

ABSTRACT

This study aims to analyze the influence of free cash flow, managerial myopia, and leverage on corporate financialization in non-financial companies listed on the Indonesia Stock Exchange during the 2020–2024 period. Corporate financialization refers to the increasing allocation of corporate resources to financial assets and activities compared to core operational activities. This study uses a quantitative approach using panel data regression analysis. The sample consists of 744 companies with a total of 3,720 observations, selected using a convenience sampling method. The data used are secondary data obtained from company financial reports and processed using EViews software with robust estimation to address heteroscedasticity issues.

The results show that free cash flow has a positive effect on corporate financialization, indicating that the availability of internal funds provides companies with flexibility in allocating resources to financial activities. Meanwhile, managerial myopia has no significant effect on corporate financialization, indicating that managerial short-term orientation is not a primary determinant of financialization decisions. On the other hand, leverage has a negative and significant effect on corporate financialization, implying that higher debt levels limit a company's ability to engage in financial activities due to financial obligations.

Keywords: Free Cash Flow, Managerial Myopia, Leverage, Corporate Financialization.

