

LEVERAGE AND FIRM VALUE IN THE MANUFACTURING SUB-SECTOR IN ASEAN FOR THE 2021-2024 PERIOD

Dwi Novita Sari¹, Wiwin Juliyanti².

¹ Management, Faculty of Economic and Business, PGRI University of Madiun
email: dwin4155@gmail.com

² Management, Faculty of Economic and Business, PGRI University of Madiun
email: wiwin@unipma.ac.id

Abstrak

Penelitian ini bertujuan untuk menguji dan menganalisis pengaruh leverage terhadap nilai perusahaan pada perusahaan manufaktur yang terdaftar di bursa saham di kawasan ASEAN selama periode 2021–2024. Penelitian ini menggunakan pendekatan kuantitatif dengan data sekunder yang bersumber dari laporan keuangan tahunan perusahaan sampel. Sampel ditentukan menggunakan teknik *purposive sampling* dengan mempertimbangkan kelengkapan data rasio utang dan nilai pasar perusahaan. Sampel penelitian mencakup perusahaan manufaktur dari Indonesia, Malaysia, Thailand, dan Singapura dengan data observasi selama empat tahun pengamatan. Leverage diukur menggunakan *Debt to Equity Ratio* (DER), sedangkan nilai perusahaan diproksikan dengan Tobin's Q. Analisis data dilakukan melalui uji asumsi klasik dan regresi linear sederhana dengan bantuan IBM SPSS versi 25. Hasil analisis regresi linear sederhana menunjukkan bahwa leverage berpengaruh negatif, tetapi tidak signifikan terhadap nilai perusahaan ($\beta = -0,012$; sig. = 0,887; $R^2 = 0,000$). Temuan ini diharapkan dapat memberikan gambaran mengenai sejauh mana keputusan pendanaan melalui utang dipertimbangkan oleh investor dalam menilai prospek perusahaan manufaktur di kawasan ASEAN selama periode pemulihan pascapandemi.

Kata kunci: *Leverage*, Nilai Perusahaan

Abstract

This study aims to examine the effect of Leverage on firm value in manufacturing companies listed on ASEAN stock exchanges during the 2021 to 2024 period. A quantitative approach is applied using secondary data drawn from annual financial statements. Using purposive sampling based on the completeness of debt ratio and market value data, manufacturing firms from Indonesia, Malaysia, Thailand, and Singapore were selected, producing firm-year observations over four years. Leverage is measured using the Debt to Equity Ratio (DER), while firm value is proxied by Tobin's Q. Data are analyzed through classical assumption tests and simple linear regression using IBM SPSS version 25. The results of the simple linear regression indicate that Leverage has a negative but not statistically significant effect on firm value ($\beta = -0.012$; sig = 0.887; $R^2 = 0.000$).

Keywords: *Leverage, Firm Value*

A. INTRODUCTION

The continuing global economic uncertainty following the pandemic has made companies in various sectors, including manufacturing, more cautious in making financing decisions. Fluctuations in interest rates and tighter access to bank credit have made the proportion of debt to equity one of the indicators most closely considered by investors when assessing a company's financial health. This condition is particularly evident in the manufacturing sector, which naturally requires large amounts of capital to finance fixed assets such as factory machinery, production buildings, and other operational facilities. This large capital requirement generally makes manufacturing companies more dependent on debt than service or trading sectors, making the issue of Leverage much more relevant to examine in this sector.

The manufacturing sector in the ASEAN region has grown quite rapidly in recent years, but this growth has also been accompanied by increasing financing needs. Most manufacturing companies use a combination of debt and equity to finance their production expansion, so the level of Leverage becomes an important reflection of the financing strategy chosen by management. Stakeholder Theory explains that financing decisions through debt do not only concern the interests of shareholders, but also reflect how management balances the interests of various stakeholders such as creditors, employees, and other parties that have claims over company resources (Freeman, 1984). The higher the debt ratio owned by a company, the greater the company's responsibility to fulfill the interests of creditors as one of the main stakeholders, so the market also considers how the company manages these relationships when assessing its future prospects.

The phenomenon of debt use among ASEAN manufacturing companies has diverse characteristics across countries. The study by M'ng, Rahman, and Sannacy (2017), which compared companies listed in Malaysia, Singapore, and Thailand, found that company-specific factors such as profitability, firm size, and asset structure have different effects on the level of Leverage in each country even though all three are in the same economic region. These differences in capital structure characteristics across countries may in turn produce different market responses to the financing decisions made by companies.

Investors' perceptions of these financing decisions are ultimately reflected in firm value, which is commonly proxied by Tobin's Q. Initial data show that the average Tobin's Q of ASEAN manufacturing companies for the 2021 to 2024 period differs considerably across countries, indicating that markets respond to company capital structures differently depending on the regulatory context, domestic interest rates, and capital market maturity of each country. Indonesia, as the country with the largest number of manufacturing issuers in the ASEAN region, shows a capital structure characteristic that tends to be conservative and is strongly influenced by the Bank Indonesia benchmark interest rate and access to domestic banking financing. Malaysia, through Bursa Malaysia, has a relatively more mature capital market, providing greater room for manufacturing companies to combine financing sources from banks and the corporate bond market, in line with the findings of Chen and Marsidi (2023), which show that short-term and long-term debt dynamics in manufacturing companies on Bursa Malaysia have effects in different directions on company performance, thereby emphasizing the importance of country context in examining Leverage. Thailand has a capital market characterized as an advanced emerging market with relatively high transaction liquidity but remains vulnerable to exchange-rate and regional interest-rate volatility, while Singapore represents a developed capital market in the region with stricter corporate governance regulations, so financing decisions of manufacturing companies in that country tend to be more measured and less speculative. These differences among the four countries are a strong reason why this study needs to combine cross-country data so that the conclusions produced are not biased toward the conditions of only one country.

The post-pandemic condition adds a new dimension to this issue because many manufacturing companies had increased debt to maintain operational liquidity during the recovery period, making the Leverage ratio during 2021 to 2024 very interesting to examine further. Whether this increase in debt was positively responded to by the market as a form of confidence in the company's ability to survive and grow again or instead responded to negatively because it was considered to increase the burden of financial risk is a fundamental question underlying this study.

This study focuses on manufacturing companies in Indonesia, Malaysia, Thailand, and Singapore because adequate financial statement data were available during the observation

period. The Philippines was not included because the majority of its issuers did not have consistently complete financial statements during 2021 to 2024. The selection of these four countries also considers the diversity in capital market maturity, ranging from Singapore, which is classified as a developed capital market, to Indonesia and Thailand, which are still classified as emerging markets, so that variations in market responses to Leverage can be portrayed more comprehensively.

The theoretical foundation of this study is constructed using Stakeholder Theory as the sole theoretical foundation underlying the explanation of the relationship between Leverage and firm value. Stakeholder Theory was selected because it is able to explain how financing decisions through debt reflect management's efforts to balance the interests of various stakeholders, especially creditors as parties providing external sources of financing for the company. This theory serves as the sole basis of the argument for explaining the relationship between Leverage and firm value in the context of the ASEAN manufacturing companies that are the focus of this study.

1. Stakeholder Theory

Stakeholder Theory developed by Freeman (1984) explains that the continuity and value of a company are not determined only by the interests of shareholders, but also by how management manages relationships with all stakeholders, including creditors, employees, suppliers, and the community that has an interest in the company's continuity. In the context of financing decisions, the use of debt reflects the company's relationship with creditors as one of the main stakeholders providing external resources for the company's operations. When a company is able to manage its debt obligations reasonably and proportionally, its relationship with creditors remains maintained, thereby supporting market confidence and ultimately balanced Leverage can contribute positively to firm value. Conversely, excessive use of debt has the potential to disrupt relationships with stakeholders because it increases the risk of default and reduces the confidence of creditors and investors, so the market tends to give a less favorable valuation to companies with excessively high debt levels. Thus, Stakeholder Theory provides a conceptual foundation that the relationship between Leverage and firm value

is essentially a reflection of how well a company balances the interests of creditors with those of other stakeholders.

2. Leverage

Leverage indicates the proportion of debt use in a company's capital structure, which in this study is measured using the Debt to Equity Ratio (DER). This ratio describes how much of the company's activities are financed by debt compared with its own capital. A high level of Leverage reflects greater financial risk, which can affect investors' perceptions of the company's future prospects (Mawarni & Kholis, 2023, Br Aritonang et al., 2025). The higher a company's DER, the greater the proportion of obligations that must be fulfilled from operating results, so fluctuations in business performance will have a more significant impact on the company's ability to fulfill those obligations.

3. Firm Value

Firm value reflects the market's perception of management's success in managing company resources, which in this study is proxied by Tobin's Q, a ratio that compares the market value of equity plus total debt with total company assets (Setiawan, 2023). This proxy was selected because it is able to describe market valuation comprehensively, both of tangible assets and future growth expectations that are not always reflected in financial statements alone. A Tobin's Q value greater than one is generally interpreted as the market valuing the company higher than the book value of its assets, indicating growth expectations, while a value lower than one indicates that the market values the company below its fair value.

Several other proxies are also commonly used to measure firm value, such as Price to Book Value (PBV) and Price Earning Ratio (PER), but both have their respective limitations. PBV only compares the stock price with the book value of equity, so it does not take into account the debt component in the company's capital structure, even though this study specifically highlights the effect of debt on company valuation. PER, on the other hand, is strongly influenced by accounting profit figures, which are vulnerable to different accounting policies across countries. Therefore, Tobin's Q is considered more appropriate for use in a cross-country study such as this because it also takes into account the company's financing structure comprehensively, both from the equity and debt sides.

a. Previous Studies

The results of previous studies on the relationship between Leverage and firm value still show inconsistencies in both the direction of the effect and its level of significance. In the Indonesian context, Mawarni and Kholis (2023) and Elfino and Leksono (2024) found that Leverage has a negative effect on firm value, in line with the logic of Stakeholder Theory that the financial risk burden resulting from high debt can disrupt relationships between the company and creditors and other stakeholders, thereby receiving a negative market response. Similar findings were also reported by Nopianti, Komarudin, and Triana (2023) in property and real estate sub-sector companies, where Leverage was proven to have a negative and significant effect on firm value, although liquidity in the same study did not show a significant effect.

Some other studies instead found different results. Br Aritonang, Safrida, and Sibarani (2025) found that Leverage has no significant effect on firm value in certain industrial sectors in Indonesia, indicating that market sensitivity to capital structure may vary depending on the characteristics of the business sector. In the broader ASEAN context, Chen and Marsidi (2023), who studied manufacturing companies listed on Bursa Malaysia, found that debt to equity has a negative and significant effect on company performance, although the use of short-term and long-term debt separately showed a positive relationship, indicating that the composition of debt types also plays a role in determining the direction of its effect on company valuation.

In the Thai context, the study by Abubakr, Mahade, Musa, Hussin, Ahmad, and Abdalla (2026) of companies listed on the Stock Exchange of Thailand found that short-term and long-term debt have a negative impact on Tobin's Q, indicating that excessive use of debt has the potential to cause inefficiency that suppresses market valuation. Meanwhile, the cross-country study by M'ng, Rahman, and Sannacy (2017) of companies in Malaysia, Singapore, and Thailand shows that capital structure mechanisms across ASEAN countries indeed have different characteristics, so the results of testing the effect of Leverage on company valuation may also differ depending on the country context studied.

In addition to the inconsistency in the direction of the effect, most previous studies still focus on a single country, particularly Indonesia, so cross-country ASEAN studies in the post-pandemic period remain relatively limited, especially in the manufacturing sub-sector, which is structurally more capital-intensive than other sectors. This gap underlies the present study, which aims to examine and analyze the effect of Leverage on firm value in the manufacturing sub-sector in ASEAN during the 2021 to 2024 period, with the hope of providing a more comprehensive picture of how capital markets in the region respond to companies' financing decisions during the post-pandemic economic recovery.

b. Conceptual Framework

The conceptual framework of this study is developed based on Stakeholder Theory as the conceptual foundation explaining the direct mechanism between financing decisions through debt and the company's market valuation. Leverage, measured by DER, is positioned as the sole independent variable affecting firm value, proxied by Tobin's Q, as illustrated in the following framework.



Figure 1. Research Conceptual Framework

c. Research Hypothesis

Based on Stakeholder Theory as the sole theoretical foundation and the empirical findings above, the research hypothesis is formulated as follows. The main consideration for determining the negative direction of the hypothesis is the post-pandemic ASEAN economic condition, which is still characterized by interest-rate uncertainty, so an increase in debt has the potential to increase the financial risk burden that disrupts relationships between companies and creditors and other stakeholders, in line with the majority of findings in the contexts of Indonesia, Malaysia, and Thailand described in the previous studies section.

H1: It is hypothesized that Leverage has a negative and significant effect on firm value.

B. RESEARCH METHOD

This study uses a quantitative approach with secondary data sourced from the annual financial statements of manufacturing companies listed on the Indonesia Stock Exchange (IDX), Bursa Malaysia (BM), Stock Exchange of Thailand (SET), and Singapore Exchange

(SGX) during the 2021 to 2024 period. Data were collected online through the official websites of each exchange and the official websites of the companies. The quantitative approach was selected because this study aims to test the causal relationship between one independent variable and one dependent variable in a measurable manner through numerical data and statistical tests so that the resulting conclusions can be retested and generalized (Sugiyono, 2023).

The study population includes all manufacturing companies listed on the four exchanges during the 2021 to 2024 period. The sample was determined using purposive sampling, namely a sampling technique based on certain considerations or criteria adjusted to the objectives of the study (Sugiyono, 2023). The criteria used include (1) manufacturing companies consistently listed during the 2021 to 2024 period and not entering or leaving the exchange during that period, (2) companies that publish complete annual financial statements that are publicly accessible so that Leverage and Tobin's Q ratios can be calculated for each observation year, and (3) companies that did not experience delisting, temporary suspension of stock trading, or significant changes in business sector during the observation period. Based on the purposive sampling process referring to these three criteria, a final sample of 36 manufacturing companies from four ASEAN exchanges was obtained, with a total of 144 observation data over four years of observation (2021-2024), as summarized in the following purposive sampling process table.

The data used are panel data combining the cross-sectional dimension of companies with the time dimension over four years of observation. The data collection procedure was carried out by reviewing the annual financial statements of each sample company through the official websites of the stock exchanges and company websites, then recording the components of total liabilities, total equity, total assets, and the closing stock price at the end of the fiscal year for the purpose of calculating the research variables. The sample selection stages were carried out gradually according to the criteria established previously. The following table summarizes the data elimination process at each selection stage.

Table 1. Characteristics of the Research Sample

NO	Criteria	IDX	BM	SET	SGX	PSE
1.	ASEAN manufacturing companies during the 2021-2024 period	227	50	83	100	197

NO	Criteria	IDX	BM	SET	SGX	PSE
2.	Companies that do not meet the completeness of research variable data	(212)	(37)	(73)	(92)	(197)
3.	Companies that experienced delisting, temporary suspension of stock trading, or significant changes in business sector during the 2021-2024 period	(2)	(2)	(2)	(4)	0
4.	Companies that meet the research criteria and have complete annual reports during the 2021-2024 period	13	11	8	4	0
	Number of Sample Companies	13	11	8	4	0
Number of Samples (n x Research Period)		(36 x 4)	144			

Source: Processed by the authors, 2026.

The final sample shows that of the 36 manufacturing companies that passed the selection, 13 companies came from the Indonesia Stock Exchange, 11 companies from Bursa Malaysia, 8 companies from the Stock Exchange of Thailand, and 4 companies from the Singapore Exchange, resulting in a total of 144 observation data over four years of observation. The larger proportion of samples from Indonesia and Malaysia is consistent with the fact that more manufacturing issuers are listed on these two exchanges than in Thailand and Singapore.

Table 2. Operational Definitions of Variables

Variable	Indicator/Proxy	Formula	Data Source
Leverage (X)	<i>Debt to Equity Ratio (DER)</i>	Total Liabilities / Total Equity	Annual financial statements
Firm Value (Y)	<i>Tobin's Q</i>	(Market Value of Equity + Total Debt) / Total Assets	Financial statements, stock price

Source: Processed by the authors, 2026.

Debt to Equity Ratio was selected as the proxy for Leverage because this ratio is the most commonly used in similar studies and directly describes the comparison between funds originating from creditors and funds originating from shareholders (Mawarni & Kholis, 2023). Meanwhile, Tobin's Q was selected as the proxy for firm value because the ratio not only reflects the book value of assets but also market expectations regarding the company's future growth prospects, making it more representative than other firm value proxies such as Price to Book Value, which only compares the stock price with the book value of equity (Setiawan, 2023).

Data analysis was conducted quantitatively using IBM SPSS version 25 and included (1) descriptive statistics to describe data characteristics, mean, minimum, maximum, and standard

deviation, (2) classical assumption tests consisting of the normality test using Kolmogorov-Smirnov, the heteroscedasticity test using the Glejser method, and the autocorrelation test using Durbin-Watson, and (3) simple linear regression analysis with Tobin's Q as the dependent variable and Leverage as the sole independent variable. The multicollinearity test was no longer necessary because the model has only one independent variable, since this test is basically designed to detect correlations among independent variables when there is more than one. The regression model used is

$$\text{Tobin's } Q = \alpha + \beta \text{ DER} + \varepsilon$$

Explanation: Tobin's Q is firm value, α is the constant, β is the Leverage regression coefficient, DER is the Debt to Equity Ratio as a proxy for Leverage, and ε is the error term or disturbance error level. Before conducting regression testing, classical assumption tests were first carried out to ensure that the regression model met the Best Linear Unbiased Estimator (BLUE) requirements. The normality test aims to ensure that the residual values are normally distributed, which is an important requirement so that the t-test results can be interpreted validly. The heteroscedasticity test aims to ensure that the residual variance is homogeneous throughout the range of the independent variable values so that coefficient estimates are not biased. The autocorrelation test aims to ensure that there is no correlation between residuals in one period and residuals from the previous period, which is important considering that the research data are panel data with a time dimension.

Hypothesis testing was conducted through the coefficient of determination test (R^2) and the partial significance test (T Test) at a significance level of 5%. The coefficient of determination shows how much of the variation in firm value can be explained by the Leverage variable, while the remainder is explained by other factors outside the model. Because the model consists of only one independent variable, the t-test and F-test will produce mathematically equivalent conclusions, so the F-test is no longer necessary separately. The hypothesis is accepted if the probability value (sig) is less than or equal to 0.05, with the direction of the effect determined by the sign of the regression coefficient; a negative coefficient indicates an inverse relationship, while a positive coefficient indicates a direct relationship between Leverage and firm value.

C. RESULTS AND DISCUSSION

1. Descriptive Statistics

Descriptive statistics aim to provide a general overview of the characteristics of the research data before entering the hypothesis testing stage, including the number of observations, minimum value, maximum value, mean, and standard deviation of the two research variables.

Table 3. Descriptive Statistics

Descriptive Statistics						
	N	Range	Minimum	Maximum	Mean	Std. Deviation
FirmValue_Y	144	88,10	,01	88,11	5,1968	15,45403
Leverage_X4	144	193,55	-5,42	188,13	2,4274	15,63379
Valid N (listwise)	144					

Source: Secondary data processed using SPSS 25, 2026.

Based on Table 3 above, the Leverage variable measured by the Debt to Equity Ratio (DER) has an average value of 2.4274 with a standard deviation of 15.63379, which is much greater than its average value. This condition indicates that the level of debt use among the sampled manufacturing companies varies extremely across companies, ranging from companies with capital structures dominated by equity (minimum value -5.42) to companies with debt levels far exceeding their equity (maximum value 188.13). This wide variation reflects the heterogeneity of financing policies among manufacturing companies across ASEAN countries, which is also influenced by differences in financing access and banking regulations in each country. Meanwhile, the firm value variable proxied by Tobin's Q has an average value of 5.1968 with a standard deviation of 15.45403 and a range of values from 0.01 to 88.11. The average value, which is far above one, generally indicates that the market values the sampled companies higher than the book value of their assets, although the large standard deviation shows that this market valuation varies greatly and is likely influenced by a small number of companies with extreme valuations (outliers) that pull the average value upward.

2. Classical Assumption Tests

Before the data were tested using simple linear regression, three classical assumption tests were first conducted, namely the normality test, heteroscedasticity test, and autocorrelation test.

a. Normality Test.

One-Sample Kolmogorov-Smirnov Test		
		LAG_RES
N		143
Normal Parameters,a,b	Mean	,0073
	Std. Deviation	,84023
Most Extreme Differences	Absolute	,050
	Positive	,050
	Negative	-,049
Test Statistic		,050
Asymp. Sig. (2-tailed)		,200c,d
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Source: Secondary data processed using SPSS 25, 2026.

Based on the normality test results above, the Asymp. Sig. (2-tailed) value is 0.200. This value is greater than 0.05, so it can be concluded that the residuals of the regression model are normally distributed and meet one of the requirements of the Best Linear Unbiased Estimator (BLUE).

b. Heteroscedasticity Test.

Coefficientsa								
Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta				Tolerance	VIF
1 (Constant)	5,226	1,308			3,995	,000		
Leverage_X4	-,012	,083	-,012		-,143	,887	1,000	1,000

a. Dependent Variable: FirmValue_Y

a. Dependent Variable: FirmValue_Y

Source: Secondary data processed using SPSS 25, 2026.

Based on the Glejser test results above, the significance value of the Leverage variable is 0.887. This value is greater than 0.05, so the regression model is declared free from symptoms of heteroscedasticity.

c. Autocorrelation Test.

Model Summaryb					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,012a	,000	-,007	15,50724	,968

a. Predictors: (Constant), Leverage_X4

b. Dependent Variable: FirmValue_Y

Source: Secondary data processed using SPSS 25, 2026.

Based on the Model Summary above, the Durbin-Watson value is 0.968. This value is below 2, which is generally used as a reference for a model free from autocorrelation, so it needs to be compared further with the lower bound (dL) and upper bound (dU) values in the Durbin-Watson table for n=144 and k=1 to determine with certainty whether there is positive autocorrelation. Considering that the research data are panel data with a time dimension, this indication of a tendency toward autocorrelation is an important note when interpreting the significance test results carefully.

3. Simple Linear Regression Analysis

Simple linear regression analysis is used to test the effect of Leverage on firm value and at the same time serves as the basis for testing the research hypothesis.

Coefficients ^a								
Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta				Tolerance	VIF
1 (Constant)	5,226	1,308			3,995	,000		
Leverage_X4	-,012	,083	-,012		-,143	,887	1,000	1,000
a. Dependent Variable: FirmValue_Y								

a. Dependent Variable: FirmValue_Y

Source: Secondary data processed using SPSS 25, 2026.

Based on the Coefficients table above, the simple linear regression equation is obtained as follows: Tobin's $Q = 5.226 - 0.012 \text{ DER}$. The constant value of 5.226 indicates that when Leverage is zero, firm value is predicted to be 5.226. The Leverage regression coefficient of -0.012 indicates a negative direction of effect, meaning that every one-unit increase in DER is predicted to decrease firm value by 0.012 units, assuming other variables remain constant. However, the t value of -0.143 with a significance of 0.887, which is much greater than 0.05, indicates that the effect is not statistically significant, so H1, which hypothesizes that Leverage has a negative and significant effect on firm value, is rejected, although the direction of the effect is indeed negative as hypothesized. Based on the Model Summary, the R value is 0.012 and the coefficient of determination (R Square) is 0.000 with an Adjusted R Square of -0.007. These values show that the Leverage variable is practically unable to explain the variation in firm value in the combined sample of ASEAN manufacturing companies, while almost all variation in firm value is explained by other factors outside the model, such as profitability, firm size, asset growth, and macroeconomic conditions in each country that are not included in this study.

4. Discussion

The results indicate that Leverage has a negative but insignificant effect on firm value among ASEAN manufacturing companies during 2021–2024 ($\beta = -0.012$; sig. = 0.887). Although higher debt may increase financial risks, the findings suggest that investors consider other factors beyond DER when evaluating company prospects. This result supports Br Aritonang, Safrida, and Sibarani (2025), who also found no significant relationship between Leverage and firm value. The insignificant effect may reflect differences in capital market conditions and financing structures across Indonesia, Malaysia, Thailand, and Singapore. These country-specific characteristics may offset one another when analyzed collectively, although previous studies have identified significant negative effects in Malaysia (Chen & Marsidi, 2023) and Thailand (Abubakr et al., 2026). The R Square of 0.000 and Adjusted R Square of -0.007 indicate that Leverage explains almost none of the variation in firm value. Other factors, including profitability, company size, economic growth, inflation, and interest rates, may play a greater role. Therefore, future research should incorporate additional variables to provide a more comprehensive explanation of firm value.

D. CONCLUSION

This study concludes that Leverage has a negative but insignificant effect on firm value in ASEAN manufacturing companies during 2021–2024. The R Square value of 0.000 indicates that Leverage does not explain firm value variations, which are likely influenced by other factors. These findings contribute to the Stakeholder Theory literature and provide insights for company management and investors in making debt-financing decisions during post-pandemic economic recovery.

E. SUGGESTIONS

Manufacturing companies in ASEAN should maintain an optimal capital structure by managing debt to gain tax benefits while minimizing financial risks. Management should regularly compare the Debt to Equity Ratio (DER) with industry averages. Investors should consider leverage alongside profitability and liquidity when assessing investment risks, particularly in capital-intensive manufacturing companies. Future researchers are encouraged

to include variables such as profitability, firm size, and corporate governance, and analyze each ASEAN country separately to identify differences in capital structure and firm value.

REFERENCES

- Abubakr, A. A. M., Mahade, A., Musa, A. M. H., Hussin, Z. A. M., Ahmad, Z., & Abdalla, A. A. (2026). Impact of ESG Performance on Profitability and Firm Value: Experience of Companies Listed on the Stock Exchange of Thailand. SAGE Open.
- Br Aritonang, A. M., Safrida, E., & Sibarani, J. L. (2025). The Effect of Leverage and Firm Size on Firm Value with Profitability as a Moderating Variable. *Owner*, 9(4), 3299-3311.
- Chen, L. F., & Marsidi, A. (2023). Capital Structure and Performance of Manufacturing Companies on Bursa Malaysia. *UNIMAS Review of Accounting and Finance*, 7(1).
- Elfino, A., & Leksono, P. (2024). The Effect of Capital Structure, Leverage, Profitability, and Liquidity on Firm Value. *Jurnal Ilmu Dan Riset Akuntansi*, 13.
- Freeman, R. E. (1984). *Strategic Management: A Stakeholder Approach*. Pitman Publishing.
- Mawarni, A. M., & Kholis, N. (2023). The Effect of Firm Size, Debt to Asset Ratio, and Current Ratio on Profitability in Food and Beverage Companies Listed on the IDX. 8(1), 1-12.
- M'ng, J. C. P., Rahman, M., & Sannacy, S. (2017). The Determinants of Capital Structure: Evidence from Public Listed Companies in Malaysia, Singapore and Thailand. *Cogent Economics & Finance*, 5(1), 1418609.
- Nopianti, R., Komarudin, M. F., & Triana, L. (2023). The Effect of Leverage and Liquidity on Firm Value with Firm Age as a Moderating Variable. *Owner: Riset Dan Jurnal Akuntansi*, 7(3), 2566-2576.
- Setiawan, T. (2023). The Effect of Financial Performance and Ownership on Firm Value for Indexed Stocks. 7, 1137-1148.
- Sugiyono. (2023). *Quantitative, Qualitative, and R&D Research Methods*. Alfabeta.