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The Influence of Capital Structure and Liquidity on Company Value Mediated by Financial Performance in Automotive Subsector Manufacturing Companies Listed on the IDX 2019-2023

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ABSTRACT: This study aims to determine the influence of the influence of capital structure and liquidity on company value in financial performance mediation in manufacturing companies in the automotive sub-sector listed on the IDX in 2019-2023. This study uses a quantitative approach with the explanatory research method, the number of samples is 10 companies with 50 data used. The results of this study show that capital and liquidity structure are not able to improve financial performance, capital structure and liquidity are not able to increase company value, and financial performance cannot be an intermediary between capital structure and liquidity to company value.

KEYWORDS: Capital Structure, Liquidity, Company Value, Financial Performance

INTRODUCTION

In the increasingly competitive era of industrialization today, the rising competition in both domestic and international markets demands that companies maintain or achieve a competitive advantage by giving full attention to their operational and financial activities. When economic growth increases, it will indirectly be followed by the welfare of society, marked by an increase in the number of goods or services produced, which will impact the rise in community income.

The automotive industry is one of the many industries experiencing very tight competition, as evidenced by the increasing number of entrepreneurs entering this sector (Meng et al., 2023). Along with economic growth and the increase in people's purchasing power, the demand for private vehicles in Indonesia continues to rise. This is evidenced by the continuous increase in car and motorcycle sales, despite fluctuations related to economic conditions and the pandemic. With the entry of more new companies, the automotive industry is one of the industries experiencing increasingly fierce competition. All of this is in line with the increasing activities of the population in various aspects. The automotive industry has always been a highly influential industry on the social economic system of society and has been influenced by them. One of the important characteristics of this industry is its penetration into other industries. One of the main objectives of the company is to boost the economy, which indirectly supports government efforts (Surya Batara et al., 2021).

The phenomenon related to financial performance in automotive companies, one of which occurred at Astra International. Astra International's automotive business took quite a hit during 2020 due to the widespread impact of the coronavirus (Covid-19) in the homeland. According to the company's report, the financial performance of the automotive sector last year fell by 68 percent compared to 2019. Astra's automotive sector net profit in 2020 stopped at Rp2.7 trillion, while in the 2019 period it reached Rp8.3 trillion. Astra mentioned that the decline was in line with national car sales, which fell by 48 percent to 532 thousand units in 2020. Meanwhile, Astra's car sales during that period decreased by 50% to 270 thousand units. Then, national two-wheeler sales decreased by 44% to 3.663 million units in 2020. Astra's sales of Honda motorcycles also declined by 41% to 2.892 million units. Not only that, Astra's business in the automotive components sector also experienced an impact. It was mentioned that the group's automotive component business, with an 80 percent ownership in PT Astra Otoparts Tbk, recorded a decrease in net profit from Rp740 billion to Rp2 billion in 2020. Mainly due to the decline in revenue from the manufacturer segment, the aftermarket parts market, and the export segment (CNN 2021).

Therefore, the company must be more innovative and have a greater advantage than their competitors. Along with the increasing needs of society, more competitors are emerging in the automotive industry, causing stock prices to rise relatively high. Therefore, the company must manage its finances well to instill confidence in investors that the company can become an investment object with more promising future value prospects. (Omollo et al., 2020)

The firm value is derived from a concept that is important for investors and creditors, as it serves as a crucial indicator in assessing a company comprehensively. The value of a company is the price that a prospective buyer would pay if the company were to change ownership, and it reflects the increase in the company's capital compared to its debts (Adwan et al., 2020). The value of a business is the price that a prospective buyer will pay to market that business. The high or low value of a company is reflected in its stock market price, so investors tend to track the company through the movement of its stock price in the stock market. (Permata, Irma Sari & Alkaf, Fatima Tuzzahara. 2020)

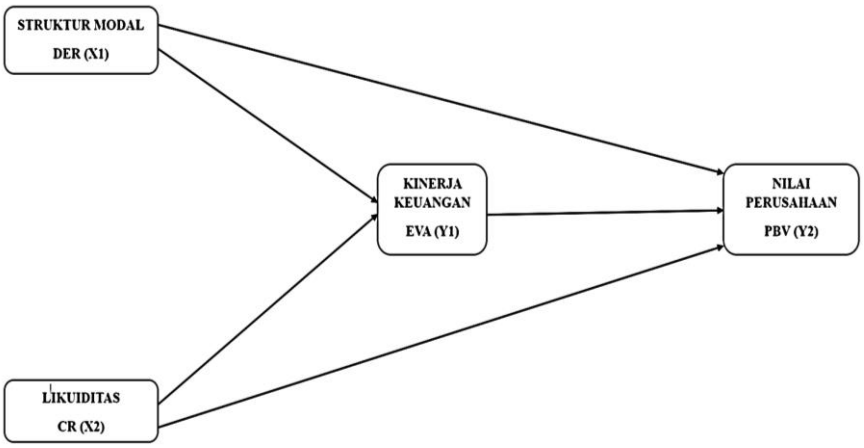
The increase in the company's profitability has a positive impact on the attractiveness for investors to invest because it is considered to provide high returns. The higher the value of the company, the greater the wealth of its owners (Pedrini, 2022). This will also result in an increase in the company's stock price. The market price of stocks is significantly influenced by dividends per share, earnings per share, price-to-earnings ratio, and dividend payments (Gompers et al., 2007).

One of the factors that can influence a company's value is its financial performance. According to Munira & Busra (2024), financial performance is the result of many decisions continuously made by the company's management to achieve certain goals effectively and efficiently. Financial performance is the performance achieved by a company over a certain period, which is also reflected in the financial statements. The measure of a company's effectiveness in converting assets into revenue is called financial performance. When choosing which stocks to invest in, potential investors consider several factors, including the company's financial performance.

The value of a company is significantly influenced by the appropriate capital structure. Excessive use of debt can increase the risk of bankruptcy, which will lead to bankruptcy costs, thereby reducing the value of the company. An optimal capital structure can minimize bankruptcy costs. Capital structure is the ratio of financing to the company's debt (debt financing), namely the company's debt level (Mahanani & Kartika, 2022).

One way for a company to grow well is by increasing liquidity. Liquidity is the ability to meet short-term obligations or immediate payments with short-term assets (Al-Nimer et al., 2024). High liquidity indicates a good position for the company in the eyes of creditors, as the company is considered capable of meeting its obligations to creditors on time. In short, liquidity is funding related to their ability to raise capital. (Reschiwati, R et al. 2020).

Liquidity means the amount of current liabilities secured by current assets. The higher the ratio of current assets to current liabilities, the better the company's ability to cover its short-term liabilities. Liquidity shows the company's ability to pay or settle its financial obligations when they are due with the company's short-term assets. A company with good liquidity, investors consider a good return. This makes investors interested in investing their capital in the company. (Siahaan, Uke Marius et al. 2014)



Source: Processed data

There is a significant influence of capital structure and liquidity on company value and financial performance, as well as a significant influence between financial performance and company value. And also financial performance that is able to mediate the relationship between capital structure and liquidity with the value of the company.

Based on that background, the researcher is interested in examining the influence of capital structure and liquidity to analyze the value of the company with financial performance as a mediation in automotive sub-sector manufacturing companies listed on the IDX from 2019-2023.

RESEARCH METHODOLOGY

This research was conducted using a quantitative approach characterized as explanatory research, as referenced from (Benitez et al., 2020), which involves explanatory research aimed at emphasizing the testing of theories and concepts through variable measurement and data analysis procedures using statistical tools for the purpose of hypothesis testing. The value of the company in this study is measured using Price to Book Value (PBV), where PBV is obtained from the closing stock price compared to the book value per share (Willim, A. P. 2015). The capital structure in this study is measured using the Debt to Equity Ratio (DER), where DER is obtained from the comparison of total debt to total equity, and liquidity is measured using the Current Ratio, where the Current Ratio is obtained from the comparison of current assets to current liabilities. The measurement of the mediating variable Financial Performance in this study is measured using Economic Value Added (EVA), where EVA is obtained from the comparison of Net Operating Profit After Tax (NOPAT) with capital charge (Astuti et al., 2022).

In this study, the type of data that will be used is secondary data obtained indirectly through intermediary media. The data source used is financial statements obtained from the Indonesia Stock Exchange (IDX) for manufacturing companies in the automotive sub-sector from 2019-2023. To measure events, identify trends, and test theories in order to obtain a broader understanding and measurement, the researcher uses a quantitative method that employs data in the form of numbers and statistics. In data processing, the mediation regression analysis (MRA) technique is used through EVIEWS 12, which is carried out in several stages to find the relationship between the Independent, Dependent, and Mediation variables. In measuring the selection of regression models, it can be done through three different model approaches with the indicators of Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). The three model approaches in the selection of panel data can perform accurate estimation techniques by referring to the Chow Test, Hausman Test, and Lagrange Multiplier Test.

Table 1: Selection of Panel Data Model

Uji Chow	= Prob < 0,05	= Fixed Effect Model (FEM)
Uji Hausman	= Prob < 0,05	= Random Effect Model (REM)
Uji Lagrange Multiplier	= Prob < 0,05	= Random Effect Model (REM)

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Descriptive analysis can provide an overview of this research, as seen from the minimum, maximum, mean, and standard deviation values of each research variable. Here are the results of the descriptive analysis calculations using Eviews 12:

Table 2: Results of Descriptive Statistical Test

	Y	X1	X2	Z
Mean	908.1252	1.268500	1.336040	6.119240
Median	6.885500	0.689000	1.089000	12.20500
Maximum	12519.00	6.958000	3.817000	36.21500
Minimum	0.148000	0.102000	0.254000	-24.92800
Std. Dev.	3078.151	1.324732	0.944931	17.26548
Skewness	3.169908	1.999042	1.216436	-0.602215
Kurtosis	11.20203	8.103062	3.548853	2.096591
Jarque-Bera	223.8886	87.55400	12.95855	4.722502
Probability	0.000000	0.000000	0.001535	0.094302
Sum	45406.26	63.42500	66.80200	305.9620
Sum Sq. Dev.	4.64E+08	85.99079	43.75188	14606.74
Observations	50	50	50	50

Based on Table 2 of the descriptive statistical test results above, it can be concluded that the Capital Structure (X1) proxied by DER has a minimum value of 0.102 and a maximum value of 6.958. The average value obtained is 1.26850 with a standard deviation of 1.324732. Liquidity (X2) proxied by CR has a minimum value of 0.254 and a maximum value of 3.817. The average value obtained is 1.33604 with a standard deviation of 0.944931. The Company Value (Y1) proxied by PBV has a minimum value of 0.148 and a

maximum value of 78.231. The average value obtained is 15.65854 with a standard deviation of 18.911907. Financial Performance (Y2) proxied by EVA has a minimum value of -24.928 and a maximum value of 36.215. The average value obtained is 6.11924 with a standard deviation of 17.265479.

DATA ANALYSIS RESULTS

Selection of Panel Data Model

The data in this study is panel data that requires test estimation appropriate to the category of the existing panel data. This leads to the Chow test, the Hausman test, and the Lagrange Multiplier test.

Table 3: Uji Chow

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

Effects Test	Statistic	d.f.	Prob.
Cross-section F	13.609612	(9,37)	0.0000
Cross-section Chi-square	73.052071	9	0.0000

Fixed Effect Model (FEM) and Common Effect Model (CEM) were chosen using the Chow Test. The Fixed Effect Model was chosen because, based on Table 2, the Chow test results showed an F probability value of 0.0000 < 0.05, which means H1 is accepted. The Hausman test will be conducted to identify whether to use the Fixed Effect Model or the Random Effect Model if H0 is rejected.

Table 4: Hausman Test

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

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.727456	3	0.8667

The selection of the Fixed Effect Model (FEM) and the Random Effect Model (REM) was conducted using the Hausman Test. The Fixed Effect Model is the chosen model because, based on Table 4, the F probability value of 0.8667 > 0.05 means H1 is rejected and H0 is accepted. The Lagrange Multiplier test to identify the Random Effect Model or Common Effect Model needs to be conducted if H0 is accepted.

Table 5:

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

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	47.42401 (0.0000)	1.633104 (0.2013)	49.05712 (0.0000)
Honda	6.886509 (0.0000)	-1.277929 (0.8994)	3.965865 (0.0000)
King-Wu	6.886509 (0.0000)	-1.277929 (0.8994)	2.756647 (0.0029)
Standardized Honda	8.069687 (0.0000)	-1.095466 (0.8633)	1.768382 (0.0385)
Standardized King-Wu	8.069687 (0.0000)	-1.095466 (0.8633)	0.511304 (0.3046)
Gourieroux, et al.	--	--	47.42401 (0.0000)

Lagrange Multiplier TestBased on the results of the Lagrange Multiplier test in table 5, it is known That the P-Value of Breusch-Pagan is 0.000. This indicates that the Random Effect model is the one chosen for estimating the regression model or panel data used in this study.

Hypothesis Testing

Table 6: First Partial t-Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1071.872	1433.837	0.747555	0.4585
X1	45.52381	273.3874	0.166518	0.8685
X2	-259.4048	679.2671	-0.381889	0.7043
Z	20.44065	16.07041	1.271944	0.2098

Effects Specification		
	S.D.	Rho
Cross-section random	3170.361	0.7854
Idiosyncratic random	1657.272	0.2146

Weighted Statistics			
R-squared	0.037006	Mean dependent var	206.7242
Adjusted R-squared	-0.025798	S.D. dependent var	1595.368
S.E. of regression	1615.816	Sum squared resid	1.20E+08
F-statistic	0.589229	Durbin-Watson stat	0.889902
Prob(F-statistic)	0.625173		

Drawing conclusions from the partial t-test findings presented in table 6 above, it can be stated that the Debt to Equity Ratio (DER) or X1 yields a significant value (p-value) of 0.8685. This indicates that when the significance value is greater than the α value of 0.05, the Capital Structure or DER (X1) does not have a significant effect on the Company Value (Y). Current Ratio (CR), or Liquidity, does not have an effect on Company Value (Y) because CR (X2) and Liquidity obtained a significance value (p-value) of 0.7043, where the significance value is greater than the α value of 0.05. Meanwhile, Economic Value Added (EVA), or Financial Performance, does not have an effect on Company Value (Y) because EVA (Z) and Liquidity obtained a significance value (p-value) of 0.2098, where the significance value is greater than the α value of 0.05.

Partial testing is not sufficient because it only focuses on the influence of Capital Structure, Liquidity, and Financial Performance on Firm Value. Therefore, it is necessary to calculate the results of the analysis of the influence of Capital Structure (X1) and Liquidity (X2) on Financial Performance (Z).

Table 7: Second Partial t-Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-4.544882	7.144251	-0.636159	0.5278
X1	1.776277	2.303883	0.770993	0.4446
X2	6.295406	3.413867	1.844069	0.0715

Effects Specification		
	S.D.	Rho
Cross-section random	4.672093	0.0738
Idiosyncratic random	16.55036	0.9262

Weighted Statistics			
R-squared	0.069737	Mean dependent var	5.174560
Adjusted R-squared	0.030151	S.D. dependent var	16.64387
S.E. of regression	16.39103	Sum squared resid	12627.29
F-statistic	1.761677	Durbin-Watson stat	2.240961
Prob(F-statistic)	0.182908		

Drawing conclusions from the partial t-test findings presented in Table 7 above, it can be stated that the Debt to Equity Ratio (DER) or X1 yields a significant value (p-value) of 0.4446. This indicates that when the significance value is greater than the α value of 0.05, the Capital Structure or DER (X1) does not have a significant effect on Financial Performance (Y). Meanwhile, the Current Ratio (CR) or X2 yields a significant value (p-value) of 0.0715. This indicates that when the significance value is greater than the α value of 0.05, Liquidity or CR (X2) does not significantly affect Financial Performance (Y).

Table 8: First Determination Test (R2)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1071.872	1433.837	0.747555	0.4585
X1	45.52381	273.3874	0.166518	0.8685
X2	-259.4048	679.2671	-0.381889	0.7043
Z	20.44065	16.07041	1.271944	0.2098

Effects Specification	S.D.	Rho
Cross-section random	3170.361	0.7854
Idiosyncratic random	1657.272	0.2146

Weighted Statistics			
R-squared	0.037006	Mean dependent var	206.7242
Adjusted R-squared	-0.025798	S.D. dependent var	1595.368
S.E. of regression	1615.816	Sum squared resid	1.20E+08
F-statistic	0.589229	Durbin-Watson stat	0.889902
Prob(F-statistic)	0.625173		

The R-squared value obtained is 0.037006 based on the results of the coefficient of determination test in Table 8 above. This means that the variables of Capital Structure, Liquidity, and Financial Performance of the company have an influence of 3.7006% on the company's value, and the remainder is influenced by variables not included in the study. The test is not sufficient because it only focuses on the influence of Dividend Policy and Profitability on Firm Value. Here are the calculations of the analysis results on the influence of Capital Structure (X1) and Liquidity (X2) on Financial Performance (Z).

Table 9: Second Coefficient of Determination (R2) Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-4.544882	7.144251	-0.636159	0.5278
X1	1.776277	2.303883	0.770993	0.4446
X2	6.295406	3.413867	1.844069	0.0715

Effects Specification	S.D.	Rho
Cross-section random	4.672093	0.0738
Idiosyncratic random	16.55036	0.9262

Weighted Statistics			
R-squared	0.069737	Mean dependent var	5.174560
Adjusted R-squared	0.030151	S.D. dependent var	16.64387
S.E. of regression	16.39103	Sum squared resid	12627.29
F-statistic	1.761677	Durbin-Watson stat	2.240961
Prob(F-statistic)	0.182908		

The R-squared value obtained is 0.069737 based on the results of the coefficient of determination test in table 9 above. This means that the variables of capital structure and company liquidity have an influence of 6.9737% on the company's value, and the remaining portion is influenced by variables not included in this study.

Table 10: First Mediation Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	677.5612	1157.887	0.585170	0.5613
X1	84.51222	304.2951	0.277731	0.7825
Z	22.95091	25.24834	0.909007	0.3681
X1_Z	-2.515678	13.24542	-0.189928	0.8502

Effects Specification		
	S.D.	Rho
Cross-section random	3341.046	0.8027
Idiosyncratic random	1656.240	0.1973

Weighted Statistics			
R-squared	0.035328	Mean dependent var	196.5545
Adjusted R-squared	-0.027585	S.D. dependent var	1583.936
S.E. of regression	1605.634	Sum squared resid	1.19E+08
F-statistic	0.561541	Durbin-Watson stat	0.890931
Prob(F-statistic)	0.643114		

Table 10 above presents the findings of the mediation test conducted with the Eviews 12 program, which shows that Financial Performance is unable to mediate DER or Capital Structure (X1) on Firm Value. The conclusion that Financial Performance (EVA) is unable to mediate the Capital Structure (DER) variable on Firm Value can be drawn from the absence of any variable with a significance value greater than 0.05, particularly the intermediary value between the two. mediation variable (X1_Z) (DER multiplied by EVA) in the output above has a significance value of 0.8502 > 0.05.

Table 11: Second Mediation Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	558.8641	1572.513	0.355396	0.7239
X2	248.0104	971.2372	0.255355	0.7996
Z	37.84056	28.52182	1.326723	0.1911
X2_Z	-17.44759	23.91492	-0.729569	0.4694

Effects Specification		
	S.D.	Rho
Cross-section random	3194.064	0.7929
Idiosyncratic random	1632.174	0.2071

Weighted Statistics			
R-squared	0.047934	Mean dependent var	202.3155
Adjusted R-squared	-0.014157	S.D. dependent var	1590.352
S.E. of regression	1601.570	Sum squared resid	1.18E+08
F-statistic	0.771991	Durbin-Watson stat	0.895590
Prob(F-statistic)	0.515632		

Table 11 above presents the findings of the mediation test conducted with Eviews 12 software, which shows that Performance is unable to mediate CR or Liquidity (X2) on Company Value. Conclusion: Financial Performance (EVA) is unable to mediate the Liquidity variable (CR) towards Firm Value, as evidenced by the absence of any variable with a significance value greater than 0.05, particularly the intermediary value between the two. The mediating variable (X2_Z) (CR multiplied by EVA) in the output above has a significance value of 0.4694 > 0.05.

RESULT

Capital Structure is unable to improve Financial Performance. Capital structure refers to the proportion between equity and debt used by a company to finance its assets. Debt-to-Equity Ratio (DER) is one of the main indicators of capital structure, which measures the ratio of a company's debt to its equity. On the other hand, Financial Performance is often measured using various indicators, one of which is Economic Value Added (EVA). EVA is a measure of financial performance that assesses how much value a company generates after considering the cost of capital.

The results of this study are in line with the research conducted by Mathur, Neeti et al. (2021), Lara M. Al-Haddad et al. (2024), which also explains that financial performance cannot be influenced by capital structure. This is due to the difference between the cost of debt and the cost of equity. The cost of debt is generally lower compared to the cost of equity because debt often receives favorable tax treatment and has lower risk.

Financial performance is unable to improve liquidity. Current Ratio, or cash ratio, is one of the liquidity indicators that measures how well a company can cover its short-term obligations with cash and cash equivalents. Meanwhile, Economic Value Added (EVA) is a measure of financial performance that assesses how much value a company generates after accounting for the cost of capital. Considering the importance of liquidity in daily operations, there is a significant relationship between liquidity and financial performance, particularly EVA.

The results of this study are in line with the research conducted by Hani, EL-Chaarani et al. (2023) and Mariem Ben Abdallah et al. (2024). which also states that liquidity has an impact on financial performance. This is due to the high Current Ratio indicating that the company has enough cash and cash equivalents to cover its short-term obligations. This is important to maintain smooth company operations without having to rely on external financing or selling assets under unfavorable conditions.

The company's value is unable to improve the capital structure. Although capital structure is often considered an important factor in determining a company's value, there are several reasons why capital structure may not have a significant impact on a company's value. One of the main theories supporting this view is the Modigliani-Miller (MM) theorem on capital structure. This theory states that in a perfect market without taxes, transaction costs, and asymmetric information issues, the capital structure does not impact the value of the company. The value of the company is determined by its ability to generate operating profit and the investment decisions made, not by the combination of debt and equity used to finance those operations.

The results of this study are in line with the research conducted by Mahanani and Kartika (2022), and Xuan Vinh Vo & Craig Ellis (2016). which also states that the value of the company cannot be influenced by its capital structure. This is because the capital structure may not affect the value of the company, as in many cases, companies have the flexibility to adjust their financial strategies according to market conditions and business needs.

Liquidity is unable to enhance the Value of the Company. Liquidity is often considered an important indicator of a company's short-term financial health, but there are several reasons why liquidity may not have a significant impact on the company's value. One of the main reasons is that the value of a company depends more on investors' expectations of future cash flows and growth potential than on current liquidity. In an efficient capital market, a company's stock price reflects investors' expectations of future cash flows, not just the availability of short-term liquid assets.

The results of this study are in line with the research conducted by Yee-Ee Chia et al. (2020), which states that company value cannot be influenced by liquidity. This is because high liquidity does not always indicate optimal resource utilization. Companies with high liquidity levels may be considered inefficient in managing their assets, as they might have too much cash that is not invested in projects that can generate profits.

The company's value is unable to improve financial performance. This is because EVA focuses on creating additional economic value over the cost of capital. Meanwhile, PBV is a ratio that compares the market price of a company's stock with its book equity value. PBV provides an overview of how the market values a company's equity relative to its book value. Although EVA measures financial performance, the direct relationship between EVA and PBV is not always clear.

The results of this study are in line with the research conducted by Wulandari and Purbawati (2021), which also states that the value of the company cannot be influenced by financial performance. This is because EVA and PBV measure different aspects of the company's performance. EVA is more focused on the profit generated after capital costs, reflecting operational and managerial efficiency in generating additional value. On the other hand, PBV measures how the market values a company's stock compared to its book equity value.

Financial Performance is unable to mediate the relationship between Capital Structure and Firm Value. This could be caused by EVA, DER, and PBV measuring different aspects of the company. EVA focuses on creating economic value based on net profit after capital costs, while DER measures the company's debt structure and PBV assesses how the market values the company relative to its book value. Because each of these indicators focuses on different areas, EVA cannot effectively mediate the relationship

between DER and PBV. The influence of DER on PBV is more affected by how the market assesses the risk and potential of the company based on its capital structure, while EVA measures value creation without considering the market's reaction to the capital structure. On the other hand, EVA measures the economic value added generated after accounting for the cost of capital, but it does not directly address how the capital structure (DER) affects the market's perception of the company's value. DER can affect the risk and return expected by investors, which in turn influences PBV. EVA may not be able to absorb or change the influence of DER on PBV because DER affects market valuation in a broader way, including risk factors, profit potential, and financial stability, which are not fully explained by EVA performance.

The results of this study are in line with the research conducted by Mathur, Neeti et al. (2021), Lara M. Al-Haddad et al. (2024), Mahanani and Kartika (2022), Xuan Vinh Vo & Craig Ellis (2016), and Wulandari and Purbawati (2021) Agustin, Eka Dwi (2022), which concluded that financial performance cannot mediate the effect of capital structure on firm value.

Financial Performance cannot mediate Liquidity with Company Value. This could be due to EVA and Current Ratio measuring different aspects of the company's performance. EVA focuses on the creation of economic value above the cost of capital, while the Current Ratio focuses on the company's liquidity ability to meet short-term obligations. PBV, on the other hand, reflects how the market values the company's equity compared to its book value. Because each of these indicators assesses different aspects, EVA cannot mediate the relationship between Current Ratio and PBV. On the other hand, EVA measures financial performance in terms of value creation, but does not directly affect the market's perception of the company's liquidity. Liquidity, measured by the Current Ratio, is more related to the company's ability to meet short-term obligations and short-term financial stability. If the company has a high Current Ratio, this can reduce financial risk and increase the market value of its shares (PBV). EVA, although it reflects added value, does not directly mediate or influence how the market assesses liquidity and its impact on PBV.

The results of this study are in line with the research conducted by Wulandari and Purbawati (2021) and Mäkelä, Mikko. (2012). which also states that if it cannot affect financial performance, then financial performance cannot mediate the influence of liquidity on the value of the company. that although the company has good liquidity, meaning the company is able to meet its short-term obligations, the financial performance generated from operations does not always have a positive impact on the company's value.

CONCLUSION

This study evaluates the impact of capital structure and liquidity on the value of companies in the automotive sub-sector of the manufacturing industry in Indonesia, with financial performance as a mediating variable. The analysis findings show that capital structure measured by DER, liquidity measured by Current Ratio, and company value measured by PBV do not have a positive or negative impact on financial performance, while capital structure measured by DER and liquidity measured by Current Ratio do not have a positive or negative impact on company value. Overall, neither capital structure, liquidity, nor company value impacts financial performance, but company value proxied by total assets (LN) does not significantly mediate the relationship between the two and financial performance. Thus, the value of the company cannot be considered as an explanatory variable in the context of this research.

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