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Mediating Financial Performance on Firm Value

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Abstract: *This study examines the mediating effect of financial performance on firm value in manufacturing companies that have been listed on The Indonesian Stock Exchange for the 2015-2018. Financial performance is proxied using capital structure, asset growth, and intangible assets. The population size is 155 companies with a sample size of 49 manufacturing companies listed on the Indonesia Stock Exchange for the 2015-2018 period. The analysis method uses path analysis to determine direct and indirect effects. The results showed that financial performance did not mediate the effect of capital structure on firm value, financial performance mediated the effect of asset growth on firm value, and financial performance mediated the effect of intangible assets on firm value.*

Keywords: capital structure, asset growth, intangible asset, financial performance, firm value

I. Introduction

The importance of increasing company value, because with the maximum increase in company value, the welfare of the company owners will also increase and this is an achievement desired by shareholders or company owners. The realization of maximum company value can be done through the implementation of financial management, so that it affects other financial decisions and will have an impact on the value of a company when one of the financial decisions is taken (Bakhtiar, 2016).

In achieving company goals, company management needs to make important decisions on the addition of funds for the sustainability of the company, asset growth and utilization of management of intangible assets. With the hope that these efforts can improve financial performance and in creating company value can be realized.

In determining the capital structure, it is necessary to make the right decision because if it is wrong it will affect the continuity and financial position of the company. Brigham and Houston (2011:153) said that a company that wants to grow can use capital structure. Managers must understand the company's financial condition before making decisions in using debt in the capital structure. In Hamidi's research, Wiksuana & Artini (2015) stated that in the trade off theory "when the use of debt is done optimally, it can reduce tax costs and agency costs, so that net income becomes higher. However, it is different from the results of Anthonie's research (2018) that the value of capital structure does not affect financial performance and firm value.

Another way to achieve company goals in increasing company value is through asset growth. Slow company growth is vulnerable to negative news. This can affect the company's image because company growth is one of the factors in investment decisions by investors so that it requires special attention from the company to the source of the news. Increased asset growth in the company shows that the company has good performance and is a positive signal for investors in investing, thereby increasing stock demand and stock prices as an indicator of company value (Dewi and Sudiartha, 2017).

Intangible assets can also increase company value because of their benefits. In the management of companies in Indonesia, there is not much practice in using intangible assets. Indonesian companies in advancing their business tend to use a conventional basis, so that in producing products technology is very lacking (Susanti, Gede, & Sinarwati, 2017). In a study conducted by Utomo (2014), it was explained that as many as 300 manufacturing companies listed on the Indonesia Stock Exchange in 2012 only 32 percent of companies presented intangible assets in the financial statements and 68 percent of companies did not present intangible assets in the financial statements. This means that there are still many companies that do not attach intangible asset information to their financial statements.

The profits obtained by the company and the company's performance are determined, among others, by the investment decisions made. This decision is very important because if it is wrong in making decisions, it will interfere with the survival of the company. Managers in this case must have good performance so that they can maintain investment development, thereby achieving company goals through shareholder welfare and increasing company value (Noerirawan and Abdul, 2012).

Based on the background and problem above, the authors want to test the cause and effect of the mediating effect of financial performance on firm value.

II. Literature

1.1 Trade-Off Theory

Trade Off Theory discusses the use of corporate funding policies related to the use of debt and capital in maximizing firm value. In this debt utilization, it can provide clarity about the condition of the company to be able to develop more or risk bankruptcy in the future. As described by Chowdhury (2010) that a company must be able to use debt optimally in order to obtain maximum company performance, if the use of the amount of debt exceeds the optimal limit, it can reduce company value.

In Qudriah's research (2014), Brealey and Myers revealed that the use of smaller debt should be done by companies with large business risks because the use of too much debt will complicate the company's finances due to increased interest expenses.

1.2 Signaling Theory

Signal Theory is part of a theory that provides an understanding of financial management. According to Brigham and Houston (2010: 36) explains that signal theory is a decision-making effort taken by the company in providing signals to investors in the form of information related to the activities carried out by the company in achieving the goals of the company owner.

This signal theory can help companies understand the importance of conveying information related to the company's financial condition such as capital structure, asset growth and intangible assets to investors and the market in order to obtain a positive response so that investors can make investment decisions. Investor interest in investing when investors catch good signals, so the market will respond through changes in stock trading volume (Suwardjono, 2010). Good signals can affect the increase in firm value.

1.3 Capital Structure

According to Sartono (2010: 225), capital structure is a stable comparison between current liabilities, non-current liabilities, preferred shares, common shares and own capital that the company uses to meet company needs. The company's capital structure is one of the factors that can affect the increase in firm value.

A good and optimal capital structure can maximize the company's share price. This is in agreement with Husnan & Pudhiastuti (2010) who argue that a capital structure that is able to increase firm value or share price maximally is the best capital structure. However, an increased capital structure can reduce the value of shares and can cause a decrease in stock trading transactions (Dimintrov & Jain, 2008). The greater the debt, the greater the cost of financial burden and this will affect the value of the company.

1.4 Asset Growth

High company growth is the target of every company every year. Company growth is considered to reflect the development of a company (Fauzi and Suhadak, 2015). Companies with high potential growth rates have a tendency to generate high cash flows in the future and high market capitalization, allowing the company to have a low cost of capital.

Asset growth is a change that has decreased or increased in the total assets that the company has. The calculation of asset growth is the proportion of changes in assets at a certain time against the previous year. The definition above explains that company growth can be a change in the total assets that occur in the company within one year.

1.5 Intangible Assets

According to IAI (2015), "Intangible assets are non-monetary assets that can be identified without physical form". Non-monetary assets are assets that the company will receive in non-cash form whose amount cannot be ascertained. Intangible assets have a distinctive feature, namely the level of uncertainty regarding their value and benefits in the future. However, not all types of intangible assets are recognized and presented in the balance sheet. Copyrights, franchises, patents, goodwill and trademarks are intangible assets that are presented in the balance sheet.

Financial reports should provide an overview of the existence of intangible assets and the amount of value that can be measured, so that in the financial statements there is no indication that intangible assets are not reported. In improving financial performance, intangible assets become an important component that has great benefits (Trisnajuna & Sisdyani, 2015).

1.6 Financial Performance

Fahmi (2015: 2), defines financial performance as a description of the achievement of the success of a company from various activities that have been carried out as an analysis to see the company's ability to implement finance appropriately according to predetermined rules.

Financial performance is useful for investors as a consideration to maintain their investment in the company or to look for other alternatives. High investor valuation of shares will affect the high share price. If the level of financial performance owned by the company is high, it can increase the value of the company and can attract potential investors to invest. With a higher share price, the company value can increase.

1.7 Firm Value

According to Agus Sartono (2016: 9), firm value is a way to maximize present value for maximum shareholder prosperity so that shareholder profits can increase if the price they own increases. Company value is also an achievement achieved by the company for managing good company performance. For investors, good company value can be used as a consideration by investors before investing.

By increasing the maximum company value, it means that the prosperity of shareholders will also increase maximally. Maximizing shareholder wealth or company value is the main goal of a company. The realization of maximum company value can be done through the implementation of financial management, so that it affects other financial decisions and will have an impact on the value of a company when one of the financial decisions is taken (Bakhtiar, 2016). If the share price is higher, the company in creating value for shareholders is more successful.

2.8 Hypothesis and Research Framework

Optimal capital structure management is able to balance between debt and capital used so that it can help companies manage and reduce the company's financial risk. In Hamidi's research, Wiksuana and Artini (2015) stated that in the trade off theory "when the use of debt is done optimally, it can reduce tax costs and agency costs, so that net income becomes higher. A low capital structure will increase the level of financial performance, and vice versa if the high capital structure will reduce the level of financial performance ".

The explanation above is supported by research tested by Ahmad (2018), Hamidy, Wiksuana and Artini (2015), Ayuningrum (2017) and Rahman (2018). Contrary to the results of Anthonie's research (2018). Based on this description, it can be hypothesized as follows,
H_1Capital structure has an influence on financial performance.

The relationship between company growth and financial performance is through assets owned so that it affects the productivity and efficiency of the company which ultimately affects financial performance (Budiasa et al, 2016). Total assets were chosen as a measure of growth by considering the value of assets is relatively stable compared to the value of market capitalized and sales (Shudarmadji, 2007).

In line with the research studied by Budiasa et al (2016) and Saraswati (2016), namely company growth has an influence on financial performance. Different results with Rahman (2018) that growth has no effect on financial performance. Based on this description, it can be hypothesized as follows,
H_2 Asset growth has an influence on financial performance.

The relationship between intangible assets and financial performance is that intangible assets are believed by researchers to have an important role in improving financial performance, namely by utilizing intangible assets efficiently and maximally by the company. If the value of intangible assets increases, it will have an impact on increasing the company's financial performance optimally by showing the company's ability to generate profits by utilizing its assets. This is confirmed by the explanation of Grant (2010) that the intangible assets owned by the company can be used as the basis for strategy formulation and implementation in obtaining optimal performance.

In line with research conducted by Trisnajuna and Sisdyani (2015), Kurniawan and Mertha (2016), Kurniawati and Asyik (2017), Kengataharan, (2019), Wang et al., (2018) prove that the increase in the value of intangible assets affects the company's financial performance. Other studies show that the results of this study are different from the results of research conducted by Sirojudin and Nasarudin (2014), Molodchik I et al., (2016) which shows that intangible assets do not significantly affect financial performance. Based on this description, it can be hypothesized as follows,
H_3Intangible assets have an influence on financial performance.

The relationship between financial performance and firm value is that the higher the ROA value indicates the high level of efficiency of the company in utilizing its assets, and the level of profit achieved by the company (Dewanto et al, 2017). The rate of return becomes greater if there is progress in the attractiveness of the company which makes the company more attractive to investors which will have an impact on the share price in the capital market. Thus increasing the value of the company due to the increase in ROA value.

In line with research conducted by Abadiah, Hidayati and Mawardi (2017), Kurniawan and Mertha (2016), Isnaini (2016) and Fikri, Ayuningrum (2016), showing a high Return On Equity value indicates that the company's ability to generate profits is getting better and affects the value of the company through the value of shares which will increase this is due to the level of profit generated. The results of this research are different from the research studied by Mahdita (2016), namely financial performance (ROA) has no effect on firm value. Even though the company's performance decreases, this does not affect investors to stop investing in the company. Based on this description, it can be hypothesized as follows,
H_4 Financial performance has an influence on firm value.

The relationship between capital structure and firm value is that in optimizing firm value, it is necessary to make the right decision from the company's management in making funding decisions. Company activities are influenced by the company's financial funding decisions. The amount of capital needed to fulfill / finance the company must be determined by company management. In an effort to improve and maintain the company's performance in order to survive, companies need to measure the ability of the capital structure to affect the performance and value of the company because it can improve the welfare of company owners.

The description above is supported by research researched by Amanah (2015), Ayuningrum (2017), Hamidy, Wiksuana and Artini (2015) and Rahman (2018) that DER has a positive effect on PBV.

However, it is different from the results studied by Anthonie (2018), Irawan and Kusuma (2019), and Ahmad (2018). Based on the description above, it can be hypothesized as follows,
H_5Capital structure has an influence on firm value.

The relationship between company growth and firm value is through the assets owned by the company, if the growth of a company increases, the company's value will also increase, thus affecting the company's image in the eyes of investors. The greater the assets owned by the company are expected to be able to produce maximum operations so as to increase the trust of external parties in the company. Thus, the company will receive a good response from investors so that it affects the increase in stock prices. This means that increasing stock prices can also increase company value.

The explanation above is supported by Ayuningrum (2017) and Suastini et al (2016) in their research, namely company growth affects firm value, but is different from the results of research conducted by Rahman (2018). From this description, it can be hypothesized as follows,
H_6 Asset growth has an influence on firm value.

The relationship between intangible assets and firm value is the importance of the role of intangible assets in realizing company goals by determining market value through corporate strategy. The high value of intangible assets is a positive signal to the capital market in the form of a competitive advantage, making it different from other companies. The increase in stock prices is a sign that market value has increased, this can be realized if the management of intangible assets is utilized efficiently (Kurniawan and Mertha, 2016). Good management of intangible assets will generate economic benefits for the company in the future. Companies with high intangible assets value have high company value too.

The explanation above agrees with the research results of Trisnajuna & Sisdyani (2015), Kurniawan and Mertha (2016), Abadiah, Hidayati and Mawardi, 2017), Susanti, Diatmika and Sinarwati (2017), Fikri, Fadilah and Nurcholis (2017), and Marwa, Isynuwardhana and Nurbaiti (2017). This contradicts the results of research conducted by Kurniawati and Asyik (2017), Lusiana and Agustina (2017) showing that intangible assets have no effect on firm value. Based on this description, it can be hypothesized as follows,
H_7 Intangible assets have an influence on firm value.

In the trade off theory, it is explained that the comparison of the addition of debt provides greater benefits with the sacrifices that the company incurs, so it can increase the value of the company. Financial performance is one of the factors in making decisions to use the capital structure. Companies with high financial performance will choose to use debt on a small scale, because most of the costs of funding needs have been met by high retained earnings.

The effect of capital structure on firm value with profitability as an intervening variable has been carried out by Ayuningrum (2017) and Hamidy, Wiksuana, and Artini (2015), based on the results of the analysis both partially and simultaneously showing that the capital structure variable has an influence on the firm value variable, with profitability as an intervening variable. The results of the analysis explain that ROA is found to have an effect on PBV after controlling DER. However, the results of this study are not in line with the research analyzed by Rahman (2018). Based on this description, it can be hypothesized as follows,
H_8Financial performance mediates the effect of capital structure on firm value.

Increased asset growth increases operational results and will affect the increase in company value so as to increase trust for investors (Ihwandi and Rizal, 2017). This increase is important information for investors in making investment decisions. Supported by the signaling theory described by Brigham and Houston (2010: 36) that when the company provides information signals related to the company's good financial condition on increasing asset growth, it attracts investors to invest. This means that the higher level of investor interest in the company will have an impact on the high stock price and indirectly increase the firm value.

The above statement is in line with the research tested by Ayuningrum (2017) and Triyani, Mahmudi and Rosyid (2018). In contrast to the research results studied by Rahman (2018). Based on this description, it can be hypothesized as follows,

H_9 Financial performance mediates the effect of asset growth on firm value.

The relationship between intangible assets and firm value through financial performance as mediating is that intangible assets that are managed properly and efficiently so as to provide maximum benefits will affect the company's increasing financial performance. Companies that have intangible assets value have an impact on increasing financial performance and company value due to the company's potential to gain profits through overall asset management so as to provide benefits to the company (Gamayuni, 2015). The state of financial performance in a company is declared good when the company is able to increase profits. The state of the company's good financial performance is information that can be conveyed to investors as a good signal in making investment decisions. So that it can increase the value of the company due to the good response from investors and the large demand for shares to the company.

In line with research conducted by Kurniawati and Asyik (2017) that ROA is included in the assessment of investors, namely by assessing the company's ability to earn profits. However, the results of this study are not in line with research conducted by Kurniawan and Mertha (2016) which states that financial performance is unable to mediate the relationship between intangible assets and firm value. Based on this description, it can be hypothesized as follows,

H_{10} Financial performance mediates the influence between intangible assets on firm value.

The explanation of the concept underlying this research can be described as a conceptual framework in Figure 1 below.

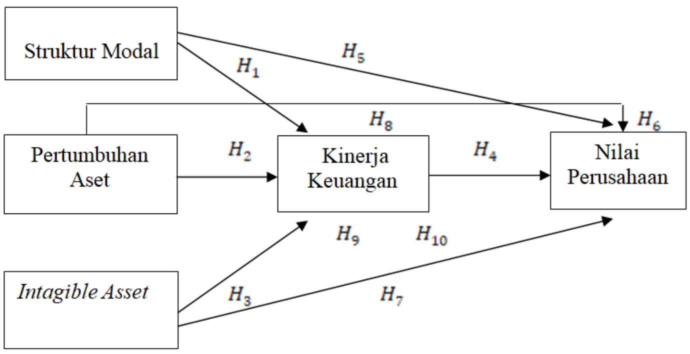

Figure 1 Conceptual framework

III. Method

1.8 Population and Sample

This study has a population of 155 manufacturing companies that have been listed on the Indonesia Stock Exchange in the 2015-2018 period, with sampling using purposing sampling method.

1.9 Data Collection Technique

Collecting the data needed in the study on the sample of financial statements of manufacturing companies available on the Indonesia Stock Exchange website, with the address www.idx.co.id and annual reports of manufacturing companies for the 2015-2018 period.

1.10 Operational Variabel

Capital Structure

Capital structure is proxied using Debt to Equity Ratio (DER). Debt to Equity Ratio (DER) is a measuring tool that can show the ratio between total debt and company capital (Fahmi, 2015: 187).

$$DER = \frac{Total\ Utang}{Total\ Modal}$$

Asset Growth

Asset growth can measure the company's potential in stabilizing the company's economic position amid economic growth and its business sector (Prasetyo, 2011: 110). The calculation of asset growth can use the following formula:

$$Pertumbuhan\ Aset\ t = \frac{Total\ Aset\ Tahun_t - Total\ Aset\ Tahun_{t-1}}{Total\ Aset\ Tahun_{t-1}} x\ 100\%$$

Intangible Assets

Utilization of intangible assets owned by the company is able to generate profits for the company. This variable can be measured by the following formula (Soyara, 2013):

INTAV = CMV - BVNA

Description:

INTAV = Intangible Assets Value

CMV = Corporate Market Value

(Number of Shares in Circulation x Year-end Closing Stock Price)

BVNA = Book Value Net Assets

(Total Assets - Total Liabilities)

Firm Value

Measurement of firm value can use the following formula (Weston & Copelan, 2010: 244):

$$\boldsymbol{PBV} = \frac{Harga\ Pasar\ per\ Lembar\ Saham}{Nilai\ Buku\ per\ Lembar\ Saham}$$

Mediating Variable

The mediating variable in this study uses financial performance proxied by the Return On Asset (ROA) ratio. The ROA ratio is used in this study because ROA is able to show the company's potential to earn profits on the assets the company spends. ROA measurement can use the following formula (Kasmir, 2014: 106-107):

$$\boldsymbol{ROA} = \frac{Laba\ Setelah\ Pajak}{Total\ Aset} x\ 100\%$$

3.4 Path Analysis

Path analysis is used if there are mediating variables. A variable can be declared as a mediating variable, namely if the value of the indirect effect is greater than the value of the direct effect. As explained by Ghozali (2016: 244), that if there are variables that mediate the influence of the independent and dependent variables, then this occurs due to indirect effects.

The sobel test is carried out by testing the strength of the influence of the indirect effect of X to Y through Z. The indirect effect of X to Y through Z is calculated by multiplying the X — Z path (a) by the Z—Y path (b) or path ab.

So that in the coefficient ab = (c'- c), c is the coefficient of the effect of X on Y without controlling for Z. c' is the coefficient of the effect of X on Y after controlling for Z. The standard errors of the coefficients a and b are written as Sa and Sb and the amount of indirect standard error is Sab which is calculated by the formula:

$$S_{ab} = \sqrt{b^2 sa^2 + a^2 sb^2 + sa^2 sb^2}$$

Type:
Sa = standard error of coefficient a
Sb = standard error of coefficient b
b = coefficient of the mediating variable
a = coefficient of independent variable

To test the significance of the indirect effect, it is necessary to calculate the t value of the ab coefficient with the formula

$$t = \frac{ab}{s_{ab}}$$

The calculated t value is then compared with the t table value. If the calculated t value> t table value, it is concluded that there is a mediating effect (Ghozali, 2016: 244-245).

IV. Result and Discussion

4.1 Population and Sample

The population in this study were 155 manufacturing companies that have been listed on the Indonesia Stock Exchange. Purposive sampling was used as a sample technique, so that 49 manufacturing companies were selected as samples according to predetermined criteria.

4.2 Descriptive Statistics

In this study, descriptive statistics were carried out to obtain an overview of the data that can be seen from the minimum, maximum, average (mean), and standard deviation values. The following table shows the results of the descriptive statistical test:

Table 4.2 Descriptive Statistics

Variabel	N	Min	Max	Mean	Std. Deviation
SM	196	-1.62	5.02	0.9729	0.86175
PA	196	-20.70	63.85	5.1526	11.27245
IA	196	.06	99.29	9.3783	14.49092
KK	196	-13.58	52.67	2.7340	7.27074
NP	196	-0.03	47.54	1.7197	5.23197
Valid N *(Listwise)*	196				

Source: secondary data processed through SPSS 20, 2020.

Based on table 4.2, this study has a total sample data of 196 data. The following are the results of descriptive statistical tests

a) In the capital structure variable, the minimum value is obtained from the company PT Jakarta Kyoei Steel in 2016 amounting to -1.62. The maximum value obtained by PT Copper Mulia Semanan in 2015 amounted to 5.02. The average data value of the capital structure variable is 0.97 and the standard deviation value is 0.86.

b) In the asset growth variable, the minimum value obtained by PT Kobexindo Tractors Tbk in 2016 amounted to -20.70, with the maximum value obtained by PT Supreme Cable Manufact in 2017 amounting to 63.85. The average data value of the asset growth variable is 5.15 and the standard deviation is 11.27.

c) In the intangible asset variable, the minimum value obtained by PT Copper Mulia Semanan Tbk in 2015 was 0.06, with the maximum value obtained by PT Astra Otopart Tbk in 2017 amounting to 99.29. The average value on the intangible asset variable is 9.37, and the standard deviation is 14.49.

d) In the Financial Performance variable, the minimum value obtained by PT Multi Bintang Indonesia Tbk in 2017 amounted to -13.58, with the maximum value obtained by PT Keramik Indonesia Association Tbk in 2016 amounting to 52.67. The average value on the financial performance variable is 2.73, and the standard deviation is 7.27.

e) In the company value variable, the minimum value obtained by PT Jakarta Kyoei Steel Works Tbk in 2017 was -0.03, with the maximum value obtained by PT Multi Bintang Indonesia Tbk in 2016 amounting to 47.54. The average value on the company value variable is 1.71 and the standard deviation value is 5.23.

4.3 Hypothesis Test

Statistical Test F (F Test)

Table. Statistic Test F

		Sum of Squares	Df	F	Sig.	Keterangan
Model 1	Regression	724.266	3	4.836	.003b	Berpengaruh
	Residual	9584.155	192			
	Total	10308.420	195			
	Regression	2808.689	4	53.028	.000b	Berpengaruh
Model 2	Residual	2529.148	191			
	Total	5337.837	195			

Sumber: data diolah melalui SPSS 20, 2020.

Based on the table above, the test results on Model 1 obtained the calculated F value of 4.836 with a sig value 0.003 < 0.05 it means that simultaneously the capital structure, asset growth, and intangible assets variables have an influence on financial performance. While the test results on Model 2 obtained a calculated F value of 53.028 with a sig. value 0.000 < 0.05 so it can be interpreted that simultaneously the variables of capital structure, asset growth, intangible assets, and financial performance have an influence on firm value.

Determination Coefficient Test

Table. Determination Coefficient Test

	R	R Square	Adjusted R Square	Std. Error of the Estimate
Model 1	.265	.070	.526	7.06523
Model 2	.725a	.526	.516	3.63890

Sumber: data diolah melalui SPSS 20, 2020.

Based on the table above, in model 1, the coefficient value of the unstandardized beta of the capital structure variable is 0.031, this value is the path value. The asset growth variable has a coefficient value of 0.177 which is the path value. And the coefficient value of the intangible asset variable is 0.183 which is the path value. The R Square value obtained from the test results in table 4.9 is 0.070, this can be interpreted that the capital structure variable, asset growth, and intangible assets contribute 70% and the remaining 30% is the contribution of other variables that are not included in this study. The magnitude of the value = 0.964.

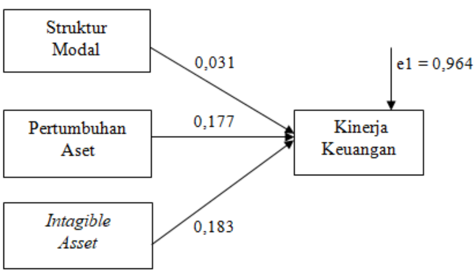

Figure 1 Diagram of Model 1

In model 2, it is known that the beta coefficient value of the Capital Structure variable is 0.137, this value is the path value. Asset Growth variable of -0.165 is the path. Intangible Assets variable of 0.025 is the path. And the Financial Performance variable of 0.718 is the path. Testing in table 4.9, obtained an R Square value of 0.526, this shows that the capital structure variable, asset growth, intangible assets and financial performance on firm value contribute 51.6% and the remaining 48.4% is a form of contribution from other variables that can affect firm value. The magnitude = 0.688.

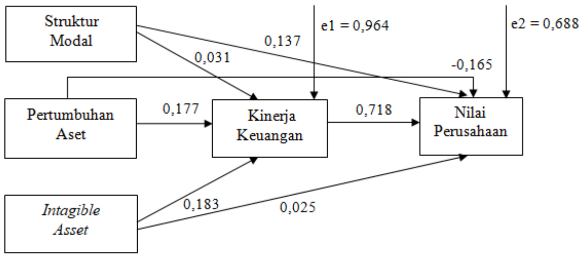

Figure 2 Diagram of Model 2

Hypothesis Test (t Test)

Table. Hypothesis Test (t test)

		Standardized Coefficients Beta	T	Sig.	Keterangan
Model 1	SM	.031	.446	.656	H_1 ditolak
	PA	.177	2.529	.012	H_2 diterima
	IA	.183	2.626	.009	H_3 diterima
Model 2	KK	.718	13.903	.000	H_4 diterima
	SM	.137	2.723	.007	H_5 diterima
	PA	.165	3.230	.001	H_6 diterima
	IA	.025	.487	.627	H_7 ditolak

Sumber data: diolah melalui SPSS 20, 2020

In this t test can be done using a Significant value of 0.05, which is listed in the test table, Model 1 shows that, the Sig. value of the capital structure variable is 0.656> 0.05, which means that the capital structure has no effect on financial performance. So it is stated that it is rejected.

The Sig value of the asset growth variable of 0.012< 0.05 which means that asset growth has an influence on financial performance. So it is stated that it is rejected.

The Sig. value of the intangible assets variable of 0.009 < 0.05 which means that intangible assets have an influence on financial performance. So that it is accepted

Meanwhile, Model 2 shows that the significant value of the financial performance variable is 0.000 < 0.05, which means that financial performance has an influence on firm value. This means it is accepted.

The Sig. value of the capital structure variable is 0.007 < 0.05, which means that the capital structure has an influence on firm value, so it can be stated that it is accepted.

The Sig. value of the asset growth variable is 0.001< 0.05, meaning that asset growth has an influence on firm value. It can be stated that it is accepted.

The Sig. value of the intangible assets variable is 0.627> 0.05, so it can be interpreted that intangible assets have no influence on firm value, so it is rejected.

4.4 Path Analysis

Indirect influence can occur if there is a third variable that is able to mediate the relationship between the independent and dependent variables (Ghozali, 2016). The Sobet Test can be used to test the indirect effect as follows

$\boldsymbol{p1 \; x \; p3}$ ....[1]

$S_{p1p3} = \sqrt{p3^2 Sp1^2 + p1^2 Sp3^2 + Sp1^2 Sp3^2}$ ....[2]

$t = \frac{p1p3}{Sp1p3}$ ....[3]

Financial Performance to Mediate the Effect of Capital Structure on Firm Value

$p1$ = 0,031

$Sp1$ = 0,592

$p3$ = 0,718

$Sp3$ = 0,037

Indirect effect coefficient

= 0,031 x 0,718 = 0,022258

Standard error of indirect effect coefficient ( )

$$S_{p1p3} = \sqrt{p3^2 Sp1^2 + p1^2 Sp3^2 + Sp1^2 Sp3^2}$$

$$S_{p1p3} = \sqrt{(0{,}718)^2(0{,}529)^2 + (0{,}031)^2(0{,}037)^2 + (0{,}592)^2(0{,}037)^2}$$

$$S_{p1p3} = \sqrt{0{,}1442647517 + 0{,}0000013156 + 0{,}0004797852}$$

S_{p1p3} = 0,3804547969

Indirect effect t value

$$t = \frac{p1p3}{Sp1p3} = \frac{0{,}022258}{0{,}3804547969} = 0{,}058$$

The value of t count < t table is 0.058 less than t table with sig level. 0.05, which is 2.014, it can be concluded that there is no mediating effect. This means that Financial Performance is not proven to mediate the effect of Capital Structure on Firm Value. So the higher the value of financial performance cannot strengthen the influence of capital structure on firm value.

Financial Performance to Mediate the Effect of Asset Growth on Firm Value

$p1$ = 0,177

$Sp1$ = 0,045

$p3$ = 0,718

$Sp3$ = 0,037

Indirect effect coefficient

$p1xp3$ = 0,177 x 0,718 = 0,127086

Standard error of indirect effect coefficient

$$S_{p1p3} = \sqrt{p3^2 Sp1^2 + p1^2 Sp3^2 + Sp1^2 Sp3^2}$$

$$S_{p1p3} = \sqrt{(0{,}718)^2(0{,}045)^2 + (0{,}177)^2(0{,}037)^2 + (0{,}045)^2(0{,}037)^2}$$

$$S_{p1p3} = \sqrt{0{,}0019439361 + 0{,}0000428894 + 0{,}0000027722}$$

$$S_{p1p3} = \sqrt{0{,}0019895977}$$

= 0,0446049067

Indirect effect t value

$$t = \frac{p1p3}{Sp1p3} = \frac{0{,}127086}{0{,}0446049067} = 2{,}849$$

The value of t count > t table is 2.849 greater than t table with sig level. 0.05 of 2.014, it can be concluded that the mediation coefficient of Financial Performance mediates the effect of asset growth on firm value. The higher the value of financial performance, it can strengthen the relationship between asset growth and firm value.

Financial Performance to Mediate the Effect of Intangible Assets on Firm Value

$p1$ = 0,183

$Sp1$ = 0,035

$p3$ = 0,718

$Sp3$ = 0,037

Indirect effect coefficient

$p1xp3$ = 0,183 x 0,718 = 0,131394

Standard error of indirect effect coefficient

$$S_{p1p3} = \sqrt{p3^2 Sp1^2 + p1^2 Sp3^2 + Sp1^2 Sp3^2}$$

$$S_{p1p3} = \sqrt{(0{,}718)^2(0{,}035)^2 + (0{,}183)^2(0{,}037)^2 + (0{,}035)^2(0{,}037)^2}$$

$$S_{p1p3} = \sqrt{0{,}0006315169 + 0{,}0000458464 + 0{,}000001677}$$

$$S_{p1p3} = \sqrt{0{,}0006790403}$$

$$S_{p1p3} = 0{,}0260584017$$

Indirect effect t value

$$t = \frac{p1p3}{Sp1p3} = \frac{0{,}131394}{0{,}0260584017} = 5{,}042289974$$

The value of t count > t table is 5.042 greater than t table with sig level. 0.05 of 2.014, so the conclusion is that the mediation coefficient of financial performance mediates the effect of intangible assets on firm value. A higher financial performance value can strengthen the influence of intangible assets on firm value.

4.5 Disscusion

The Effect of Capital Structure on Financial Performance

Based on the tests that have been carried out on Capital Structure has an influence on financial performance. Obtained Sig. value of 0.656 which is greater than 0.05. H_1 rejected, meaning that the capital structure has no influence on financial performance. As a result of using debt that exceeds the company's optimal point, the cost of financial distress and agency costs is greater than the tax savings obtained, resulting in a decrease in financial performance (Utomo and Christy, 2017).

This is in line with the trade off theory, which states that one of the factors that make companies experience bankruptcy is the use of too much debt.

This is in line with research from Anthonie (2018), that the use of debt can also have a negative impact on the company's financial performance, declining profits due to the use of debt that is too high. This means that the profit decreases if the capital structure value is higher.

The Effect of Asset Growth on Financial Performance

Based on the test results above, it is concluded that asset growth has an influence on financial performance as evidenced by the acquisition of a Sig. value of 0.012 less than 0.05. This means H_2 that it is accepted, namely that companies that have large total asset growth are easier to get the attention of investors and creditors because the company provides an overview in generating profits that can be utilized to increase the number of assets.

In line with the results of research by Budiasa et al (2016), and Saraswati et al (2016) explained that increasing asset growth can affect financial performance through company assets. The faster company growth shows the company's ability to generate higher profits, which means that the assessment of the financial performance ratio is also high.

The Effect of Intangible Assets on Financial Performance

Based on the test results above, it is obtained that the intangible assets variable has an influence on financial performance with a coefficient value of 0.092 and a significant value of 0.009 which is less than 0.05. These results are in accordance with hypothesis three (H_3) accepted, meaning that any increase in the value of Intangible Assets in the company will improve financial performance. If every company is able to manage intangible assets well, it can increase the value of intangible assets through innovative products so that products can sell in the market (Trisnajuna and Sisdyani, 2015). Thus, financial performance can also increase.

The results of this study are in line with research conducted by Trisnajuna and Sisdyani (2015), Kurniawan and Mertha (2016), Kengataharan (2019), and Wang et al (2018) proving that the increase in the value of intangible assets can affect the company's financial performance, namely the higher the value of intangible assets, the higher the company's ability to benefit from the management and utilization of assets owned as a whole.

The Effect of Financial Performance on Firm Value

Based on the hypothesis testing above, the results show that the financial performance variable has an influence on firm value orH_4 is accepted, it can be seen from the significance value of 0.000 which is less than 0.05. The results of hypothesis testing mean that an increase in net income can improve the company's financial performance which can be measured using financial performance variables, therefore an increase in the company's financial performance will affect the increase in stock prices thereby increasing the firm's value.

Based on Signaling Theory, a company will publish information voluntarily without the need for encouragement from the government, in order to maintain investor interest so that there is no information asymmetry between the two parties, namely the company and outside the company (Brigham and Houston, 2011: 186).

Similar to research conducted by Kurniawan and Mertha (2016), Abadiyah (2017), Isnaini (2016), Safitri et al. (2014) and Martini et al (2014) that the company's value will be able to grow sustainably if the company's financial performance also increases because the higher the company's ability to generate profits, the company's value reflected in the outstanding share price will also increase.

The Effect of Capital Structure on Firm Value

Based on the hypothesis testing above, it can be concluded that Capital Structure has an influence on firm value, it can be seen from the significant value of 0.007 less than 0.05. This meansH_5 that it is accepted, namely the addition of debt carried out by the company to expand the business which will increase the share price of the company, so that the company value can increase to the maximum (Hamidy, Wiksuana and Artini, 2015).

In accordance with the trade off theory, it states that if the increase in firm value is caused by the addition of debt as long as the capital structure is below its optimal point. This means that the company must determine the limit of the amount of debt usage to be used, and the benefits of adding debt are still greater than the sacrifices incurred, so the use of debt can increase the value of the company.

The results of this study are supported by research conducted by Amanah (2015), Ayuningrum (2017), Hamidy, Wiksuana and Artini (2015) and Rahman (2018) that the greater the capital structure, the more the company value will increase, but the company in using debt in the capital structure is unlikely to reach 100 percent. This is because the greater the debt, the greater the risk to the company's finances.

Effect of Asset Growth on Firm Value

Based on the test results above, it can be concluded that asset growth has an influence on firm value, it can be seen from the significance value which is less than 0.05, which is 0.001. This means H_6that it is accepted, investors are increasingly giving a positive view of the company's growing potential. Good company growth can be characterized by increased productivity and operational efficiency of the company so that it has a positive impact on firm value.

Based on signaling theory, that the high return value and asset growth indicate the company's financial performance in good condition is a good signal for investors in investing. This positive response greatly affects the increase in firm value (Umar Mai, 2013: 119).

The effect of company growth on firm value has been carried out by Amijaya (2016), Ayuningrum (2017) and Hidayati (2017) which explain the results that company growth has an influence on firm value. For growing companies (companies that have high growth opportunities) the stock price will respond positively if the company has more capital in its capital structure.

The Effect of Intangible Assets on Firm Value

Based on the test results above, it is concluded that intangible assets have no effect on firm value, this can be seen from the significant value of 0.627, which is less than 0.05. This means H_7that it is rejected, the high value of intangible assets does not affect the company to manage and utilize it optimally. Lack of knowledge related to the management of intangible assets further inhibits the company from developing. This has an impact on products that are less marketable because the company is less innovative (Trisnajuna and Sisdyani, 2015).

In signaling theory, it is explained that the disclosure of intangible assets is a good signal for investors, but because many companies do not attach this information, investors do not get good signals as a form of additional consideration in making investment decisions. This can reduce company value.

The results of this study are supported by Kurniawati and Asyik (2017) and Lusiana and Agustina (2017) who state that at this time intangible assets have not been used as a tool for decision making so that the market does not give high valuations to companies that have high intangible assets. Market valuation of a company is based more on the physical resources owned by the company.

Financial Performance Mediates the Effect of Capital Structure on Firm Value

Based on the results of mediation testing using the Sobel Test, to test financial performance mediates the effect of capital structure on firm value. The indirect effect test result of 0.023 is less than the direct effect result of 0.137 (0.023 < 0.137), meaning that the first hypothesis ($H_0 8$) is accepted and ($H_a 8$) is rejected. Therefore, H_8 shows that financial performance does not mediate the effect of capital structure on firm value.

The use of too much debt with a low rate of return worsens the company's financial condition. This reduces investor confidence in the quality of the company so that the company's value also decreases (Hera & Pinem, 2017).

These results are in line with Rahman (2018) and Hera & Pinem (2017) that higher financial performance cannot affect the capital structure in increasing firm value. The use of high debt has an impact on decreasing financial performance which results in a declining stock price, so that the company's value decreases.

Financial Performance Mediates the Effect of Asset Growth on Firm Value

Based on the test results through the Sobel test, to test financial performance mediates the effect of asset growth on firm value. Obtained from the results of the indirect effect of 0.127 greater than the results of the direct effect of -0.165 (0.127> -0.165), meaning that the second hypothesis ($H_0 9$) is rejected and ($H_a 9$) is accepted. So in H_9 shows that financial performance mediates the effect of asset growth on firm value.

In this study, financial performance is able to strengthen the effect of asset growth on firm value. Supported by the results of Ayuningrum's research (2017), namely the greater the company's growth rate, the higher the costs required for investment so that the company must get a large profit as well. The increase in assets will be followed by an increase in operational results so that this will increase investor confidence and have an effect on increasing company value (Triyani, Mahmudi & Rosyid, 2018). The higher the asset growth ratio of a company, the better the condition of the company and the level of profit will also be high.

This is in line with research conducted by Ayuningrum (2017), Ihwandi & Rizal (2017) and Triyani, Mahmudi and Rosyid (2018) which state that the increase in assets will be followed by an increase in operational results because this can increase investor confidence so that there can be an increase in firm value.

Financial Performance Mediates the Effect of Intangible Assets on Firm Value

Based on the results of the mediation test using the sobel test, in order to test financial performance mediates the effect of intangible assets on firm value. obtained from the results of the indirect effect which is 0.132 greater than the results of the direct effect of 0.025 (0.132> 0.025), meaning that the third hypothesis ($H_0 10$) is rejected and ($H_a 10$) is accepted. So in the H_{10}, namely financial performance mediates the effect of intangible assets on firm value.

In this study, financial performance is able to strengthen the effect of intangible assets on firm value. This is because investors provide an assessment of the condition of a company by looking at the financial performance of the company's intangible asset value, so that it will affect the firm value. The increasing value of intangible assets has an impact on improving the company's financial performance by showing the company's ability to generate profits on the utilization of all assets owned (Gamayuni, 2015).

This is in line with research conducted by Kurniawati & Asyik (2017) and Fitiasari & Sari (2019) which explain that investors have given higher valuations to companies that have good financial performance. By increasing financial performance, the company is able to manage intangible asset resources effectively and efficiently.

V. Conclusion

Based on the results of data analysis testing and discussion that has been presented in the previous chapter, the following conclusions can be drawn:

Capital structure has no influence on financial performance. Intangible Assets have no influence on firm value. Financial performance does not mediate the effect of capital structure on firm value because financial performance companies are unable to strengthen the use of debt to increase firm value.

Asset growth and Intangible Assets have an influence on financial performance. Financial performance, capital structure and asset growth have an influence on firm value. Financial performance mediates the effect of asset growth on firm value. Financial performance mediates the effect of Intangible Assets on firm value.

Limitation of Research

There are several limitations in this study, namely first, in this study only using manufacturing companies that have been listed on the Indonesia Stock Exchange for the 2015-2018 period as research samples, so the results of the study cannot be compared with other companies. Second, there is a possibility of industrial bias because there are still sub-sectors in manufacturing companies.

Suggestion

The existence of existing limitations, the authors provide several suggestions that can be implemented in further research, namely first, Manufacturing companies on the Indonesia Stock Exchange during the 2015-2018 period have not reached the optimal point in the level of debt, so it can be recommended to increase and utilize debt to the maximum with the optimal point limit, by increasing the percentage of debt it is expected to increase company value significantly. This increase in firm value will be greater if the debt of the company can also increase the profitability of the company, provided that the debt does not exceed the maximum point.Future research is expected to use or add samples of companies other than manufacturing companies. Research on variables that can increase firm value through one or more mediating variables can be conducted again.

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