

RESOURCE CAPACITY, CAPITAL STRUCTURE AND SHAREHOLDER VALUE IN CONSUMER CYCLICALS FIRMS

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Abstract

This study examines how Resource Capacity and Capital Structure affect Shareholder Value in Consumer Cyclical firms during 2022-2024, using 1,029 firm-year observations from Indonesia, Malaysia, and Singapore. Resource Capacity is proxied by LN Total Assets, Capital Structure by the Debt-to-Equity Ratio, and Shareholder Value by LN Price Close, tested using multiple linear regression with year dummies and bootstrap procedures. Resource Capacity shows a positive and significant effect on Shareholder Value ($p < 0.001$), robust under bootstrap testing. Capital Structure shows a significant negative effect in the main regression ($p = 0.017$), but this weakens under bootstrap ($p = 0.393$). Both variables jointly explain Shareholder Value significantly, though explanatory power remains limited (Adjusted $R^2 = 16.5\%$).

Keywords: *Resource Capacity, Capital Structure, Shareholder Value, Consumer Cyclicals, Financial Decisions*

INTRODUCTION

Investors' assessments of a company are not only reflected in the company's ability to generate financial performance, but also in how the market assesses the company's prospects and risks. This assessment is reflected in the stock price, which can change according to information and investor expectations regarding the company's condition. Therefore, Shareholder Value is important for understanding how a company's internal characteristics and decisions are translated into market valuations. The use of market-based measures also allows the study to capture investor responses to company information. Research by (Nugraha & Artini, 2022) shows that stock prices are one indicator that reflects investors' attention to a company's condition. Pasowati et al. (2024) also used stock prices as the dependent variable to test the effect of financial ratios, including the debt-to-equity ratio. In this study, Shareholder Value is proxied using the closing price of the stock as a representation of the market's assessment of the company.

This context is relevant to Consumer Cyclical companies because this sector consists of companies that produce or distribute cyclical or secondary consumer goods and services, so that demand is related to economic growth. Based on industry classification systems used across regional stock exchanges, such as the Indonesia Stock Exchange Industrial Classification (IDX-IC), in Indonesia and comparable classifications applied by Bursa Malaysia and the Singapore Exchange (SGX). Consumer Cyclical is a sector that includes companies with cyclical consumer product and services. These characteristics mean that changes in economic conditions and consumption patterns can affect company activities and investor expectations. These cyclical characteristics are also reflected in investors' attention to changes in economic conditions and consumption patterns. Yu (2024) shows that companies in the Consumer Cyclical sector exhibit investment characteristics related to changes in industry conditions and financial indicators. Lash (2025) also shows that the performance of Consumer Cyclical companies is linked to discretionary consumption trends and the economic pressures faced by consumers. Thus, Consumer Cyclical companies become a relevant context for testing whether the company's internal conditions are reflected in Shareholder Value. In this context, resource capacity and funding decisions are two internal aspects that can be used to explain market valuation.

Resource Capacity indicates the economic capacity of a company to support operational activities and business development. This study uses the natural logarithm of total assets as a proxy for Resource Capacity. The Resource-Based View perspective explains that a company can be viewed as a collection of heterogeneous resources. Wernerfelt (1984) introduced the resource-based view to explain how a company's resources can form the basis for its strategy, while Barney (1991) explained that resources can be a source of sustainable competitive advantage if

they are valuable, rare, difficult to imitate, and difficult to substitute. Empirical evidence shows that internal resources can be related to market valuation. Qadri *et al.* (2022), for example, found that several components of intellectual resources are positively related to stock prices in consumer goods companies in Indonesia. Research on firm size has also yielded mixed results. Widiarta & Dermawan, (2023) tested firm size against firm value in non-cyclical consumer companies in Indonesia, while (Pambudi & Meini Zumratul, 2023) found that firm size had no effect on firm value. Hudzaifah *et al.* (2024) further identified firm size and total assets as firm characteristics related to financial performance. These differences indicate that the relationship between resource capacity or firm size and market valuation still requires testing in different research contexts.

In addition to resource capacity, Capital Structure is related to the company's decision in determining the composition of funding derived from debt and equity. This study uses the Debt to Equity Ratio (DER) as a proxy for Capital Structure. The decision to use debt provides funding benefits for the company, but also has consequences in the form of financial risk and cost. Trade-Off Theory explains that companies need to consider the benefits of using debt against the costs that arise due to increased financial risk. Empirical evidence shows that the relationship between capital structure and company value can differ based on the size of debt and the research context. Bui *et al.*, 2023 for example, found that several debt measures have different directions and levels of influence on firm value, which is proxied by Tobin's Q. These findings indicate that funding decisions remain relevant for testing on different company characteristics and research contexts.

Although Resource Capacity and Capital Structure may theoretically be related to Shareholder Value, empirical evidence regarding this relationship remains inconsistent. Studies on resources or firm size yield differing results, while research on capital structure also indicates that the relationship with firm value may vary depending on the level of debt and the firm's context. These differences indicate that the relationship between a firm's internal characteristics and market valuation has not yet yielded consistent conclusions. Furthermore, the simultaneous testing of Resource Capacity and Capital Structure against Shareholder Value in consumer cyclicals firms still needs to be strengthened. These conditions form the basis for testing these two internal factors within a single empirical framework.

To address this gap, this study examines Consumer Cyclicals companies listed in Indonesia, Malaysia, and Singapore during the 2022-2024 period and uses stock closing prices as a proxy for Shareholder Value. The study aims to examine the effects of Resource Capacity and Capital Structure on Shareholder Value, both partially and simultaneously. It contributes empirical evidence by examining these two internal company characteristics within a single research framework focused on Consumer Cyclicals companies. The findings are expected to extend empirical evidence concerning the relationship between resource capacity, financing decisions, and market valuation, while also providing information for investors when considering internal company characteristics in assessing stock value.

LITERATURE REVIEW

The Resource-Based View (RBV) views a company as a collection of heterogeneous resources, with characteristics that vary from one company to another. Barney (1991) explains that resources can form the basis of competitive advantage if they possess value, scarcity, are difficult to imitate, and are difficult to substitute. This perspective positions internal resources as one of the foundations that can explain a company's ability to create advantages and maintain its competitive position. In this study, the RBV is used to explain the relationship between Resource Capacity and Shareholder Value. Resource Capacity represents the economic resources available to a company to carry out operational activities and expand its business.

Resource Capacity is proxied by the natural logarithm of total assets. The use of total assets does not imply that all company assets automatically possess the characteristics of strategic resources described by RBV. Instead, total assets are used as a measure of economic resource capacity because they reflect the amount of resources available to the firm. This capacity may provide the firm with greater room to maintain operations, develop its business, and respond to changes in the business environment. The ability to utilize resources effectively may strengthen the firm's prospects and provide relevant information for investors when evaluating the company.

The relationship between internal resources and market valuation is supported by previous empirical research. Qadri *et al.* (2022) examined the relevance of intellectual resources to stock prices among consumer goods companies in Indonesia. Their findings showed that value-added human capital and structural capital received positive market recognition. These findings indicate that internal resources may constitute information considered by the market when valuing a company. Although the resource measures used by Qadri *et al.* differ from the Resource Capacity

measure employed in this study, their findings provide empirical support for the possibility that internal company resources are associated with market valuation. Accordingly, firms with greater economic resource capacity are expected to have greater ability to support business activities and create value for shareholders.

Based on the RBV perspective and the empirical evidence discussed above, greater Resource Capacity is expected to strengthen a firm's ability to maintain operations, develop its business, and respond to market opportunities. These conditions may increase investor confidence in the firm's prospects and be reflected in its stock price. Accordingly, this study proposes the following hypothesis:

H1: Resource Capacity has a positive effect on Shareholder Value.

Capital Structure concerns a firm's decision regarding the composition of financing obtained from debt and equity. This decision affects both the benefits of financing and the financial risks borne by the firm. Modigliani & Miller (1958) explained that under ideal capital market conditions, capital structure does not affect a firm's value. However, when corporate taxes are taken into account, Modigliani & Miller (1963) demonstrated that the use of debt can provide benefits through a tax shield. These differing conditions form the basis for the development of various capital structure theories, including the Trade-Off Theory and the Pecking Order Theory. Trade-Off Theory explains that firms need to balance the benefits of debt financing against the costs and risks arising from higher leverage. As the use of debt increases, the benefits of the tax shield may be accompanied by greater financial distress risk and financial pressure. The Pecking Order Theory perspective developed by (Myers & Majluf, 1984) emphasizes that firms prefer internal sources of financing over external debt and equity, primarily due to information asymmetry.

Empirical evidence regarding the consequences of capital structure also shows mixed results. Ahmed *et al.*, (2023) demonstrate that capital structure is related to profitability and that firm size plays a role in that relationship. Daruwala (2023) finds that financial leverage has a negative relationship with several measures of profitability. Khan & Qasem (2024) also find that debt levels are negatively correlated with several measures of firm performance. Meanwhile, (Mansour *et al.*, 2023) show that the relationship between capital structure and firm performance can be influenced by firm size. These findings suggest that the impact of financing decisions may vary depending on firm characteristics and the measures used.

In this study, Capital Structure is proxied by the Debt to Equity Ratio (DER). DER indicates the amount of a firm's liabilities relative to its equity. A higher DER indicates greater reliance on debt financing. Debt can provide funds to support company activities and expansion, but beyond a certain level, it also increases payment obligations and financial risk. Such conditions may affect investors' perceptions of company risk and, consequently, market valuation.

Previous studies have shown that the relationship between Capital Structure and firm value remains inconsistent. Bui *et al.*, (2023) for example, found that the effect of debt structure on Tobin's Q differed depending on the debt measure used. The debt ratio had a positive effect, whereas short-term and long-term debt measures showed negative relationships with Tobin's Q. These findings indicate that the relationship between capital structure and firm value does not necessarily have a uniform direction and may depend on how debt is measured. Alghifari *et al.* (2022) argue that capital structure affects firm value in nonfinancial companies in Indonesia, although the direction and strength of this relationship may vary depending on company characteristics and whether debt or equity financing predominates. The differences in previous findings provide an opportunity to re-examine the relationship between Capital Structure and Shareholder Value in a different sector and period.

The Consumer Cyclical context is relevant because companies in this sector are associated with consumer demand that may fluctuate with economic conditions. When companies have high dependence on debt, increasing financial obligations may become more risk when demand weakens or economic conditions come under pressure. Based on Trade-Off Theory, debt use beyond the optimal level may increase financial costs and risks, potentially reducing investor valuation. Therefore, this study predicts a negative relationship between Capital Structure and Shareholder Value. The second hypothesis is formulated as follows:

H2: Capital Structure has a negative effect on Shareholder Value.

Shareholder Value reflects the market's assessment of a firm's economic prospects and risks. Such assessment is related not only to the amount of resources controlled by the firm but also to how those resources are financed. Resource Capacity represents the economic resource capacity available to the firm, whereas Capital Structure represents the financing composition used to support company activities. These two characteristics provide different types of information for investors when evaluating the firm's internal condition.

Greater Resource Capacity may provide firms with greater room to conduct operations and develop their businesses. However, these benefits need to be considered together with the financing structure used to support them. Debt financing may facilitate the utilization of resources when its financing benefits exceed the associated costs and risks. Conversely, excessive debt may increase financial risk and reduce the economic benefits generated from the firm's resource capacity. Thus, Resource Capacity and Capital Structure may jointly provide a more comprehensive picture of a firm's economic capacity and financing risk.

Based on this argument, a simultaneous test is necessary to determine whether Resource Capacity and Capital Structure jointly explain variations in Shareholder Value. This test complements the partial tests by allowing the study to assess the relationship between the two internal company characteristics within a single model while accounting for differences across periods through year dummies. Based on this theoretical argument, the third hypothesis is formulated as follows:

H3: Resource Capacity and Capital Structure simultaneously affect Shareholder Value.

RESEARCH METHODS

Research Design and Data

This study employs a quantitative approach with an associative research design to examine the relationships among variables based on numerical data and statistical testing (Sugiyono, 2022). This study uses secondary data in the form of company data covering listed companies in Indonesia, Malaysia, and Singapore across various industry sectors and years of observation. Based on the research objectives, the initial data was selected by choosing companies in the Cyclical Consumer Goods sector and the three most recent years of observation available in the dataset, namely 2022 through 2024. The unit of analysis in this study is the company-year observation.

Population and Sample Selection

The population of the study consists of all firm-year observations contained in the initial dataset, which cover listed companies from Indonesia Stock Exchange (IDX), Bursa Malaysia, and Singapore Exchange (SGX) across various industry sectors and observation years. Based on the research objectives, the population was then screened to identify companies within the Consumer Cyclical sector over the three most recent observation years, namely 2022 to 2024. The observations were subsequently screened based on the availability of data required to measure Resource Capacity, Capital Structure, and Shareholder Value. The screening process resulted in 1,284 initial observations, and after all criteria were applied, 1,029 firm-year observations were retained as the final sample.

Table 1. Sample Selection Criteria

Sample Selection Criteria	Number of Observations
Firm-year observations of Consumer Cyclical companies in Indonesia, Malaysia, and Singapore (2022-2024)	1,284
Firm-year observations without complete data on total assets, total liabilities, or total equity during the observation period	(78)
Firm-year observations without closing price data after the financial data selection	(147)
Firm-year observations that did not meet the criteria for DER calculation	(30)
Final sample	1,029

Source: Data processed by the authors.

Variable Operationalization

The study uses Shareholder Value as the dependent variable and Resource Capacity and Capital Structure as the independent variables. The study also includes year dummies to control for differences across observation periods. Shareholder Value is measured using the natural logarithm of the stock closing price (LN Price Close). The closing price is used as a market-based measure that reflects investors' valuation of the company's stock at the end of the trading period. Resource Capacity is measured using the natural logarithm of total assets (LN Total Assets).

Total assets are used as a proxy for the economic resource capacity available to the company to support its operating activities and business operations. Capital Structure is measured using the Debt-to-Equity Ratio (DER), calculated by comparing total liabilities with total equity. DER indicates the proportion of debt financing relative to shareholders' equity.

To control for differences across observation periods, the study uses two year dummy variables. D2023 is assigned a value of 1 for observations from 2023 and 0 otherwise, while D2024 is assigned a value of 1 for observations from 2024 and 0 otherwise. The year 2022 is used as the reference year.

Table 2. Operationalization of Research Variables

Variable	Measurement	Scale
Shareholder Value (SV)	LN (Closing Price)	Ratio
Resource Capacity (RC)	LN (Total Assets)	Ratio
Capital Structure (CS)	Total Liabilities / Total Equity	Ratio
D2023	1 = 2023; 0 = otherwise	Dummy
D2024	1 = 2024; 0 = otherwise	Dummy

Source: Data processed by the authors.

Research Model and Data Analysis Technique

The hypotheses were tested using multiple linear regression with year dummies as control variables. The year 2022 was used as the reference year. The research model is formulated as follows:

$$SV_{it} = \alpha + \beta_1 RC_{it} + \beta_2 CS_{it} + \beta_3 D2023_t + \beta_4 D2024_t + \varepsilon_{it}$$

Notes:

- SV : Shareholder Value proxied by LN Price Close
- RC : Resource Capacity, proxied by LN Total Assets
- CS : Capital Structure, proxied by the Debt-to-Equity Ratio
- D2023 : Dummy variable for the year 2023
- D2024 : Dummy variable for 2024
- A : Constants

$\beta_1, \beta_2, \beta_3, \beta_4$: Regression coefficients

Data management and analysis were conducted using IBM SPSS, involving descriptive statistics, regression assumption testing, multiple linear regression, hypothesis testing, the coefficient of determination and bootstrap analysis (Ghozali, 2021). Descriptive statistics were used to describe the characteristics of the data through the minimum, maximum, mean, and standard deviation values. The classical assumption tests included normality, multicollinearity, and heteroscedasticity tests. Multicollinearity was assessed using tolerance and the Variance Inflation Factor (VIF), while heteroscedasticity was examined using the Glejser test. The Durbin-Watson statistic was used as additional information to assess the possibility of autocorrelation.

The t-test was used to examine the partial effects of Resource Capacity and Capital Structure on Shareholder Value. The F-test was used to examine the simultaneous effect of the independent variables on Shareholder Value. The coefficient of determination was used to assess the extent to which the independent variables and control variables explain variations in Shareholder Value. In addition, the bootstrap procedure was employed to evaluate the robustness of the regression estimates and their significance levels.

RESULTS AND DISCUSSION

Research Findings

This study analyzes the effects of Resource Capacity and Capital Structure on Shareholder Value in companies in the Consumer Cyclical sector during the period from 2022 to 2024. Resource Capacity is proxied by the natural logarithm (LN) of Total Assets, Capital Structure is proxied by the Debt-to-Equity Ratio (DER), and Shareholder Value is proxied by the natural logarithm (LN) of the closing price. The research model uses multiple linear

regression with 2022 as the reference year and dummy variables for 2023 and 2024 as control variables. All data processing was performed using IBM SPSS.

Descriptive Statistics

Descriptive statistics are used to describe the characteristics of research data before testing the relationships between variables. The information presented includes the minimum, maximum, mean, and standard deviation. Based on the sample selection process, this study used 1,029 company-year observations.

Table 3. Descriptive Statistics

Variable	Minimum	Maximum	Mean	Std. Deviation
Shareholder Value	-9.700147	1.649532	-3.005589	1.711868
Resource Capacity	12.329546	23.881171	18.348491	1.628553
Capital Structure	0.002284	56.468531	0.702043	2.019095

Source: Data processed using IBM SPSS.

Based on Table 3, Shareholder Value has a minimum value of -9.700147 and a maximum value of 1.649532, with a mean of -3.005589 and a standard deviation of 1.711868. This range indicates variation in market valuation among the companies in the sample. The negative values for this variable result from the natural logarithmic transformation of the stock closing prices. Thus, negative values do not indicate that a company's stock price is negative; rather, they are a mathematical consequence of the natural logarithmic transformation applied to prices below 1 on the measurement scale used.

Resource Capacity has a minimum value of 12.329546 and a maximum of 23.881171. The mean is 18.348491 with a standard deviation of 1.628553. This range indicates differences in asset capacity among companies in the Consumer Cyclical sector. Companies with higher LN Total Assets values have a larger asset base compared to those with lower values. Compared to Capital Structure, the distribution of Resource Capacity is relatively more limited.

Meanwhile, the Capital Structure has a minimum value of 0.002284 and a maximum of 56.468531, with a mean of 0.702043 and a standard deviation of 2.019095. The very large difference between the minimum and maximum values indicates a fairly wide variation in funding structures within the sample. Some companies have a relatively low debt-to-equity ratio, while certain companies have a much higher DER. This indicates that the financing characteristics of companies in the Consumer Cyclical sector are not uniform.

These descriptive statistics show that the sample exhibits heterogeneity in characteristics, particularly in terms of capital structure. This variation is significant because differences in resource capacity and financing structure can lead to different market responses. However, descriptive statistics provide only a preliminary overview; therefore, the relationships between variables need to be further tested using a regression model.

Classical Assumption Tests

Classical assumption tests are conducted to assess the statistical properties of the regression model before interpreting the results of hypothesis testing. The tests conducted in this study include:

- Normality Test

A normality test was conducted on the regression residuals using the Kolmogorov-Smirnov and Shapiro-Wilk tests. The test results show a Kolmogorov-Smirnov significance value of <0.001. This value is below 0.05, indicating that, statistically, the residuals do not meet the assumption of normality. The Shapiro-Wilk test also shows a significance value of <0.001, confirming these findings.

These findings indicate that the model's residuals are not normally distributed statistically. However, this condition does not automatically render the regression results unusable. The study utilized 1,029 firm-year observations; therefore, the interpretation of the results must take into account the sample size and the additional tests employed. Furthermore, the study applied a bootstrap procedure to re-evaluate the stability of the estimates and their significance. With this approach, the study's conclusions are not based solely on the normality test of the residuals.

- **Multicollinearity Test**

The multicollinearity test is used to determine whether there is a high degree of linear correlation among the independent variables and the control variable in the model. The test is conducted using the tolerance value and the Variance Inflation Factor (VIF). The model is considered free of multicollinearity if the tolerance value is greater than 0.10 and the VIF is less than 10. The test results show that Resource Capacity has a tolerance value of 0.996 and a VIF of 1.004. Capital Structure has a tolerance of 0.995 and a VIF of 1.005. Meanwhile, the 2023 dummy variable has a tolerance of 0.749 and a VIF of 1.335, while the 2024 dummy variable has a tolerance of 0.750 and a VIF of 1.334.

All tolerance values are above 0.10, and all VIF values are below 10. These results indicate that there is no evidence of multicollinearity in the model. Thus, Resource Capacity, Capital Structure, and the year control variable do not exhibit excessively high linear relationships that could interfere with the estimation of regression coefficients.

- **Heteroscedasticity Test**

The heteroscedasticity test was conducted using the Glejser method by regressing the absolute values of the residuals against the variables in the model. The model is said to show no heteroscedasticity if the significance values for each variable are greater than 0.05. The results of the Glejser test show that Resource Capacity has a significance value of 0.547 and the 2023 dummy variable has a value of 0.487. Both values are greater than 0.05, indicating no heteroscedasticity. Conversely, Capital Structure has a significance value of 0.002 and the 2024 dummy variable has a value of 0.018. Both values are less than 0.05, indicating the presence of heteroscedasticity in some of the variables in the model.

These findings suggest that the assumption of homoscedasticity has not been fully met. This condition must be taken into account when interpreting the main regression results. Therefore, the regression results should not be interpreted based solely on the initial estimates but should also be compared with the bootstrap results to determine whether the conclusions regarding the coefficients and significance remain consistent.

Multiple Linear Regression Analysis

Multiple linear regression analysis is used to test the relationship between Resource Capacity and Capital Structure and Shareholder Value after including a year dummy variable as a control variable. The year 2022 is used as the reference year, while the years 2023 and 2024 are represented by their respective dummy variables.

$$SV = \alpha + \beta_{1RC} + \beta_2CS + \beta_3D2023 + \beta_4D2024 + e$$

$$SV = -10,484 + 0,416RC - 0,058CS - 0,111D2023 - 0,246D2024 + e$$

Table 4. Multiple Linear Regression Results

Variables	B	t	Sig.	Description
Constant	-10.484	-18.792	< 0.001	Significant
Resource Capacity	0.416	13.866	< 0.001	Significantly positive
Capital Structure	-0.058	-2.402	0.017	Significantly negative
2023 dummy	-0.111	-0.926	0.355	Not significant
2024 dummy	-0.246	-2.060	0.040	Significant

Source: Data processed by the author.

Based on Table 4, Resource Capacity has a coefficient of 0.416 with a significance level of <0.001. The positive coefficient indicates that an increase in Resource Capacity is associated with an increase in Shareholder Value in the model. A significance level of less than 0.05 indicates that this relationship is statistically significant after controlling for Capital Structure and the year dummy variable. Conversely, Capital Structure has a coefficient of -0.058 with a significance value of 0.017. The negative sign indicates that an increase in the Debt-to-Equity Ratio (DER) is associated with a decrease in Shareholder Value in the main regression. A significance value below 0.05 indicates that this relationship is statistically significant in the main estimate.

For the control variables, the 2023 year dummy has a coefficient of -0.111 with a significance value of 0.355. These results indicate that Shareholder Value in 2023 is not significantly different from the reference year of 2022 after controlling for other variables in the model. The 2024 dummy variable has a coefficient of -0.246 with a significance level of 0.040. This means there is a significant difference in Shareholder Value in 2024 compared to 2022 after accounting for Resource Capacity, Capital Structure, and other control variables.

Overall, the main regression reveals two distinct patterns. Resource Capacity has a positive and significant relationship, while Capital Structure has a negative and significant relationship. However, since the model shows signs of heteroscedasticity and the residuals are not normally distributed, the consistency of these results needs to be examined using a bootstrap procedure.

Bootstrap Results for Regression Coefficients

The bootstrap results provide additional information regarding the stability of the regression estimates. Resource Capacity continues to show a positive direction with a significance level of <0.001. These results indicate that the positive relationship between Resource Capacity and Shareholder Value remains evident when the estimates are tested using the bootstrap procedure. The consistency in direction and significance between the main regression and the bootstrap analysis suggests that the findings regarding Resource Capacity are relatively consistent.

In contrast to Resource Capacity, Capital Structure continues to have a negative coefficient of -0.058, but the bootstrap significance level is 0.393. These results indicate that the significance obtained in the main regression does not hold up under the bootstrap procedure. In other words, the direction of the Capital Structure relationship remains negative, but the statistical evidence regarding this effect becomes weaker when tested using the bootstrap.

This difference is important for interpreting the research results. Resource Capacity shows consistency between the main regression and the bootstrap analysis, whereas Capital Structure retains only the direction of the coefficient without maintaining its significance. Therefore, conclusions regarding Capital Structure must be presented with caution and cannot be based solely on the results of the main regression.

F-Test

The F-test is used to determine whether the variables in the model collectively have a significant relationship with Shareholder Value.

Table 5. F-Test Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	506.696	4	126.674	51.765	<.001 ^b
Residual	2505.850	1024	2.447		
Total	3012.546	1028			

Source: Data processed using IBM SPSS.

The test results show an F-value of 51.765 with a significance level of <0.001. Since the significance level is less than 0.05, the regression model is statistically significant as a whole. This means that Resource Capacity, Capital Structure, the 2023 dummy variable, and the 2024 dummy variable are collectively significantly associated with Shareholder Value.

These results indicate that the research model has the statistical ability to explain the variation in Shareholder Value when all variables in the model are considered simultaneously. However, the significance of the F-test does not mean that every variable in the model is necessarily significant individually. The partial results still need to be interpreted based on the coefficients and significance levels of each variable.

Coefficient of Determination

Table 6. Coefficient of Determination Results

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.410 ^a	.168	.165	1.564327	.546

The Adjusted R-Square value of 0.165 indicates that Resource Capacity, Capital Structure, and the control variable “year” in the model account for 16.5% of the variation in Shareholder Value. Meanwhile, 83.5% of the variation in Shareholder Value is explained by other factors not included in the research model. These results show that although the model as a whole is significant based on the F-test, the model’s explanatory power remains limited. This means that Shareholder Value is not only related to Resource Capacity and Capital Structure but is also likely influenced by various other factors outside the research model. Thus, the statistical significance of the model must be distinguished from the extent to which the model explains the variation in Shareholder Value.

An additional diagnostic that warrants attention is the Durbin-Watson statistic of 0.546 reported in Table 6. Since this value is well below the conventional benchmark of approximately 2.0, it indicates the presence of positive autocorrelation among the regression residual. This condition is common in pooled cross-sectional data such as the firm-year panel used in this study, where repeated observations of the same firm across 2022-2024 are likely to be correlated over time. The presence of autocorrelation does not bias the coefficient estimates themselves, but it can understate the standard errors and thereby inflate the apparent statistical significance of the t-tests reported in Table 4. Because the bootstrap procedure applied in this study resamples observations without explicitly modeling the panel structure, the bootstrap results should be interpreted as addressing non-normality and heteroscedasticity rather than autocorrelation. This issue is therefore acknowledged as a limitation of the present model, and future research is encouraged to employ panel-data estimators such as fixed-effects models with clustered standard errors that explicitly account for the correlated, repeated-measures structure of firm-year data.

DISCUSSION

The Effect of Resource Capacity on Shareholder Value

The statistical analysis demonstrates that Resource Capacity exerts a positive and significant effect on Shareholder Value. This finding confirms that firms with greater economic resource capacities tend to generate higher value for their shareholders. The robustness of this relationship is consistently maintained even after controlling for Capital Structure and year-fixed effects, and it remains statistically significant under bootstrap testing. This consistency reinforces the argument that Resource Capacity serves as a critical internal attribute that capital markets evaluate when assessing corporate prospects, rather than merely reflecting baseline firm scale.

Theoretically, these results support the tenets of the Resource-Based View (RBV), which posits that the accumulation of valuable internal resources constitutes the primary foundation for building a sustained competitive advantage. Firms with superior resource capacity possess greater operational slack, providing the financial flexibility needed to fund expansion, cushion against operational uncertainties, and capture market opportunities proactively. From the perspective of signaling theory, a substantial resource base proxied by the natural logarithm of total assets conveys a credible signal to market participants regarding financial stability and long-term business viability. Consequently, this favorable signal elevates investor expectations, which in turn translates into enhanced shareholder value.

Furthermore, this empirical evidence aligns with and expands upon prior Indonesian capital market literature. The findings complement (Qadri *et al.* (2022), who identified positive investor appreciation for intangible components of intellectual resources among consumer goods firms. Similarly, Falisca & Osesoga, (2023) documented that firm size positively and significantly influences firm value in the manufacturing sector, providing direct empirical support for the value-enhancing effect of corporate capacity, even though their construct of firm size differs slightly from the Resource Capacity measure employed in this study. However, empirical literature regarding this relationship is not entirely uniform; for instance, Pambudi & Meini Zumratul, (2023) observed that firm size does not consistently drive firm value. This empirical divergence underlines that the market valuation of corporate capacity is highly contingent upon sectoral dynamics, observation periods, and specific model specifications, a context that underscores the distinct relevance of the present findings within the Consumer Cyclical sector.

This mechanism is particularly salient within the Consumer Cyclical sector. Given the industry's vulnerability to macroeconomic fluctuations, shifting consumer purchasing power, and demand volatility, structural resilience becomes indispensable. Consumer Cyclical firms backed by robust asset bases are better equipped to absorb macroeconomic shocks, preserve supply chain integrity, and reconfigure business strategies during demand downturns. Importantly, these findings mitigate concerns regarding potential diseconomies of scale or asset

inefficiency, indicating that firms in the sample successfully deployed their resource capacity productively to drive market value rather than accumulating idle assets. From a practical standpoint, these insights offer meaningful managerial implications for corporate executives in the Consumer Cyclical sector. Rather than focusing exclusively on short-term operational cost-cutting, management should strategically cultivate and optimize productive asset capacities to achieve sustainable economies of scale. For institutional and retail investors, a firm's resource capacity serves as a reliable indicator for gauging enterprise defensiveness and long-term equity growth potential in market segments characterized by cyclical demand.

The Effect of Capital Structure on Shareholder Value

The primary regression analysis reveals that Capital Structure proxied by the Debt to Equity Ratio (DER) exerts a negative and statistically significant effect on Shareholder Value. This finding indicates that an increased reliance on debt financing is generally perceived unfavorably by the capital market. This baseline estimation aligns with the core tenets of Trade-Off Theory, which posits that the benefits of leverage through tax shields exist only up to an optimal threshold, beyond which tax advantages are offset by rising potential financial distress costs and agency costs of debt (Kraus & Litzenberger, 1973). Under this perspective, excessive leverage accumulation is interpreted by market participants as a signal of heightened financial risk, prompting investors to discount the firm's valuation.

Market sensitivity to leverage is particularly pronounced within the Consumer Cyclical sector. Firms in this sector are inherently exposed to macroeconomic cycles and fluctuations in disposable consumer income. During economic downturns or periods of declining sales volume, highly leveraged firms experience severe cash flow rigidity due to fixed financial obligations. The mandatory servicing of interest and principal debt amidst declining operating cash flows elevates solvency risks and restricts management's capacity to undertake strategic capital investments. Consequently, investors exhibit lower risk tolerance for financial leverage in cyclical industries, as downside risks heavily outweigh the theoretical tax benefits of debt.

This empirical result shares strong alignment with Anggraeni et al., (2025), who focused specifically on Indonesian Consumer Cyclical firms from 2018 to 2023 and documented that DER negatively and significantly influences firm value (Tobin's Q). The alignment in sectoral scope and directional relationship reinforces the empirical relevance of debt-discounting behavior in consumer-dependent markets. However, literature within this specific sector remains inconclusive, Fatimah et al., (2026) observed that Capital Structure exerts a positive and significant effect on firm value among Indonesian Consumer Cyclical firms for the 2021-2024 period. This empirical divergence demonstrates that the relationship between capital structure and market valuation lacks a uniform pattern, even within the same industry sector, as variations in observation periods, firm characteristics, and model specifications introduce distinct contextual dynamics.

Furthermore, these findings mirror broader empirical evidence regarding the conditional impact of debt financing. Alghifari et al., (2022) confirmed that capital structure significantly shapes firm value among non-financial firms in Indonesia, while studies by (Ahmed et al., 2023; Bui et al., 2023; Khan & Qasem, 2024; Mansour et al., 2023), collectively emphasize that the consequences of leverage vary depending on firm size, leverage intensity, performance metrics, and methodological stability. Consistent with these arguments, the present study highlights a comparable layer of methodological complexity, as the statistical significance of Capital Structure proves sensitive to robustness testing.

The empirical divergence between the primary regression and the bootstrap resampling estimation serves as a critical focal point for an objective interpretation. In the baseline OLS model, Capital Structure yields a p-value of 0.017 (significant at the 5% level). However, upon applying a 1,000 sample bootstrap resampling procedure, the significance level shifts to 0.393 (statistically non-significant). This transition indicates that the initial negative effect of leverage was heavily influenced by sample distributional properties such as the presence of statistical outliers or heteroskedasticity rather than representing a stable, structural causal link.

Accordingly, these findings should not be oversimplified as absolute evidence that increasing DER inherently diminishes Shareholder Value. A more precise and conservative academic interpretation holds that while high financial leverage carries the potential to depress firm value due to market risk perceptions in specific samples, the overall empirical evidence lacks sufficient consistency and robustness to confirm a sustained negative impact. From a practical management perspective, these insights advise executives in the Consumer Cyclical sector to maintain

conservative leverage ratios and preserve financial headroom aligning with pecking order principles to ensure strategic flexibility without triggering market risk penalties.

Simultaneous Effect of Resource Capacity and Capital Structure on Shareholder Value

The F-test results demonstrate that the empirical model is statistically significant on a simultaneous basis ($p < 0.001$). This indicates that Resource Capacity, Capital Structure, and year-fixed control variables collectively possess a meaningful joint explanatory power toward Shareholder Value. From a corporate finance standpoint, this finding underlines that capital markets evaluate firm valuation through a dual-lens framework: simultaneously weighing a firm's operational capacity (asset power) against its financial architecture and associated risk profile (leverage risk).

This joint significance validates the theoretical synergy between internal capabilities and financing decisions. While Resource Capacity captures the scale of productive economic foundation available to pursue growth and withstand industry turbulence, Capital Structure dictates how these operational assets are capitalized and the level of default risk embedded in the corporate structure. The two constructs represent distinct yet complementary dimensions of corporate strategy. A firm possessing a substantial asset base does not automatically enjoy low financial risk if that expansion is heavily funded by debt. Conversely, a firm maintaining a conservative debt ratio may lack the operational scale necessary to capture market share in a highly competitive sector. Integrating both dimensions within a unified empirical model provides a more holistic perspective on how internal firm attributes drive market valuation.

Nevertheless, the Adjusted R^2 value of 0.165 indicates that the model accounts for 16.5% of the total variance in Shareholder Value, while the remaining 83.5% is governed by factors beyond the scope of this study. Rather than diminishing the empirical contribution, this moderate explanatory power reflects the inherent valuation complexity of the Consumer Cyclical sector. Equity prices in consumer-dependent industries are strongly shaped by broader exogenous dynamics, including macroeconomic policy shifts, consumer sentiment indices, technological disruption, and brand equity. Consequently, while internal fundamentals such as asset capacity and leverage provide essential baseline signals, market valuation remains heavily influenced by unmeasured external and market-wide variables.

Synthesizing the empirical findings across all hypotheses, Resource Capacity emerges as the primary, highly consistent internal driver of Shareholder Value, demonstrating robust positive significance across both baseline regression and bootstrap resampling procedures. In contrast, Capital Structure exhibits an asymmetric pattern demonstrating a significant negative impact in OLS estimation that loses statistical significance under bootstrap testing. Overall, this empirical hierarchy suggests that in the Consumer Cyclical sector, market participants place far greater weight on tangible operational resource capacity than on debt structure choice when forming long-term equity valuations.

CONCLUSION

This study examines the effects of Resource Capacity and Capital Structure on Shareholder Value among Consumer Cyclical firms listed on the Stock Exchange of Indonesia, Malaysia, and Singapore for the period 2022-2024. The empirical findings demonstrate that Resource Capacity exerts a positive and statistically significant influence on Shareholder Value, a relationship that remains consistently robust across bootstrap resampling procedures. This confirms that capital markets place substantial valuation premiums on tangible economic scale and operational slack, which provide essential defensiveness and resilience within cyclical industries. Conversely, while Capital Structure initially displays a negative and significant relationship with Shareholder Value under baseline OLS estimation, this effect loses statistical significance under bootstrap testing. This empirical divergence indicates that the adverse impact of financial leverage is sensitive to sample distribution properties rather than reflecting a stable, structural causal link. Simultaneously, Resource Capacity, Capital Structure, and year-fixed control variables exert a significant collective influence on Shareholder Value. However, the Adjusted R^2 of 16.5% underlines that firm valuation in the Consumer Cyclical sector is governed by a broader set of unmeasured exogenous factors.

The findings offer meaningful practical implications for corporate executives and capital market participants. For management in the Consumer Cyclical sector, strategic priority should be allocated toward cultivating productive asset capacity and building operational scale rather than excessively relying on financial engineering.

Additionally, corporate financial policy should maintain conservative leverage ratios to preserve debt headroom and prevent financial distress penalties during economic downturns. For institutional and retail investors, while internal fundamental attributes particularly asset scale serve as valuable baseline metrics for assessing enterprise resilience, equity valuation decisions must incorporate broader industry dynamics and macroeconomic indicators rather than relying solely on internal accounting metrics.

To address the empirical limitations of this study, future research should expand the internal and external analytical boundary by integrating additional fundamental and market variables, such as operational profitability, liquidity dynamics, dividend policy, corporate governance mechanisms, and macroeconomic cycle indicators. Furthermore, expanding the longitudinal window and extending the analytical scope across multiple cross-sectoral industries will enhance the generalizability of the empirical framework. Methodologically, future studies are encouraged to employ panel data estimation techniques such as fixed-effects or random-effects models to explicitly control for unobserved firm-specific heterogeneity and temporal structural dynamics over time.

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