	2.403237	0.0174
LDTA_CS	-0.075616	0.037053	-2.040727	0.0430
LDTA_SS	-0.006795	0.036991	-0.183693	0.8545

Based on the data in the table above, moderated regression analysis for model 1 can be formulated as follows:

$$ROE = 0.105919 – 0.241453LDTA – 0.000531BS + 0.005249CS +0.002000SS + 0.067190LDTA*BS – 0.075616LDTA*CS – 0.006795LDTA*SS$$

Table 5. Moderated Regression Analysis Model 2 Test Results

	Coefficient	Std. Error	t-statistic	Prob.
C	0.126138	0.050942	2.476129	0.0144
LDTA	-0.122086	0.143186	-0.852636	0.3952
BS	-0.005909	0.007822	-0.755423	0.4511
CS	0.002846	0.008774	0.324386	0.7461
SS	0.003471	0.009706	0.357591	0.7211
LDTA_BS	0.047412	0.025153	1.884961	0.0613
LDTA_CS	-0.028408	0.021924	-1.295725	0.1970
LDTA_SS	-0.025316	0.021928	-1.154510	0.2501

Based on the data in the table above, the moderated regression analysis for model 2 can be formulated as follows:

$$ROE = 0.126138 – 0.122086SDTA – 0.005909BS + 0.002846CS +0.003471SS + 0.047412SDTA*BS – 0.028408SDTA*CS – 0.025316SDTA*SS$$

Table 6. Result of Hypothesis Test

	Hypothesis	Coefficient	t	Sig.	Result
H1	LDTA has negative influence on ROE	-0.191764	-3.220473	).0016	Accepted
	SDTA has negative influence on ROE	-0.094804	-2.653955	).0088	
H2	Board size is able to strengthen the relationship between LDTA and ROE.	0.067190	2.403237	).0174	Not Accepted
	Board size is able to strengthen the relationship between SDTA and ROE	0.047412	1.884961	).0613	
H3	Commissioner size is able to strengthen the relationship between SDTA and ROE	-0.075616	2.040727	).0430	Not Accepted
	Commissioner size is able to strengthen the relationship between LDTA and ROE	-0.028408	1.295725	).1970	
H4	Shareholder size is able to strengthen the relationship between LDTA and ROE	-0.006795	0.183693	.8545	Not Accepted
	Shareholder size is able to strengthen the relationship between SDTA and ROE	-0.025316	1.154510	.2501	

The regression results above, reveals that LDTA and SDTA respectively have p-value of 0.0016 and 0.0088. The coefficient values for both variables are -0.191764 and -0.094804. Therefore, long-term debt to total assets and short-term debt to total assets negatively significant influence ROE. Based on the results above, H1 is accepted.

The regression results above, reveals that board size is significantly moderate long-term debt to total assets and ROE relationship as seen from p-value of 0.0174. The coefficient value is 0.067190 and the influence given is positive. However, board size is unable to be a moderator for the relationship between short-term debt to total assets and ROE with p-value of 0.0613 & 0.047412 of coefficient value. Based on the results above, H2 is rejected. The regression results above, reveals that commissioner size is significantly moderate the relationship between long-term debt to total assets and ROE as seen from the p-value of 0.0430. The coefficient value is -0.075616 means the influence given is negative. In contrast, commissioner size does not significantly moderate short-term debt to total assets and ROE relationship with p-value of 0.1970 & -0.028408 of coefficient value, given a negative but insignificant influence. Based on the results above, H3 is rejected.

The regression results above, indicates that shareholder size does not significantly moderate the relationship between long-term debt to total assets and ROE as seen from the p-value of 0.8545 and coefficient value of -0.006795. Similarly, shareholder size failed to moderate short-term debt to total assets and ROE relationship with a p-value of 0.2501 & -0.025316 of coefficient value. Based on the results above, H4 is rejected.

The Impact of Capital Structure on Company Performance

The usage of large debt would have exposed company's to increased risk, resulting in greater borrowing costs to compensate for that risk and potentially hinders company performance. In addition, low liquidity caused by large debt could hamper company ability to obtain future funding for investment, which essential for creating new revenue stream and sustaining future profitability. In conclusion, capital structure has a negative impact on firm performance.

The findings on this research corroborate the research of Le & Phan (2017) discovered the ratio of short-term debt to total assets and long-term debt to total assets ratio negatively impact ROE. However, these results contradict the results of Pradana & Imelda (2023) who did not find the effect of short-term debt and long-term debt on company performance.

The Impact of Board Size on the Relationship Between Capital Structure and Company Performance

A larger number of directors, the less effective the control is. It's because a large number of directors means that there will be many individuals in control over the company and there is potential for increased diversity of opinions among the directors. This may result in ineffective decision-making about the company's capital structure and strategy direction, which ultimately impact future company performance. Therefore, board size cannot influence the capital structure and company performance relationship.

The findings on this research corroborate the research of Ngatno et al. (2021) which found no impact of board size on the link between capital structure and firm performance. Conversly, Anwar et al. (2022) found that board size was able to partially moderate capital structure and firm performance relationship.

The Impact of Commissioner Size on the Relationship Between Capital Structure and Company Performance

The larger number of commissioners, the less effective in supervising the company. This is because the commissioner in a company often serves as a director or commissioner in another company. In addition, the presence of a board of commissioners in a company is sometimes only to comply with the regulations. This makes supervision of the company's operations ineffective. Therefore, commissioner size is unable to influence capital structure and company performance relationship.

The findings on this research corroborate the research of Widuri et al. (2022) which did not find an impact of the size of the independent board of commissioners on the link between financial leverage and profitability. Nevertheless, research of Ngatno et al. (2021) which found that commissioner size was unable to influence the link between capital structure and firm performance.

The Impact of Shareholder Size on the Relationship Between Capital Structure and Company Performance

Shareholders are external parties to the company who do not participate in forming policies or decision-making and do not have a role in the company's operations that have been represented by the board of directors and commissioners. This results in a lack of information regarding the company's conditions and needs, making it difficult for shareholders to monitor the company's capital structure and performance. Therefore, shareholder size is unable to influence the capital structure and company performance relationship.

The findings on this research corroborate the research of Ngatno et al. (2021) which indicated that shareholder size was unable to affect the capital structure and firm performance relationship.

4. CONCLUSIONS AND SUGGESTIONS

Based on analysis and discussion above, the conclusions can be drawn as follow: 1) Capital structure negatively affect company performance. 2) Board size is not significant moderate capital structure and company performance relationship. 3) Commissioner size is not significant moderate capital structure and company performance relationship. 4) Shareholder size is not significant moderate capital structure and company performance relationship.

There are some limitations in the process of this research, namely: 1) Limited to only two independent variables, namely long-term debt to total asset and short-term debt to total asset ratio; 2) limited source of prior study that discuss about commissioner size and shareholder size as moderator variables. Suggestions for future research are; (1) Expanding the industries that are the objects of observation and increasing the observation period (2) Replacing or adding moderation variables with other corporate governance mechanism variables that may be able to better explain the moderating role of corporate governance mechanisms in efforts to control and supervise capital structure and company performance.

REFERENCES

Al-Saidi, M., & Al-Shammari, B. (2015). Ownership concentration, ownership composition, and the performance of the Kuwaiti listed non-financial firms. *International Journal of Commerce and Management, 25(1),* 108–132.

Anwar, W., Liaqat, S., & Waris, M. (2022). Moderating role of corporate governance in the relationship between corporate structure and firm performance: A case study of Pakistani non-financial firms. *IRASD Journal of Economics, 4(3),* 400–418. https://doi.org/10.52131/joe.2022.0403.0088

Bergh, D. D., Connelly, B. L., Ketchen, D. J., & Shannon, L. M. (2014). Signalling theory and equilibrium in strategic management research: An assessment and a research agenda. *Journal of Management Studies, 51(7),* 1146-1164. https://doi.org/10.1111/joms.12097

Brigham, E. F., Ehrhardt, M. C., Nason, R. R., & et al. (2016). *Financial management: Theory and practice (Canadian ed.)*. Nelson Education.

Bui, T. N., Nguyen, X. H., & Pham, K. T. (2023). The effect of capital structure on firm value: A study of companies listed on the Vietnamese stock market. *International Journal of Financial Studies, 11(3),* 100. https://doi.org/10.3390/ijfs11030100

Danoshana, S., & Ravivathani, T. (2019). The impact of the corporate governance on firm performance: A study on financial institutions in Sri Lanka. *SAARJ Journal on Banking & Insurance Research*, *8*(1), 62-67.

Dharmawan, R. D., & Hermawan, S. (2022). The Influence of Board of Commissioners Size, Company Size, and Profitability on Corporate Social Responsibility (CSR) Disclosures (Study on Pharmaceutical Companies Listed on the Indonesia Stock Exchange 2016-2019). *Indonesian Journal of Law and Economics Review, 14*. DOI: 10.21070/ijler.v14i0.757. https://doi.org/10.21070/ijler.v14i0.757

Fayez, M., Ragab, A.A. and Moustafasoliman, M. (2019). The Impact of Ownership Structure on Capital Structure: An Empirical Study on the Most Active Firms in the Egyptian Stock Exchange. *Open Access Library Journal, 6*: e5266. https://doi.org/10.4236/oalib.1105266

Javeed, A., Yaqub, R. M. S., & Aslam, M. A. (2017). Revisiting capital structure and firm value: Moderating role of corporate governance: Evidence from Pakistan. *Developing Country Studies, 7*(5), 1-10.

Jensen, M. C., & Meckling, W. (1976). Theory of the firm: Managerial behavior, agency costs, and ownership structure. *Journal of Financial Economics, 3*(4), 305–360.

Kasmir. (2019). *Analisis Laporan Keuangan*. Depok: PT Raja Grafindo Persada.

Lukas, K., & Ondrej, Č. (2016). The effect of ownership structure on corporate financial performance in the Czech Republic. *Ekonomický Časopis, 64*(5), 477–498.

Masriani, I., Setiawan, R., & Wibowo, W. (2022). Effect Of The Number Of Commissioners and Proportion of Independent Commissioners on Public Company Performance. *Eksis: Jurnal Riset Ekonomi dan Bisnis, 17*(1), 105 - 124. https://doi.org/10.26533/eksis.v17i1.988

Mitnick, B. M. (2019). Origin of the theory of agency: An account by one of the theory's originators. Available at SSRN: https://ssrn.com/abstract=1020378 or http://dx.doi.org/10.2139/ssrn.1020378

Tri Endrawati, M. W., & Arfinto, E. D. (2021). Pengaruh Praktik Tata Kelola Perusahaan Terhadap Keputusan Struktur Modal dengan Variabel Moderasi Keragaman Gender (Studi Empiris pada Perusahaan Non Keuangan yang Terdaftar di Bursa Efek Indonesia Tahun 2017-2019). *Diponegoro Journal of Management, 10*(3). Retrieved from https://ejournal3.undip.ac.id/index.php/djom/article/view/32363

Myers, S. C., & Majluf, N. S. (1984). Corporate financing and investment decisions when firms have information that investors do not have. *Journal of Financial Economics, 13,* 187–221.

Nazir, Azam, Khalid, A. U. (2021). Debt Financing and Firm Performance: Empirical Evidence from the Pakistan Stock Exchange. *Asian Journal of Accounting Research, 6.*

Ngatno, Apriatni, E. P., Youlianto, A., & Ntim, C. G. (2021). Moderating effects of corporate governance mechanism on the relation between capital structure and firm performance. *Cogent Business & Management*, *8*(1). https://doi.org/10.1080/23311975.2020.1866822

Nguyen, Soa La, Cuong Duc Pham, Tu Van Truong, Trong Van Phi, Linh Thuy Le, and Trang Thu Thi Vu (2023). Relationship between Capital Structure and Firm Profitability: Evidence from Vietnamese Listed Companies, International Journal of Financial Studies 11: 45. https://doi.org/ 10.3390/ijfs11010045

Pham, H.S.T. and Nguyen, D.T. (2019). The effects of corporate governance mechanisms on the financial leverage–profitability relation: Evidence from Vietnam. *Management Research Review, Vol. 43* No. 4, pp. 387-409. https://doi.org/10.1108/MRR-03-2019-0136

Pradana, E. A., & Imelda, E. (2023). The effect of short-term debt, long-term debt, tangibility, sales growth, firm size, and debt to asset ratio on the performance of manufacturing companies. *International Journal of Application on Economics and Business (IJAEB), 1*(3), 1512-1525.

Ross, S. A., Westerfield, R. W., & Jaffe, J. (2016). *Corporate finance* (11th ed.). McGraw-Hill Education.

Sharma, S. (2023, October 23). When FMCG giants pushed on with a cartful of troubles. *The Economic Times*. Retrived from: https://economictimes.indiatimes.com/industry/cons-products/fmcg/when-fmcg-giants-pushed-on-with-a-cartful-of-troubles/articleshow/106419925.cms?from=mdr

Spence, M. (1973). Job market signalling. *Quarterly Journal of Economics, 87*, 355–373. http://dx.doi.org/10.2307/1882010

Thi Phuong Vy Le, Thi Bich Nguyet Phan (2017). Capital structure and firm performance: Empirical evidence from a small transition country. *Research in International Business and Finance, Volume 42*, 710-726, ISSN 0275-5319. https://doi.org/10.1016/j.ribaf.2017.07.012.

Widuri, R., Darmasaputra, A., & Cecilia, A. (2023). Does short-term debt increase profitability? The role of corporate governance as a moderating variable. *International Journal of Organizational Behavior and Policy*, *1*(1), 57–70. https://doi.org/10.9744/ijobp.1.1.57-70