ABSTRACT

This study aims to analyze the effect of capital structure on financial performance with liquidity as a mediating variable in manufacturing companies listed on the Indonesia Stock Exchange in 2015-2019. The dependent variable of this study is the company's financial performance as proxied by return on assets (ROA) and return on equity (ROE), the independent variable of this study is the capital structure proxied by total debt to total assets (TDTA) and total debt to total equity (TDTE), the moderating variable in this study is liquidity, which is proxied by the current ratio (CR).

The population in this study are all manufacturing companies listed on the Indonesia Stock Exchange (BEI) 2015-2019. Sampling was done by using purposive sampling technique, so that the sample in this study obtained 235 manufacturing company data. The data analysis method used is multiple regression analysis with the classical assumption test, t test, F test and coefficient of determination, and to test the role of the moderating variable using the Moderated Regression Analysis (MRA) test.

The results showed that total debt to total assets (TDTA) had a negative effect on return on assets (ROA) and return on equity (ROE). Total debt to total equity (TDTE) has no effect on return on assets (ROA) and return on equity (ROE). Other results indicate that liquidity can moderate total debt to total assets (TDTA) against return on assets (ROA) and return on equity (ROE). Liquidity can moderate total debt to total equity (TDTE) to return on assets (ROA), but it cannot moderate total debt to total equity (TDTE) to return on equity (ROE).

Keywords*: Capital Structure; Financial performance; Liquidity; Return On Assets (ROA); Return On Equity (ROE); Total Debt To Total Assets (TDTA); Total Debt To Total Equity (TDTE); Current Ratio (CR)*