

## **PROFITABILITY, CAPITAL STRUCTURE AND CORPORATE GOVERNANCE ON FIRM VALUE: EVIDENCE FROM SPAIN**

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## Abstract

The purpose of this paper is to examine profitability, capital structure, and corporate governance variables that influence firm valuation. This study examined 91 Spanish Small and medium enterprises listed on BME Growth using fixed effect model panel data. The study covered a period of five years from 2015 to 2019. The results show that profitability, leverage, firm size, controlling shareholder all have a significant impact on SMEs' firm value. Broadly, the results provide evidence to back the trade-off theory. In addition, the empirical finding also shows that the corporate governance mechanisms applied in alternative stock exchanges do not always entail better firm valuation.

**Keywords:** Firm value, Capital structure, Profitability, Corporate governance, Alternative stock market, Tobin's Q,