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The Effect of Corporate Governance, Funding Decisions and Working Capital Turnover on Firm Value

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Abstract. This study aims to examine the effect of corporate governance, funding decisions, and working capital turnover on firm value in the consumer non-cyclical sector listed on the Indonesia Stock Exchange (IDX) during the period 2019–2023. The population consists of 125 companies, from which 69 were selected as the final sample using purposive sampling. The data were analyzed using panel data regression in EViews 12. Firm value in this study is measured using the Price-to-Book Value (PBV) ratio. Corporate governance is assessed through the ASEAN Corporate Governance Scorecard (ACGS); funding decisions are proxied by the Debt-to-Asset Ratio (DAR); and working capital turnover is calculated as net sales divided by net working capital. The results show that, in part, only funding decisions have a significant effect on firm value, while corporate governance and working capital turnover do not. The model is statistically valid as shown by the F-test, but the coefficient of determination (R^2) is relatively low, at 7.47%, indicating that the explanatory variables account for only a small portion of the variation in firm value.

Keywords: Firm Value, Corporate Governance, Funding Decisions and Working Capital Turnover

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Introduction

Indonesia has witnessed substantial business development in recent years, primarily driven by government initiatives in the construction, manufacturing, and infrastructure sectors. This progress creates opportunities for investors to analyze company performance amidst intensifying business competition. In this context, companies are expected not only to generate optimal profits but also to improve their company value as a way to support shareholder welfare and achieve long term objectives. The shifting dynamics of the national economy between 2019 and 2023, particularly as a result of the COVID-19 pandemic have significantly affected the performance of numerous industries, including the consumer non-cyclical sector. This sector comprises companies that supply essential products such as food, beverages, and household items, which remain in constant demand regardless of economic conditions. The selection of companies in the non-cyclical consumer sector as the object of this research is based on the sector's relatively stable characteristics, making it resilient to economic volatility. While many other sectors experienced a performance decline during economic crises, non-cyclical consumer companies tended to maintain revenue stability and firm value. Therefore, this research focuses on this sector to provide a clearer understanding of how factors such as corporate governance, funding decisions, and working capital turnover influence firm value under dynamic economic conditions.

A company's valuation represents the price assigned by investors to its shares traded on the stock exchange. When a company goes public, both its management and the general public are able to better grasp its market value. This value is reflected in the movement of stock prices, which are influenced by expectations about the company's future performance. If the company is considered to have promising prospects, an increase in its stock price is generally expected (Nopagia et al., 2024).

Corporate governance has become a critical issue, especially due to the widespread occurrences of corporate failures and business scandals across various countries, which have sparked serious concern. A series of accounting scandals involving several companies has weakened investor trust in the reliability of corporate financial statements (Josephine et al., 2019). The implementation of corporate governance is intended to supervise company management more effectively, thereby enhancing firm value. An increase in firm value can also lead to a rise in the company's stock price. Moreover, corporate governance is closely linked to the social responsibility initiatives undertaken by a company. Corporate social responsibility serves as a strategic effort to cultivate a positive public image, which in turn helps attract potential investors (Apriliani et al., 2022).

Previous research conducted by (Jannah & Sartika, 2022), shows that corporate governance affects firm value and is in line with the findings conducted by (Josephine et al., 2019). However, different results are shown by (Nopagia et al., 2024), showing that corporate governance has no effect on firm value.

Choosing the appropriate source of funds to support a company's operations is a crucial aspect of financial decision-making that must be addressed by management. In doing so, the company must decide whether to rely on internal resources or obtain financing from external parties. This decision involves determining both the type and proportion of funding to be used in the future (Hidayat et al., 2023). Internal financing typically originates from retained earnings or depreciation, while external funding may come from creditors, loans extended by owners or members, or capital contributions from shareholders. The proportion between internally generated funds and borrowed capital used to fulfill the company's financial needs is referred to as the capital structure (Sitowati & Soenhadji, 2023).

Previous research conducted by (Saputri & Suripto, 2022), showed that funding decisions affect firm value and are in line with the findings conducted by (Sugiyarti & Ramadhani, 2019). However, different results were shown by (Hidayat et al., 2023), showing that funding decisions have no effect on firm value.

Working capital turnover represents the duration of the working capital cycle over a specific period, aimed at evaluating how effectively a company's working capital generates sales. The cycle begins when cash is allocated to finance various components of working capital, with the expectation that it will eventually revert back into cash. A high turnover rate reflects efficient management of working capital, signifying that cash can be recovered quickly within a short period (Roza & Mashuri, 2023). Conversely, a low turnover rate indicates low efficiency in managing the company's working capital. This cycle lasts from the investment of cash into working capital components until it finally returns to cash. The shorter the time required in this cycle, the faster the working capital turnover. This indicates an increase in company efficiency, high levels of working capital, and opportunities for increased profitability (Telaumbanua et al., 2021).

Previous research conducted by (Arisliani & Suwaarti, 2024), showed that working capital turnover affects firm value and is in line with the findings conducted by (Setiawan et al., 2021). However, different results were shown by (Roza & Mashuri, 2023), showing that working capital turnover has no effect on firm value.

Signalling Theory

According to Sitowati & Soenhadji (2023), signalling theory explains how management conveys information to investors in order to reduce information asymmetry. Managers, who have a deeper understanding of the company's condition and prospects, can provide signals through the financial decisions taken. Funding decisions and working capital turnover are closely related to this theory. The choice of funding through debt in reasonable proportions reflects optimism about the prospects and cash flow capabilities of the company, thus becoming a positive signal for investors. Similarly, high working capital turnover indicates operational efficiency, which can increase market confidence. Conversely, excessive use of debt or low working capital turnover can be a negative signal, which lowers investors' perception of firm value.

Stewardship Theory

According to Stewardship Theory by Donaldson & Davis (1991) managers referred to as stewards, operate based on a sense of responsibility and trust to act in the best interests of the company's owners. Rather than pursuing personal gain, they prioritize the organization's objectives, aiming to enhance performance and build long-term value. This theory aligns closely with the principles of corporate governance, as it highlights the managerial role in fulfilling the company's long-term goals. Implementing key governance principles such as transparency, accountability, and autonomy helps reinforce stakeholder confidence in the management's integrity. Through sound governance practices, companies can strengthen their reputation and earn greater trust in the market, ultimately leading to increased firm value.

Firm Value

The value of a firm reflects investors' views on its performance and prospects during a given time frame (Roza & Mashuri, 2023). For firms that are listed on the IDX, this value is an important indicator because the high share price indicates the level of investor prosperity. In addition to reflecting operational success, firm value is also a measure of market confidence in company's reputation after carrying out business activities in the long term. The company's main goal is to optimize this value in order to provide added value for shareholders. An increase in firm value reflects the success of management in carrying out an effective business strategy, which consequently leads to an improvement in shareholders' welfare (Wardani et al., 2022).

In explaining the determinants of firm value, this study adopts Signaling Theory and Stewardship Theory as the theoretical foundation. According to Signaling Theory, funding decisions and working capital turnover serve as signals of a company's financial condition and managerial efficiency. Positive signals, such as prudent funding and efficient working capital management, enhance investor confidence and increase firm value. Meanwhile, Stewardship Theory supports the role of corporate governance, which views managers as responsible stewards committed to protecting shareholders' interests through transparent and accountable practices. Effective governance builds trust and strengthens the company's reputation, ultimately leading to higher firm value.

Corporate Governance

According to the Komite Nasional Kebijakan Governansi (2021), corporate governance refers to the framework and processes implemented to guide and control business operations in order to support business development and ensure corporate accountability. Its ultimate purpose is to enhance company value and shareholder wealth in a sustainable way, while also considering the interests of all stakeholders. In principle, corporate governance defines the rights, duties, and interactions among various parties involved in the corporation. It is not solely focused on shareholder interests but also aims to maintain equilibrium by addressing the concerns of other stakeholders, including creditors, employees, consumers, suppliers, regulators, the public, and the local communities where the company operates.

Corporate governance is closely related to Stewardship Theory, which describes how managers act in the best interests of the company and its stakeholders. Good governance, through the implementation of transparency, accountability, and granting managerial autonomy, strengthens

stakeholders' trust in management's ability to achieve the company's long-term goals.

ASEAN Corporate Governance Scorecard (ACGS)

According to ASEAN Capital Markets Forum (2024), the ASEAN Corporate Governance Scorecard is the product of a joint initiative between the ASEAN Capital Market Forum (ACMF) and the Asian Development Bank (ADB), aimed at creating a unified standard for evaluating Good Corporate Governance practices. In essence, scorecard serves as a framework for assessing the governance quality of publicly listed companies within the ASEAN region. This evaluation tool was designed by corporate governance professionals from across ASEAN to analyze the status and effectiveness of governance practices in public companies. Furthermore, the assessment criteria were formulated by governance authorities in each member country who are responsible for conducting evaluations based on the Scorecard (Ilyasa & Nurkholis, 2023).

Fundings Decisions

Funding decisions are strategic decisions related to the selection of an efficient funding structure in supporting company activities. This decision includes determining the composition between internal sources of funds, such as retained earnings, and external sources of funds, such as debt and capital. A well-structured funding arrangement balances short, long, and equity, allowing for optimal financing of the company's operational and investment needs (Hidayat et al., 2023).

In relation to Signaling Theory, funding decisions can be seen as a form of signal that management sends to investors regarding the company's financial condition and future prospects. When a company chooses to use debt in reasonable proportions, it indicates management's confidence in the firm's ability to generate future cash flows and meet its obligations, which is interpreted by investors as a positive signal. Conversely, excessive reliance on debt or frequent issuance of equity may be viewed as negative signals, suggesting potential financial distress or weak internal cash generation. Therefore, funding decisions play a crucial role in shaping investor perceptions and can ultimately influence firm value through the signals they convey to the market.

Working Capital Turnover

According to Setiawan et al. (2021) working capital turnover is a ratio used to evaluate a company's efficiency in managing its working capital during a particular period. It is determined by dividing sales by net working capital, which by deducting current liabilities from current assets. It reflects the amount of revenue generated in relation to the available working capital or average working capital, offering insights into how effectively a company converts its capital into sales over a fixed period timeframe.

In the context of Signaling Theory, working capital turnover can serve as an indicator that signals a company's operational efficiency and financial health to investors. A high working capital turnover suggests that management is effectively utilizing short-term assets to generate sales, which conveys a positive signal about the company's performance and liquidity management. This efficiency is often interpreted by investors as a sign of strong managerial capability and sustainable business operations, potentially increasing firm value. Conversely, a low or declining turnover ratio may be perceived as a negative signal, indicating inefficiency or poor asset management, which could reduce investor confidence and negatively impact firm value.

Hypothesis

Stewardship Theory views managers as trustworthy parties to manage the company for the benefit of shareholders, with a focus on long-term responsibility and organizational success. This theory is closely related to corporate governance, where good governance strengthens the relationship between management and company owners. Through instruments such as the ASEAN Corporate Governance Scorecard (ACGS), the level of transparency and accountability can be measured. A high ACGS score reflects the implementation of effective governance, which according to the Stewardship Theory perspective is evidence of managers' commitment to the interests of shareholders and can increase investor confidence and firm value.

Stewardship Theory supports Hypothesis 1 by explaining that managers who act as responsible stewards will naturally uphold good governance principles such as transparency, accountability, and fairness. These principles align with the core objectives of corporate governance and demonstrate that effective managerial stewardship can enhance the company's reputation and performance in the eyes of investors. Therefore, strong corporate governance, as

indicated by a high ACGS score, reflects the realization of stewardship behavior that ultimately leads to an increase in firm value.
H1: It is suspected that Corporate Governance has an effect on Firm Value.

Signalling Theory explains that corporate funding decisions can be used as a signal to the market regarding the company's financial condition and prospects. Because management has information that is not fully known by investors, funding decisions become a tool to reduce information asymmetry. The use of debt, for example, is often seen as a positive signal that the company has confidence in its ability to generate cash flows and fulfill future obligations. Thus, the right funding decision can increase investor confidence and have a positive impact on firm value.
H2: It is suspected that Funding Decisions has an effect on Firm Value.

Signalling Theory states that companies can signal to the market through certain information, especially since not all internal conditions are known by investors. One form of such signal is working capital turnover, which reflects the company's efficiency in managing current assets such as inventory, receivables, and short-term debt. High working capital turnover indicates the company's ability to manage cash flow and operations effectively, thus becoming a positive signal to investors. Optimal working capital management shows the efficient use of resources in generating profits, which in turn has an impact on increasing company value.
H3: It is suspected that Working Capital Turnover has an effect on Firm Value

Research Method

Type of Research

This study applies an associative method with a quantitative research approach. The associative method aims to examine and confirm the existence of a relationship between two or more variables, whether the relationship is symmetrical, causal, or reciprocal. The quantitative approach is used to statistically measure and analyze these relationships in order to describe the phenomena in an objective and measurable way. This research focuses on companies in the consumer noncyclical sector that are listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023. The data were collected from the annual reports of each company, which were accessed through the companies' official websites and the IDX website at https://www.idx.co.id/.

Research Sample

The population of this study consists of 125 non-cyclical sector companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period. The research sample was determined using the purposive sampling method, which selects companies based on specific criteria relevant to the research objectives. A total of 69 companies met the established criteria and were included as the study sample. The sampling criteria applied in this study are as follows:

Table 1
Sample Selection Criteria

No.	Description	Fail	Total
1.	Non-cyclical sector companies listed on the IDX in 2019–2023		125
2.	Companies that conducted IPO after 2019	(47)	78
3.	Companies with complete annual reports from 2019 to 2023	(6)	72
4.	Companies with positive equity during 2019–2023	(3)	69
Total Years of Observation		5 Years	
Total Observations (69 companies × 5 years)		345	

Source: Data processed by researchers, 2025

Operational Research Variables

1. Firm Value
   The firm value in this study is measured using the Price to Book Value (PBV) indicator. PBV is a ratio that compares a company's market price per share with its book value per share. This ratio reflects investors' perception of the company's ability to generate value from its assets. The higher the PBV, the greater the market's assessment of the company's future prospects and performance. Therefore, PBV serves as an important indicator to assess how well a company can enhance shareholder wealth and attract investor interest.

$$\text{Price Book Value} = \frac{\text{Market Price Per Share}}{\text{Book Value Per Share}}$$

2. Corporate Governance
   Corporate governance in this study is measured using the ASEAN Corporate Governance Scorecard (ACGS) approach. ACGS is an assessment tool developed by ASEAN to evaluate the quality of corporate governance based on the principles of transparency, accountability,

responsibility, independence, and fairness. The assessment is carried out through five key principles: Rights of Shareholders, Equitable Treatment of Shareholders, Role of Stakeholders, Disclosure and Transparency, and Responsibilities of the Board. By using ACGS, corporate governance can be evaluated in an objective and standardized manner, reflecting how well the company implements good corporate governance practices in its operations.

$$\text{Total Principle Score} = \frac{\text{Total Criteria Met}}{\text{Total Criteria}} \times \text{Weighted Value}$$

$$\text{ACGS} = \text{Level 1} + (\text{Level 2 Bonus} - \text{Level 2 Penalti})$$

3. Funding Decisions
   Funding decisions in this study are measured using the Debt to Asset Ratio (DAR). DAR is a ratio that indicates the proportion of total debt to total assets of a company. This ratio reflects the extent to which a company relies on debt to finance its assets. A higher DAR indicates a greater dependence on debt in the company's capital structure. Therefore, DAR is used to evaluate managerial decisions in selecting sources of financing, particularly in determining the balance between debt and equity financing.

$$\text{Debt to Assets Ratio} = \frac{\text{Total Liabilitas}}{\text{Total Aset}}$$

4. Working Capital Turnover
   Working capital turnover is a ratio that measures how efficiently a company utilizes its working capital to generate sales. It is calculated by comparing net sales to net working capital, which is the difference between current assets and current liabilities. A higher WCTO indicates greater efficiency in managing short-term resources to support operational activities. Therefore, WCTO serves as an important indicator to assess a company's ability to optimize its working capital in order to improve performance and firm value.

$$\text{Working Capital Turnover} = \frac{\text{Net Sales}}{\text{Current Asset} - \text{Current Liabilites}}$$

Data Analysis Technique

The data analysis in this study was conducted using EViews software version 12. The analysis process began with descriptive statistics to provide an overview of the data distribution for each research variable. Next, a panel data regression model selection was performed to identify the most appropriate model. Once the optimal model was selected, a classical assumption test was carried out to ensure the validity of the regression model. The core analysis employed panel data regression to examine the influence of the independent variables on the dependent variable. Lastly, hypothesis testing was conducted, which included the t test (partial), F test, and the coefficient of determination (R squared) test to evaluate the strength and significance of the relationships among the variables in the model.

The following equation formula is expressed as follows:

$$FM_{it} = \alpha + \beta_1 CG_{it} + \beta_2 FD_{it} + \beta_3 WCT_{it} + \varepsilon_{it}$$

FM_{it} = Firm Value
α = Constant
β = Regression Coefficient
CG_{it} = Corporate Governance
FD_{it} = Funding Decisions
WCT_{it} = Working Capital Turnover
ε_{it} = Error

Results and Discussion

Descriptive Statistic

Descriptive statistics in Table 2 provide initial information about the minimum, maximum, average, and standard deviation values of each research variable.

Table 2
Desriptive Statistic

	PBV (Y)	ACGS (X_1)	DAR (X_2)	WCTO (X_3)
Mean	3.467357	0.792455	0.487552	148.1637
Median	1.633648	0.794387	0.477924	3.757987
Maximum	60.67179	1.339949	0.982136	45300.92
Minimum	0.177636	0.171722	0.093235	-4136.795
Std. Dev.	6.961132	0.241570	0.209862	2457.018
Skewness	5.362697	-0.128381	0.203487	18.05717
Kurtosis	35.51078	2.489719	2.411342	332.5432
Jarque-Bera	16847.28	4.690757	7.362093	1579855.
Probability	0.000000	0.095811	0.025197	0.000000
Sum	1196.238	273.3969	168.2157	51116.46
Sum Sq. Dev.	16669.33	20.07443	15.15050	2.08E+09
Observations	345	345	345	345

Source: Data processed by researchers, 2025

Regression Model Selection

Table 3
Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	18.423089	(68,273)	0.0000
Cross-section Chi-square	593.670038	68	0.0000

Source: Data processed by researchers, 2025

Table 4
Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	4.258912	3	0.2348

Source: Data processed by researchers, 2025

Table 5
Lagrange Multiplier Test

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	399.5391 (0.0000)	1.316793 (0.2512)	400.8559 (0.0000)

Source: Data processed by researchers, 2025

Based on the results of the model selection test presented in the table, it can be concluded that the Random Effect Model (REM) is the best model in this study. This is supported by the results of the Hausman test and the Lagrange multiplier test, where REM is identified as the most appropriate model to use in panel data analysis.

Classical Assumption Test

1. Normality Test

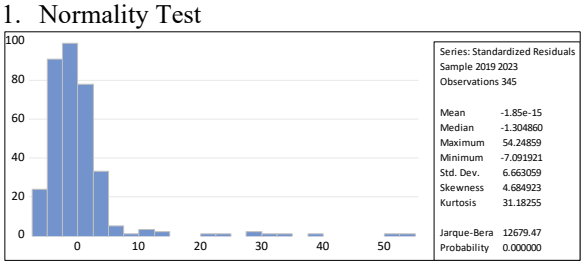

Fig. 1. Normality Test

The results of the normality test indicate that the Jarque-Bera probability value is below the significance threshold (0.000000 < 0.05), which statistically suggests that the data is not normally distributed. However, given the relatively large number of observations in this study (n = 345), the Central Limit Theorem (CLT) allows the distribution to be considered approximately normal. Therefore, the normality assumption can still be regarded as reasonably satisfied.

2. Multicollinearity Test

Table 6
Multicollinearity Test

	ACGS (X_1)	DAR (X_2)	WCTO (X_3)
ACGS (X_1)	1.000000	-0.016835	-0.054504
DAR (X_2)	-0.016835	1.000000	0.039449
WCTO (X_3)	-0.054504	0.039449	1.000000

Source: Data processed by researchers, 2025

The multicollinearity test results presented in the table above indicate that none of the independent variables exhibit a correlation value exceeding 0.90. This suggests that the regression model is free from multicollinearity issues, making it suitable to proceed to the next stage of analysis.

3. Heteroscedasticity Test

Table 7
Heteroscedasticty Test

F-statistic	18.14349	Prob. F (3,341)	0.0000
Obs*R-squared	47.48879	Prob. Chi-Square (3)	0.0000
Scaled explained SS	95.39273	Prob. Chi-Square (3)	0.0000

Source: Data processed by researchers, 2025

Although the model is affected by heteroscedasticity, the heteroscedasticity test is not mandatory for the Random Effect Model, as it uses the Generalized Least Squares (GLS) method, which accounts for heteroscedasticity in the estimation process.

4. Autocorrelation Test

Table 8
Autocorrelation Test

Weighted Statistics	
Mean dependent var	0.801075
S.D. dependent var	3.255593
Sum squared resid	3344.162
Durbin-Watson stat	1.133587

Source: Data processed by researchers, 2025

The Durbin-Watson (DW) value of 1.133587 is still within the tolerance range of -2 to 2, which indicates that there is no autocorrelation in the model. Thus, the regression model is considered valid for use in further analysis.

Panel Data Multiple Regression and Hypothesis Testing

Table 9
Random Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-2.343035	1.467301	-1.596834	0.1112
ACGS (X_1)	0.322598	1.039389	0.310373	0.7565
DAR (X_2)	11.39321	2.060639	5.528971	0.0000
WCTO (X_3)	-2.53E-06	7.66E-05	-0.032982	0.9737
Effects Specification				
			S.D.	Rho
Cross-section random			5.887020	0.7801
Idiosyncratic random			3.125837	0.2199
Weighted Statistics				
R-squared	0.082790	Mean dependent var		0.801075
Adjusted R-squared	0.074721	S.D. dependent var		3.255593
S.E. of regression	3.131601	Sum squared resid		3344.162
F-statistic	10.25993	Durbin-Watson stat		1.133587
Prob(F-statistic)	0.000002			
Unweighted Statistics				
R-squared	0.083806	Mean dependent var		3.467357
Sum squareds resid	15272.35	Durbin-Watson stat		0.248220

Source: Data processed by researchers, 2025

Using the test results, multiple regression equations can be developed:

$$Y_{it} = -2.343035 + 0.322598\ X_{1it} + 11.39321\ X2_{it} - 2.53E\text{-}06\ X3_{it} + \varepsilon_{it}$$

The coefficient of determination (R squared) shows a value 7.47%, indicating that the independent variables in the model are able to explain only a small portion of the variation in firm value by 7.47%, the remaining variation is influenced by other factors outside the model. The F test result shows a probability value of 0.000002, which is below the 0.05 significance level. This means that, simultaneously, the variables in the model significantly affect firm value.

Based on the t test results, only the funding decision variable (DAR) has a significant effect on firm value, as indicated by a probability value of 0.0000. Meanwhile, the variables of corporate governance (ACGS) and working capital turnover do not show a significant effect, with probability values of 0.7565 and 0.9737 respectively.

The Effect of Corporate Governance on Firm Value

The results of hypothesis testing show that the corporate governance variable, as measured by the ASEAN Corporate Governance Scorecard (ACGS), has no significant effect on firm value. This low influence can be caused by the limited understanding and attention of investors to the ACGS standard. The average ACGS score of companies in the sample is 79.24, which is categorized as Fair. Although it shows a fairly good governance effort, the level of fulfillment of these indicators has not been considered as a major consideration in making investment decisions. This is reflected in the low fulfillment of principle A (Rights and Fair Treatment of Shareholders), which is only 57.24% of the total indicators, which shows a lack of attention to the protection of shareholder rights.

From a Stewardship Theory perspective, this finding suggests that although management has attempted to implement governance according to ACGS principles, it has not been translated directly by the market into a positive signal. In this theoretical framework, managers are assumed to act in the best interest of shareholders without the need for close supervision, so the implementation of governance has not been considered as a major determining factor in investor assessment.

This result is in line with previous research conducted by (Nopagia et al., 2024), which found that the quality of good corporate governance has not been able to encourage an optimal increase in firm value. However, this result is different from the findings of (Jannah & Sartika, 2022), which state that corporate governance has a positive and significant effect on firm value.

The Effect of Funding Decisions on Firm Value

The results of hypothesis testing show that the funding decision variable has a significant effect on firm value.

This positive influence is driven by the stability of the company's funding structure in the Debt to Asset Ratio (DAR) range of around 0.48 to 0.49 over the five years of observation. This stability reflects a healthy balance between the use of debt and equity, which is valued positively by investors. In addition, the use of debt within reasonable limits also allows companies to take advantage of the benefits of tax savings (tax shield) without incurring excessive financial risks.

From the Signalling Theory point of view, a stable funding structure provides a positive signal to investors that management has a wise, planned, and not rash financial strategy in taking risks. This signal increases market confidence and ultimately has an impact on the increase in firm value.

This finding supports the research of (Saputri & Suripto, 2022), which states that funding decisions affect firm value because they reflect management's ability to manage sources of funds effectively. However, this result is different from the findings of

(Hidayat et al., 2023), which states that funding decisions do not have a positive effect on firm value.

The Effect of Working Capital Turnover on Firm Value

The hypothesis test results show that working capital turnover has no significant effect on firm value. Based on the data, the working capital turnover of companies in the sample is considered inefficient. Although the turnover value increases sharply in 2023, this does not reflect healthy operational efficiency. The increase is most likely caused by a decrease in net working capital due to the growth of current assets that is not balanced with current debt. In addition, the company's revenue growth during the study period only reached 16.04%, much lower than the growth of current assets (33.85%) and current debt (30.95%). This means that the high working capital turnover rate is due to technical factors, not the effectiveness of asset management.

From a Signaling Theory perspective, a high working capital turnover rate is not necessarily considered a positive signal by investors. Instead of reflecting efficiency, the figure may indicate the imbalance of the short-term financial structure. Therefore, fluctuations in working capital turnover do not provide a strong enough or relevant signal to investors.

This result is consistent with the findings of (Citra et al., 2020), who stated that working capital turnover does not have a significant effect on firm value due to its relatively stable nature and its inability to directly reflect financial performance. However, this finding contrasts with the study by (Arisliani & Suwaarti, 2024), which found that working capital turnover has a positive effect on firm value.

Conclusions

This study aims to examine the influence of corporate governance, funding decisions, and working capital turnover on firm value in companies within the consumer noncyclical sector listed on the Indonesia Stock Exchange for the period from 2019 to 2023. Based on the results of the panel data regression analysis, the following conclusions can be made:

1. Corporate governance, proxied by the ASEAN Corporate Governance Scorecard (ACGS), does not have a significant effect on firm value. This suggests that although companies have made efforts to implement sound governance practices, such information has not yet become a key consideration for investors in evaluating firm value.
2. Funding decisions, proxied by the Debt to Asset Ratio (DAR), have a significant effect on firm value. A stable and balanced capital structure is positively perceived by investors, reflecting managerial confidence in the company's financial prospects and risk management capabilities.
3. Working capital turnover does not have a significant effect on firm value. The high turnover ratio is considered to result more from technical factors rather than operational efficiency and therefore is not viewed as a relevant signal by investors.

Simultaneously, the regression model is statistically accepted; however, the coefficient of determination indicates that the independent variables explain only 7.47% of the variation in firm value. This implies that other external factors not included in the model may influence firm value and warrant further investigation in future research.

Future research is suggested to include additional independent variables that may potentially influence firm value in the analytical model. Variables such as capital structure, firm size, corporate social responsibility (CSR), and other relevant factors can be incorporated to examine the effect of variables beyond those investigated in this study.

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