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How capital structure, liquidity, and profitability affect on company value (intervening variables studies on food and beverage sub-sector manufacturing companies on idx)

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ABSTRACT

The purpose of this research is to investigate how capital structure and liquidity impact the value of food and beverage companies listed on the Indonesia Stock Exchange, by examining their profitability. The data for this study was obtained from the Stock Exchange Investment Gallery and the Faculty of Economics and Business at the Indonesian Muslim University. The study found that capital structure has a positive and significant impact on profitability in food and beverage companies, while liquidity also has a positive and significant effect on profitability. Additionally, capital structure has a significant and positive impact on firm value, while liquidity has a positive but not significant impact on firm value. Profitability also has a significant and positive impact on firm value in the food and beverage industry. Capital structure has a positive and significant impact on firm value through profitability, while liquidity affects firm value through profitability but does not have a significant impact. The results of this research are expected to be helpful for investors when making investment decisions in food and beverage companies.

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INTRODUCTION

Good economic growth will be able to help increase the profitability of the enterprise. However, the economy in Indonesia often undergoes changes, especially in the midst of the Covid-19 outbreak. This makes business competition stronger to maintain its existence. So, companies will continue to be motivated to improve their respective performance. Company performance is one of the important elements of various aspects to measure company value. Increasing the value of the company is the company's long-term goal, while the short-term goal is to get the maximum possible profit to achieve the goal. Therefore, companies are always required to have a good strategy in order to win the competition for the survival of the company.

The manufacturing industry is one of the most promising markets for companies to market their products. A manufacturing company is a company whose business activity is to transform

raw materials into market-ready semi-finished products. The food and beverage industry is one of the continuously expanding industries. The population of Indonesia is increasing over time, and the high demand for food and beverages will also continue to increase. Residents in Indonesia have a preference for fast food and beverages, which has led to the emergence of new businesses in the food and beverage industry. Consequently, they believe the food and beverage industry has promising or lucrative prospects. Eight companies have joined the Indonesia Stock Exchange as members, including Indofood CBP Sukses Makmur Tbk (ICBP), Indofood Sukses Makmur Tbk (INDF), Mayora Indah Tbk (MYOR), Nippon Indosari Corpindo Tbk (ROTI), Sekar Bumi Tbk (SKBM), Ultrajaya Milk Industry & Trading Co. Tbk. (ULTJ), and Siantar Top Tbk (STTP).

In Indonesia, the manufacturing sector is one of the pillars supporting national economic expansion. During the two-year period between 2017 and 2018, the manufacturing industry in Indonesia experienced positive growth. The capital structure is one of the factors capable of influencing the value of the company. The capital structure is the relative proportions of fixed-rate short-term debt, long-term debt, preferred shares, and common shares. Capital structure is determined by the growth of assets, as the growth of assets affects the value of a company. The greater the capital structure, the greater the company's value. Profitability is one of the subsequent variables that can impact the enterprise's value. Profitability is the result of a series of financial policies and operational decisions, according to Brigham & Houston (2010). The profitability ratio illustrates the impact of liquidity, asset management, and debt on operating results. A stable company whose profits continue to rise can attract investors because it can be beneficial to them. In addition to being able to attract investors, the company's ability to generate a substantial profit demonstrates good management, thereby inspiring investor confidence. This study uses return on equity as its profitability ratio (ROE).

Profitability, as calculated by ROA, is used to determine how profitable an investment is. Profitability is used to determine an enterprise's ability to generate a profit from sales, assets, and capital. The greater the ratio's value, the stronger the company's financial condition. Return on Assets (ROA), which is a measure of Profitability, has a significant effect on firm value. This suggests that companies with higher ROA demonstrate better quality financial reports. In other words, a company's financial performance, as indicated by its ROA, is positively associated with its overall value, Suriyanti et al. (2022). Profitability is crucial because it measures a company's financial performance and serves as a guide for evaluating it. The greater a company's profitability, the greater its value. For the company to conduct its operational activities, it must be financially stable or profitable. An investor will be interested in a company that can guarantee profit. Where a company's profit provides an indication of the rate of return on an investment, if more investors are interested in investing, the stock price will rise, which will have a positive effect on the company's value. Profitability is the most important factor for company owners (shareholders) because it reflects the distribution of profits to which they are entitled, i.e., how much is reinvested and how much is distributed as cash dividends or stock dividends. This ratio also provides a measure of the effectiveness of an enterprise's management. It is reflected in sales revenue and investment income. The objective is to monitor the company's growth over time, determine whether it is decreasing or increasing, and identify the cause of the change.

According to Thaib & Dewantoro (2017), "liquidity is a company's ability to meet its obligations in a timely manner." Due to an insufficiency of funds, a company with a high profit may not be able to meet its financial obligations, despite its profitability. Creditors can assess a company's performance by monitoring its liquidity. The high value of liquidity indicates that the company is highly capable of meeting its short-term obligations. Investors will evaluate the performance of a company favorably if it has a high liquidity value. A company's liquidity is its ability to meet its short-term financial obligations in a timely manner. High liquidity demonstrates the company's strength in terms of its ability to meet current liabilities with current assets, thereby boosting the confidence of outsiders in the company.

The Manufacturing sector, particularly the FnB subsector, was severely impacted during the Covid-19 pandemic. Although previous research has been conducted on the FnB subsector, there are still various research results available. This study examines the moderating effect of Profitability on Capital Structure and Liquidity. Research by Hera & Pinem (2017) found that Capital Structure and Liquidity do not significantly affect firm value through Profitability. This implies that Hera & Pinem's research was unable to establish a strong relationship between Capital Structure, Liquidity, and firm value through Profitability. According to Ardiana & Chabachib (2018) research, Profitability cannot act as a mediator between Capital Structure and Firm Value. This means that the profits earned by a company cannot determine its value based on its capital structure. However, their research also found that Profitability can mediate the impact of Liquidity on Firm Value. Specifically, high liquidity can increase the profitability of consumer goods companies as long as their current assets exceed their current liabilities. This research aims to address the gap in the literature since investors often use a company's value, which is often associated with its stock price, as a criterion for making investment decisions. Therefore, this study seeks to examine how Capital Structure (DER), Liquidity (CR), and Profitability (ROE) affect Firm Value.

Financial management is the process of regulating financial activities or activities within an organization, including the planning, analysis, and control of financial activities, which are typically executed by financial managers. Financial management is an integration of science and art that examines and analyzes a financial manager's efforts to find funding, manage funding, and divide funding in order to provide profit or welfare for shareholders and sustainability. pertaining to economic entities (Kariyoto, 2018). Budgeting, financial planning, cash management, credit analysis, and efforts to acquire funds are all examples of financial management activities (Wijaya, 2017).

The capital structure is a collection of funds that the company can use and allocate. The sources of the funds are long-term debt and own capital. A capital structure is a combination of debt, preferred stock, and own capital that is used to raise capital. The capital structure is the long-term fulfillment of needs via debt and equity. The capital structure is a long-term expenditure that is defined by the ratio of equity to long-term debt. The capital structure is the proportion of a company's funding or permanent long-term capital that is represented by debt, preferred stock, and common stock.

Corporate Value, Maximizing corporate value is crucial for a business because shareholder wealth maximization is the company's primary objective. The company's value indicates how attractive it will be to investors in the future. The stock price reflects the value of the company; if the stock price rises, so does the value of the company, and vice versa, if the stock price falls, so does the value of the company. The company's value can benefit shareholders to the greatest extent possible if the stock price rises. The higher the share price of a company, the greater its shareholders' welfare, (Jariah, 2016).

Profitability, Profitability is the capacity of a business to generate a profit. The greater a company's ability to generate profits, the greater the return expected by investors, and consequently, the greater its value. Profitability is also known as a company's capacity to generate a profit from its sales, total assets, and own capital.

Liquidity is utilized to analyze and interpret short-term financial positions. According to (Syamsuddin, 2011), liquidity is a measure of a company's ability to meet its short-term financial obligations with available assets at maturity. In addition to referring to the overall financial health of a company, "liquidity" refers to its ability to convert certain current assets into cash.

RESEARCH METHOD

This research is a quantitative research with a descriptive methodology, data collection on food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX)

UMI financial data during the research period on companies used as research samples. The purpose of this descriptive research is to provide an overview of a company's financial statements or financial data using information received from the Indonesia Stock Exchange. The types and sources of data in this study are quantitative data, namely data collected in the form of numbers, used as research samples in the form of company financial statements. The data sources used in this study are secondary data, basically data collected in written form, that is, company records and other written information that has direct relevance to the subject under investigation. The population of this study is a sub-sector of Food and Beverage Manufacturing Companies, which is listed on the Indonesia Stock Exchange (IDX) from 2017 to 2021. *Purposive sampling* is used to collect research samples in order to produce representative samples based on predetermined criteria.

According to (Sugiyono, 2017), samples represent the size and characteristics of the population, *purposive* sampling is a sampling method that takes into account certain factors where in this study the sample selection criteria are as follows: 1) Food and beverage subsector companies listed on the Indonesia Stock Exchange for the period 2017-2021; 2) Subsector companies food and beverage that has reported consecutive financial statements from 2017 to 2021 on the website of the Indonesia Stock Exchange. The data utilized as samples for this study are listed as follows:

Table 1 Company Sample

No.	IDX Code	Company Listed
1	AISA	PT. Tiga Pilar Sejahtera Food Tbk
2	ALTO	PT. Tri Banyan Tirta Tbk
3	CEKA	PT. Wilmar Cahaya Indonesia Tbk (*d.hCahaya Kalbar Tbk*)
4	ICBP	PT. Indofood CBP Sukses Makmur Tbk
5	INDF	PT. Indofood Sukses Makmur Tbk
6	MYOR	PT. Mayora Indah Tbk
7	PSDN	PT. Prashida Aneka Niaga Tbk
8	ROTI	PT. Nippon Indosari Corpindo Tbk
9	SKBM	PT. Sekar Bumi Tbk
10	SKLT	PT. Sekar Laut Tbk
11	STTP	PT. Siantar Top Tbk

Source Table 1: IDX (Researcher, 2023)

This study employs quantitative data, which is data in numerical form, as research samples in the form of company financial statements. The data utilized in this study are secondary data obtained in written format, such as company records and other written materials relevant to the topic under investigation. The study population consists of Food and Beverage Manufacturing Companies listed on the Indonesia Stock Exchange (IDX) from 2017 to 2021. Purposive sampling was utilized to gather the research samples to produce representative samples based on specific criteria. As stated by Sugiyono (2017), samples reflect the size and characteristics of the population, and purposive sampling is a method that considers certain factors. In this study, the sample selection criteria are: 1) Food and beverage subsector companies listed on the Indonesia Stock Exchange for the period 2017-2021; 2) Food and beverage subsector companies that have submitted consecutive financial statements from 2017 to 2021 on the website of the Indonesia Stock Exchange.

The Independent variables (X) in this study are Liquidity (CR), and Capital Structure (DER) while the Dependent variables used are Corporate Value (PBV) which will be mediated by Profitability (RoE). The respective equations are formulated as follows :

$$CR = \frac{Current\ Asset}{Current\ Liabilities}$$

$$DER = \frac{Total\ Liabilities}{Total\ Equity}$$ (Kasmir, 2018)

(Kasmir, 2016)

$$PBV = \frac{Market\ price\ per\ share}{Book\ Value\ per\ Share}$$

(Harmono, 2011)

$$RoE = \frac{EAT}{Equity} * 100\%$$

RESULTS AND DISCUSSIONS

Outer Model

Convergent Validity, The validity test was conducted using evaluation measurement (outer mode), specifically the convergent validity of the loading factor magnitude for each > 0.70 against the intended variable (Ghozali, 2018). Once SmartPLS was used to conduct the testing, the first requirement was to examine the convergent validity value as an initial step toward assessing the validity of the data for future research. The output of the measurement model for PLS, which is also known as the outer model, is presented below:

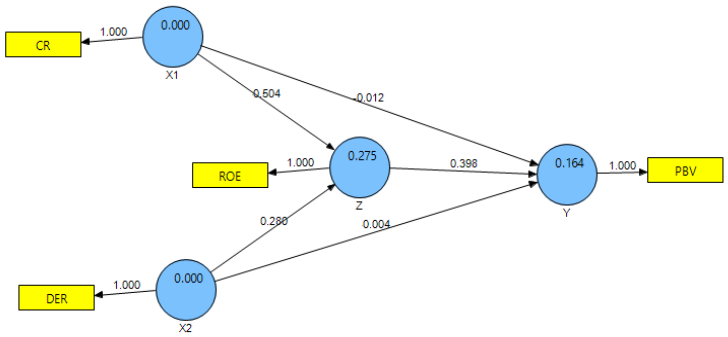

Figure 1. ***Outer Model***

To assess construct validity, convergence validity calculations are utilized. Convergence validity is evaluated based on loading factors, also known as cross-loadings. A loading factor of 0.70 or higher is considered to indicate that an instrument has successfully passed the convergent validity test (Ghozali 2018). The findings of the convergent validity test are presented in Table 2.

Table 2 *Convergent Validity Result Test*

Variables	Loading Factor	Criteria's of Validity	Information
X1 (CR)	1.00	> 0.70	Valid
X2 (DER)	1.00	> 0.70	Valid
Z (ROE)	1.00	> 0.70	Valid
Y (PBV)	1.00	> 0.70	Valid

Source : Output SmartPls (Researcher, 2023)

Table 2 above displays the outcomes of data processing utilizing SmartPLS. It is observable that all the variables, namely Liquidity (CR), Capital Structure (DER), Profitability (RoE), and Firm Value (PBV) exhibit a loading factor value exceeding 0.70 for each variable value considered in this research. Hence, it can be concluded that every variable utilized in this study is authentic and can be pursued in future stages.

Reliability

Cronbach's alpha and composite reliability are two methods of calculation that can be applied to the examination of the veracity of constructs. According to the test criteria, the construct

is considered reliable if the cronbach's alpha score is greater than 0.7 and the construct reliability score is greater than 0.7 (Ghozali, 2018). Here is a summary of the information in the table that shows how composite reliability and Cronbach's alpha were calculated:

Table 3. Discriminant Validity Result Test

Variabel	Composite Reliability	Cronbach Alpha	Criteria	Info
DER (X1)	1.00	1.00	> 0.70	Reliables
CR (X2)	1.00	1.00	> 0.70	Reliables
ROE (Y)	1.00	1.00	> 0.70	Reliables
PBV (Z)	1.00	1.00	> 0.70	Reliables

Source : Output SmartPls (Researcher, 2023)

According to the data presented in the table that is located above, the composite reliability value in the capital structure (DER) variable isty variable (CR) has a value of 1.00, the profitability variable (ROE) has a value of 1.00, and the company value (PBV) has a value of 1.00. To ensure accuracy, using the formula for calculating composite reliability, all of the items have been determined to be reliable for the purpose of measuring latent variability. In addition, the cronbach alpha values for the capital structure (DER) are 1.00, liquidity (CR) is 1.00, profitability (ROE) is 1.00, and company value (PBV) is 1.00. According to the results of the Cronbach's alpha calculations, each and every item has been deemed reliable for use in the measurement of latent variables.

Evaluation of *Structural* Models (Inner Model)

Testing the structural model, which is the inner model, is the next step in determining whether or not the hypothesis can be accepted or rejected. This step is performed after testing the measurement model, which is the outer model. In this particular investigation, a significant value of 0.05, which is equivalent to 5%, will be used. If the P-value is lower than the predetermined significant value, then the influence of the variables can be regarded as significant. 1.96 or P 0.05 is the predetermined significant value. indicates that there is a significant relationship between the variables capital structure (DER), liquidity (CR), profitability (ROE), and company value (PBV), as all of their values are significantly lower than 0.05.

Goodness *of Fit* Test

As can be seen in tables 1 and 3, the results of the GoF (variable profitability) test were obtained by multiplying the average root value of communailities by the average root value of r-square. Because the GoF calculation above yielded a value of 0.524, we can draw the conclusion that the model has a large GoF. The larger the GoF value, the better suited the model is for describing the research sample; conversely, a smaller GoF value indicates that the model is less accurate. In the chapter devoted to the equation, you will find the formula that can be used to determine the value of GoF.

Table 4 R square

Variabel	**R-Square**
Profitabiltas (ROE)	0,275
Communalities	
X1. Capital Structure (DER)	1.00
X2. Liquidity (CR)	1.00
Y. Profitability (ROE)	1.00
Z. Corporate Value (PBV)	1.00

Source : Output SmartPls (Researcher, 2023)

Hypothesis Test

The results of the inner model test, also known as the structural model, are used as the basis for hypothesis testing. This testing takes into account the output of parameter coefficients as well as t-statistics. Pay close attention to the difference in significance that exists between constructs, t-statistics, and p-values when attempting to determine whether or not a hypothesis should be accepted. The SmartPLS (Partial Least Squares) software was utilized throughout the course of this investigation to assist with the testing of hypotheses.

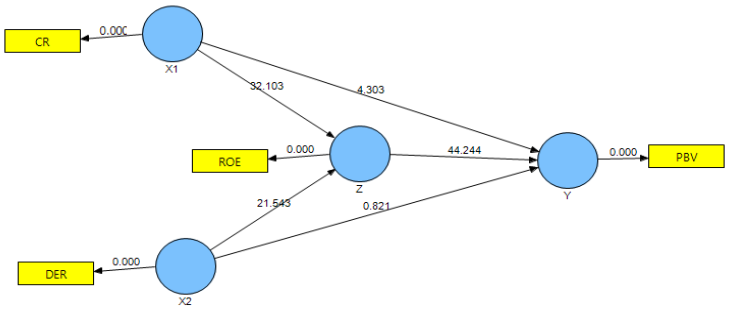

Figure 2. Result of Models

Partial Test, A partial test is going to be used in this investigation. It is possible to test how each independent variable affects the dependent variable by employing a test known as the t-test. The t test will be used in this investigation to investigate the significance of each t count in order to determine whether or not Hypotheses 1 and 2 can be supported. The results of the bootstrapping procedure show these values to be accurate. In this particular investigation, the rules of thumb that were utilized were t-statistics greater than 1.96, a p-value significance level of 0.05 (five percent), and a positive beta coefficient. The following is how the criteria for the test are determined with a significance level of 5 percent: The hypothesis is considered valid if the value of the t-count of the table > t is greater than 1.96. The hypothesis is rejected if the value of t is negative, that is, if it is lower than 1.96. The testing of hypotheses using PLS takes place in two stages, the first of which involves directly calculating the influence of independent latent variables on dependent latent variables, and the second of which involves calculating the influence of independent latent variables on dependent latent variables with intervening profitability (ROE). The following is a list of the outputs of the results of using PLS bootstrapping to test the research hypotheses (H1 to H5):

Table 5 Capital Structure (DER) and Liquidity (CR) Test Results on Company Value (PBV) Profitability (ROE), as intervening

Hypothesis	Indirect Test	Original Sample	t table (1.96 = 5%)	T Statistics (O/STDEV)	Information
1.	DER → ROE X1 → Z	0.503	1.96	32.10	Significant
2.	CR → ROE X2 → Z	0.280	1.96	21.54	Significant
3.	DER → PBV X1 →Y	0.012	1.96	4.303	Significant
4.	CR → PBV X2 → Y	0.040	1.96	0.821	Not Significant
5.	ROE → PBV Z → Y	0.398	1.96	44.24	Significant

Sobel Test

Tests of the mediation hypothesis can be conducted using Sobel-developed procedures. The Sobel test was conducted by examining the strength of the indirect influence of the independent variable (X) on the dependent variable (Y) via the intervening variable (Z). In this study, the influence of capital structure (DER) and liquidity (CR) on company value (PBV) and profitability (ROE) was investigated.

Table 6. Indirect Effect Sobel Test Results

Hypothesis	Indirect Test	Original Sample	Indirect Test	p-value	Information
1	DER → PBV→ ROE	0.503	5.945	0.000	Significant
2	CR → PBV→ ROE	0.280	9.753	0.000	Significant

Source : Output SmartPls (Researcher, 2023)

Based on the results of the indirect sobel test of each variable, the hypothesis can be explained: (a) Impact of Capital Structure on Profitability, With a sample size of 0.503, test results indicate that the capital structure has a positive and statistically significant effect on profitability (ROE). These results are positive and statistically significant, as indicated by the fact that the t-statistical value (32.1) exceeds the t-table value (1.96). This indicates that an increase in capital structure will be followed by a rise in profitability (ROE). Therefore, hypothesis 1 is supported. (b). Profitability as affected by Liquidity With an original sample value of 0.280, the test results indicate that directly measured liquidity (CR) has a positive and statistically significant effect on profitability (ROE). A statistical t-value (21.54) greater than the t-table value indicates that these results are significant and positive (1.96). This indicates that an increase in liquidity will be followed by a rise in profitability (ROE). Therefore, hypothesis 2 is supported. (c). The effect of capital structure on a company's value, With an original sample size of 0.012, the test results indicate that the capital structure has a positive and statistically significant effect on the value of a company. This result is positive and statistically significant, as indicated by the fact that the t-statistical value exceeds the t-table value (4,303) bigger than (1.96). This indicates that an increase in capital structure will be followed by an increase in company value (PBV). The third hypothesis is thus accepted. (d). influence of liquidity (CR) on firm value (PBV), With an original sample value of 0.040, test results indicate that directly measured liquidity (CR) has a positive but insignificant effect on company value (PBV). A t-statistical value (0.821) smaller than the t-table value indicates that this result is positive and insignificant (1.96). This demonstrates that an increase in liquidity will not affect the value of the company (PBV). Consequently, hypothesis 4 is rejected. (e). Impact of return on equity (ROE) on company value (PBV), The test results indicated that increasing profitability directly had a positive and statistically significant impact on company value (PBV), with an original sample size of 0.398. These results are positive and statistically significant, as indicated by the fact that the t-statistical value (44.24) exceeds the t-table value (1.96). This demonstrates that a rise in profitability (ROE) will be followed by an increase in company value (PBV). Thus, the fifth hypothesis is accepted. (f). Capital structure has a positive and substantial influence on company value via profitability. With a p-value less than 0.05 and an indirect influence value of 5.945, the coefficient indicates that profitability can mediate the capital structure for a rise in company value (Hypothesis 6 accepted). (g). With a p-value of 0.000 0.05 and an indirect influence value of 9.753, liquidity has a positive and statistically significant influence on company value via profitability. This coefficient shows that profitability and liquidity can work together to increase the value of a company.

Discussion

Impact of Capital Structure on Profitability, According to the findings of the research conducted, the variable capital structure has a significant effect on the profitability of food and

beverage companies. Because the company's activities, both operational and non-operational, are conducted primarily to generate profits, the capital structure has a close relationship with the company's profitability. This study's findings are supported by (Hera & Pinem, 2017) assertion that the capital structure has a substantial impact on profitability. This implies that the level of debt utilized by a company will affect its profitability. In contrast to the findings of (Alvianto, 2018) study, the analysis of this study using multiple linear regression demonstrated that the capital structure has a negative and insignificant effect on profitability.

How Liquidity (CR) Affects Profitability (ROE) Based on the research conducted, it has been determined that liquidity variables have a significant impact on the profitability of food and beverage companies. This indicates that the higher the value of the current ratio, the greater the likelihood that profitability will increase. The company's ability to meet its short-term obligations, or its liquidity, will be enhanced if its profitability is high. A greater level of liquidity can increase the company's credibility, which encourages investors to provide the company with capital for investment purposes in an effort to increase its profitability. This study's findings concur with (Pratama, 2019) assertion that liquidity has a significant impact on profitability. The company's high liquidity is indicative of its internal financial strength and provides investors with valuable insight into the company's future prospects. According to (Hartono et al., 2020), there is no correlation between liquidity and profitability. Too much liquidity indicates a sizeable amount of inactive current assets. Therefore, this is ineffective for the company's profitability, as current assets generate a lower rate of return than fixed assets.

The impact of capital structure on the value of a company According to the findings of the research conducted, the capital structure variable (DER) has a significant impact on the company value (PBV) of food and beverage companies. This result can be interpreted to indicate that the value of a company's primary sector is proportional to the value of its debt (capital structure). This demonstrates that increasing the company's use of long-term debt to finance its assets can increase the company's value in key sectors. In accordance with the trade-off theory, companies can take advantage of debt while saving money (on taxes and other costs) rather than making sacrifices (paying interest). In addition, it is consistent with signaling theory, which states that when a company uses internal funds to fund its business, investors will perceive this as a significant positive signal, as the use of debt implies that the company has the ability to increase capacity and repay debt. Similar research conducted by (Sukoco & WAHYUDI, 2013), (Hoque et al., 2014), and (Chowdhury & Chowdhury, 2010) demonstrates that the debt-to-equity ratio positively affects the value of a company. However, it contradicts the findings of (Christiana & Putri, 2021), who determined that the debt-to-equity ratio has no significant impact on book value. This is because the lack of effect of the debt-to-equity ratio on the price-to-book ratio suggests that most investors seek short-term profits in the form of capital gains. Therefore, when considering stock purchases, they do not consider the company's debt-to-equity ratio but instead follow the market trend.

The Impact of Liquidity (CR) on the Value of a Company (PBV), According to the study's findings, liquidity variables have no effect on the value of a company. This condition can be interpreted as meaning that the value of current wealth (which can soon be used as cash) compared to short-term debt has no effect on the company's value, despite the fact that the current ratio also indicates the level of security (margin of safety) of short-term creditors or the company's ability to repay short-term debts (Kretarto, 2005). This study contradicts the findings of Susanti (2010) and Cory (2011), who found that liquidity has a significant positive effect on the value of a company. This indicates that liquidity is directly proportional to the value of a company; the better or higher a company's liquidity, the greater its value. Investors will have the confidence to purchase stocks and invest in companies if there is sufficient liquidity.

Effect of Return on Equity (ROE) on Company Value (PBV), Based on the findings, it has been determined that the profitability (ROE) of food and beverage companies has a significant impact on their company value (PBV). High profitability indicates that the company is highly

capable of generating profits. When deciding to invest, investors will have more faith in a company if it generates a larger profit. Return on equity is the metric used to determine profitability (ROE). The conclusion is that the direction of a positive relationship indicates that when a company's ROE increases, its value will also increase. This information can be used by investors to forecast stock prices and identify preferred shares of a company. Additionally, profitability can serve as a measure of a company's success. According to research conducted by I Dewa Ayu and Putu Ayu (2016), profitability has a positive and significant effect on the value of a company. These findings are consistent with these findings. It contradicts the findings of Al Murtado, Khairani, and Dhia (2015), who concluded that profitability has a negligible impact on the value of the company. This is due to the fact that a company's high profitability indicates a prosperous future, which stimulates investor demand for its stock.

Profitability demonstrates the impact of capital structure on a company's value**.** Using the Sobel Test for the Significance of Mediation Test, the results of this study indicate that the direct influence of capital structure on profitability has a value of 0.503 to test the indirect influence of capital structure on company value through profitability. The test yielded an indirect value of 5.945 with a level of significance of 0.000. Thus, if profitability can mediate an increase in the capital structure to the company's value, as evidenced by the magnitude of the direct influence of the capital structure on the company's value after being mediated by profitability, then the capital structure on the company's value has a value of 5.945 indicating a 5.933 increase.

The Impact of Liquidity on Company Value as Measured by Profitabilities Using the Sobel Test for the Significance of Mediation Test**,** the results of this study indicate that the direct effect of liquidity on profitability has a magnitude of 0.280 when testing the indirect effect of liquidity on company value via profitability. The test yielded an indirect value of 9.753 and a level of significance of 0.000. Thus, profitability is able to mediate an increase in liquidity to the value of the company, as indicated by the value of the direct influence of liquidity on the value of the company with a magnitude of 0.040; after being mediated by profitability, the value of liquidity to the value of the company is 9.753 indicating an increase of 9.713 point.

CONCLUSION

Based on the described research and discussion, the following are the conclusions of this study: (1) The results of this study demonstrate that the capital structure (DER) has a positive and significant influence on profitability (ROE) in food and beverage companies; (2) The results of this study demonstrate that liquidity (CR) has a positive and significant influence on profitability (ROE) in food and beverage companies; (3) The results of this study demonstrate that the capital structure (DER) has a positive and significant influence on profitability (ROE). Based on the discussion and conclusions of this study, the following recommendations can be made: (1) The company should pay more attention to its financial condition so that it is more appealing to investors; (2) The aim is to obtain fresh insights into capital structure, liquidity, company worth, and profitability from the study's findings, which can be used as a benchmark for future researchers. To anticipate outcomes for various company sectors, researchers are advised to extend the duration of their observation and broaden the number of companies they examine. They may also include other indicators, such as ROA or ROI, alongside profitability ratios.

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