Management Analysis Journal 14 (3) (2025)

http://maj.unnes.ac.id

THE IMPACT OF CORPORATE FUNDING POLICIES ON FIRM VALUE: A COMPARATIVE STUDY OF DEBT, PROFIT, AND FREE CASH FLOW IN TRANSPORTATION AND LOGISTICS COMPANIES

Deni Hadyan[1]✉, **Alvin David P Sitorus**[2], **Arifin**[3]

[1,2,3]Master Program of Business Management, Bina Nusantara University Jakarta, Indonesia

Article Information

History of article:
Accepted July 2025
Approved August 2025
Published September 2025

Keywords:
Company's Value,
Company's Debt,
Company's Profit,
Company's Cash Flow

Abstract

This study addressed the critical role of Indonesia's transportation and logistics sector in national economic growth, which faced significant pressure from COVID-19 impacts (15.04% decline) and state expenditure cuts (IDR 306.7 trillion). Prior research revealed inconsistent findings on how funding policies affect company value, highlighting a key knowledge gap. The study examined the comparative impact of company debt, profit, and free cash flow on firm value within this sector. Using quantitative methods, financial data from 19 Indonesian-listed transportation/logistics companies (2018–2023, n = 104 observations) were analyzed via multiple linear regression. Results indicated that debt significantly reduced firm value, while profit, and free cash increased it. These findings suggest that optimizing profit retention and cash flow management, while minimizing excessive debt, enhances company resilience and investor appeal.

✉correspondence Address:
Jl. K. H. Syahdan No. 9, Kemanggisan, Palmerah
Jakarta 11480 Indonesia
E-mail: deni.hadyan@binus.ac.id

e-ISSN 2502-1451

INTRODUCTION

The transportation and logistics sector is a key pillar in supporting national economic growth through its strategic role in ensuring the smooth distribution of goods and the mobility of people. However, according to data from the Ministry of Transportation, this sector has been under significant pressure, experiencing a 15.04% decline in activity due to the COVID-19 pandemic (Bisnis.com, 2022). Furthermore, the situation was exacerbated in early 2025 with the implementation of state expenditure efficiencies amounting to IDR 306.7 trillion (Reuters, 2025a). The expenditure cuts were distributed as IDR 256.1 trillion for ministries/ agencies and IDR 50.6 trillion for regional governments (Reuters, 2025b; The Jakarta Post, 2025). These drastic efficiency measures triggered budgetary uncertainty, particularly in the private sector. The transportation and logistics industry was directly impacted, for example, through the delay of infrastructure projects, the extension of government contracts, and a reduction in support for public distribution (Jakarta Daily, 2025). Therefore, if these barriers are not addressed promptly, they could lead to stagnation and even a weakening of the transportation and logistics sector as a whole.

A company's ability to respond market dynamics & adapt effectively is largely determined by the strength of the company's value itself (Kusnirova et al., 2024). In their research, Kusnirova et al. (2024) explain that a company with a high value demonstrates its ability to adapt to market changes, boost investor confidence, and attract top talent. The value of a company serves not only as a measure of financial performance but also reflects how the company manages non-financial factors such as reputation, innovation, and relationships with stakeholders (Zarzycka & Krasodomska, 2021). However, in reality, the transportation and logistics sector experienced a significant slowdown in growth in 2024, with a projection of only 9.52% growth, much lower than 19.87% in 2022 and 13.96% in 2023.

Moreover, Indonesia's logistics costs remain high, reaching 14.29% of GDP in September 2023, despite a reduction from the

previous 16%. This figure is still higher compared to neighboring countries such as Singapore (8%), Malaysia (13%), and Thailand (15%) (Aliansi Logistik Indonesia, 2023). The weakening of this sector is also reflected in the performance of transportation-logistics issuers, which saw a decline in net profit by 86.5% in Q3 2024 (Kompas, 2025). Therefore, research related to company value and the factors influencing it becomes crucial, given that if company value in this industry continues to decline, it may lead to bankruptcy in the long term and negatively impact the economy.

Furthermore, in Q3 2024, issuers in the transportation and logistics sector recorded a decrease in the net profit margin ratio, which dropped to -0.4% from the previous 1.7%. This situation potentially leads to high company debt can increase financial risk and reduce operational flexibility, ultimately lowering company value. This is consistent with findings from research by Kurniawan et al. (2023), Dwiastuti and Dillak (2019), Bagaskara et al. (2021), Sumiati et al. (2021), and Putri and Sunarto (2022). However, other studies have found that company debt can have a positive impact on company value (Lestari et al., 2022; Hendryani et al., 2022; Apriliyanti et al., 2022; Hastuti and Tertia, 2023; Nugraha, N.M. et al., 2020; Radja et al., 2020), explaining that efficient debt usage can enhance return on equity (ROE), accelerate expansion, and increase company competitiveness, especially when debt costs are lower than the returns generated from the investments funded by that debt.

Moreover, the increasing debt of companies in Indonesia's transportation and logistics sector is partly due to high operational costs that result in losses. According to data from the Indonesia Stock Exchange, the total net profit of issuers in the IDX Transportation & Logistics index recorded a loss of IDR 300 billion in Q3 2024, compared to a profit of IDR 1.1 trillion in the same period the previous year (Kontan, 2024). In other words, the greater the loss experienced by a company, the lower its value, which is consistent with findings from Bagaskara et al. (2021) and Khairunnisa and Lubis (2023), which show that company profit has a negative effect on company value. However, several other studies suggest that higher company profits lead to higher company value, as evidenced by research by Janah et al. (2022), Luis (2022), Luhgiatno (2019), Astuti et al. (2019), Muslim (2022), Dwiastuti and Dillak (2019), and Hastuti et al. (2023), which state that company profits can positively influence company value because high profits reflect healthy financial performance, increase investor confidence, and provide flexibility for reinvestment, ultimately enhancing competitiveness and the company's potential for future growth.

Finally, the transportation and logistics industry in Indonesia is also facing challenges related to poor cash flow, as reflected in the significant decline in financial performance in 2024. The IDX Transportation & Logistics sector index (IDXTRANS) experienced a decrease of 11.66% year-to-date (YTD), lower than the performance of the Composite Stock Price Index (IHSG), which rose 0.57% during the same period. Moreover, the transportation and logistics sector saw a 11.66% decline in stock index throughout 2024, compared to the IHSG, which increased by 0.57% (Market Bisnis, 2024). This condition indicates that companies in this sector are struggling to manage cash flow, which could affect their operational continuity and long-term growth. This is consistent with findings from Markonah et al. (2020) and Mentari and Idayati (2021), which indicate that free cash flow negatively affects company value. However, other studies have found that properly managed cash flow can make cash inflows and outflows healthier, ultimately improving company value. This finding is supported by research from Panjaitan et al. (2023) and Rechiwati et al. (2020).

The inconsistency in research results concerning the relationship between company debt, company profit, and cash flow on company value further highlights the evidence gap in this area of study. Therefore, to obtain more consistent conclusions, further research is needed to examine the relationships between these variables, especially within Indonesia's transportation and logistics sector, which remains underexplored. This study is expected to enrich the existing literature and assist companies in making better strategic decisions. Additionally, to understand the phenomena occurring in the Indonesian transportation and logistics industry more comprehensively, this research utilizes the signaling theory perspective.

According to Brigham and Huston (2019), signaling theory explains that company management takes certain actions to signal to investors about the company's future prospects. These signals can include information related to achievements or strategies implemented to achieve company goals. Meanwhile, according to Chumaidah & Priyadi (2018), signaling theory is used by companies to communicate relevant information to financial statement users, both in the form of positive signals (good news) and negative signals (bad news). Based on the phenomenon and theoretical references used in this study, the research model formed is further illustrated in Figure 1, as well as it's hypotheses.

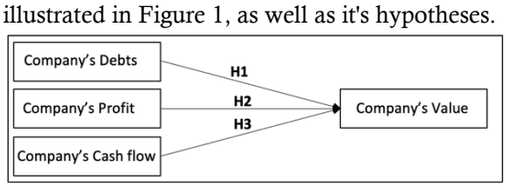

Figure 1. Research Model

H1: Company's debt negatively affects the value of the company

H2: Company's profit positively affects the value of the company

H3: The use of free cash flow positively affects the value of the company.

METHOD

This study is a quantitative-explanatory research. The study utilizes secondary data in the form of financial reports published through the official websites of transportation and logistics companies listed on the Indonesia Stock Exchange (IDX) for the period 2018-2023. The population for this study consists of 36 transportation and logistics companies listed on the Indonesia Stock Exchange. The sampling method used in this research is purposive sampling, with the sampling criteria being transportation and logistics companies that are listed, publish annual reports, and provide financial reports in rupiah on the Indonesia Stock Exchange (IDX) for the period 2018-2023. The list of research samples that meet the criteria can be seen in Table 1.

Tabel 1. List of Transportation and Logistics Company Samples

Code	Company
NELY	PT Pelayaran Nelly Dwi Putri Tbk.
AKSI	PT Mineral Sumberdaya Mandiri Tbk.
BIRD	PT Blue Bird Tbk.
CMPP	PT Air Asia Indonesia Tbk.
LRNA	PT Eka Sari Lorena Transport Tbk.
MIRA	PT Mitra International Resources Tbk.
MITI	PT Mitra Investindo Tbk.
SDMU	PT Sidomulyo Selaras Tbk.
TAXI	PT Express Transindo Utama Tbk.
TMAS	PT Temas Tbk.
WEHA	PT WEHA Transportasi Indonesia Tbk.
HELI	PT Jaya Trishindo Tbk.
TRUK	PT Guna Timur Raya Tbk.
BPTR	PT Batavia Prosperindo Trans Tbk.
SAPX	PT Satria Antaran Prima Tbk.
JAYA	PT Armada Berjaya Trans Tbk.
SAFE	PT Steady Safe Tbk.
IMJS	PT Indomobil Multi Jasa Tbk.
ASSA	PT Adi Sarana Armada Tbk.

The data analysis in this study was conducted using IBM SPSS software version 25 and multiple linear regression methods to examine the impact of shareholder funding policies on company value (Ghozali, 2018: 137). According to Ghozali (2021), the analysis process begins with descriptive statistics to summarize the data, followed by classical assumption tests, including normality, multicollinearity, autocorrelation, and heteroscedasticity tests, to ensure the validity of the regression model. Subsequently, multiple linear regression is employed to examine the effects of independent variables such as tax planning, profitability, and leverage on company value (Ghozali, 2021). Hypothesis testing is performed using the F-test to assess the model's feasibility, the coefficient of determination (R^2) test to measure the influence of independent variables, and the t-test to examine the partial effects of each independent variable. A more detailed definition of the operational variables in this study can be seen in Table 2 below.

Tabel 2. Definition of Operational Variable

Variable	Definition of Variable	Indicator	Scale
Company's Value	Company value reflects the selling price of a company when it is considered ready to be sold, so that potential investors are willing to pay for it (Subramanyam, 2019)	$\boldsymbol{PBV} = \frac{\boldsymbol{Market\ Price\ Per\ Share}}{\boldsymbol{Book\ Value\ Per\ Share}}$	Ratio
Company's Debt	The long debt to asset ratio is used to assess debt in relation to equity by comparing total liabilities to equity (Subramanyam, 2019)	$\boldsymbol{LDAR} = \frac{\boldsymbol{Total\ Liability}}{\boldsymbol{Total\ Aset}}$	Ratio
Company's Profit Margin	The company profit margin is the ratio between net profit generated by the company from sales against the		Ratio

	efficiency of all activities such as production, administration, marketing, financing, pricing decisions, and tax management.	$NPM = \frac{Net\ Income}{Sales}$	
Company's Cash Flow	The current ratio measures how well short-term creditor demands are met by assets expected to be converted into cash within the same period as the due date of liabilities (Sawir, 2017).	$Current\ Ratio = \frac{Current\ Assets}{Current\ Liabilities}$	Ratio

RESULT AND DISCUSSION

The first step in the data analysis conducted in this study is to describe the distribution of the obtained data. A more detailed view can be seen in Table 3.

Tabel 3. Statistic Descriptive

Variable	N	Min	Max	Mean	Stdv.
Company's Debt	104	0	2.29	0.3492	0.52709
Company's Profit Margin	104	-4.97	1.29	-0.1212	1.12692
Company's Cash Flow	104	0.04	10.71	1.7416	1.9944
Company's Value	104	0	0.01	0.0003	0.00153

Based on the descriptive statistics results presented in Table 3, for the Company Debt variable, the highest recorded value is 2.29, although the average is only 0.3492. This indicates that most companies have low debt, but there are a few companies with significantly higher debt. Additionally, for the Company Profit variable, the maximum value recorded is 1.29, with a negative average of -0.1212, meaning that some companies are experiencing losses, although there are also companies with positive but limited profits. Furthermore, for the Free Cash Flow variable, the highest value reached 10.71, which is significantly higher than the average of 1.7416, indicating that there are companies with very strong free cash flows, much higher compared to others. Meanwhile, for the Company Value variable, the maximum value is only 0.01, with a very small average of 0.0003. This reflects that the company values in the sample are very low, with minimal differences between the companies.

After the data has been analyzed using descriptive statistics, the data is then evaluated through several components in the classical assumption tests, which aim to ensure that the data collected aligns with the research objectives and that there are no issues with the data. The first step in the classical assumption test is to evaluate the normality test values, which can be seen in more detail in Table 4 below.

Table 4. Result of Normality Test

Statistics Test	Value
Sample (N)	104
Test Statistic	0.084
Asymp. Sig. (2-tailed)	0.200

Based on the results of the normality test shown in Table 4, the One-Sample Kolmogorov-Smirnov Test value indicates that the residuals in the regression model have a distribution that is approximately normal. With a sample size of 104, a Mean value of 0.0000000 and a Standard Deviation of 1.15387940 indicate that the residuals are symmetrically distributed around zero. The Most Extreme Differences for the Absolute value are 0.084, Positive 0.084, and Negative -0.051, suggesting that the maximum difference between the data distribution and the normal distribution is still within an acceptable range. Additionally, the Test Statistic value of 0.084 and Asymp. Sig. (2-tailed) of 0.200 (> 0.05) indicate that there is insufficient evidence to reject the null hypothesis, meaning that the residuals in the model do not significantly differ from a normal distribution. Therefore, it can be concluded that the normality assumption for the residuals is satisfied, and there are no indications of normality assumption issues. Consequently, the regression model can be used for further analysis in the next stage of the classical assumption test, which is the evaluation of multicollinearity values, as detailed in Table 5 below.

Table 5. Result of Multicolinearity Test

Variabel	Tolerance	VIF
Company's Profit Margin	0.395	2.531

Company's Cash Flow	0.392	2.551
Company's Value	0.978	1.022

Based on the results of the multicollinearity test shown in Table 5, the Tolerance and Variance Inflation Factor (VIF) values indicate that there are no serious multicollinearity issues in this regression model. The Company Debt variable has a Tolerance value of 0.395 and a VIF of 2.531, while the Profit variable has a Tolerance value of 0.392 and a VIF of 2.551, both of which are still below the critical threshold of 10, suggesting no significant multicollinearity despite showing a moderate correlation with other variables. Meanwhile, the Free Cash Flow variable has a Tolerance value of 0.978 and a VIF of 1.022, which is very close to 1, indicating that this variable has almost no correlation with other independent variables and is essentially free from multicollinearity. Therefore, these results suggest that the independent variables in the model do not have excessively strong relationships with each other, allowing the regression model to produce stable and valid estimates without distortion from multicollinearity. This enables the continuation of the next test, which is the Heteroscedasticity test. The evaluation at this stage uses a scatterplot, which can be seen in more detail in Figure 2 below.

Figure 2. Result of Heteroscedasticity Test

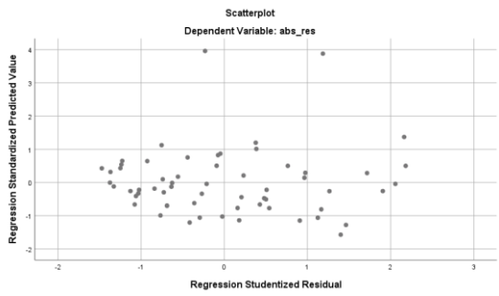

Figure 2 above shows the results of the heteroscedasticity test visualized in the form of a scatterplot, where the residual points are randomly dispersed and do not form any particular pattern, such as a spreading, converging, or curving pattern. This indicates that the residual variance is constant across the range of independent variable values, meaning that there is no heteroscedasticity in the regression model used. In other words, the model satisfies the homoscedasticity assumption, ensuring that prediction errors are not influenced by changes in the independent variables, and the regression estimation results remain efficient and reliable. The absence of heteroscedasticity issues demonstrates that the regression model has good quality in explaining the relationship between independent and dependent variables without being disrupted by changes in residual variability. Therefore, the classical assumption analysis can proceed to the final stage, which is the evaluation of autocorrelation values, as detailed in Table 6

Table 6. Result of Autocorrelation Test

Statistic	Value
R	0.601
R Square (R^2)	0.361
Adjusted R^2	0.327
Std. Error	1.184
Durbin-Watson	2.030

Based on Table 6 above, the results of the autocorrelation test using the Durbin-Watson value of 2.030 indicate that there are no autocorrelation issues in this regression model. A Durbin-Watson value close to 2 suggests that the residuals in the model do not exhibit any specific pattern and are independent, thus satisfying the residual independence assumption. Therefore, the regression model used can provide valid estimates without any disturbances caused by correlations between residuals, which often occur in time series data or data with a sequential structure. This indicates that the regression model can be used for further analysis without the need to correct for autocorrelation. Thus, all classical assumption evaluations have been adequately met, and the analysis can proceed to the core stage, which is the multiple linear regression test, as detailed in Table 7 below.

Table 7. Result of Multiple Linear Regression

Variable	B	Std. Error	Beta	t	Sig.
Constanta	5.399	1.470	–	3.672	0.001
Company's Debts	-0.166	0.095	0.297	-1.746	0.006
Company'sFree Cash Flow	0.042	0.060	0.075	0.697	0.009
Company's Profit	0.172	0.090	0.325	1.903	0.042

Based on Table 7, the multiple linear regression results indicate that this model can significantly explain the influence of the independent variables on Firm Value. The constant (Intercept) value of 5.399 with a significance value (p-value) of 0.001 indicates that when all independent variables are zero, firm value remains positive. The Company Debt variable has a regression coefficient of -0.166 with a sig. value of 0.006, which means company debt has a significant negative influence on firm value; consequently, an increase in debt tends to increase firm value [sic]. The Free Cash Flow variable has a regression coefficient of 0.042 with a sig. value of 0.009, indicating that free cash flow also has a significant positive influence on firm value, although with a smaller effect compared to other variables. Meanwhile, the Profit variable has a regression coefficient of 0.172 with a sig. value of 0.042, meaning that profit has a significant positive influence on firm value; thus, the higher the profit earned by the firm, the greater the firm value. Subsequently, the data was analyzed to test the proposed research hypotheses. Hypothesis testing in this research was conducted in three stages: the T-test, F-test, and the Coefficient of Determination (R-squared). For more detailed results, the hypothesis testing outcomes can be seen in Table 8 below.

Table 8. Result of T-Test

Variabel	B	Std. Error	Beta	t	Sig.
Constanta	5.399	1.470	–	3.672	0.001
Company's Debt	-0.166	0.095	0.297	-1.746	0.006
Company's Cash Flow	0.042	0.060	0.075	0.697	0.009
Company's Profit	0.172	0.090	0.325	1.903	0.042

Based on Table 8, the results of the T-test (partial test) in the multiple linear regression indicate the influence of each independent variable on the dependent variable, Firm Value. The constant (Intercept) value of 5.399 with a significance level (p-value) of 0.001 indicates that if all independent variables are zero, firm value remains positive. The Company Debt variable has a coefficient of -0.166 with a t-statistic of -1.746 and a p-value of 0.006, signifying that company debt has a statistically significant and negative influence on firm value. The Free Cash Flow variable shows a coefficient of 0.042 with a t-statistic of 0.697 and a p-value of 0.009, indicating that although free cash flow exerts a relatively small influence, it remains statistically significant on firm value. Meanwhile, the Profit variable has a coefficient of 0.172 with a t-statistic of 1.903 and a p-value of 0.042, meaning that profit also has a significant positive influence on firm value. This demonstrates that higher profits correspond to greater firm value. After examining the individual influence of each independent variable on the dependent variable, the next stage involves testing the condition where all three independent variables are simultaneously assessed against the dependent variable using the F-test. More detailed results can be seen in Table 9 below.

Table 9. Result of Anova Test

Variance	Sum of Squares	df	Mean Square	F	Sig.
Regression	44.429	3	14.810	10.557	0.000
Residual	78.555	81	1.403	–	–
Total	122.983	84	–	–	–

Table 9 shows that the results of the F-test (simultaneous test) in the multiple linear regression analysis indicate that the regression model as a whole is significant in explaining the influence of the independent variables on Firm Value. An F-statistic of 10.557 with a significance level (p-value) of 0.000 demonstrates that Company Debt, Free Cash Flow, and Profit simultaneously exert a statistically significant influence on firm value. A p-value substantially lower than 0.05 confirms that the regression model can be reliably used to describe the relationship between the independent and dependent variables. Furthermore, the Regression Sum of Squares (44.429) compared to the Residual Sum of Squares (78.555) indicates that a substantial proportion of the variation in firm value is explained by the model. Therefore, this F-test confirms that the regression model is valid and capable of explaining the overall relationship between company debt, free cash flow, and profit with firm value. The subsequent stage constitutes

the final step in the data analysis: evaluating the model's explanatory power through the coefficient of determination. More detailed results can be seen in Table 10 below.

Table 10. Coefficient of Determination R^2

Statistics	Value
R	0.601
R Square (R^2)	0.361
Adjusted R^2	0.327
Std. Error Estimate	1.184
Durbin-Watson	2.030

Based on Table 10, the Model Summary results show that the Adjusted R^2 value of 0.361 indicates a moderately weak relationship between the independent variables (Company Debt, Free Cash Flow, and Profit) and the dependent variable (Firm Value). In other words, these three variables collectively explain only 36.1% of the variation in the dependent variable, while the remaining 63.9% is accounted for by factors outside this model.

The Effect of Company's Debt on Its Value

The research results show that the use of company debt has a negative impact on firm value, with a regression coefficient of -0.166 and a significance level of 0.006. This finding is consistent with the theory that excessive use of debt can increase the financial risk faced by the company. When a company has high interest obligations, this can decrease the company's attractiveness to investors, as they are more likely to avoid companies with a large debt structure. High interest expenses can also limit the company's financial flexibility, which ultimately affects its long-term performance and reduces its value (Anita, Abdillah, & Suseno, 2023). In this regard, the decision to take on debt should be carefully considered by management to avoid long-term negative impacts on the company. Thus, H1 is accepted.

Furthermore, high debt usage can exacerbate the uncertainty regarding the company's ability to meet its financial obligations. This often leads to a decrease in investor interest, as they prefer companies with more stable financial structures. Research by Dwiastuti & Dillak (2019) shows that companies with high debt dependency often face difficulties in maintaining financial stability, especially in volatile market conditions. Therefore, it is important for companies to strike a balance between using debt and equity to ensure long-term sustainability and growth without sacrificing the value that could be created in the future.

Effect of Company's Profit on Its Value

Based on the regression results, profit has a positive effect on firm value, with a coefficient of 0.172 and a significance level of 0.042. This indicates that the higher the profit a company generates, the higher the value created for shareholders. High profit reflects good financial performance, which has the potential to increase the company's attractiveness in the capital market. This is in line with the research by Dewi & Ekadjaja (2020), who stated that high profitability indicates the company's ability to generate sustainable profits, which are highly valued by investors. Companies with high profits have brighter prospects, as investors view them as indicators that the company can continue to grow and deliver good results in the long term. Therefore, H2 is accepted.

Moreover, high profits are often associated with stability and sustainable growth within the company. Radja, Artini, & Gede (2020) added that companies that consistently generate profits are more attractive to investors because they are considered more capable of managing resources and developing products or services that are in demand in the market. Thus, companies seeking to enhance their value should focus on operational efficiency, product innovation, and effective cost management. With the right strategies, high profits can significantly contribute to the increase in firm value in a competitive market.

The Effect of Free Cash Flow on Its Value

The research results show that free cash flow has a positive effect on firm value, with a coefficient of 0.042 and a significance level of 0.009. Large free cash flow reflects the availability of funds that can be used by the company for business expansion, dividend payments, or investment in new projects without having to rely on external funding. According to Bhattacherjee (2019), companies with high free cash flow have greater financial flexibility, which allows them to respond quickly to emerging market opportunities. This increases the company's attractiveness to investors, who see it as a sign that the company has full control over its financial resources and can adapt to changing market conditions. Therefore, H3 is accepted.

In addition, large free cash flow is often considered an indicator of good and efficient financial management. Maina (2024) shows that companies with high free cash flow have a competitive advantage in highly dynamic industries, as they can use these funds to support innovation, expand distribution networks, or increase production capacity. Therefore, optimal management of free cash flow is crucial for companies seeking to improve their

competitiveness and attract more investors, which in turn will increase the firm's value in the market.

CONCLUSION AND RECOMMENDATION

Based on the research findings, it is concluded that financial factors pecifically the use of debt, profit, and free cash flow significantly influence firm value. Corporate debt demonstrates a negative impact on firm value, where higher debt levels increase financial risk and diminish investor appeal, necessitating balanced utilization to avoid long-term financial strain. While profit exerts a positive influence by reflecting financial stability and strong growth prospects, making profitability enhancement a management priority for increasing firm value. Additionally, free cash flow contributes positively by providing financial flexibility for business development, dividend payments, and investment without reliance on external financing, thereby strengthening competitiveness and investor confidence.

Based on the findings of this study, managers in Indonesia's transportation and logistics sector should prioritize maintaining a balanced capital structure, avoiding excessive debt reliance that may heighten financial risk and diminish firm value. Managers are advised to focus on enhancing profitability through improved operational efficiency and effective marketing strategies, as higher profits demonstrably increase firm value. Furthermore, robust free cash flow management is essential for ensuring financial flexibility, enabling investments in expansion projects or dividend distributions, thereby strengthening investor appeal. Consequently, management must ensure adequate cash reserves and optimize free cash flow utilization to support long-term growth and financial stability.

Although this study provides valuable insights into the effects of debt, profit, and free cash flow on firm value within Indonesia's transportation and logistics sector, several limitations warrant consideration. First, the regression model incorporates only three primary variables (debt, profit, and free cash flow), omitting other influential factors such as macroeconomic conditions, government regulations, and industry-specific dynamics. Future research should integrate relevant external variables—including inflation, interest rates, fiscal policy, and regulatory changes—to enhance analytical comprehensiveness and better capture contextual determinants of firm performance. Furthermore, this study relies exclusively on secondary data from companies listed on the Indonesia Stock Exchange (IDX) during the 2018–2023 period. This approach may not fully reflect current market conditions or post-2023 developments.

The exclusive focus on Indonesia's transportation and logistics sector also limits the generalizability of findings to other industries or countries. Subsequent studies should extend the analysis timeframe and incorporate primary data (e.g., interviews, surveys) to gain deeper contextual insights. Cross-sectoral or cross-national comparative analyses would further strengthen generalizability. Finally, despite rigorous classical assumption testing, the regression model explains only 36.1% of the variation in firm value (adjusted $R^2 = 0.361$), indicating significant unaccounted determinants. Future research should employ advanced econometric methods—such as panel data models or alternative specifications—to test additional variables and improve explanatory power.

REFERENCES

Ali Web. (2023, September 25). Biaya logistik Indonesia masih tinggi. *Ali.web.id.*

Anita, R., Abdillah, M. R., & Suseno, G. (2023). Leverage on firm value: The role of financial performance mechanisms. *Jurnal Aplikasi Bisnis dan Manajemen (JABM), 9*(3), 751–751.

Bhagat, S., & Hubbard, G. (2022). Rule of law and purpose of the corporation. *Corporate Governance: An International Review.*

Bhattacherjee, A. (2019). *Social science research: Principles, methods and practices* (Revised ed.). University of Southern Queensland.

Bisnis.com. (2024, December 19). Emiten transportasi-logistik paling jeblok di 2024, cek prospek saham 2025. *Bisnis.com.*

Dewi, I. A. M. C., Sari, M. M. R., Budiasih, I. G. A. N., & Suprasto, H. B. (2019). Free cash flow effect towards firm value. *International Research Journal of Management, IT and Social Sciences, 6*(3), 108–116.

Dewi, V. S., & Ekadjaja, A. (2020). Pengaruh profitabilitas, likuiditas dan ukuran perusahaan terhadap nilai perusahaan pada perusahaan manufaktur. *Jurnal Paradigma Akuntansi, 2*(1), 118–126.

Dwiastuti, D. S., & Dillak, V. J. (2019). Pengaruh ukuran perusahaan, kebijakan hutang, dan profitabilitas terhadap nilai perusahaan. *Jurnal ASET (Akuntansi Riset), 11*(1), 137–146.

Financial Times. (2025, February 11). Indonesia's $19 billion austerity drive targets travel and air conditioning. *Financial Times.*

Hasanuddin, R. (2021). The influence of investment decisions, dividend policy and capital structure on firm value. *Jurnal Economic Resources, 4*(1).

Hery. (2017). *Auditing dan asurans.* Grasindo.

Jakarta Daily. (2025, February 14). Indonesia's budget cuts of Rp 306 trillion raise concerns over economic impact. *Jakarta Daily.*

Jihadi, M., Vilantika, E., Hashemi, S. M., Arifin, Z., Bachtiar, Y., & Sholichah, F. (2021). The effect of liquidity, leverage, and profitability on firm value: Empirical evidence from Indonesia. *The Journal of Asian Finance, Economics and Business, 8*(3), 423–431.

Kompas. (2024, April 19). Biaya transportasi hingga ekonomi global gerus pertumbuhan bisnis logistik. *Kompas.id.*

Kontan. (2024, June 23). Kinerja IDX transportasi & logistik macet, simak rekomendasi saham konstituennya. *Kontan.*

Kontan. (2024, November 25). Kinerja IDX transportasi & logistik macet, simak rekomendasi saham konstituennya. *Kontan.*

Kusnirova, D., Durisova, M., & Bubeliny, O. (2024). Enhancing stakeholder value: Managerial activities in the value creation process for suppliers and buyers—Evidence from Slovak enterprises. *Administrative Sciences, 14*(8), 186.

Lee, C.-C., et al. (2020). Policy-related risk and corporate financing behavior: Evidence from China's listed companies. *Economic Modelling.*

Maina, S. K. (2024). *Cash flow volatility and firm market value of companies listed at the Nairobi Securities Exchange* (Doctoral dissertation, JKUAT-COHRED).

Markonah, M., Salim, A., & Franciska, J. (2020). Effect of profitability, leverage, and liquidity to the firm value. *1*(1), 83–94.

Mentari, B., & Idayati, F. (2021). Pengaruh kepemilikan manajerial, profitabilitas, dan kebijakan hutang terhadap nilai perusahaan. *Jurnal Ilmu dan Riset Akuntansi (JIRA), 10*(2).

Nugraha, N. M., Nugraha, D. N. S., & Sapitri, S. (2020). The effect of funding, investment and dividend policies on firm value in the manufacturing industry sectors. *Solid State Technology.*

Nugraha, R. K., Eksanti, A. P., & Haloho, Y. O. (2022). The influence of financial literacy and financial behavior on investment decision. *Jurnal Ilmiah Manajemen dan Bisnis, 8*(1).

Panjaitan, F. R., Minan, H. K., & Arief, M. (2023). The effect of liquidity, profitability and company size on company value with capital structure as an intervening variable in manufacturing companies listed on the IDX in 2016–2020. *International Journal of Economics and Management, 1*(1), 21–32.

Presidential Instruction No. 1/2025. (2025, January 22). Instruction of President of the Republic of Indonesia Number 1 of 2025 on budget efficiency.

Puspa, A. W. (2021). Sektor transportasi tertekan saat pandemi, menhub ungkap strategi pemulihannya. *Bisnis.com.*

Radja, F. L., Artini, L. G. S., & Gede, S. (2020). The effect of firm size, profitability and leverage on firm value. *International Journal of Economics and Management Studies, 7*(11), 18–24.

Reuters. (2025a, January 23). Indonesia plans spending cuts worth $18.84 billion, finance ministry says. *Reuters.*

Reuters. (2025b, February 7). Indonesian minister turns off the lights in government quest to cut $19 billion. *Reuters.*

Reuters. (2025c, February 20). Students lead 'Dark Indonesia' protests against budget cuts. *Reuters.*

Reuters. (2025d, February 18). Indonesia budget efficiency cuts remain at $18.8 billion, finance ministry says. *Reuters.*

Reschiwati, R., Syahdina, A., & Handayani, S. (2020). Effect of liquidity, profitability, and size of companies on firm value. *Utopia y Praxis Latinoamericana, 25*(6), 325–332.

Saputri, D. R., & Bahri, S. (2021). The effect of leverage, profitability, and dividend policy on firm value. *International Journal of Educational Research & Social Sciences, 2*(6), 1316–1324.

Sugiharto, S. A., & Hendratno. (2022). Pengaruh pertumbuhan perusahaan, free cash flow, dan investment opportunity set atas nilai perusahaan. *JIMEA-Jurnal Ilmiah MEA (Manajemen, Ekonomi, dan Akuntansi), 6*(3).

Susanti, N., Widajatun, V. W., Aji, M. B., & Nugraha, N. M. (2020). Implications of intellectual capital financial performance and corporate values (Studies on goods and consumption sector 2013–2017 period). *International Journal of Psychosocial Rehabilitation, 24*(7).

The Jakarta Post. (2025, January 25). Sri Mulyani defends Rp 306 trillion in budget cuts; says reallocation will boost GDP. *The Jakarta Post.*

Xinhua. (2025, February 18). News analysis: Indonesia's major budget cut opens opportunity for investors. *Xinhua.*

Zarzycka, E., & Krasodomska, J. (2021). Non-financial key performance indicators: What determines the differences in the quality and quantity of the disclosures? *Journal of Applied Accounting Research, 22*(2), 276–296.