The Effect of Financial Decisions on Equity Risk in Constructs Firms Listed on the Indonesian Stock Exchange

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INFO ARTIKEL	ABSTRACT
	This study was conducted to determine the effect of financial decisions on equity risk in constructs firms listed on the Indonesia Stock Exchange with firm size and revenue growth as control variables. The population in this study were all firms in the constructs sector listed on the Indonesia Stock Exchange for the 2020-2022 period. Meanwhile, the sample in this study was determined using a purposive sampling technique, resulting in 19 samples and 57 total observation data. This study uses secondary data obtained from the official website of the Indonesia Stock Exchange and the firm's official website. The data analysis method used is panel data regression analysis using the Eviews 12 analysis tool. The results of the data analysis show that (1) Investment Decisions have no effect on Equity Risk (2) Funding Decisions have no effect on Equity Risk (3) Working capital decisions significantly and favorably impact equity risk.

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INTRODUCTION

Globalization and economic liberalization in the world today have experienced rapid changes and have an impact on economic development both nationally and internationally (Ahmad et al., 2020). One of the impacts of globalization and economic liberalization is an increase in investment growth worldwide. In Indonesia, business and industrial growth continues to grow every year, the development of this industry is often influenced by the availability of capital, which is obtained through the sale of shares to investors.

The rapid increase in the number of shareholders in Indonesia has made shareholders realize the importance of knowing what market risks are associated with investing, one of which is risk of equity. a study by (Nguyen et al., 2022), the risk of equity is the discrepancy between an investor's expected return and the actual return they receive. If an investor does not understand the market risks that can occur, then the investor will easily fail in investing. As many as 85% to 90% of investors fail in investing, which is often caused by a lack of knowledge and skills in investing in stocks (Brama, 2019).

Studying risk of equity can help investors assess, understand, and mitigate potential losses in a stock portfolio. *Wallstreetmojo.com* explains that the primary role of equity risk analysis typically involves analyzing the various factors that can affect a firm's stock value and evaluating the overall risk profile of an investment portfolio. The primary goal of equity risk management in stocks is to maintain and optimize the return on equity investments themselves and to minimize potential losses for shareholders.

The constructs sector is one of the sectors with the second highest risk level in Indonesia. (Chusna, 2023) explains that the constructs sector has significant risks, because it requires large initial capital for the constructs of various infrastructure in Indonesia, not including annual operating costs. This high level of debt can create a heavy financial burden for the firm, especially if the project being carried out does not generate profits as expected. The impact can be detrimental to the firm's financial health and pose a risk to investors.

Investments in the constructs industry tend to be long-term. Investors may consider constructs stocks to be riskier than other sectors due to the uncertainty inherent in constructs projects. However, shareholders also believe that investment in constructs can provide significant back because this sector is believed can increase every year (Bambu et al., 2022). Shareholders generally consider the level of risk when determining the price of a stock, especially in the constructs sector. Stocks that have a higher risk are usually priced lower by the market than stocks that are considered safer. Shareholders tend to ask for a larger discount for riskier stocks, so their prices are lower.

Risk of equity can also be influenced by a firm's stock price in the constructs industry. A decline in the firm's stock price may suggest that shareholders consider it to be a riskier investment. When an investor sees the equity risk of a constructs firm increasing, they will ask for a higher risk premium to invest in the firm, which if this happens can cause a decline in the firm's stock price.

The difference in interests between CEOs and shareholders will affect the firm's pecuniary decisions regarding risk of equity. Businesses in the real estate and building sectors are drawn to firms whose financial actions have an impact on long-term risk of equity within their asset structure, particularly long-term assets that help generate capital. Firms operating in this sector frequently have long-term development plans. Financial decisions in this industry are always based on risk assessments, with a focus on risk of equity (Nguyen et al., 2022).

Pecuniary decisions taken by firm management aim to maximize profits and manage manageable risks. Pecuniary decisions are divided into three types, namely investment decisions, financing decisions, and working capital decisions. Investment decisions are basically capital investments in a project in a firm whose goal is to gain profits in the future. Project feasibility analysis is the basis for investment decisions to reduce the risks that may be faced, so this decision is considered important in determining firm performance (Nguyen et al., 2022). Subsequently, funding decisions are part of pecuniary decisions that include investment financing activities and firm operations. In accordance with (Fadly Bahrun et al., 2020), a firm's finance sources might come from both internal and

external businesses. Retained earnings can be used for internal funding, while loans or the issuance of shares can be used for external finance.. Achieving a balance in capital utilization is essential to improve operational efficiency and reduce associated risks.

Furthermore, Kristianti (2021), cited in (Megawati et al., 2022), clarifies how working capital is an investment that is represented by the current assets of the business. Because it is flexible, working capital can increase or decrease. If a firm has little investment in working capital, there will be a risk of losing sales and disruption to production activities. Likewise, if the firm has a high investment in working capital, it will increase the risk of bankruptcy due to the large costs that must be borne from the investment (Nisa et al., 2020).

LITERATURE REVIEW

Agency Theory

The fundamental purpose of agency theory is to explain the intricate relationships that exist between the principle, also known as the owner or shareholder, and the agent, or manager, in a contractual arrangement. This theory's main goal is to draw attention to the disparities in ownership between managers and investors (Mardanny & Suhartono, 2022). In achieving firm goals, there are often differences of opinion between shareholders and firm managers. These differences can arise because managers prioritize personal interests over firm interests (Regia Rolanta et al., 2020).

Signalling Theory

A signal is a message that an firm typically sends to outside parties. This theory involves two parties, namely the internal party (manager) who is tasked with giving the signal and the external party (investor) who is tasked with receiving the signal. The purpose of this signal is to provide a signal in the hope that the market or external parties will change their assessment of the firm. Usually, signals issued by a firm indicate that the firm has better performance or prospects than other firms. According to (Ariyanti et al., 2022), the signal theory related to funding decisions provides shareholders with instructions on how to find and use sources of funds properly so as not to experience losses in the future. In addition, in terms of risk perception, a positive signal can reduce investors' risk perception of the firm, while a negative signal can increase investors' risk perception.

Equity Risk

The goal of risk management, according to (Upreti et al., 2022), is to affect the cost of equity. The discrepancy between an investor's actual return and their expected return is known as risk of equity. The use of the beta coefficient is one of the common methods used to evaluate the risk of investing in a stock. firms that have high risk of equity, which is characterized by greater volatility in the firm's valuation, This is due to the increase in material risk associated with the firm's operations, which in turn can have a significant impact on the stability of the firm's stock price (Hardana & Syafruddin, 2019).

Investment Decision

The distribution of capital with the goal of attaining projected future business performance is known as financial investment. Factors that influence this investment decision include the experience of profits that shareholders have previously obtained and their predictions of future investments. Decisions about investment are made after a project's viability is examined in an effort to lower the risks the firm faces (Nguyen et al., 2022).

Funding Decision

According to (Mardanny & Suhartono, 2022), said that funding decisions involve determining the source of funds that will be used by the firm to obtain capital, support investment, and determine the financing structure. This is part of the planning and decision-making process related to the use of funding sources to support the operations, investments, and other financial needs of a firm. (Salsabila & Zulaikha, 2023) stated that funding decisions have a high risk in the future because they are related to the use of debt funds for investments that are expected to provide high returns for the firm.

Working Capital Decision

Working capital is one of the crucial aspects in running a firm's operational activities. The nature of working capital is characterized by its flexibility which allows firms to adjust the level of need. Excess or lack of working capital can have a negative impact on the firm (Mahulae, 2020). If a firm has little investment in working capital, there will be a risk of losing sales and disruption to production activities. Likewise, if the firm has a high investment in working capital, it will increase the risk of bankruptcy due to the large costs that must be borne from the investment (Nisa et al., 2020).

Firm Size

According to (Khamisah et al., 2020), the term "firm size" relates to an economic scale dimension, whereby businesses can be categorized as large or small depending on a range of factors like overall assets, workforce size, stock market value, and more. When the size of the firm becomes large, the risks involved also become more complex. Disclosure of more detailed information about risks is an indication that management is trying to reduce risks with the support of effective systems and adequate resources (Ticoalu et al., 2021). In this study, firm size is controlled to see the effect of other factors on the dependent variable. This is done because larger firms generally have more resources and opportunities to increase profits.

Growth Of Revenue

Growth in revenue indicates the effectiveness of the firm's prior investments and gives a general idea of its potential for future revenue. As defined by (Nurkholik & Khasanah, 2022), revenue growth is the forecast of sales volume for the upcoming year using data on past sales growth. The firm's sales growth serves as the controlling variable in this investigation. This is due to knowing that a healthy rate of sales growth can produce the anticipated returns for the firm and its shareholders.

The Influence of Investment Decisions for Risk to Equity

In this study, the firm's risk of equity can be influenced by several factors such as investment decisions, where these investment decisions themselves can indirectly impact the firm's risk of equity. Usually the impact of investment decisions on risk of equity can be seen from current market conditions and the firm's financial condition itself.

H1: Investment Decisions has a positive impact on Equity Risk

The Influence of Funding Decisions for Risk to Equity

Equity risk can also be affected by funding decisions through the debt-to-equity ratio and the firm's cost of capital. Because, if the debt-to-equity ratio increases, then the risk of equity in the firm increases. Firms with high debt will have an impact on decreasing the equity value for shareholders. Then the importance of maintaining a balance in the use of capital in a firm is one way to increase operational efficiency and reduce market risks that can occur.

H2: Funding Decisions effect equity risk favorably

The Influence of Working Capital Decisions for Risk to Equity

Working capital decisions can affect the firm's risk of equity if the ratio of current funds to non-current assets increases, and vice versa. This illustrates how working capital is flexible and can rise or fall.

H3: Working Capital Decisions has a positive impact on Equity Risk
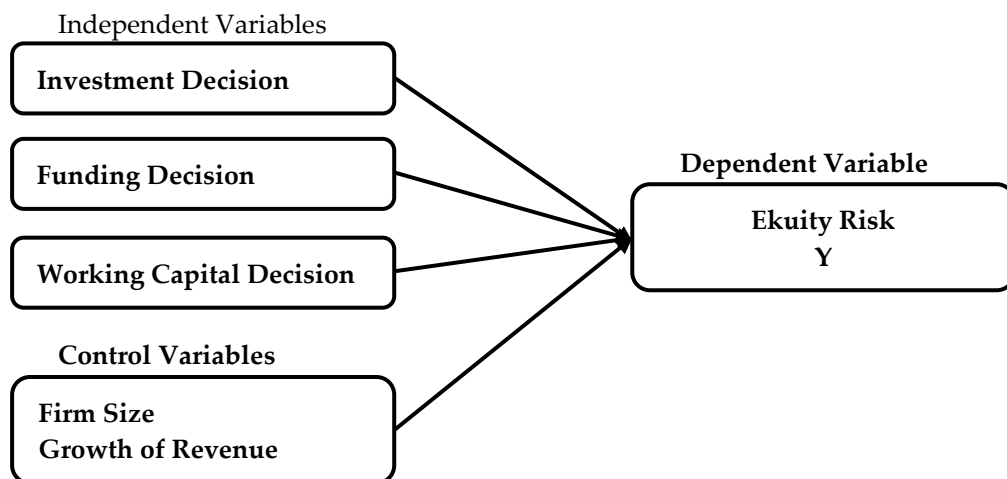
Conceptual Framework

Independent Variables

| Investment Decision |
| Funding Decision |
| Working Capital Decision |

Dependent Variable

| Ekuity Risk Y |

Control Variables

| Firm Size Growth of Revenue |

Figure 1. Conceptual Framework

METHOD

Type of Research

Quantitative research methods are applied in this study, focusing on testing the theory through measuring research variables that are numerical and analyzing data using statistical methods. The analysis of this study found a causal relationship between the variables, which is in accordance with the formulation of the problem proposed.

Population and sample

In the context of this study, the population studied is firms engaged in the Constructs sector and listed on the Indonesia Stock Exchange during the period 2020-2022. There are 19 total firm samples and 57 total observation data in the constructs sector that can be the subject of this study.

Types and Sources of Data

The type of data used in this study is historical data in the form of firm financial reports and stock prices from constructs sector firms obtained through the official website of the Indonesia Stock

Exchange, namely www.idx.co.id and the idnfinancials.com website with an observation period from 2020-2022.

Operational Determination and Measurement of Variability

An operational definition and sampling technique used in this study are as follows:

Table 1. Definition of terms and measurement of variables

Variabels	Definition	Pengukuran (Rumus)	Sumber
Equity Risk	Equity risk can be measured using stock beta. This equity risk measurement can be calculated by comparing the covariance with the variance of the stock portfolio.	$Beta = \dfrac{Stock\ Covariance\ I}{Stock\ Portfolio\ Variance}$	(Nguyen et al., 2022)
Investment Decision	The firm's investment decisions in this study are measured using net cash flow from investment activities, symbolized by I, divided by total fixed assets in the previous year, symbolized by K.	$INV = \dfrac{I_{i,\,t}}{K_{i,\,t-1}}$	(Nguyen et al., 2022)
Funding Decision	A firm's financing decisions relate to its capital structure, which includes the proportion of debt and equity a firm uses. Financing decisions are often measured by dividing total long-term liabilities by total assets.	$LL = \dfrac{Long-term\ debt}{Total\ assets}$	(Nguyen et al., 2022)
Working Capital Decision	According to Kristianti (2021), cited in (Megawati et al., 2022), functioning capital is an investment that shows up as current assets for the business. The cycle of cash conversion (CCC) is used in this study to gauge working capital choices. The computation of CCC involves ascertaining the duration in dates for the organization's accounts payable, inventory, and receivables.	$CCC = DSO + DIO - DPO$	(Nguyen et al., 2022)
Firm Size	According to (Khamisah et al., 2020), the term "firm size" refers to the scale dimension, which is the size of an organization determined by a number of factors, including total assets, workforce size, stock market value, and others.	$Size = Ln\ (Total\ assets)$	(Nguyen et al., 2022)
Growth of Revenue	According to (Nurmasari, 2018), the business's rise in revenue indicates the effectiveness of the investments it made in the prior period and gives a general idea of its potential for future revenue growth (Manurung, 2007:48).	$Growth = \dfrac{Growth_t - Growth_t{}^{-1}}{Growth_t{}^{-1}}$	(Nguyen et al., 2022)

Data Analysis Techniques

This study uses panel data regression to test the relationship between pecuniary decisions consisting of investment decisions, financing decisions, and working capital decisions affecting the firm's risk of equity. The data in this study will be tested using Eviews 12 software.

Chow Test

The Chow test is a statistical tool that helps researchers decide on the appropriate regression model for panel data, namely between the common effect model (CEM) or the fixed effect model (FEM) which is most relevant to a study.

Hausman Test

The Hausman test is a statistical tool that helps researchers decide whether the Fixed Effect or Random Effect models are more appropriate for panel data.

Lagrange Multiplier Test

Lagrange multiplier testing is the next step if the Chow and Hausman test findings indicate differences. The Lagrange Multiplier (LM) test is used to determine whether the common effect model or the random effect model is most appropriate to be used as the final result in this study.

Coefficient of Determination Test (R2)

The purpose of the determination coefficient (R2) test is to measure how far the model's ability can explain variations in the dependent variable. If the R2 value approaches 1, it can be said that it is getting better at explaining the relationship between variables (Amaliyah & Herwiyanti, 2020).

F Test

The F statistical test was conducted with the aim of showing all independent variables included in the model that have a joint influence on the dependent variable (Ghozali, 2018). The testing criteria use a significance level of 0.05. If the significance value is <0.05, it means that the research model is feasible to use and if the significance value is >0.05, it means that the research model is not feasible to use.

Partial Statistical Test (t-Test)

The t-statistic test is used to test whether the independent variable has a partial significant effect on the dependent variable.

RESULT AND DISCUSSION

General Description of Research Objects

The objects used in this study are firms engaged in the constructs sector listed on the Indonesia Stock Exchange (IDX) for the 2020-2022 period. Constructs sub-sector firms are firms engaged in infrastructure and building development. In this study, there were 19 total samples and 57 total research observation data. The sampling method in this study used purposive sampling based on certain criteria.

Descriptive Analysis

The objective of this analysis is to offer a statistical summary of the results, encompassing the mean, standard deviation, maximum, and minimum values for every variable. The firm's risk of equity is the dependent variable in this study, and the financing, working capital, and investment decisions are the independent variables. Two additional control variables are revenue growth and business size. The purpose of this study is to determine whether financial choices made between 2020-2022 will impact risk of equity in construction enterprises. After the sample selection process and outlier test, 57 data points were obtained from a total of 19 firms in the constructs sub-sector during the 2020-2022 period.

Table 2. Descriptive Statistical Results of Research Variables

	Observation	Minimum	Maximum	Mean	Std. Deviation
Equity Risk	57	-3.859	4.281	1.375	1.507
Investment Decision	57	-4.452	1.090	-0.235	0.722
Funding Decision	57	0.003	0.636	0.145	0.136
Working Capital Decision	57	-130.696	423.067	146.981	112.854
Firm Size	57	25.553	32.290	28.973	1.804
Growth of Revenue	57	-0.983	1.621	-0.038	0.446

Source: Data Processed Using Eviews 12

The following is an explanation of the results of the descriptive variables above:

1. **Equity Risk**

   Based on the table, the minimum value of equity risk in constructs firms is -3.859, while the maximum value is 4.281. The average (mean) value of equity risk is 1.375 with a standard deviation of 1.507. This shows that the lowest risk of equity in constructs firms listed on the Indonesia Stock Exchange (IDX) during the 2020-2022 period is -3.859 in the firm Meta Epsi Tbk in 2022. Meanwhile, the highest equity risk of 4.281 occurred in the firm Pratama Widya Tbk. in 2021.

2. **Investment Decision**

   The constructs firm's investment decision has a minimum value of -4.452 and a maximum value of 1.090, and an average number average of -0.235 and a standard deviation of 0.722, shown in the table. This means that the lowest investment decision in a constructs firm listed on the Indonesia Stock Exchange for the 2020-2022 period is -4.452, namely in the firm Lancartama Sejati Tbk. in 2020. While the highest investment decision is 1.090 in the firm Nusa Konstruksi Enjiniring Tbk in 2021.

3. **Funding Decision**

   In this study, the funding decision in the constructs sector has a standard deviation of 0.136, an average value of 0.145, and a maximum value of 0.636. This means that the lowest number of funding decisions in constructs firms listed on the Indonesia Stock Exchange for the 2020-2022 period is 0.003, namely in the Meta Epsi Tbk firm in 2022. While the highest investment decision is 0.636 in the Waskita Karya (Persero) Tbk firm in 2022.

4. **Working Capital Decision**

   According to the data in the table, the working capital decision for constructs enterprises is a lowest number of -130,696 and a maximum value of 423,067. The average value (mean) is 146,981 with a standard deviation of 112,854. This means that the lowest working capital decision in constructs firms listed on the Indonesia Stock Exchange for the 2020-2022 period is -130,696, namely in the firm Adhi Karya (Persero) Tbk. in 2020. While the highest working capital decision is 423,067 in the firm Paramita Bangun Sarana Tbk. in 2021.

5. **Firm Size**

According to this study, the average (mean) firm size in the constructs sector is 28,973, with a deviation from the mean of 1,804, and a minimum value of 25,553 and a maximum value of 32,290. This indicates that, for the 2020–2022 period, the lowest business size among constructs firms traded at the stock exchange in Indonesia is 25,553, specifically in the case of Meta Epsi Tbk in 2022. While the highest firm size is 32,290 in the firm Waskita Karya (Persero) Tbk. in 2020.

6. **Growth of Revenue**

According to this survey, the revenue growth of constructs firms ranges from a minimum of -0.983 to a maximum of 1.621, with a mean (average) of -0.038 and a deviation from the mean of 0.446. This means that the lowest revenue growth in constructs firms listed on the Indonesia Stock Exchange for the 2020-2022 period is -0.983, namely in the firm Meta Epsi Tbk. in 2022. While the highest revenue growth is 1.621 in the firm Paramita Bangun Sarana Tbk. in 2021.

Data Analysis Results

Chow Test

Table 3. Chow Test

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.035	(18,33)	0.450
Cross-section Chi-square	25.516	18	0.111

Source: Data Processed Using Eviews 12

Based on the results of the chow test, it can be seen that the probability value of the Cross-section Chi-square > α = 5% (0.05). The Common Effect model was selected to estimate panel data regression in this investigation since H0 is accepted and Ha is rejected.

Hausman Test

Table 4. Hausman Test

Correlated Random Effects - Hausman Test
Equation: Model_REM
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f	Prob.
Cross-section random	9.947	5	0.07

Source: Data Processed Using Eviews 12

The results of the Hausman test show that the Cross-section Chi-square probability value > α = 5% (0.05). Therefore, H0 is accepted and Ha is rejected so that the model chosen to estimate panel data regression in this study is the Random Effect model.

Lagrange Multiplier (LM) Test

Table 5. LM Test

Lagrange Multiplier Tests for Random Effects
Null hypotheses : No effects
Alternative hypotheses : Two-sided (Breusch-Pagan) and one-sided
    (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	1.501	12.836	14.338
	(0.220)	(0.000)	(0.000)

Source: Data Processed Using Eviews 12

Based on the results of the LM test, it can be seen that the Breusch-Pagan cross section value is 0.220 > 0.05 (5%) so H0 is accepted and Ha is rejected, this shows that the appropriate model is the Common Effect or CEM.

Panel Data Regression Model Test Results

The model used in this study is the Common Effect Model (CEM), this is because the LM test states that the right model is the Common Effect Model. The following are the results of the Common Effect Model data analysis:

Table 6. Panel Data Regression Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.	Kesimpulan
C	-5.647	3.114	-1.795	0.078	-
X1	-0.292	0.250	-1.166	0.248	Ditolak
X2	-0.196	1.472	-0.133	0.894	Ditolak
X3	0.005	0.001	3.607	0.000	Diterima
Z1	0.211	0.113	1.865	0.067	Ditolak
Z2	0.043	0.397	0.109	0.913	Ditolak
R-squared				0.304	
Adjusted R-squared				0.235	
F-statistic				4.458	
Prob(F-statistic)				0.001	
Durbin-Watson stat				2.154	

Source: Data Processed Using Eviews 12

Hypothesis Test Results

Coefficient of Determination Test (R2)

The value of the adjusted R-squared is 23.5%, or 0.235. The firm's risk of equity variable can be explained by independent variables made up of funding, working capital, and investment decisions by 23.5%, according to the coefficient of the determination value, with other variables not included in this research model accounting for the remaining 76.5%.

F Test

Table 6 shows that the F number value is 4.458 > F table, which is 2.396, and sig 0.001 < 0.05. This means that Ha is accepted and H0 is rejected, indicating that the working capital decisions, finance decisions, and investment decision variables can all be used together to explain equity risk.

Partial Statistical Test (t-Test)

Investment decisions influence equity risk favorably

The first hypothesis states that investment decisions have a negative and insignificant effect on equity risk. Based on table 12, the investment decision variable (X1) has a coefficient value of -0.292 and a t-count value of -1.166 with a significance level of 0.248, which indicates that the significance value is greater than 0.05. This means that investment decisions have a negative and insignificant effect on equity risk in constructs firms listed on the IDX. Therefore, it can be concluded that the hypothesis is rejected.

Funding decisions influence equity risk favorably

The second hypothesis in this study is that funding decisions have a positive and significant effect on risk of equity. Based on table 12, funding decisions (X2) have a negative and insignificant effect on equity risk. This can be seen from the coefficient value of -0.196 and the t-count value of -0.133 with a significance level of 0.894. This shows that the significance value is greater than 0.05. Thus, it can be concluded that funding decisions have a negative and insignificant effect on equity risk in constructs firms listed on the IDX, so the second hypothesis is rejected.

Working Capital decisions influence equity risk favorably

The third hypothesis in this study is that working capital decisions have a positive and significant effect on the firm's risk of equity. Based on table 12, it can be seen that working capital decisions (X3) have a positive and significant effect on the risk of equity of constructs firms. This is evidenced by the coefficient value of 0.005 and the t-count value of 3.607 with a significance value of 0.000 which is smaller than 0.05. Therefore, it can be concluded that working capital decisions have a positive and significant effect on risk of equity in constructs firms listed on the IDX, so the third hypothesis can be accepted.

CONCLUSSION

Based on the results of the analysis and discussion that have been carried out, the conclusions from the results of this study are as follows:

1. Investment decisions do not affect the equity risk of constructs firms listed on the Indonesia Stock Exchange for the 2020-2022 period. This means that the high or low level of investment in a firm will not affect equity risk. In other words, the level of investment in a business does not directly affect risk of equity. When firms invest funds to increase efficiency, risk can be reduced because efficient firms tend to be more stable and profitable. However, in this study, investment decisions do not affect risk of equity because firms use debt to fund their investments, so the risk is more focused on bonds and the firm's equity risk can be protected.
2. For the years 2020–2022, financing decisions have no bearing on the equity risk of construction firms listed on the Indonesian Stock Exchange. This is so because funding decisions have no bearing on the firm's overall cash flow, risk profile, or valuation as the return on investment resulting from debt or equity funding is not a factor in the business's overall appraisal. The amount of money a firm makes from its activities remains the same, hence its decision to

finance its operations primarily with debt has little effect on the business risk of the organization.

3. Working Capital Decisions have a positive and significant effect on the equity risk of constructs firms listed on the Indonesia Stock Exchange for the 2020-2022 period. Because the higher the working capital turnover, the greater the risk of equity faced by the firm. The longer the cash conversion cycle, the longer it takes for the firm to recover the money invested in inventory and receivables. This makes the firm more vulnerable to cash flow fluctuations and liquidity risk. In addition, large inventories can also increase inventory costs and affect business operations. Managers and shareholders can determine if the firm's equity at risk is rising or falling by looking at the cash conversion cycle.

4. In this study, Firm Size, which is a control variable, does not affect the equity risk of constructs firms listed on the Indonesia Stock Exchange for the 2020-2022 period. This is because large firms generally have easier access to funding sources, both from banks and capital markets. Increased cash availability enables businesses to lower financial risk and more effectively handle business issues. Furthermore, corporate size has no direct bearing on risk of equity since systematic risk, not specific to the firm risk, is the important equities risk in a stock market.

5. And other control variables, namely Revenue Growth, also have no effect on the equity risk of constructs firms listed on the Indonesia Stock Exchange for the 2020-2022 period. Revenue growth does not directly affect risk of equity because equity risk priced in the stock market is related to systematic risk, not firm-specific factors such as revenue growth. Therefore, a firm's revenue growth rate is not a clear indicator for considering risk of equity in the constructs firm business.

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