

# The Intervention Role of Profitability in the Relationship between Liquidity and Intellectual Capital to Firm Value in Digital Banks on the IDX

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**Abstract:-** This study aims to analyze the effect of Liquidity and Intellectual Capital on Firm Value with Profitability as an intervening variable. The population of this study were Digital Bank subsector companies listed on the Indonesia Stock Exchange during the 2021-2023 period, with a sample of 7 companies. Liquidity is proxied by Loan to Deposit Ratio (LDR), Intellectual Capital with Value Added Intellectual Coefficient (VAIC), Profitability with Return on Assets (ROA), and Firm Value with Price to Earnings Ratio (PER). The data were analyzed using the panel data regression analysis method processed with EViews 12 software. The results showed that Liquidity and Intellectual Capital had no effect on Firm Value. Liquidity and Intellectual Capital have a significant positive effect on Profitability. Profitability is able to mediate the effect of Liquidity and Intellectual Capital on Firm Value, with *indirect-only mediation* effect.

**Keywords:-** Liquidity, Intellectual Capital, Firm Value, Profitability, Digital Bank.

## I. INTRODUCTION

The business world in the era of the Industrial Revolution 4.0 is growing rapidly with increasingly fierce competition, so companies must be stable and ready to compete (Yuliawati & Alinsari, 2022). This development also occurred in the banking industry. The development of the bank business has four eras including (King, 2018):

- Bank 1.0 (1472-1980): Started with conventional banks in 1472, where transactions were conducted through face-to-face meetings. Mainframe computers were used, but they were not used directly when interacting with customers;
- Bank 2.0 (1980-2007): Characterized by the arrival of ATMs, enabling face-to-face transactions. Commercial internet started to be used in 1995;
- Bank 3.0 (2007-2017): The era of internet banking and mobile banking, allowing transactions anytime and anywhere with a smart phone;
- Bank 4.0 (2017-present): Banks are moving away from face-to-face meetings and branch offices, supported by technologies such as AI, big data, and blockchain.

Bank 4.0 is known as Digital Bank, out of 250 Digital Banks in the world, only 5% or 13 banks are profitable, 10 of which are based in APAC (Choi et al., 2021; Siska, 2023). In Indonesia, digital transformation in the banking sector is important to meet expectations of financial services that are fast, efficient, secure, and accessible from anywhere. The Indonesian Banking Development Roadmap 2020-2025 by Otoritas Jasa Keuangan (OJK) states that accelerating the digital transformation of the banking industry is a top priority, and can be used as a strategy to increase Firm Value (OJK, 2021a). Firm Value reflects public trust in the company and is important for increasing shareholder wealth (Brigham & Houston, 2019; Yuliawati & Alinsari, 2022). The long-term goal of the company is to increase Firm Value and shareholder wealth, while the short-term goal is to obtain maximum profit. The stock market price is considered to reflect the true value of the company (Surmadewi & Saputra, 2019). Price Earnings Ratio (PER) is used to determine whether the stock market price is reasonable based on current conditions (Sihombing, 2018).

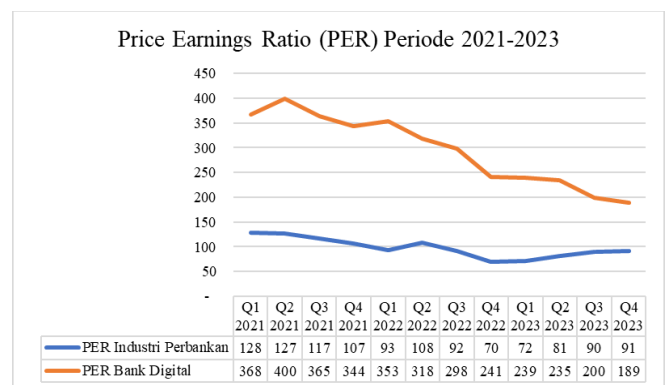


Fig 1 Price Earnings Ratio (PER) 2021-2023 Period

Based on Figure 1. shows that the average Firm Value, measured by PER, in the banking sector tends to stabilize during 2021-2023, while the PER of Digital Banks tends to decrease, reflecting negative market sentiment towards the prospects of Digital Banks. Banks must maximize profits to increase Firm Value. Banks play a role in receiving and distributing funds, earning profits from interest rate differences, and facing liquidity risk. Liquidity is measured by the Loan to Deposit Ratio (LDR), which measures the bank's ability to pay off deposit withdrawals with credit provided as

a source of Liquidity (Rahadian & Permana, 2021; Sari, 2020). Previous research shows mixed results regarding the effect of Liquidity on Firm Value. Some studies found a significant positive effect (Kurniati & Sulhan, 2022; Hidayat et al., 2020), while other studies found a negative effect (Kristianti & Foeh, 2020) and no effect (Prasetya & Musdholifah, 2020). Intellectual capital, which consists of human, structural, and physical capital, is important for a company's competitive advantage. Value Added Intellectual Coefficient (VAIC) is used to measure Intellectual Capital (Yuliawati & Alinsari, 2022). Previous research shows that Intellectual Capital generally has a significant positive effect on Firm Value (Yuliawati and Alinsari, 2022; Yustyarani and Yuliana, 2020), although some studies found no significant effect (Putra & Ratnadi, 2021; Josephine et al., 2019). Profitability, measured by Return on Asset (ROA), shows the company's ability to generate profits and management efficiency (Brigham & Houston, 2019). Profitability can mediate the effect of Liquidity and Intellectual Capital on Firm Value. The reason is that Liquidity and Intellectual Capital can increase Profitability and then increase Firm Value (Putro and Risman, 2021; Yustyarani and Yuliana, 2020).

This study aims to test whether Liquidity and Intellectual Capital affect Firm Value with Profitability as an intervening variable at Digital Banks listed on the Indonesia Stock Exchange during 2021-2023.

## II. LITERATURE REVIEW

### A. Signal theory

Signal Theory describes a concept where the party providing information (information owner) conveys a signal or signal to the recipient (investor) in the form of information that reflects the condition of the company (Spence, 1973; Ross, 1977).

### B. Agency Theory

Agency theory describes the relationship between a principal and an agent. The agent is the party hired by the principal to act in the principal's interest. The principal provides resources to management for the benefit of the principal and maximizes company profits (Jensen & Meckling, 1977).

### C. Resource Theory

Resource theory is a concept in strategic management that emphasizes the importance of firm resources in creating competitive advantage (Wernerfelt, 1984). Firm resources can be broadly classified into three main categories, namely physical capital resources, human capital resources, and organizational capital resources (Barney, 1991).

### D. Digital Bank

OJK Regulation Number 12/POJK.03/2021 defines a Digital Bank as an Indonesian Legal Entity Bank (Bank BHI) that operates primarily through electronic channels without physical offices other than the Head Office or with limited physical offices. A Digital Bank can be established through

the establishment of a new BHI Bank or the transformation of a conventional Bank into a Digital Bank.

### E. Firm Value

Firm Value reflects the current condition of the company in relation to the extent to which the company achieves operational objectives. The company's achievement in meeting investor expectations is reflected in an increase in Firm Value, which is often reflected through an increase in stock prices. (Sihombing, 2018). Firm Value can be measured by PER, where this ratio measures how much investors are willing to spend a certain amount of funds on the profits generated by the company (Firmansyah et al., 2020).

### F. Profitability

Profitability is a measure of the company's success in running its business to achieve optimal profits. An increase in Profitability is expected to help investors in forming a positive perception of the company's future prospects. Every company seeks to increase Profitability as an effort to achieve long-term success. The level of Profitability can be measured by ROA, where this ratio projects the results obtained from the company's assets (Brigham & Houston, 2019).

### G. Liquidity

Liquidity reflects financial strength or short-term solvency. Companies that can pay obligations on time, form a positive image among investors. Liquidity evaluation is a means of forming an assessment of the company's financial health. (Surmadewi and Saputra, 2019). The level of Liquidity can be measured by LDR, which is the ratio between the amount of the entire volume of credit channeled by the bank and the amount of funds received from various sources. LDR is regulated in Bank Indonesia Regulation No. 17/11/PBI/2015, with a lower limit of 78% and an upper limit of 92%.

### H. Intellectual Capital

Intellectual Capital is a combination of intangible assets, intellectual property, employees, and infrastructure that enables the company to run its operations (Ulum, 2015). Intellectual Capital is measured by Value Added Intellectual Coefficient (VAIC), which is the sum of *capital employed*, *human capital*, and *structural capital* (Pulic, 1998).

### I. Framework and Hypothesis

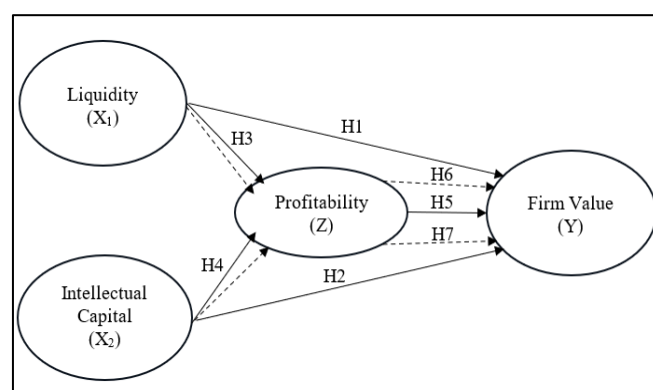


Fig 2 Framework

- $H_1$ : Positive Effect On Firm Value
- $H_2$ : Intellectual Capital has a positive effect on Firm Value
- $H_3$ : positive effect on Profitability
- $H_4$ : Intellectual Capital has a positive effect on Profitability
- $H_5$ : Profitability has a positive effect on Firm Value
- $H_6$ : Profitability mediates the effect of Liquidity on Firm Value

- $H_7$ : Profitability mediates the effect of Intellectual Capital on Firm Value

**III. RESEARCH METHODOLOGY**

*A. Research Population and Sample*

The research sample amounted to 7 Digital Banks in accordance with the criteria set from a population of 8 Digital Banks listed on the Indonesia Stock Exchange during the period 2021-2023.

Table 1 Research Sample

No.	Stock Code	Company Name
1	BBYB	PT Bank Neo Commerce Tbk
2	AMAR	PT Bank Amar Indonesia Tbk
3	ARTO	PT Bank Jago Tbk
4	BABP	PT Bank MNC Internasional Tbk
5	AGRO	PT Bank Raya Indonesia Tbk
6	READ	PT Bank Capital Indonesia Tbk
7	BBHI	PT Allo Bank Indonesia Tbk

**IV. RESULTS AND DISCUSSION**

Panel data regression model with eviews software version 12 is used to analyze sample data. With descriptive statistical analysis, selection of panel data regression models, after that the Hypothesis Test is carried out.

*A. Descriptive Statistics*

Table 2 Variable Description

Statistical Indicators	Firm Value	Profitability	Liquidity	Intellectual Capital
Mean	189,368	0,004	0,848	-1,772
Median	129,404	0,003	0,784	-0,799
Maximum	619,048	0,049	3,761	13,291
Minimum	-126,546	-0,042	0,088	-21,891
Std. Dev.	191,668	0,019	0,546	6,038

Based on Table 2, Firm Value has a minimum value of -126,546 owned by BBYB in Q4 2022, and a maximum value of 619,048 owned by BACA in Q4 2022. The average Firm Value is 189.368 with a standard deviation of 191.668, which indicates that if earnings per share is fixed, the stock market price requires 189.368 years to reach the current stock market price.

The minimum value of Profitability is owned by BBYB in Q2 2022 amounting to -0.042, while the maximum value is owned by AMAR in Q1 2023 amounting to 0.049. The average Profitability is 0.004 with a standard deviation of 0.019, the average value is below the Bank Indonesia standard which sets the best ROA of more than 1.5%, this indicates a lack of bank management's ability to manage assets to increase revenue or reduce costs.

The minimum value of Liquidity is owned by BACA in Q1 2022 of 0.088, and the maximum value is owned by AMAR in Q4 2023 of 3.761. The average Liquidity is 0.848 with a standard deviation of 0.546, the average value is within the limits set by Bank Indonesia, meaning that the total loans provided are smaller than the total third party funds raised by the bank.

The minimum value of Intellectual Capital of -21,891 is owned by AMAR in Q1 2021, and the maximum value of 13,291 is owned by BBHI in Q4 2021. The average Intellectual Capital is -1.772 with a standard deviation of 6.038, indicating that the average value of Intellectual Capital is negative due to the amount of revenue smaller than the expenses incurred by the company, so that the value added generated by the company will be lower if the company cannot make efficiency in the amount of expenses borne.

*B. Selection of Panel Data Regression Models*

Panel data regression, model selection can be done using three approaches, namely the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). In selecting the right model, it can be done by testing the three models with the Chow Test, Hausman Test and Lagrange Multiplier Test.

Table 3 Chow Test, Hausman Test, and LM Test

Regression Model	Test	Statistic	Probability	Selected Model
1	Chow Test	44,907	0,000	FEM
	Hausman Test	0,171	0,918	REM
	Langrange Multiplier	37,787	0,000	REM
2	Chow Test	60,430	0,000	FEM
	Hausman Test	1,400	0,497	REM
	Langrange Multiplier	99,439	0,000	REM
3	Chow Test	34,904	0,000	FEM
	Hausman Test	0,544	0,909	REM
	Langrange Multiplier	15,398	0,000	REM

Based on Table 3, the p-value result in the Chow Test for the three equations is 0.000 ( $p < 0.05$ ), so the best model is FEM. The p-value results in the Hausman Test are 0.918; 0.497; 0.909 ( $p > 0.05$ ), so the best model is REM. The p-

value result on Langrange Multiplier for the three equations is 0.000 ( $p < 0.05$ ), so the best model is REM. Therefore, it can be concluded that REM is the best model for the three equations.

Table 4 Regression Model Output 1st Equation

Variables	Coefficient	Std. Error	t-Statistic	Prob.
Liquidity	77,967	43,390	1,797	0,077
Intellectual Capital	5,146	3,578	1,438	0,155
C	150,600	75,645	1,991	0,051
R Square	0,108			
Adjusted R-Square	0,081			
F- Statitic	3,949			
Prob (F- Statistic)	0,024			

Based on the panel data regression test results for the first equation presented in Table 4, the calculation results can be explained as follows:

$$PER = 150,600 + 77,967 LDR + 5,146 VAIC$$

- The regression coefficient for Liquidity is 77.967, this shows that every one unit increase in the Liquidity variable will cause an increase of 77.967 units in Firm Value.
- The regression coefficient for Intellectual Capital is 5.146, this shows that every one unit increase in the Intellectual Capital variable will cause an increase of 5.146 units in Firm Value.

Table 5 Regression Model Output 2nd Equation

Variables	Coefficient	Std. Error	t-Statistic	Prob.
Liquidity	0,010	0,003	3,173	0,002
Intellectual Capital	0,001	0,000	3,123	0,003
C	-0,004	0,006	-0.645	0,521
R Square	0,314			
Adjusted R-Square	0,292			
F- Statitic	14,842			
Prob (F- Statistic)	0,000			

Based on the panel data regression test results for the second equation presented in Table 5, the calculation results can be explained as follows:

$$ROA = -0.004 + 0.010 LDR + 0.001 VAIC$$

- The regression coefficient for Liquidity is 0.010, this shows that every one unit increase in the Liquidity variable will cause an increase of 0.010 units in Profitability.
- The regression coefficient for Intellectual Capital is 0.001, this shows that every one unit increase in the Intellectual Capital variable will increase Profitability by 0.001 units.

Table 6 Regression Model Output 3rd Equation

Variables	Coefficient	Std. Error	t-Statistic	Prob.
Liquidity	35,080	44,905	0,781	0,438
Intellectual Capital	1,610	3,707	0,434	0,666
Profitability	4.167,002	1599	2,604	0,011
C	166,717	72,104	2,312	0,024
R Square	0,196			
Adjusted R-Square	0,158			
F- Statistic	5,205			
Prob (F- Statistic)	0,003			

Based on the panel data regression test results for the third equation presented in Table 6, the calculation results can be explained as follows:

$$PER = 166,717 + 35,080 LDR + 1,610 VAIC + 4,167,002 ROA$$

- The regression coefficient for Liquidity is 35.080 001, this shows that every one unit increase in the Liquidity variable will cause an increase of 35.080 units in Firm Value.
- The regression coefficient for Intellectual Capital is 1.610, this shows that every one unit increase in the Intellectual Capital variable will increase the Firm Value by 1.610 units.
- The regression coefficient for Profitability is 4,167.002, this means that every one unit increase in the Profitability variable will cause an increase of 4,167.002 units in Firm Value.

#### C. Individual Parameter Significance Test (t Statistical Test)

This t test aims to determine whether each independent variable has an individual (partial) influence on the dependent variable. The results of this test are:

- Liquidity ( $X_1$ ) has a  $t_{count}$  of 1.797 > 1.670 while the probability value of Liquidity is 0.077 > 0.05. This shows that  $H_0$  is accepted, which means that Liquidity has no effect on Firm Value so that the hypothesis  $H_1$  in this study is rejected.
- Intellectual Capital ( $X_2$ ) has a  $t_{count}$  of 1.438 < 1.670 while the probability value of Intellectual Capital is 0.155 > 0.05. This shows that  $H_0$  is accepted, which means that Intellectual Capital has no effect on Firm Value so that the hypothesis  $H_2$  in this study is rejected.
- Liquidity ( $X_1$ ) has a  $t_{count}$  of 3.173 > 1.670 while the probability value of Liquidity is 0.002 < 0.05. This shows that  $H_0$  is rejected, which means that Liquidity has a significant positive effect on Profitability so that the hypothesis  $H_3$  in this study is accepted.
- Intellectual Capital ( $X_2$ ) has a  $t_{count}$  of 3.123 > 1.670 while the probability value of Intellectual Capital is 0.003 < 0.05. This shows that  $H_0$  is rejected, which means that Intellectual Capital has a significant positive effect on Profitability so that the hypothesis  $H_4$  in this study is accepted.
- Profitability (Z) has a  $t_{count}$  of 2.604 > 1.670 while the probability value of Profitability is 0.011 < 0.05. This shows that  $H_0$  is rejected, which means that Profitability

has a significant positive effect on Firm Value so that the hypothesis  $H_5$  in this study is accepted.

#### D. Simultaneous Test (F)

Simultaneous Test (F) is used to determine the effect of the relationship between the dependent and independent variables together. The results of this test are:

- The calculated F value of 3.949 is greater than the F table value of 3.138, and the F probability of 0.024 is less than the significance level of 0.05 so that  $H_0$  is rejected and  $H_1$  is accepted. This means that the Liquidity and Intellectual Capital variables together have a significant effect on the Corporate Value of Digital Banks for the 2021-2023 period.
- The calculated F value of 14.842 is greater than the F table value of 3.138, and the F probability of 0.000 is less than the significance level of 0.05 so that  $H_0$  is rejected and  $H_1$  is accepted. This means that the Liquidity and Intellectual Capital variables together have a significant effect on the Profitability of Digital Bank for the 2021-2023 period.
- The calculated F value of 5.205 is greater than the F table value of 2.748, and the F probability of 0.003 is less than the significance level of 0.05 so that  $H_0$  is rejected and  $H_1$  is accepted. This means that the variables of Liquidity, Intellectual Capital, and Profitability together have a significant influence on the Corporate Value of Digital Banks for the 2021-2023 period.

#### E. Coefficient of Determination Test ( $R^2$ )

The coefficient of determination ( $R^2$ ) is a model used to measure how well the model's ability to explain variations in the dependent variable. The results of this test are:

- The coefficient of determination ( $R^2$ ) obtained was 0.081 or 8.1%. This shows that the Firm Value is influenced by the Liquidity and Intellectual Capital variables by 8.1% while the remaining 91.9% is influenced by other variables not included in this study.
- The coefficient of determination ( $R^2$ ) obtained was 0.292 or 29.2%. This shows that Profitability is influenced by the Liquidity and Intellectual Capital variables by 29.2% while the remaining 70.8% is influenced by other variables not included in this study.
- The coefficient of determination ( $R^2$ ) is obtained at 0.158 or 15.8%. This shows that the Firm Value is influenced by the Liquidity, Intellectual Capital, and Profitability variables by 15.8% while the remaining 84.2% is influenced by other variables not included in this study.

### F. Sobel Test

Table 7 Sobel Test Results

Description	Indirect Effect	Z sobel	Z table (z=1.96)	Conclusion
LDR→ ROA→ PER	0.01 X 4,167,002 = 41.67	2,052	Bigger	Can Mediate
VAIC→ ROA→ PER	0,001 X 4.167,002 = 4,167	2,604	Bigger	Can Mediate

Mediation hypothesis testing can be done using the Sobel Test method. The results of this test as presented in Table 7 are:

- Profitability is able to be a mediating variable between Liquidity and Firm Value. This finding is evidenced by the sobel z coefficient of 2.052 which is greater than the z table of 1.96, so the hypothesis H<sub>6</sub> in this study is accepted.
- Profitability is able to be a mediating variable between Intellectual Capital and Firm Value. This finding is evidenced by the sobel z coefficient of 2.604 which is greater than the z table of 1.96, so the hypothesis H<sub>7</sub> in this study is accepted.
- Based on the mediation effects grouped by Zhao et al. (2010) both mediation effects in the study fall into the *indirect-only mediation* group.

### G. Discussion

#### ➤ The Effect of Liquidity on Firm Value

Based on the results of testing the research data, it is known that there is no effect of the Liquidity variable on Firm Value. The results of this study are in line with the findings of (Surmadewi & Saputra, 2019; Prasetya & Musdholifah, 2020; Putro & Risman, 2021) which concluded that Liquidity has no effect on Firm Value. Digital Bank Liquidity is regulated in Bank Indonesia Regulation No. 17/11/PBI/2015, which sets the upper limit and lower limit of LDR. Digital Banks are subject to this regulation, so the value of Digital Bank Liquidity is always maintained, and investors can ignore the Liquidity variable in their investment decisions.

#### ➤ The Effect of Intellectual Capital on Firm Value

Based on the results of testing the research data, it is known that the Intellectual Capital variable has no influence on Firm Value. This finding indicates that the effect of Intellectual Capital on Firm Value is negligible. The results of this study are consistent with the findings (Putra & Ratnadi, 2021; Josephine et al., 2019) which also concluded that Intellectual Capital has no effect on Firm Value. Intellectual Capital is not able to fully reveal the hidden value owned by the company. Intellectual Capital disclosure has limitations; the more extensive the disclosure made by the company, the greater the possibility of competitors from other companies to follow the application of Intellectual Capital (Josephine et al., 2019). In addition, the absence of standards governing the quantitative measurement of Intellectual Capital in Indonesia adds to the reasons why the hidden value of the company does not affect investors' decisions in forming the Company's Value (Putra & Ratnadi, 2021).

#### ➤ Effect of Liquidity on Profitability

Based on the results of testing the research data, it is known that there is a positive and significant influence between the Liquidity and Profitability variables. The results showed that Liquidity has a significant positive effect on Profitability, which means that high Liquidity indicates that the funds raised by the bank have been transferred into credit optimally. The distribution of funds in the form of credit is a source of profit for the company, so the higher the company's Liquidity, the higher the company's ability to earn profits. The results of this study are consistent with the findings (Cavlin et al., 2021; Kurniati & Sulhan, 2022) which state that Liquidity has a significant positive effect on Profitability.

#### ➤ Effect of Intellectual Capital on Profitability

Based on the results of testing the research data, it is known that there is a positive and significant influence between the variables of Intellectual Capital and Profitability. This finding indicates that an increase in Intellectual Capital significantly increases Profitability. The results of this study are consistent with the findings of (Bhattu-Babajee & Seetanah, 2022; Gupta et al., 2020). Profitability is the result of investment in Intellectual Capital, where the potential of the company is well managed so as to create added value for the company to increase profits. This supports the view of resource-based theory which states that companies can improve performance by utilizing tangible and intangible resources to achieve the competitive advantage needed to dominate the market. Intellectual Capital is an important intangible resource in creating organizational value. The results of this study also support the argument that the right combination of capital and labor resources will be a source of competitive advantage in a knowledge-based economy (Bhattu-Babajee & Seetanah, 2022).

#### ➤ Effect of Profitability on Firm Value

Based on the results of testing the research data, it is known that there is a positive and significant influence between the Profitability and Firm Value variables. This finding indicates that an increase in Profitability significantly increases Firm Value. The results of this study are consistent with the findings (Prasetya & Musdholifah, 2020; Hidayat et al., 2020). The greater the company's ability to generate profits or profits, the greater the return expected by investors, thus making the Firm Value increase. In line with signal theory, the high level of company Profitability can provide signals to investors and can be used as a reference in investing (Prasetya and Musdholifah, 2020).

➤ *Profitability in Mediating the Effect of Liquidity on Firm Value*

Based on the test results on the Liquidity variable on Firm Value through Profitability, it is known that there is a positive and significant effect. The findings of this study indicate that an increase in Liquidity mediated by Profitability will significantly increase Firm Value. The results of this study support the findings (Putro & Risman, 2021; Velita et al., 2019). This study found that Profitability is able to mediate the effect of Liquidity on Firm Value, indicating that the addition of Profitability variables or the ability to earn profits can mediate the effect of Liquidity in increasing Firm Value. Liquidity proxied by Loan to Deposit Ratio (LDR) reflects the optimal distribution of funds in the form of credit, which is a source of profit for the company. Therefore, liquidity is closely related to the ability to earn profits (Putro & Risman, 2021). The results of this study are also in line with agency theory and signal theory (Sihombing, 2018). Agency theory describes the relationship between investors and management, where management acts in the interests of shareholders by optimizing company profits. The ability to optimize profits or Profitability provides a positive signal to investors and potential investors, which in turn will increase Firm Value.

➤ *Profitability in Mediating the Effect of Intellectual Capital on Firm Value*

Based on the test results on the Intellectual Capital variable on Firm Value through Profitability, it is known that there is a positive and significant effect. This finding indicates that an increase in Intellectual Capital mediated by Profitability significantly increases Firm Value. The results of this study are consistent with the findings (Claudia et al., 2022; Yustyarani & Yuliana, 2020). Management that is able to manage Intellectual Capital well has implemented agency theory and resource theory, where management acts in the interests of shareholders by optimizing profits through the use of company resources (Claudia et al., 2022). This strategy is used to achieve a competitive advantage and is able to increase the company's Profitability in a sustainable manner. This contribution to Profitability is very important for the development of the company, so the better the company's performance, the more profit it will generate in the future. Finally, the positive signals emitted by the company will encourage investors to invest their capital, which has a positive impact on Firm Value.

## V. CONCLUSION

Liquidity and Intellectual Capital partially have no effect on Firm Value. Liquidity, Intellectual Capital, and Profitability partially have a significant positive effect on Firm Value. Profitability is able to partially mediate the effect of Liquidity and Intellectual Capital on Firm Value.

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