The Influence of Financial Performance on Company Value with Capital Structure as a Mediation Variable

(Study on Manufacturing Companies Listed on the Indonesia Stock Exchange 2015-2019)

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Abstract:- This study aims to examine and analyze the effect of financial performance on firm value with capital structure as a mediating variable. The object of research is a food and beverage industry manufacturing company listed on the Indonesia Stock Exchange. Determination of the sample using purposive sampling technique is a sampling technique with certain considerations. The total population in this study was 26 companies. Data collection is done by means of a documentary in the form of financial report data with data analysis using moderated regression analysis (MRA). The results show that: first, liquidity has a positive effect on firm value. Second, profitability has a positive effect on firm value, Third, dividend policy has a positive effect on firm value. Fourth, the capital structure has a positive effect on the value of the company. Fifth, capital structure mediates the effect of liquidity on firm value. Sixth, capital structure mediates the effect of profitability on firm value. Seventh, capital structure mediates the effect of dividend policy on firm value.

Keywords:- *liquidity, profitability, dividend policy, firm value and capital structure*

I. INTRODUCTION

Along with the development of the era of globalization, the manufacturing industry plays an important role in efforts to boost the value of investment and exports so that it becomes a mainstay sector in increasing economic growth. The industrial sector is related to GDP by 20%, then for taxation by 30% and exports up to 74%. This achievement was the largest contributed by the five manufacturing sectors, namely: the food and beverage industry, the textile and clothing industry, the automotive industry, the chemical industry, and the electronics industry (http://Kementerian.go.id)

Every Food and Beverage Industry company listed on the Indonesia Stock Exchange must maintain business continuity on the Stock Exchange, in order to overcome the intense level of competition, so that efforts are made to increase the value of the company. Harmono (2017: 233) argues that company value is the company's ability as shown by the stock price formed by supply and demand in the capital market which reflects public demand for the company's progress.

Company value is a measure of the success of a company's management, so that it can increase trust for shareholders by fulfilling the welfare of shareholders which reflects the high value of the company. The value of the company will be reflected in the company's stock price, the better the value of the company will be. Firm value is very important because high corporate value will be followed by high shareholder prosperity (Weston and Bringham, 2014:5). Firm value is an investor's perception of the company's level of success which is often associated with stock prices. Wijaya and Panji in Yanti and Damayanti (2019) which states that high stock prices are directly proportional to high company values. A high company value will increase an investor's confidence in the company's value.

To increase the value of the company, there are many factors that influence, namely: managerial ownership, dividend policy, debt policy, company size, company growth, interest rates, profitability, capital policy, capital structure and others. However, this research focuses on liquidity, profitability and dividend policy. The reason for choosing liquidity, profitability and dividend policy is because these three variables are related to company profits and play an important role in increasing company value, where high liquidity means that the company is able to meet its short-term obligations. This gives a signal to investors that the company's performance is in good condition. Profitability is related to profit, where the higher the profitability, the better, meaning that the company has a good performance in generating net profit both from sales (ROA) and own capital (ROE). To attract investors to invest, the management will try to increase the company's profitability. With the increase in profit, it will have a positive impact on increasing stock prices in the capital market, which means that the value of the company is in a good position. Likewise, dividend policy is related to the company's financial decisions about whether the profits generated will be distributed to investors or retained as retained earnings. The value of the company is reflected in the company's ability to pay dividends.

The capital structure affects the value of the company, where Fahmi (2015: 184) suggests that the capital structure is a description and form of the company's financial proportions, namely between owned capital sourced from long-term debt and own capital. Capital structure affects firm value, this is based on research conducted by Manoppo and Arie (2016) that capital structure has a significant effect on firm value, as well as Hirdinis' research (2019) that capital structure has a significant positive effect on firm value. While Suranto, et.al. (2017) found that capital structure had a positive and insignificant effect on firm value and besides the results of research conducted by Makkulau, et.al. (2018) that capital structure has no significant effect on firm value, so research conducted by Manuppo and Arie (2016), Suranto, et.al. (2017), and Makkulau, et.al. (2018) is inconsistent so there is a research gap in this study.

Dividend policy concerns decisions regarding the use of profits which are the rights of shareholders. The distribution of dividends will indicate that the company earns a large enough profit so that it is able to distribute it to shareholders. This is supported by the bird in the hand theory, where investors prefer cash dividends rather than being promised a return on investment (capital gain) in the future, because receiving cash dividends is a form of certainty which means reducing risk. This theory explains that investors want high dividend payments from company profits according to the investor's goal, namely investing their shares to get dividends, investors do not want to invest in companies if dividends are received in the long term. Investors will be willing to pay a higher price for companies paying current dividends. Senata's research (2016) found that dividend policy has an effect on firm value. In contrast to the research of Ramadhan, et.al. (2018) that dividend policy has no significant effect on firm value. Likewise with research. So that the results of this study are considered inconsistent so that a research gap is found..

In this study, a mediation test was conducted by selecting capital structure as the intervening variable. The reason for using capital structure as an intervening variable is because when a company has a high level of profit, high dividend payments and a company that has a liquid financial level, it will increase the value of the company.

Different from the results of research conducted by previous researchers, which used capital structure as an intervening variable, namely Musabbihan and Purnawati (2018) that capital structure was able to mediate the effect of profitability on firm value, while capital structure could not mediate the effect of dividend policy on firm value.

In this study, we chose to examine manufacturing companies in the food and beverage sector. In Indonesia, food and beverage industry companies are increasing in number because food and beverage consumption goods are one of the primary human needs besides clothing and housing, therefore food and beverage consumption goods industry companies are business opportunities that have good prospects. In addition, the Food and Beverage Industry is a leading branch of the Manufacturing industry. The food and beverage industry has an important role in the development of the industrial sector, especially its contribution to the high growth in gross domestic product (GDP). However, the companies mentioned above are still facing problems where the operating profit obtained still has a decrease, this can be presented through the table as follows:

No.	Name Company	Years		
		2016	2017	2018
1	PT. WilmarCahya Indonesia, Tbk.	249.697	107.421	92.650
2	PT. Multi Bintang Indonesia, Tbk.	982.129	1.322.067	1.224.807
3	PT. Prasidha Aneka Niaga, Tbk.	-36.662	32.172	-46.599
4	PT. Ultrajaya Milk Industridan Trading Company, Tbk.	692.061	718.402	701.607
5	PT. Tri BangunTirta, Tbk.	-26,50	-62,84	-33,02
6	PT. SekarBumi, Tbk.	22.545.456.050	25.880.464.791	15.954.632.472
7	PT. TigaPilar Sejahtera, Tbk.	719.220	-5.234.288	-123.513

Table 1.1. Growth in Operating Profits from Several Food and Beverage Industry Companies Listed on the IDX in 2016-2018

Source: Secondary Data, 2020

Table 1 is the growth in operating profit of the Food and Beverage Industry companies listed on the Indonesia Stock Exchange for the last 3 years, namely from 2016 to 2018 where the companies studied experienced a decline, especially in 2018, where with a decrease in operating net profit used by the company will have an impact on the low value of the company as measured by the price earning ratio (PER), so it is necessary to have factors that affect the capital structure and firm value, namely liquidity, profitability and dividend policy.

II. CONCEPTUAL FRAMEWORK AND HYPOTHESES

Signal theory (signalling theory), according to Brigham & Houston, (2014: 184) says that this theory is the first time. Signaling theory is when the company's management takes action in looking at the company's prospects with the intention of giving instructions to investors. Good quality companies will deliberately give a signal effect on the market, so that good and bad quality companies can be distinguished by the market.

Pecking order theory was first introduced by Donaldson in 1961. But in 1984, Myers gave the name pecking order theory which was carried out by Myers in 1984 in a journal entitled the capital structure puzzle. This theory explains that companies rely more on financing obtained from company operations in the form of retained earnings or commonly referred to as internal financing.

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Bonds are issued when the company requires external funding with the least risk. If the funds obtained are still insufficient, the company will issue new shares (Miglo, 2016:47).

Modligiani and Miller in 1963 introduced Trade of theory for the first time in their article entitled "corporate income taxes on the cost of capital: a correction" which is currently better known as MM. This theory assumes that there is an optimal level of debt in finding the relationship between capital structure and firm value (Ghosh, 2017:1). In certain circumstances, the debt level will be optimized by the company. In other words, the value of the company will increase when the use of debt has reached a certain point. After crossing the recommended limit in the use of debt, the value of the company will decrease.

The value of the company is the company's ability as shown by the share price formed by supply and demand in the capital market which assesses the public's assessment of the company's ability. The higher the stock price, the higher the value of the company. A high company value is the desire of the owners, because a high value indicates the prosperity of shareholders is also high.

This research was conducted on Food and Beverage Companies listed on the Indonesia Stock Exchange, the reason the researchers chose the Food and Beverage Industry companies listed on the IDX because these companies have quite high business growth. However, the companies mentioned above face a problem where the operating profit obtained is still experiencing a decline. Therefore, to increase company value and capital structure, there are several factors that can be used as benchmarks for potential investors in terms of increasing company value, namely liquidity. Bhawa and Dewi, S. (2015), company liquidity has a positive and significant effect on capital structure, then Sari and Ariesta, P. (2019) found that liquidity has a statistically positive and significant effect on firm value.

Another factor that affects the capital structure and firm value is profitability. Research conducted by Hudan, et.al. (2016) that profitability has a significant effect on capital structure. Then Sari and Sedana (2020) that profitability has a positive and significant effect on capital structure. Then Yanti and Darmayanti (2019) that profitability has a positive and significant effect on firm value, while Oktrima (2017) that profitability does not have a positive and significant effect on firm value. Then the effect of dividend policy on capital structure which shows that dividend policy has a significant effect on capital structure. This is based on research conducted by Fauzi and Suhadak (2015) that dividend policy has a significant effect on capital structure. Furthermore, dividend policy on firm value, namely research conducted by Senata (2016) found that dividend policy has an effect on firm value, then Abdul and Ja'afaru (2016) found that dividend policy has a positive effect on firm value. From the description above, the relationship between these variables can be described as follows:

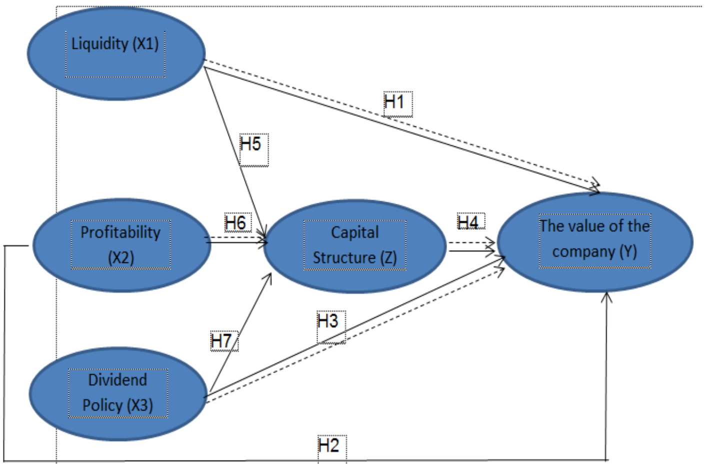

Fig. 1: Research Conceptual Model Framework

Based on the theoretical basis and previous research that has been described, this study uses independent variables, namely liquidity, profitability and dividend policy, while the dependent variable in this study is firm value with capital structure as a mediating variable.

H1: Liquidity has a positive and significant effect on firm value

H2: Profitability has a positive and significant effect on firm value

H3: Dividend policy has a positive and significant effect on firm value

H4: Capital structure has a positive and significant effect on firm value

H5: Liquidity has a positive and significant effect on firm value mediated by capital structure

H6: Profitability has a positive effect on firm value with capital structure as an intervening variable

H7: Dividend policy on firm value mediated by capital structure

III. RESEARCH METHODS

The research design used in this study is to obtain objective, valid, and reliable data with the aim of discovering, proving and developing knowledge, so that it can be used to understand, solve and anticipate problems that occur. This research is associative research, is research that aims to determine the relationship between two or more variables. In this case, the relationship between liquidity, profitability and dividend policy on firm value with capital structure as a mediating variable in manufacturing companies listed on the Indonesia Stock Exchange in 2015 - 2019.

The object of this research is the food and beverage industry companies listed on the Indonesia Stock Exchange, by taking the necessary data through the website http://www.idx.co.id. and when the research was conducted in May 2020.

The population in this study are manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2015-2019. According to data from IDX, the number of manufacturing companies listed on the Indonesia Stock Exchange until 2019 was 26 companies.

The data collection technique in this study was carried out by means of a documentary in the form of data on the financial statements of manufacturing companies in 2015 - 2019 which were obtained through the Indonesia Stock Exchange on the IDX website (www.idx.co.id). All data presentation and analysis used in this study using the SPSS (Statistical Package for Social Sciences) program. This study was tested by several statistical tests consisting of descriptive statistics, classical assumption tests and hypothesis testing.years from the 2015-2019 observation period.

After the data is collected and processed, the next process is to test hypotheses or temporary answers using the following analytical methods is Multiple linear regression analysis using path analysis or *path analysis* is an extension model of multiple linear regression analysis to measure the relationship between variables that have been determined previously. Path analysis is used to determine the direct and indirect effects between independent and dependent variablesThe application of the model used in this study according to Ghozali (2018: 245), namely:

$$Y_1 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \acute{\varepsilon}$$

$$Z = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 Y_1 + \acute{\varepsilon}$$

Where:

Y_1 = Firm value
Z = capital structure
X_1 = Liquidity
X_2 = Profitability
X_3 = Dividend policy
o = Constant _
$_1$-β_4 = Regression coefficient
e = Error rate

IV. RESEARCH RESULT

After going through the data analysis process, the effect of each independent variable on the dependent variable in a regression model can be seen from the coefficient values and the level of significance of each in an analysis model. For the analysis tool in this study using AMOS software version 23 by generating an estimation model. The analysis of the estimation results aims to determine the effect between variables. Based on the results of data analysis, the direct, indirect and total effects are obtained as shown in table 5.2 – table 5.4.

Based on Table 5.2, it can be seen that the value of R square is 0.798 and 0.831 respectively. It concludes that 79.8% and 83.1% of variations in changes in capital structure and firm value variables can be explained together by variations in changes in liquidity, profitability and dividend policy variables. The remaining 20.2% and 16.9% are determined by other variables outside the model.

VariabelDependen	Koefisien
Capital Structure	.798
The value of the company	.831

Table 1: Coefficient of determination of independent and dependent variables

Variable Relationship	Coefficient	t-count	Probability
$X_1 \rightarrow Z$	0.422	5.609	***
$X_2 \rightarrow Z$	4.612	3.270	***
$X_3 \rightarrow Z$	0.153	2.032	0.042**
$X_1 \rightarrow Y$	0.11	4.387	***
$X_2 \rightarrow Y$	0.173	3.900	***
$X_3 \rightarrow Y$	0.004	1.763	0.078*
$Z \rightarrow Y$	0.004	1.562	0.081*

Table 2: The direct effect of the independent variable and the dependent variable.

Variable Relationship	Direct Influence	Indirect Influence	Total Influence
$X_1 \rightarrow Y$	0.422***	0.001***	0.423***
$X_2 \rightarrow Y$	4.612***	0.021 ***	4.633***
$X_3 \rightarrow Y$	0.153**	0.002***	0.155***

Table 3: Indirect effect of independent variable and dependent variable

Source: Table 5.2 – table 5.4 AMOS 23 Output Results, 2022

Note: * Significance level 0.1, ** Significance level 0.05, *** Significance level 0.001

A detailed explanation of the form and magnitude of the direct effect, indirect effect and total effect of liquidity, profitability and dividend policy on firm value through the capital structure is presented in Table 5.2 – Table 5.4. The analysis was carried out in accordance with the sequence of hypotheses that have been stated previously. Based on Table 5.4, it can be seen that greater profitability has a direct effect on firm value. This shows that the increasing profitability will increase the value of the company. The results of this study are in line with research conducted by Winarto (2015), Sabrin et al. (2016), Chen and Chen (2011), and Wijaya and Sedana (2015) which state that profitability has a direct and positive effect on firm value.

V. DISCUSSION

A. Effect Of Liquidity On Firm Value

Regression results show that liquidity directly affects firm value. Liquidity is the company's ability to meet its short-term obligations. A high level of liquidity (current ratio) reduces the company's failure to meet short-term financial obligations to creditors and vice versa. The high or low this ratio will affect the interest of investors to invest their funds. The greater this ratio, the more efficient the company in utilizing the company's assets. The high level of current ratio owned by the company shows the company's ability to pay its short-term obligations is also high. However, companies with high liquidity will not necessarily attract investors to invest, because a high current ratio also indicates the existence of uncollected receivables or unsold inventory, which will have a bad influence on the company's profitability**.**

The theory related to liquidity is signaling theory, which according to Brigham & Houston (2014: 184) signaling theory is when the company's management takes action in looking at the company's prospects with the intention of giving instructions to investors. Signaling theory suggests how a company should give signals to users of financial statements**.**

This signal is in the form of information about what has been done by the management to realize the owner's wishes. The information released by the company is important, because of its influence on the investment decisions of parties outside the company. The information submitted by the company must describe the actual condition of the company, so that it will not harm outside parties or investors or the company.

B. The Effect Of Profitability On Firm Value

The regression results show that profitability directly affects firm value. The profitability of a company is usually used as a factor in the market assessment of the company. If the company has a high profit, the market will judge the company as good, and vice versa if the company has a low profit, the market will also judge it low because it is felt that it will not work well in the future.

Profitability is one of the factors that affect the value of the company. One of the important indicators seen by investors in terms of the company's prospects in the future is to see the extent to which the profitability of a company grows (Herawati, 2013). Profitability is said to be important because profitability is an indicator in measuringthe company's financial performance, so it can be used as a reference for assessing the company (Sastrawan, 2016).

Signal theory suggests about how a company should give signals to users of financial statements. Signals can be in the form of promotions or other information stating that the company is better than other companies. Information received by investors can be in the form of a good signal (good news) or a bad signal (bad news). A good signal, if the profit reported by the company increases and vice versa if the profit reported by the company decreases, it is a bad signal for investors. So that information is an important element for investors or business people, because the information provides information, notes or descriptions of the company both for past, current and future conditions for the continuity of the company's business. The clear signal conveyed by the company to investors will be an attraction for investors, so that the value of the company will also improve. The value of this company is very important because it is a picture of the company's performance that shows the company's prospects in the future which is also an indicator of market assessment of the company as a whole.

C. The Effect Of Dividend Policy On Firm Value

The regression results show that dividend policy directly affects firm value. Dividend policy is a financial decision made by the company whether the profits earned will be distributed to shareholders or retained as retained earnings. Dividend policy often creates a conflict of interest between the company's management and the investors. Bird in the hand theory states that investors are more interested in companies that distribute dividends (Wiagustini, 2013: 262). The indicator used to measure dividend policy in this study is the dividend payout ratio. Dividend payout ratio (DPR) as an indicator of dividend policy because it reflects the percentage of each rupiah generated is distributed to owners in cash, calculated by dividing cash dividends per share by earnings per share. With this dividend payout ratio (DPR), it can be seen whether the existing dividends for investors or shareholders are quite good compared to other companies in the same line of business.

According to Hatta (2002) in Wijaya, the distribution of dividends made by the company is related to signaling theory, it is considered a positive signal by investors to invest, because investors prefer a definite return on their investment. Companies that distribute dividends will attract investors to invest their capital. With the large number of investors who buy shares, it will increase the share price thereby increasing the value of the company.

D. Effect Of Capital Structure On Firm Value

The regression results show that the capital structure directly affects the firm value. One of the decisions that must be taken to maximize the value of the company is the funding decision, where the company will determine the best capital structure to achieve company goals. The amount of use of external and internal funds will affect the value of the company (Pantow et al, 2015:970). For companies, the existence of debt can help to control the use of cash funds freely and excessively by the management. Capital structure is defined as the ratio of debt and equity ratio to the total capital of the company. Optimizing the value of the company which is the company's goal can be achieved through the implementation of the financial management function, where every financial decision taken will affect other financial decisions and have an impact on company value. Large companies usually rely more on debt, as the size of the company itself is a reliable guarantee to guarantee debt service or sidual cash back payments in case of liquidity.

Trade-off theory is a model based on the trade-off between the advantages and disadvantages of using debt. The trade-off theory states that if the position of the capital structure is below the optimal point, then any additional debt will increase the value of the company, and vice versa, if the position of the capital structure is above the optimal point, then any additional debt will decrease the value of the company. Therefore, assuming the optimal point of capital structure has not been reached, Trade-off Theory predicts a relationship between capital structure and firm value (Cuong and Canh, 2012). Signal theory explains how managers give signals to investors to reduce information asymmetry through financial statements. Signal theory has an important influence on the optimal capital structure, so that two managers' perspectives emerge, namely the company's prospects will be profitable and unprofitable. The capital structure associated with the use of debt is a signal for investors that the company's performance and company prospects in the future will be profitable. Investors will expect companies with favorable prospects to avoid selling shares and choose to raise new capital using debt.

E. The Effect Of Liquidity On Firm Value Is Mediated By Capital Structure

Regression results show that liquidity indirectly affects firm value mediated by capital structure. The liquidity ratio is the ability of a company to meet its short-term obligations in a timely manner (Fahmi, 2015:121). The concept of liquidity can be interpreted as the company's ability to pay off a number of short-term debt, generally less than one year.

In calculating liquidity in this study, researchers used the current ratio (CR), the current ratio (CR) is a commonly used measure of short-term solvency, the ability of a company to meet debt needs when it matures. Then a high company value becomes a desire for company owners, because a high company value shows the prosperity of shareholders is also high (Hemastuti, 2014: 3). The high level of current ratio owned by the company shows the company's ability to pay its short-term obligations is also high. However, companies with high liquidity will not necessarily attract investors to invest, because a high current ratio also indicates uncollectible receivables or unsold inventory, which will have a bad influence on the company's profitability. Because investors generally prefer gains and avoid risk.

According to Brigham & Houston (2014: 184) signaling theory is when the company's management takes action in looking at the company's prospects with the intention of providing instructions for investors. This signal is in the form of information about what has been done by the management to realize the owner's wishes. The information released by the company is important, because of its influence on the investment decisions of parties outside the company. The information submitted by the company must describe the actual condition of the company, so that it will not harm outside parties or investors or the company.

Trade-off theory assumes that the company's capital structure is a balance between the benefits of using debt with the costs of financial distress and agency costs. From this model it can be stated that companies that do not use loans at all and companies that use all of their investment financing with loans are bad. The best decision is to consider both financing instruments. The company's ability to manage debt is one of the attractors of investors, so it can increase the company's stock price. Interested and interested investors will invest in the company by buying its shares in the capital market. Thus, the stock price is a measure of the company's performance, which is a measure of the success of management in managing the company on behalf of the shareholders.

F. The Effect Of Profitability On Firm Value Is Mediated By Capital Structure

The regression results show that profitability indirectly affects firm value mediated by capital structure. The value of the company can also be influenced by the size of the profitability generated by the company. Profitability is the level of net profit that can be achieved by the company when carrying out its operations. The profit that will be distributed to shareholders is the profit after interest and taxes. profitability is the end result of a number of policies and decisions made by the company. If the company's profitability is good, creditors, suppliers, and also investors will see the extent to which the company can generate profits from the company's sales and investments. Profitability ratios are used to assess the extent to which the company is able to generate profits. Return on assets (ROA) is one of the profitability ratios that shows how much net profit can be obtained from all the assets owned by the company.

High profitability allows the company to finance the company's investments and operations from its own funds so that it has an impact on the company's low debt, which means low supervision of managers by parties outside the company. Low supervision allows managers to use funds for their own interests, this is detrimental to shareholders which has an impact on decreasing company value. A high profitability ratio value indicates a high net profit generated by the assets owned by the company. So that the company is able to manage its assets properly. For investors, an increase in company profits will have an impact on increasing the stock market value, so that the rate of return obtained is also greater.

Trade of theory predicts a positive relationship between capital structure and firm value with the assumption that tax benefits are still greater than bankruptcy costs and agency costs. In essence, the trade of theory shows that the value of companies with debt will increase with increasing levels of debt. The use of debt will increase the value of the company but only to a certain point. After that point, the use

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of debt actually reduces the value of the company. Signal theory also suggests how a company should give signals to users of financial statements. Signals can be in the form of promotions or other information stating that the company is better than other companies. Information received by investors can be in the form of a good signal (good news) or a bad signal (bad news). A good signal, if the profit reported by the company increases and vice versa if the profit reported by the company decreases, it is a bad signal for investors. The importance of this information will affect the investment activities carried out by investors in the future.

G. The Effect Of Dividend Policy On Firm Value Is Mediated By Capital Structure

Regression results show that dividend policy indirectly affects firm value mediated by capital structure. Dividend policy is the company's decision in determining the amount of dividends and the time of distribution of dividends to shareholders (Titman et.al., 2014:3). Indirectly, high dividend distribution will affect the level of use of a company's debt because internal funds have been allocated for dividend distribution so that the company needs more funds for the company's operational needs which can trigger additional debt (Farisa and Widati, 2017).

Pecking order theory describes a level in the company's search for funds which shows that companies prefer to use internal equity in financing investments and implement it as a growth opportunity. The pecking order theory states that companies prefer internal funding to external funding, safe debt compared to risky debt and the last is common stock (Sugiarto, 2009). The pecking order theory which is built on several assumptions emphasizes the importance of sufficient financial slack in the company to fund good projects with internal funds. Internal equity is obtained from retained earnings and depreciation or amortization. Debt is obtained from creditors' loans, while external equity is obtained because the company issues new shares.

The capital structure is used as a mediating variable because when the company has a high dividend distribution it will increase the value of the company where the increase in the value of the company cannot be separated from the role of the right company capital structure in the selection of sources of funds for the sustainability of the company, because it is closely related to the source of funds. which will later be allocated for company activities so as to increase the value of the company.

VI. CLOSING

Based on the results of research that has been done regarding the influence of financial performance on firm value with capital structure as a mediating variable, it can be concluded as follows:

- The increasing value of the liquidity variable makes the value of the company also increase in manufacturing companies listed on the Indonesian stock exchange in 2015-2019, and vice versa.
- The increasing value of the profitability variable makes the value of the company also increase in manufacturing companies listed on the Indonesian stock exchange in 2015-2019, and vice versa.
- The increasing value of the dividend policy variable makes the value of the company also increase in manufacturing companies listed on the Indonesian stock exchange in 2015-2019, and vice versa.
- The increasing value of the capital structure variable makes the value of the company also increase in manufacturing companies listed on the Indonesian stock exchange in 2015-2019, and vice versa.
- The increasing value of the liquidity variable makes the value of the company also increase mediated by the capital structure of manufacturing companies listed on the Indonesian stock exchange in 2015-2019, and vice versa.
- The increase in the value of the profitability variable makes the value of the company also increase mediated by the capital structure of manufacturing companies listed on the Indonesian stock exchange in 2015-2019, and vice versa.
- The increasing value of the dividend policy variable makes the value of the company also increase mediated by the capital structure of manufacturing companies listed on the Indonesian stock exchange in 2015-2019, and vice versa.

After knowing the results of the research, the next step is to propose implications that can contribute ideas for investors in investing their capital in the capital market. Some of the implications of this study are for investors who want to invest their capital to obtain capital gains in companies that are included in manufacturing companies listed on the Indonesian stock exchange, they can consider the company's performance from the financial ratios contained in the financial statements. In this study, the profitability variable has the greatest and most significant influence on firm value. So that investors can see the level of profitability when investing in a company.

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