ABSTRACT

The research is based on the phenomenon gap of the financial performance fluctuation of the companies in manufacturing industry in the Indonesian stock exchange in the period 2011-2015. It can be seen that the fluctuation of the value of the company has increased in the period of 2011-2012 and decreased in the period 2013-2014. This phenomenon may indicate the inconsistent fact as in the theory that bring research gap for this thesis. The purpose of this research is to analyze the influence of capital structure, corporate governance, liquidity and firm size against ROE as a mediation indicator and the impact on the value of companies in manufacturing industry that listed in Indonesian Stock Exchange 2011-2015 period.

The populations of the research are manufacturing firms who listed on the Indonesian stock exchange in the period of 2011-2015, 152 firms (data attached). The sample in this research using purposive sampling with some criteria such as manufacturing firms that consistently listed on IDX during the observation period (2011-2015) and had complete data as required in this research. Based on those criteria, 101 data samples were obtained from Indonesian capital market directory (ICMD) and financial statement 2011-2015. The data analysis was conducted using panel data regression and path analysis.

The research of this study concluded that the Debt to Equity ratio (DER) have a significant positive effect on ROE while the institutional ownership negative affect ROE. Debt to Equity ratio (DER) have a significant negative effect on the firm value while the institutional ownership and ROE positive affect the firm value. Currnet ratio and firm size can't affect ROE and firm value. ROE as a mediation indicator in this study proved able to mediate the effect of DER to firm value, but can't mediate the effect of the institutional ownership, the current ratio and firm size to firm value. Based on the results, the companies should pay attention to the variables which could influence ROE that is try to improve Debt to Equity ratio (DER). Firm also need to improve institutional ownership and ROE in order to increase the firm value.

Keywords: Capital Structure, Corporate Governance, Liquidity, Firm Size, ROE, Firm Value