SCIENTIFIC CULTURE

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SCIENTIFIC CULTURE, Vol. 12, No. 2.1, (2026), pp. 1653-1665
Open Access. Online & Print

DOI: 10.5281/zenodo. 122.126133

THE EFFECT OF CAPITAL STRUCTURE, WORKING CAPITAL MANAGEMENT, AND FINANCIAL & NON-FINANCIAL INNOVATION ON FINANCIAL PERFORMANCE AND MARKET VALUE: EVIDENCE FROM COMPANIES LISTED ON THE STOCK EXCHANGE OF THAILAND

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Received: 20/11/2025
Accepted: 25/12/2025

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ABSTRACT

The objectives of this research aimed: (1) to analyze the effect of capital structure, working capital management, financial innovation, and non-financial innovation on the financial performance of listed companies on the Stock Exchange of Thailand, and (2) to analyze the effect of capital structure, working capital management, financial innovation, and non-financial innovation on market value, mediated by financial performance. Data were collected from annual reports, financial statements, financial statement notes, and Form 56-1 One Report from 2017 to 2022 for 461 companies. In addition, questionnaires were used to collect data among 461 Chief Financial Officers and Chief Accounting Officers. The data were analyzed using a structural equation model (SEM). The findings revealed that working capital management directly affects financial performance, while capital structure and financial performance directly affect market value. However, non-financial innovation has a direct negative effect on financial performance. Moreover, working capital management has an indirectly positive effect on market value, mediated by financial performance. Similarly, capital structure and financial innovation have an indirectly positive effect on market value, mediated by financial performance, with statistical significance at the 0.05, 0.01, and 0.001 levels. However, financial innovation does not have a direct effect on either financial performance or market value. Likewise, working capital management and non-financial innovation do not affect market value, and capital structure does not affect financial performance. In addition, firm size, sales growth, and industry sector serve as control variables. Non-financial innovation does not indirectly affect market value through financial performance.

KEYWORDS: Capital Structure, Working Capital Management, Financial & Non-Financial Innovation, Firm Performance, Market Value.

1. BACKGROUND AND SIGNIFICANCE OF THE PROBLEM

The business world has undergone significant development, from production processes to operational strategies. In the past, companies primarily focused on revenue, expenses, production costs, and profit generation. However, as the global business environment becomes increasingly complex and dynamic due to the ever-evolving demands of consumers, businesses must continuously adapt. To remain competitive, companies relocate production to countries with higher manufacturing capabilities, ensuring fair pricing and market alignment. In addition, the intensity of business competition continues to escalate (Hill, 2021), necessitating efficient management strategies that optimize operational costs and differentiate products and services. Ultimately, these strategies aim to enhance corporate wealth, which serves as a fundamental objective for most businesses. In today's competitive landscape, businesses must establish a strong competitive advantage, which consists of cost advantage and product or service differentiation (Porter, 2008). However, cost competitiveness is particularly crucial, as pricing plays a key role in business growth across various dimensions. Competitive pricing not only influences consumer purchasing decisions, thereby increasing revenue and profit margins, but also drives internal improvements in cost management, expense control, and financial structure optimization. Effective financial management is, therefore, a vital approach for enhancing a company's financial performance and overall business operations (Thompson et al., 2021).

To establish and operate a business with a competitive advantage, financial management serves as a crucial tool or mechanism that can transform a business to achieve this advantage (Prasanna, 2021). One of the key personnel in this process is the financial executive or finance manager, who plays a vital role in planning and providing information to support decision-making by the board of directors. These decisions range from business policy formulation to financial and accounting policies, ensuring operational efficiency within the organization. Effective financial and accounting management offers benefits beyond improving business performance. It also enhances a company's ability to access financial resources more easily, as strong financial performance increases credibility with investors and financial institutions. Moreover, efficient financial management facilitates loan approvals from banks, as it demonstrates a company's ability to manage finances responsibly and meet debt obligations (Rogers, 2021). For companies listed on the Stock Exchange of Thailand, effective financial and accounting management directly influences their credibility in the eyes of investors and shareholders. A well-managed company becomes more attractive to investors, maintaining an appropriate level of confidence (Harvey et al., 2021). This helps stabilize stock prices at an optimal level, ensuring the company's ability to manage operations effectively and achieve its business goals. Furthermore, it enables sustainable business growth and prepares the company to withstand economic fluctuations or external challenges that may threaten financial stability. Sound financial decision-making, therefore, plays a crucial role in navigating crises and maintaining long-term business success.

Generating financial performance or increasing market value is not merely about considering costs and profits. It also involves designing capital structures and managing working capital, both of which directly and indirectly influence financial performance and market value (Uzliawati et al., 2018). Capital structure refers to the composition of long-term funding sources, indicating the proportion of debt and equity financing. This funding is primarily allocated to non-current asset investments, making capital structure a crucial aspect of financial management (Rehman, 2013). If a company relies heavily on debt financing, it incurs interest obligations, which may affect returns and repayment capacity. Conversely, if the company relies too little on debt, it indicates a heavier dependence on equity financing (Aljamaan, 2018). While this minimizes interest expenses, it also means the company may miss out on leveraging credit sources to drive financial growth and maintain higher cash reserves. Therefore, capital structure decisions must consider factors such as interest rates, liabilities, shareholder equity, and the company's ability to meet interest payments. A well-structured financial model facilitates positive cash flow and strategic asset investments, ultimately enhancing financial performance and market value (Ashraf et al., 2017). One key financial ratio for assessing capital structure suitability is the Debt to Asset Ratio, which measures the proportion of a company's total debt relative to its total assets. A low debt-to-asset ratio indicates that the company carries minimal debt compared to its assets, which is favorable as it reduces repayment burdens and improves future borrowing capacity. On the other hand, a high debt-to-asset ratio suggests a heavy debt load relative to total assets, increasing

repayment obligations and limiting future borrowing opportunities (Lumbantobing et al., 2020).

Strategic financial borrowing is a technique used for financial leverage to enable a company to increase its investment through additional debt, leading to accounting growth that positively affects the overall company. If the capital is used appropriately, it will result in better financial performance and increased market value. Additionally, the Debt-to-Equity Ratio, which is the ratio of total debt to shareholders' equity, is considered. This ratio reflects the company's capital structure, showing whether its assets are funded by borrowing or by the company's equity (Manik & Batistuta, 2016). A high ratio suggests that the company may struggle to pay interest due to high debt, as it faces the obligation to pay interest regardless of whether the company is making a profit or incurring a loss. This ratio is used to assess whether the company's debt is excessive because too much debt increases the risk of not being able to repay it, potentially reducing profits and increasing the risk of default (Adam & Quansah, 2019). Therefore, it is necessary to consider the Interest Coverage Ratio, which is a financial ratio that measures the company's ability to pay interest, calculated as earnings before interest and taxes (EBIT) divided by interest expenses. A poorly designed or unsuitable capital structure increases the risk of the company's insolvency due to the inability to meet debt obligations after the capital structure has been allocated (Lingkan et al., 2017).

Next is the management of working capital, which involves managing current assets, such as cash, securities, receivables, and inventories. These assets must be managed to align with and balance against current liabilities (Anser & Malik, 2013). The company needs to manage working capital to an appropriate level in line with business conditions and opportunities to create profit, while managing the associated risks (Rebelo et al., 2015). Effective working capital management includes key ratios such as the Current Ratio, which is the ratio of current assets to current liabilities, indicating the company's liquidity and its ability to pay short-term debts. This ratio should be greater than 1 to ensure the company can meet its short-term obligations. The Cash Conversion Cycle represents the number of days it takes for a company to receive cash from its operations. The cycle should be short, indicating that the company can quickly reinvest cash after spending it on production or investment, reflecting good liquidity (Ikram et al., 2018). The Receivables Turnover ratio represents how many times a company can collect payments from credit sales. A high turnover ratio suggests that the company collects credit payments quickly, but if it is too high, it may indicate that the company is too strict in extending credit to customers, which could hurt its competitive position. Balancing the credit terms with important customers is crucial to maintain the customer base and ensure stable revenue for the company (Rebelo et al., 2015). For customer groups with poor financial status, setting short payment terms may enhance the company's security and reduce the risk of bad debts. The Payable Turnover ratio indicates the period a company takes to pay its trade creditors, depending on how well the company can negotiate payment terms with creditors. A longer payment period increases the company's liquidity, as indicated by the payable turnover ratio. The lower the ratio, the better, as it reflects that the company can use its funds internally before making payments (Ikram et al., 2018).

If the company can negotiate longer payment terms with creditors than the terms for collecting receivables from customers, it will improve the company's liquidity, giving it a competitive advantage in business. Moreover, the company must monitor its Inventory Turnover ratio, which directly affects revenue. If inventory remains unsold in the warehouse for a long time, it leads to sunk costs - costs already incurred to acquire products, whether through production or procurement. This can negatively affect the company's working capital (Tayseer et al., 2014). Therefore, effective inventory management is essential to avoid excessive stockpiles and long storage times. Furthermore, innovation is widely regarded as one of the most important sources of sustainable competitive advantage in an increasingly dynamic environment. It leads to product and process improvements, continuous advancements that help companies survive and grow more quickly and efficiently, ultimately generating higher profits than those who fail to innovate. These innovations include technological innovations (product and process innovations) and non-technological innovations (organizational and marketing innovations) (Murat & Murat, 2013).

It can be observed that the financial performance or market value increase is directly affected by the capital structure, which determines the ratio of company investments between owners' equity and borrowed funds. This allows the company to allocate capital efficiently enough while maintaining an acceptable level of risk in company management. In addition, managing working capital helps the company run its business activities effectively. Innovation leads to value creation for the business,

enabling business processes to operate efficiently and effectively, ultimately leading to enhanced financial performance and an appropriate increase in market value. Given the importance and necessity of these issues, it leads to the influence of capital structure, working capital management, financial innovation, and non-financial innovation on the financial performance and market value of listed companies on the Stock Exchange of Thailand (SET). This will benefit the country by creating and establishing guidelines for assessing the financial performance and market value of companies listed on the SET, as well as managing capital structure and working capital management. This will serve as a model for improving the financial and accounting structure of companies, enhancing their capabilities in various aspects, thereby achieving financial stability and contributing to the stability and confidence in the Stock Exchange of Thailand, which is a crucial part of the country's economic development infrastructure.

2. RESEARCH OBJECTIVES:

1. To analyze the effect of capital structure, working capital management, financial innovation, and non-financial innovation on the financial performance of listed companies on the Stock Exchange of Thailand.
2. To analyze the effect of capital structure, working capital management, financial innovation, and non-financial innovation on market value, mediated by financial performance.

2.1. Research Conceptual Framework

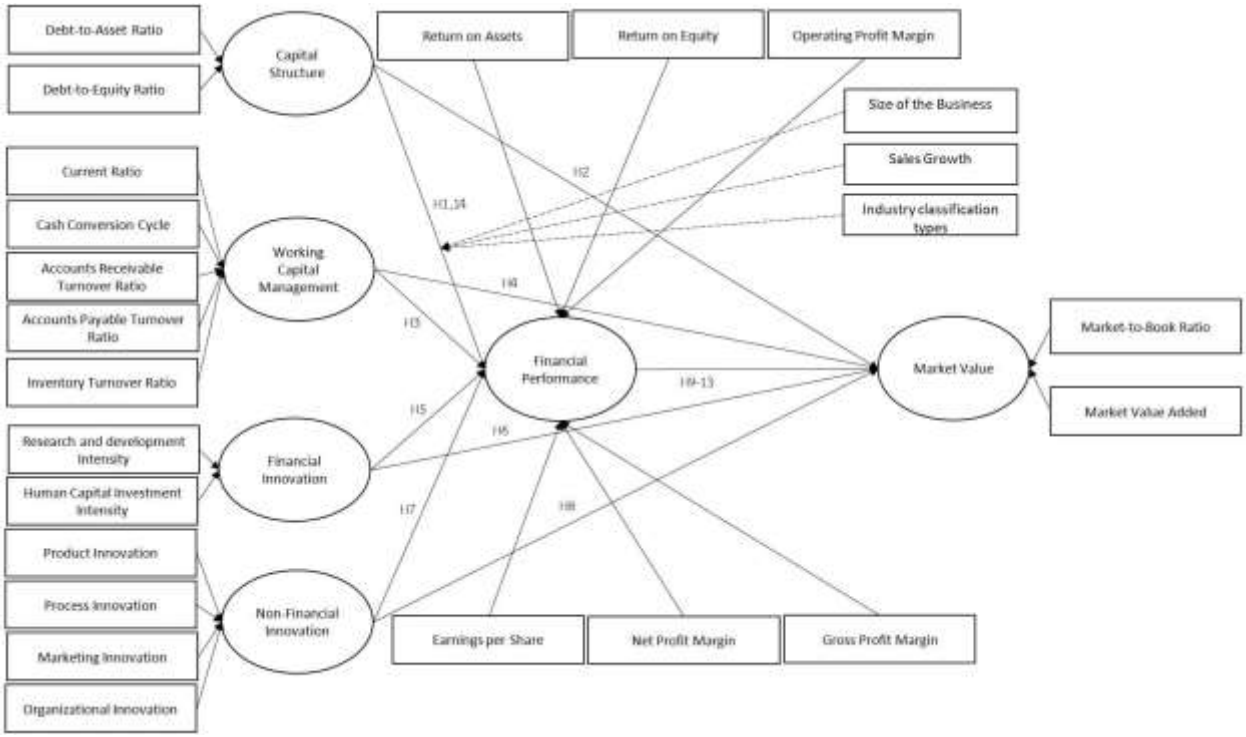

Figure 1: The Effect of Capital Structure, Working Capital Management, Financial Innovation, And Non-Financial Innovation on The Financial Performance of Listed Companies on The Stock Exchange of Thailand.

3. RELATED RESEARCH

3.1. Research On Capital Structure Affecting Financial Performance and Market Value:

Lingkan et al. (2017) studied the effect of capital structure on financial performance in the telecommunications industry in Indonesia. The results showed that the Debt to Asset Ratio has a negative and significant effect on Return on Assets (ROA). The Debt-to-Equity Ratio has a negative effect, but no significant effect on ROA. This finding is consistent with Lumbantobing et al. (2020), who examined the effect of the Debt to Asset Ratio and Debt to Equity Ratio on Return on Assets (ROA) in the hotel, restaurant, and tourism sectors listed on the Indonesia Stock Exchange from 2014 to 2018. The study found that the Debt to Asset Ratio has a positive and significant effect on ROA, while the Debt-to-Equity Ratio has a negative effect on ROA. Furthermore, Nguyen & Nguyen (2020) investigated the relationship between capital structure and

market value: A case study of companies listed in the food and beverage industry in Vietnam. The research found that capital structure has a positive relationship with market value. In addition, increasing firm quality, tangible assets, firm growth, and GDP growth can increase market value. However, increasing leverage or seeking higher profitability and liquidity, along with inflation, can reduce the market value of food and beverage companies. The authors recommended that fund managers and boards of directors should shift towards more sustainable sources of funding and more efficient capital management strategies. This is consistent with Ngatemin & Nugraha (2017), who researched the capital market in Indonesia's tourism industry. This study aimed to empirically assess the past capital structure and its effect on market value by gathering data from 19 tourism industry firms listed on the Indonesia Stock Exchange with operations from 2007 to 2014. The study revealed that capital structure is correlated with market value, and the optimal capital structure minimizes the cost of capital to maximize market value.

Peranginangin & Nusantara (2019) studied the effect of profitability, debt policy, and firm size on market value in consumer goods companies. The research findings revealed that financial performance indicators, including Gross Profit Margin, Operating Profit Margin, Net Profit Margin, Return on Assets (ROA), Return on Equity (ROE), Debt to Equity Ratio (DER), and firm size (SIZE/Total Assets), have a significant effect on the market value of companies listed on the Indonesia Stock Exchange in the consumer goods sector. This is in line with Hilal & Samono (2019), who analyzed the effect of fundamental factors of small firms on market value, as indicated in the LQ 45 index. Their study found that ROA has a positive and significant effect on market value, which suggests that companies with strong financial performance can increase their market value. This is consistent with Kartika (2020) who tested the effect of size, ROA, and growth rate on market value, with capital structure as an intervening variable in companies with a chemical background. The study showed that ROA has a significant effect on market value, indicating that high asset returns can predict a company's performance in a positive direction. This can attract investors, thereby increasing stock value and improving market value. Therefore, it can be concluded that financial firm performance is related to market value, and capital structure is also associated with market value and financial performance.

The researchers developed the following hypotheses:

H1: Capital structure has a positive direct effect on financial performance.

H2: Capital structure has a positive direct effect on market value.

H3: Financial performance has a positive direct effect on market value.

H4: Capital structure has an indirect effect on market value through financial performance.

3.2. Research On Working Capital Management and Its Effect on Financial Performance and Market Value

Moussa (2018) studied the effect of working capital management on the financial performance of industrial enterprises in Egypt. The research findings indicated that working capital management has a positive relationship (measured by the cash conversion cycle) with the stable financial performance of 68 industrial companies in Egypt between 2000 and 2010. This is consistent with Amponsah-Kwatiah & Asiamah (2020), who studied the relationship between various components of working capital and the financial performance of manufacturing companies listed in Ghana. The research found a positive relationship between different components of working capital and the financial performance of these companies. Furthermore, Arachchi et al. (2017) found that investment in working capital is related to the trade-off between financial performance and liquidity. Thus, effective working capital management affects market value. A study of 44 companies listed on the Singapore Stock Exchange between 2011 and 2015 found that the cash conversion cycle has a negative relationship with market value (Tobin's Q), indicating that efficient working capital management increases the market value of a company and contributes to shareholder wealth. This is consistent with Adam & Quansah (2019), who studied the effect of working capital management policies on shareholder value for six manufacturing companies listed on the Ghana Stock Exchange between 2000 and 2013. The research found that an aggressive investment policy in current assets increased the market-to-book ratio and market value (Tobin's Q) in the long term. In addition, Al-Shubiri (2011) examined the relationship between cautious and aggressive working capital management policies and financial performance for 59 industrial companies and 14 banks listed on the Amman Stock Exchange in Jordan between 2004 and 2008. The study found that an aggressive financing policy had a positive

relationship with the market-to-book ratio (Tobin's Q). This is consistent with the study by Abuzayed (2012), who investigated the effect of working capital management on business performance. The study found that companies in the Amman Stock Exchange that had efficient working capital management increased their market-to-book ratio (Tobin's Q). Therefore, it can be concluded that working capital management is related to both market value and financial performance. The researchers developed the following hypotheses:

H5: Working capital management has a positive direct effect on financial performance.

H6: Working capital management has a positive direct effect on market value.

H7: Working capital management has an indirect effect on market value through financial performance.

3.3. Research On Financial Innovation and Its Effect on Financial Performance and Market Value

Wang et al. (2013) analyzed the effect of research and development (R&D) and operational efficiency on the performance of 65 companies in the high-tech industry listed on the Taiwan Stock Exchange between 2003 and 2007. By controlling for company-level variables, the results indicated a positive effect of productivity and research and development on the companies' performance. There are two ways to account for R&D investment under International Accounting Standards (IAS): it can be treated either as an expense or as an intangible asset. If the investment is treated as an expense, it is recorded in the profit and loss statement. If treated as an intangible asset, it is recorded on the balance sheet and amortized annually (Anagnostopoulou, 2008). Both methods reduce the company's short-term income. This is consistent with Schultz (1961), who found that human capital consists of the knowledge, skills, abilities, and experiences possessed by individuals, both inherent and learned. Moreover, it includes tacit knowledge and explicit knowledge (Kal Pinchesorn et al., 2017). The more opportunities individuals have for learning and accumulating experience, the greater their human capital. Human capital is a valuable and important resource that can create value for organizations and provide a competitive advantage (Prapaitip Luepong, 2012). Human capital is a combination of three key components: intellectual capital, social capital, and emotional capital (Lynda & Baird, 2003). Lv & Han (2015) studied the relationship between intellectual capital and organizational performance and found that intellectual capital is an important personal asset that enables profitability, value creation, growth, and development for an organization. It is a crucial resource, and organizations that have personnel capable of integrating knowledge, skills, and experiences within the organization will be more successful (Maria Diez et al., 2010).

The researchers developed the following hypotheses:

H8: Financial innovation has a positive direct effect on financial performance.

H9: Financial innovation has a positive direct effect on market value.

H10: Financial innovation has an indirect effect on market value through financial performance.

3.4. Research On Non-Financial Innovation and Its Effect on Financial Performance and Market Value

Calantone et al. (2002) developed a framework for studying the relationship between learning approaches, company innovation, and company performance in the manufacturing and service industries in the United States. Their study revealed that company innovation has a positive relationship with company performance. This is consistent with Sharma & Lacey (2004), who found a positive relationship between company-level innovation and company performance, especially for new products launched in the market. Initially, these products face limited competition, leading to relatively high profits for companies. Over time, these high profits tend to decrease due to imitation and competition. However, companies that continue to introduce new innovative products may sustain high profits for a longer period. Similarly, Varis & Littunen (2010) argued that the primary reason for companies to engage in innovation activities is to improve company efficiency and success. The effect of innovation activities on company performance is consistent with Vanderpal (2015), who studied the effect of innovation on the financial performance of organizations. His study found a positive effect of innovation on future revenue, market value, productivity growth, and operational efficiency of companies. The management of investment in innovation has a direct effect on company performance, and research and development spending can lead to reduced production costs and increased market value. Moreover, Cho & Pucik (2005) studied the relationship between innovation, quality, growth, profitability, and market value at the company level in the U.S. financial industry using structural equation modeling. Their study indicated that innovation mediates the relationship between

quality and growth, and quality mediates the relationship between innovation, profitability, and market value. Thus, it can be concluded that innovation is related to market value and company performance. The researchers developed the following hypotheses:

H11: Non-financial innovation has a positive direct effect on financial performance.

H12: Non-financial innovation has a positive direct effect on market value.

H13: Non-financial innovation has an indirect effect on market value through financial performance.

3.5. Research On Capital Structure and Financial Performance, With Firm Size, Sales Growth, And Industry Classification as Control Variables

The capital structure of companies, depending on their size and sales growth, influences their financial performance differently. Abor (2005) studied the effect of capital structure on profitability through an empirical analysis of listed companies in Ghana. The study found that the ratio of short-term debt had a positive relationship with total assets and return on shareholders' equity, while the ratio of long-term debt had a negative relationship with total assets and return on equity. The total debt ratio was positively correlated with total assets and return on equity. Furthermore, the study found that firm size and sales growth, which are control variables, had a positive relationship with financial performance. This is consistent with Papadognas (2007), who studied the financial performance of large and small companies in Greece. Their study of 3,035 Greek manufacturing firms found that profitability was positively influenced by firm size. Similarly, Lee (2009) found that firm size is crucial for explaining stable financial performance in U.S. public companies. This is in line with Vijayakumar & Tamizhselvan (2010), who analyzed the relationship between firm size and financial performance, finding a positive relationship between firm size and financial performance. Additionally, Gill et al. (2011) studied the effect of capital structure on profitability in the U.S. and revealed that control variables such as firm size, sales growth, and industry were key factors in determining the profitability of companies. Ghayas & Akhter (2018) empirically examined the effect of capital structure decisions on the profitability of companies. The study, which analyzed 35 pharmaceutical companies listed on the Bombay Stock Exchange (BSE) over five years (2012-2016), found that capital structure variables (long-term debt to total assets ratio, short-term debt to total assets ratio, and total debt to total assets ratio) had an effect on financial performance, with firm size and sales growth as control variables. The results showed a positive effect of short-term debt and total debt on return on equity (ROE). Therefore, it can be concluded that capital structure is related to financial performance, with firm size, sales growth, and industry type as control variables. The researchers developed the following hypothesis:

H14: Capital structure has a positive effect on financial performance, with firm size, sales growth, and industry type as control variables.

4. RESEARCH METHODOLOGY

4.1. Research Design

4.1.1. Population And Sample

The population for this study consisted of 461 companies listed on the Stock Exchange of Thailand, excluding companies in the fund group, the financial industry, and companies with incomplete data. Data was collected from annual reports, financial statements, notes to the financial statements, and Form 56-1 One Report from 2017 to 2022. Furthermore, data was collected through questionnaires from the Chief Financial Officers (CFOs) of companies listed on the Stock Exchange of Thailand.

Table 1: The Sample Size (Companies) Classified by Industry Type.

Industry Group	Number of Companies
1. Agriculture and Food Industry	50
2. Resources Industry	49
3. Technology Industry	38
4. Services Industry	108
5. Industrial Products Industry	86
6. Consumer Goods Industry	39
7. Real Estate and Construction Industry	91
Total	**461**

Source: List of Companies Listed on the Stock Exchange, Stock Exchange of Thailand, 2022

4.2. Research Tools

The tools used in this study included data from annual reports, financial statements, notes to the financial statements, annual reports (Form 56-1), One Report, and data released via the Stock Exchange's website, including news released from the companies during the years 2017–2022. A questionnaire was also used to collect data.

This questionnaire consisted of 1 set with a Likert

5-point scale for measurement, designed as follows:

Section 1: General information of the respondent
Section 2: Product innovation
Section 3: Process innovation
Section 4: Marketing innovation
Section 5: Organizational innovation
Section 6: Other suggestions

The researcher tested the reliability of the questionnaire by conducting a Try Out with a non-sample group of 30 individuals and calculated the reliability using Cronbach's Alpha coefficient. The reliability value obtained was 0.77, which is above the threshold of 0.70 (Kalaya Vanichbuncha, 2005), indicating the questionnaire's appropriateness for data collection.

4.3. Data Collection

Data was collected from the annual reports, financial statements, notes to the financial statements, One Report, and information from the Stock Exchange website, as well as company news during the years 2017–2022. For the questionnaire, the researcher gathered contact details of companies listed on the Stock Exchange of Thailand from all 7 industry groups. Afterward, communication was made to provide research details, and a Google Form was created and sent via email to the selected samples until complete data was received for analysis and summary.

4.4. Data Analysis

Descriptive statistics were used to explain the characteristics or distribution of variables in this study, including Mean, Standard Deviation, Skewness, and Kurtosis (Sirichai Kanjanawasee & colleagues, 2011).

Structural Equation Modeling (SEM) was used to test hypotheses for identifying causal relationships between variables and the level of influence of factors on the variables. The SEM approach was analyzed with a software program (Hair et al., 2010; Wong, 2013).

5. RESEARCH RESULTS

The researcher investigated whether the Structural Equation Model developed based on conceptual and theoretical frameworks was consistent with empirical data. In addition, the relationship pathways within the model were examined.

The analysis of the effect values between the independent and dependent variables can be explained as follows:

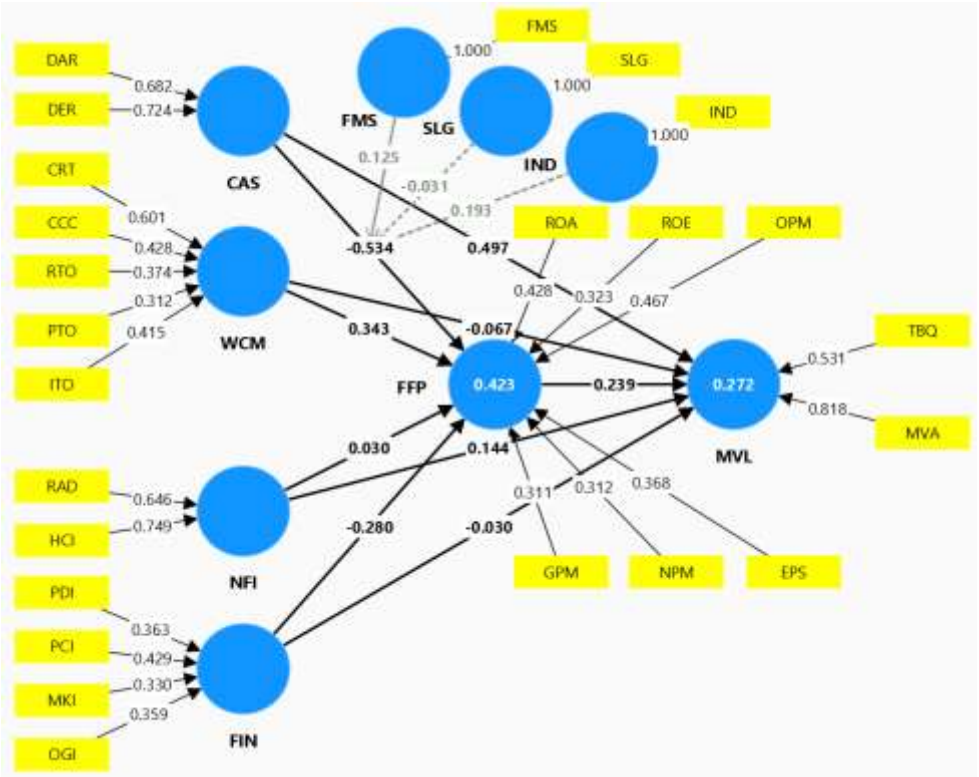

Figure 2: Full Mediation Effect Model.

Note: The Values Within the Latent Variables Represent the Coefficient of Determination (R^2).

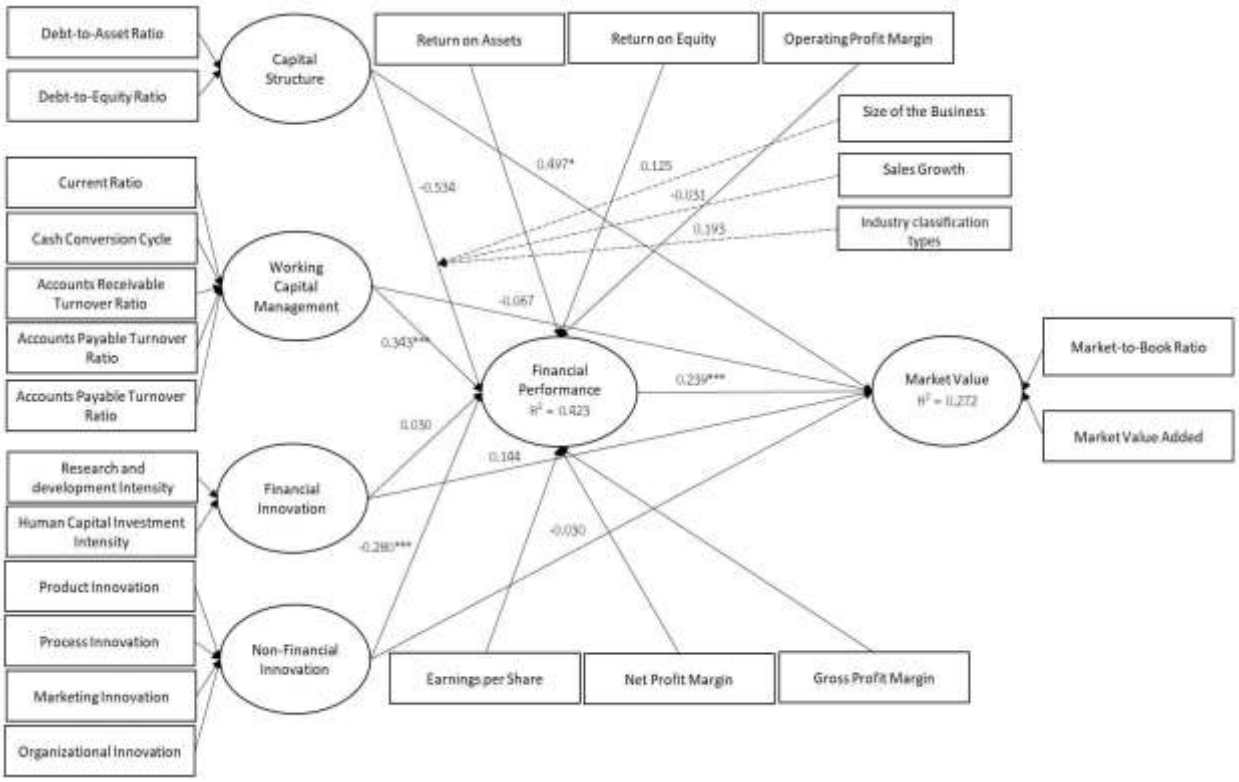

Figure 3: The Effect Coefficients and Hypothesis Testing Using the Bootstrapping Method.

Table 2: The Results of The Hypothesis Testing.

Research Hypothesis		Direct Effect	Indirect Effect	Total Effect	P Values	T statistics	Interpretation
H1	CAS -> FFP	-0.534		-0.534^{ns}	0.059	2.038	Rejected
H2	CAS -> MVL	0.497		0.497*	0.042	2.220	Accepted
H3	FFP -> MVL	0.239		0.239***	0.001	2.793	Accepted
H4	CAS --> FFP --> MVL	-0.534	-0.127	-0.661**	0.005	2.822	Accepted
H5	WCM -> FFP	0.343		0.343***	0.000	3.521	Accepted
H6	WCM -> MVL	-0.067		-0.067^{ns}	0.446	0.763	Rejected
H7	WCM --> FFP --> MVL	0.343	0.082	0.425**	0.002	3.028	Accepted
H8	FIN -> FFP	0.030		0.030^{ns}	0.633	0.477	Rejected
H9	FIN -> MVL	0.144		0.144^{ns}	0.257	1.134	Rejected
H10	FIN --> FFP --> MVL	0.030	0.067	0.097***	0.001	3.425	Accepted

Table 2: (Continued).

Research Hypothesis		Direct Effect	Indirect Effect	Total Effect	P Values	T statistics	Interpretation
H11	NFI -> FFP	-0.280		-0.280***	0.000	3.623	Accepted
H12	NFI -> MVL	-0.030		-0.030^{ns}	0.601	0.524	Rejected
H13	NFI --> FFP --> MVL	-0.280	-0.006	-0.286^{ns}	0.435	2.641	Rejected
H14	CON x CAS -> FFP	0.125		0.125^{ns}	0.685	0.406	Rejected
	CON x CAS -> FFP	-0.031		-.0.031^{ns}	0.922	0.098	Rejected
	CON x CAS -> FFP	0.193		0.193^{ns}	0.531	0.626	Rejected

Notes: * means statistical significance at the 0.05 level ($p \leq 0.05$).
** means statistical significance at the 0.01 level ($p \leq 0.01$).
*** means statistical significance at the 0.001 level ($p \leq 0.001$)
'ns' means non-significance.

6. DISCUSSIONS

The findings of this research were based on the study's objectives and hypotheses. The results

highlight several key points for discussion, as follows:

1. Analysis of the Effect of Capital Structure, Working Capital Management, Financial Innovation, and Non-Financial Innovation on the Financial Performance of Companies Listed on the Stock Exchange of Thailand: The research revealed that working capital management has a direct positive effect on financial performance, while capital structure and financial performance have a direct positive effect on market value. In contrast, non-financial innovation has a direct negative effect on financial performance, with statistical significance at the 0.05, 0.01, and 0.001 levels. These findings are consistent with the study by Nguyen et al. (2020), which examined the relationship between capital structure and market value in the context of food and beverage companies listed in Vietnam. Their research revealed that capital structure has a positive correlation with market value. In addition, improving firm quality, asset tangibility, firm growth rate, and GDP growth rate can enhance market value. However, increasing leverage or pursuing high profitability and liquidity in the presence of inflation can reduce the market value of food and beverage companies. The authors recommend that fund managers and boards of directors should improve strategic planning toward sustainable funding sources and more efficient capital management. These findings are also consistent with Ngatemin et al. (2017), who studied the capital market in Indonesia's tourism industry. Their research empirically assessed the effect of capital structure on market value. By analyzing data from 19 tourism companies listed on the Indonesia Stock Exchange from 2007 to 2014, they found that capital structure is related to market value. An optimal capital structure minimizes the cost of capital to maximize market value. This is consistent with Peranginangin & Nusantara (2019) who studied the effect of profitability, debt policy, and firm size on market value in the consumer goods sector. Their findings indicated that financial performance metrics—such as gross profit margin, operating profit margin, net profit margin, return on assets (ROA), return on equity (ROE), debt-to-equity ratio (DER), and firm size (total assets)—significantly affect the market value of companies listed on the Indonesia Stock Exchange in the consumer goods sector. This is also consistent with Hilal & Samono (2019) who analyzed the effect of fundamental factors on the market value of small businesses listed in the LQ 45 index. They found that ROA has a positive and significant effect on market value, indicating that firms with strong financial performance can enhance their market value. Moreover, it is consistent with Kartika (2020) who tested the effect of firm size, ROA, and growth rate on market value, with capital structure as a mediating variable in the chemical industry. The study revealed that ROA influences market value, suggesting that higher asset returns can predict improved company performance, attracting investors and increasing stock value. This, in turn, enhances market value. In summary, financial firm performance is positively correlated with market value. Therefore, it can be concluded that capital structure is related to both market value and firm performance.

Moussa (2018) studied the effect of working capital management on the financial performance of industrial firms in Egypt. The findings revealed a positive correlation (measured by cash conversion cycles) between working capital management and stable financial performance in 68 industrial companies in Egypt between 2000 and 2010. This is consistent with Amponsah-Kwatiah & Asiamah (2020), who investigated the relationship between components of working capital and financial performance in manufacturing companies listed in Ghana. Their findings revealed a positive correlation between working capital components and financial performance. Calantone et al. (2002) developed a framework to study the relationship between learning orientation, firm innovation, and firm performance in the U.S. manufacturing and service industries. Their study revealed that firm innovation is positively correlated with firm performance. Similarly, Sharma & Lacey (2004) found a positive relationship between firm-level innovation and firm performance, particularly when innovative products are first introduced to the market with limited direct competition. This allows firms to achieve relatively high profits initially. Over time, these profits tend to decline due to imitation and competition. However, firms that continue to introduce innovative products can sustain high profits over the long term.

In contrast to prior studies, this research found that financial innovation does not have a direct influence on financial performance or market value. This contradicts findings from studies such as Prapaitoon Luepong (2012), Gratton & Ghoshal (2003), and Lv & Han (2015), which demonstrated that financial innovation has a direct positive influence on financial performance and market value. In addition, working capital management and non-financial innovation were found to have no direct effect on market value in this study. This contrasts with research by Vanderpal (2015), Al-

Shubiri (2011), and Abuzayed (2012), which indicated that working capital management and non-financial innovation have a direct positive effect on market value. This study found that capital structure does not affect financial performance, even when controlling for firm size, sales growth, and industry type. This contradicts findings from several studies, such as Lingkan et al. (2017), Lumbantobing et al. (2020), Abor (2005), Papadognas (2007), Lee (2009), Vijayakumar & Tamizhselvan (2010), and Ghayas & Akhter (2018), which demonstrated that capital structure has a positive effect on financial performance, often moderated by firm characteristics.

2. Analysis of the Influence of Capital Structure, Working Capital Management, Financial Innovation, and Non-Financial Innovation on the Market Value of Listed Companies in the Stock Exchange of Thailand: Through financial performance, the research findings revealed that working capital management has an indirect positive effect on market value via financial performance. Similarly, capital structure and financial innovation also exert an indirect positive effect on market value through financial performance, with statistical significance at the 0.05 and 0.01 levels. These findings are consistent with the study by Lingkan et al. (2017), which examined the effect of capital structure on financial performance in Indonesia's telecommunications industry. Their research showed that the debt-to-asset ratio negatively and significantly affected the return on assets (ROA), while the debt-to-equity ratio had a negative but insignificant effect on ROA. Furthermore, these findings are consistent with the study by Lumbantobing et al. (2020), which investigated the effect of the debt-to-asset ratio and the debt-to-equity ratio on ROA in the hotel, restaurant, and tourism sector of companies listed on the Indonesia Stock Exchange from 2014 to 2018. Their research demonstrated that the debt-to-asset ratio had a positive and significant effect on ROA, whereas the debt-to-equity ratio had a negative effect on ROA. In addition, the study by Arachchi, Perera, and Vijayakumaran (2017) found that investment in working capital involves a trade-off between financial performance and liquidity. Therefore, efficient working capital management significantly affects market value. A study of 44 companies listed on the Singapore Stock Exchange from 2011 to 2015 revealed that the cash conversion cycle had a negative correlation with market value (Tobin's Q), suggesting that effective working capital management enhances a company's market value, thereby increasing shareholder wealth. These findings are also consistent with the study by Adam and Quansah (2019), which examined the effect of working capital management policies on shareholder value creation in six manufacturing companies listed on the Ghana Stock Exchange from 2000 to 2016. Their research concluded that an aggressive investment policy in current assets increased the market-to-book ratio and market value (Tobin's Q) in the long run.

Meanwhile, Wang et al. (2013) analyzed the effect of research and development (R&D) and productivity on the performance of 65 high-tech companies listed on the Taiwan Stock Exchange between 2003 and 2007, while controlling for certain firm-level variables. The results indicated a positive effect of productivity and R&D on corporate performance. There are two accounting methods for R&D investment according to International Accounting Standards (IAS): it can either be treated as an expense or as an intangible asset. If classified as an expense, it is recorded in the income statement, whereas if considered an intangible asset, it is recorded in the statement of financial position and amortized annually (Anagnostopoulou, 2008). Both approaches ultimately reduce a company's short-term income. This is consistent with Schultz (1961), who defined human capital as encompassing knowledge, skills, abilities, and experiences that individuals possess, whether innate or acquired through learning. Furthermore, human capital includes both tacit knowledge and explicit knowledge (Kan Pin-Kaesorn et al., 2017).

Regarding non-financial innovation, the study found that it does not have an indirect effect on market value through financial performance. This contradicts prior research, which found that non-financial innovation indirectly influences market value via financial performance (Varis & Littunen, 2010; Sharma & Lacey, 2004).

7. RECOMMENDATIONS

7.1. Recommendations For Applying the Research Findings

1. Chief Financial Officers (CFOs) of companies listed on the Stock Exchange of Thailand can utilize the research findings as a guideline to enhance financial performance, leading to sustainable market value growth for their companies.
2. Listed companies in the Stock Exchange of Thailand can apply the research findings to drive and promote financial performance improvement in a concrete and sustainable manner, ultimately increasing market value.

7.2. Recommendations For Future Research

1. Future studies should explore additional factors such as risk management and audit quality, which

may influence the financial performance and market value of listed companies on the Stock Exchange of Thailand. This would contribute to a more comprehensive and holistic analysis.

2. Future research should also consider other sample groups, such as accountants responsible for financial reporting, to ensure accurate representation of financial performance and position in compliance with accounting standards. In addition, auditors, who are independent professionals with the necessary licensing and qualifications, should be examined. Auditors play a critical role in verifying and certifying the accuracy of financial statements. To obtain a professional auditor's license, individuals must pass rigorous examinations and complete the required training hours as stipulated by the professional accounting council or the tax authorities. By including these key financial professionals in the study, the research can provide a more comprehensive understanding of financial reporting practices, leading to a more accurate reflection of financial performance and market value.

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