

## **ABSTRACT**

*Firm value is a key indicator that reflects corporate performance, competitiveness, and long-term sustainability. In capital-intensive manufacturing firms, value creation is not only driven by financial fundamentals but also shaped by managerial policies and sustainability practices. This study aims to examine the effects of asset structure, sales growth, dividend policy, and Environmental, Social, and Governance (ESG) on firm value by introducing Interest Coverage based on Financial Leverage (ICFL) as a mediating variable. ICFL is proposed as a synthetic measure that integrates capital structure considerations with firms' ability to meet interest payment obligations.*

*This study employs a quantitative approach using panel data from manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2010–2023 period. The sample is selected through purposive sampling based on data availability and consistency. Panel data regression is applied, with the optimal model determined through Chow and Hausman tests. The mediating role of ICFL is examined using path analysis and the Sobel test. Firm value is measured using Tobin's  $Q$ , while ICFL is constructed by integrating the Debt to Equity Ratio (DER) and Times Interest Earned (TIE), representing leverage and payment capacity simultaneously.*

*The results indicate that asset structure, sales growth, dividend policy, and ESG have significant effects on firm value, both directly and indirectly through ICFL. ICFL is confirmed as a strong mediating mechanism that explains how financial fundamentals and sustainability factors jointly influence firm value. These findings contribute theoretically by strengthening an integrated capital structure framework based on payment capacity and financial policy. Practically, the results provide important insights for managers and investors in designing financial and sustainability strategies that enhance firm value in a sustainable and competitive business environment.*

**Keyword:** *firm value, asset structure, sales growth, dividend policy, ESG, ICFL, debt to equity ratio, times interest earned.*

**FEB UNDIP**