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# The Influence of Environmental Management System, Capital Structure, Company Size, and Liquidity on the Company's Financial Performance

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**ABSTRACT**

This study aims to empirically prove the influence of the environmental management system, capital structure, company size, and liquidity on the financial performance of companies in the energy sector listed on the Indonesia Stock Exchange (IDX) in 2021-2023. The population in this study is energy sector companies listed on the Indonesia Stock Exchange (IDX) in 2021-2023. In this study, a *purposive sampling* technique was used by 14 companies so that the samples used were obtained a total of 42 observation data. This study uses multiple linear regression analysis using SPSS version 26 software as the calculation tool. Based on this study, the results show that the environmental management system, company size, and liquidity have no effect on the company's financial performance, while the capital structure has a negative effect on the company's financial performance. The predictive ability of the four variables on the financial performance of energy sector companies is 24% while the rest is from other variables.

**Keywords:** Environmental management system, capital structure, company size, liquidity and financial performance of the company.

## INTRODUCTION

Business development has been increasingly rapid in the current era of the industrial revolution. Every company competes to develop a good strategy to achieve its goal, which is to obtain optimal profits and the company can operate for a longer period of time (Fauzi & Puspitasari, 2021). The success of a company in managing its strategy can influence decision-making for interested parties. The company must be able to show its achievements through financial statements that have the potential to increase value for the company in the eyes of shareholders and other parties. To achieve these goals, companies must improve their performance by improving the company's financial performance. Financial performance is an index that describes the financial condition in reflecting the company's achievements through the financial statements that have been presented Khasanah et al., 2022; Nurcahyono & Purwanto, 2024). The information from the financial statements is a prediction material for investors and other users of financial statements. Financial performance can also be used as a way to find out the success of a company in managing its assets well. The company's financial performance is said to be good if the utilization of resources and profits generated from operational activities is increasing (Sedovandara & Mahardika, 2023).

Companies that have good financial performance will show the company's ability to achieve its goals, namely obtaining maximum profits (Sha, 2022). Financial performance is also a benchmark for the success of management in operating the company's funds. In addition, financial performance can be used by company management as evaluation material for strategic planning that will be carried out in the future. Management strategies must be carried out effectively and efficiently to obtain profits which will later affect the acquisition of maximum financial performance of the company (Roqijah et al., 2022; Timoty et al., 2023). Financial performance is very important because it can affect the decision-making of various parties. For investors, financial performance is used as the basis for making decisions to invest. In addition, financial performance can also be used as a consideration for the government to take into account the tax policy that is an obligation for the company, because the better the financial performance of a company means the higher the income obtained so that the greater the tax that will be paid to the government. Meanwhile, for customers, financial performance serves to determine the company's advantages through the products or services managed (Purwaningsih & Kurniawati, 2022).

The phenomenon regarding financial performance occurred in PT. Timah Tbk (TINS), which recorded a decline in its financial performance throughout 2022-2023. In the last three years, TINS predicts a decline in profits in terms of production, revenue and profit. Tin production fell by 26% in 2023 compared to 2022 so that TINS suffered a revenue loss of 3% so that TINS posted a net loss in its financial statements in 2023. Production in 2022 also decreased from 2021. This performance decreased compared to the company's performance in 2022 which earned higher profits. However, profit in 2022 also decreased from profit in 2021. Tin sales declined due to a decline in production which resulted in a drop in selling prices (CNN Indonesia, 2024). The decline in profit was also experienced by PT. Bukit Asam Tbk (PTBA). In 2021, PTBA posted a net profit that decreased by 44.58% from the net profit in 2020. In addition, PTBA also experienced a decrease in revenue which decreased by 22.02% from revenue acquisition in 2020. This decline in financial performance was due to the company's operational constraints. Meanwhile, the decline in sales is caused by a decrease in production volume from year to year, resulting in a decrease in sales volume (Akhmad, 2021). Based on this phenomenon, there are factors that affect financial performance. The researcher used several variables, namely the environmental management system, capital structure, company size and liquidity, and *leverage* as control variables.

An environmental management system is a company system that manages its environmental performance such as the planning process, activity responsibilities, and governance regarding the company's environmental policy. This environmental management system aims to present the characteristics of the company's environmental management in controlling and preventing pollution to support sustainable growth in the company (Fitriaty et al., 2021). In addition, companies that have an environmental management system show that the company has contributed to the management of its environment. The results of research conducted by Asaqdah & Putra (2021) and Fitriaty et al., (2021) show that the environmental management system has a positive effect on the company's financial performance. This happens because the environmental management system is able to convince investors and increase public trust. With this system, it can improve the company's reputation and increase excellence so that it is able to grow performance for the company. In contrast to the results of research conducted by Sedovandara & Mahardika (2023) which states that the environmental management system has no effect on financial performance, because the environmental management system only has a non-financial impact, namely only to raise the company's image in the eyes of investors and the public (Fitriana et al., 2024).

Capital structure is a long-term expenditure that is calculated using a ratio between the amount of debt and capital. The capital is a company asset that is used to fund the company's operational activities (Romadona & Handayani, 2021). Proper funding is an important key in maximizing the capital structure of the company. An optimal capital structure will further increase the company's share price, while a less than optimal capital structure can cause failure or losses in the company (Hendrawan, 2021). According to research conducted by Ritonga et al., (2021), Rahman (2020), and Pertiwi & Masitoh W (2022) stated that capital structure has a positive effect on financial performance because management's ability to manage effective and efficient capital funding will increase productivity in obtaining profits. A good capital structure will improve financial performance. Meanwhile, according to Sedovandara & Mahardika (2023), capital structure has a negative effect because weakening financial performance can occur if the costs incurred to pay debts are too high. So, companies with high liabilities will lower their financial performance. Meanwhile, according to Romadona & Handayani (2021) and Susanti & Ellia Sandari (2023), the capital structure has no effect on financial performance, because the increase in capital structure will increase the burden and high risk in debt repayment.

Company size is a scale to determine the size of a company (Aprillia & Yesiana, 2022). In addition, the size of the company also shows the amount of assets owned by the company. Large companies are better able to convince investors to get a source of funding for the company, making it easier for the company to obtain high profits. Therefore, the size of the company is considered capable of improving financial performance (Christanty et al., 2023; Muhimatul Ifada et al., 2024). The larger the size of a company, the greater its operational activities so that it will be more able to maximize profits and be able to solve problems that exist in the company (Khairi, 2023). According to the results of research conducted by Wardhani & Suwarno (2021), Harsono & Pamungkas (2020) and Khairi (2023) show that company size has a positive effect on financial performance. This shows that the larger the size of the company, the larger the total assets owned and the higher the level of profit generated by the company which can optimize financial performance. Meanwhile, the size of the company has a negative effect according to Ariansya & Isynuwardhana (2020) and M. Ekky Mushadi (2020) because the larger the size of the company, the higher the rate of return on profit to the financial performance obtained.

Liquidity is the ability of a company to meet its short-term debt obligations in a timely manner using the company's current assets (Thio Lie Sha, 2022). High current assets indicate the availability of short-term funds that can be used in addition to paying off short-term debts, but can also be used to support the company's operational activities in increasing revenue (Diana & Osesoga, 2020). This liquidity ratio can be utilized by various interested parties in the company. This is because a company that fails to pay its obligations will cause losses for the company. The results of research from Wulandari et al., (2020), Diana & Osesoga (2020) and Yuliani (2021) show that liquidity has a positive effect on financial performance, because a good level of liquidity makes companies able to manage funds to pay off their obligations when billed. Meanwhile, according to Pertiwi & Masitoh W (2022), liquidity has a negative effect because the ratio between current assets and current liabilities is too high, so the company is able to cover its short-term liabilities. However, too high liquidity actually results in a large number of idle company funds. In contrast to the results of research by Harsono & Pamungkas (2020), Aprillia & Yesiana (2022) and Arintasari (2021) that liquidity has no effect on financial performance because it is unlikely that obligations will be paid if current assets are low against current debt.

This research is a development research from the research of Sedovandara & Mahardika, (2023). The difference between this study and the previous study is the addition of variables such as company size and liquidity, as well as *leverage* as a control variable. The selection of these variables is due to inconsistent results from previous studies so that these variables are suspected of having an influence on financial performance. In addition, this study uses the latest research period according to the suggestions of previous research.

## LITERATURE REVIEW

### Agency Theory

The agency theory was put forward by Jensen & Meckling (1976) which explains the relationship between company owners and shareholders. This theory arose because of the agreement between the agent and the principal. An agent is a party that carries out the tasks requested by the principal to obtain benefits for the company, while the principal is the party who gives authority to the agent in the hope of making a profit in the future (Sedovandara & Mahardika, 2023). The principal party has access to obtain company information because the principal party is the owner of the shares, while the agent party presents information about the company's financial and operational performance.

Agency theory identifies that there are interested parties in the company in achieving goals (Harsono & Pamungkas, 2020). The difference in position, position and role between the agent and the principal causes conflicts that result in disputes because they attach importance to each other's interests. These differences in interests are called *asymmetric information.* The existence of this difference of interest requires efforts to protect the rights of the principal parties regarding the management of the company's operations and ensure that the funds from the principal are used effectively and efficiently by the agent (Khairi, 2023). This theory motivates the agent to take action in accordance with the interests of the principal. The agent is responsible for the company's operational activities and ensures that the principal's funds can be used to the maximum.

There is a relationship between agency theory and capital structure, company size, and liquidity on the company's financial performance. A high capital structure means that the company makes good use of funds for its operational needs. If the agent is able to manage funds well, the company's performance will increase (Erawati et al., 2022). The size of the company is a factor that must be considered by the company to the principal

to determine the decision or funding policy in meeting the size of the total assets. The larger the size of the company, the easier it is to get funding from investors (Harsono & Pamungkas, 2020). Liquidity is the ability of a company to pay off its short-term debt obligations at maturity. So, good management carried out by agents will optimize the company's financial performance (Erawati et al., 2022).

**Theory of Legitimacy**

The theory of legitimacy put forward by Dowling & Pfeffer (1975) is the part of a social group that provides harmony and harmony to the group. This theory emphasizes to always ensure that a company must operate within the provisions and norms because the company's operations are in the community environment. Therefore, companies must ensure that their operational activities are welcomed by the public as legal activities (Sedovandara & Mahardika, 2023). Another opinion according to Ermaya & Mashuri (2020) states that the theory of legitimacy is related to something that the community gives to the company, such as its availability to allow the company to operate in the area so that the community will later get reciprocity or benefits from the company. So that this theory has a use to support operational survival for the company. In addition, the advantage of this theory is the disclosure of the company's strategy so that it is expected to create harmony and attract investors.

There is a relationship between the theory of legitimacy and the environmental management system, namely this theory is able to motivate the agent to develop and present a good environmental management system. This is done to achieve the company's goals and optimize the company's operations so that no party feels disadvantaged (Kristianingrum et al., 2022; Nurcahyono et al., 2019). The agent has a responsibility to ensure that the environment and company funds are managed properly and correctly so that they can make profits and are able to maximize the financial performance of a company (Sedovandara & Mahardika, 2023). Based on the above explanation, it can be concluded that by analyzing the environmental management system, capital structure, company size and liquidity can be used as materials to predict factors affecting financial performance in the energy sector. The analysis aims to find out whether there is an increase or decrease in the financial performance of the mining sector and can be a signal for shareholders to invest.

**The Influence of the Environmental Management System on the Company's Financial Performance**

An environmental management system is a voluntary management of a company's environment. This system is used on an ongoing basis to improve environmental control and management by complying with existing regulations (Ermaya & Mashuri, 2020). Companies that implement this System are indicated by ISO 14001:2015 certification. This is because investors believe the company has applied special attention to its environmental management. In this case, the agency theory states that ISO 14001 can motivate the agency to establish a good environmental management system for the company (Azzahra et al., 2023; Ifada et al., 2023). In addition, agency theory is useful for minimizing information asymmetry regarding policies regarding corporate environmental disclosure. The above statement is supported by the results of research by Asaqdah & Putra (2021) and (Fitriaty et al., 2021) which state that environmental management systems have a positive effect on financial performance. In line with agency theory, an environmental management system can motivate agents to set a maximum company environmental system so that it will also be beneficial for the principal. This is because potential investors will invest their funds in companies that have optimal ISO standards in their company's operational activities.

H1: Environmental Management System has a positive effect on the company's financial performance

**The Effect of Capital Structure on the Company's Financial Performance**
The capital structure is a comparison between long-term funding through long-term debt to the company's own capital (Sitompul et al., 2022). The capital structure can increase the company's profits if it is able to obtain maximum profits. This is in line with the agency theory where company management in determining the size of the capital structure and managing the assets used optimally, will increase the company's profits. So that if the agent is able to manage the source of funds properly, it can improve the company's performance and can benefit the principal (Erawati et al., 2022). The above statement is supported by research from Ritonga et al., (2021), Rahman (2020) and Pertiwi & Masitoh W (2022) that capital structure has a positive effect on a company's financial performance. The company's debt is an operational support because high debt means that the company has good performance growth. The high capital structure means that the company can take advantage of funding for its operational needs. Agents who are able to manage the company's funds well, the company's performance will increase (Erawati et al., 2022).

H2: Capital structure has a positive effect on the company's financial performance

**The Effect of Company Size on the Company's Financial Performance**
The size of the company is defined as the size of a company which functions to determine the total value of assets, sales and the market. High sales, higher debt turnover and market value so that the company is known as a large company. Large companies are able to attract investors because their ability to report financial performance is one of the access to obtain funding. Companies that are relatively large also have wide access to obtain investment funds from external sources (Khairi, 2023). This is supported by the results of research from Wardhani & Suwarno (2021), Harsono & Pamungkas (2020) and (Rosmita Rasyid, 2020) which states that company size has a positive effect on financial performance. The size of the company is a benchmark to see how well a company can manage its total assets. The size of a large company will be more positive in facilitating the company in obtaining funding. In addition, companies that are able to manage their funds optimally can affect the company's financial performance (Khairi, 2023).

H3: The size of the company has a positive effect on the company's financial performance

**The Effect of Liquidity on the Company's Financial Performance**
Liquidity is a ratio used to determine the company's ability to meet its short-term obligations on time or at maturity. This means that the company avoids defaulting on its obligations. In the agency theory, it is stated that optimal management of the company and good company value will show the relationship between the principal and the agent (Erawati et al., 2022). In addition, a higher level of liquidity means that the company's financial performance is also better. This statement is in line with research (Diana & Osesoga, 2020), (Wulandari et al., 2020) and Yuliani (2021) that liquidity affects a company's financial performance. The high level of liquidity will attract investors in providing their capital so that it can affect the income obtained (Jessica & Triyani, 2022). The more liquid the company is, it will show its positive financial performance. In addition, the company is able to pay off its short-term obligations so that the company avoids default.

H4: Liquidity has a positive effect on the company's financial performance

## RESEARCH METHOD

In this study, a quantitative methodology is used using a descriptive approach. This quantitative descriptive method is used to provide an overview and understanding of the objective relationship between the variables related to this study by using the data that has been collected, interpreting the data and then presenting the results in the form of numbers. The purpose of this study is to prove the influence of environmental management system, capital structure, company size and liquidity on the company's financial performance with *leverage* as a control variable in energy sector companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2023 period. The population of this study is energy sector companies listed on the IDX. The sampling method used is purposive sampling. The operational definition of variables is as follows:

**Table 1.** Variable Measurement

| Variable | Measurement |
|---|---|
| Environmental Management System | 0 = Companies that are not ISO 14001: 2015 certified<br>1 = ISO 14001: 2015 certified company |
| Capital Structure | $DAR = \frac{Total\ Debt}{Total\ Assets}$ |
| Company Size | $Company\ Size = Ln\ (Total\ Assets)$ |
| Liquidity | $CR = \frac{Current\ Assets}{Current\ Liabilities}$ |
| *Leverage* | $DER = \frac{Total\ Liabilities}{Total\ Equity}$ |
| Corporate Financial Performance | $ROA = \frac{Net\ Profit}{Total\ Assets}$ |

The data analysis in this study used multiple linear regression analysis. The regression equation is as follows:

$$Y = \alpha + \beta1\ X1 + \beta2\ X2 + \beta3\ X3 + \beta4\ X4 + \beta5\ X5 + \varepsilon$$

Based on the regression equation above, Y is the dependent variable, namely the company's financial performance, α is the constant, β is the regression coefficient of each independent variable, X1 is the environmental management system, X2 is the capital structure, X3 is the size of the company, X4 is liquidity, X5 is leverage, and ε is the error or error.

## RESULTS

The following are the minimum, maximum, average, standard deviation, median, quartile, range, and mode values in the descriptive statistical analysis of this study which provides a brief overview of the distribution of research variables.

**Table 2.** Descriptive Statistical Test

| Variable | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|
| Environmental Management System | 0.00 | 1.00 | 0.5476 | 0.50376 |
| Capital Structure | 0.12 | 0.71 | 0.4230 | 0.15973 |
| Company Size | 23.88 | 31.45 | 27.8702 | 2.05973 |
| Liquidity | 0.80 | 8.22 | 2.4363 | 1.87458 |
| *Leverage* | 0.13 | 2.44 | 0.8638 | 0.60068 |
| Financial Performance | -0.15 | 0.28 | 0.0746 | 0.08709 |

From the table above, the data shows significant variations in companies in the energy sector on the Indonesia Stock Exchange (IDX) in 2021-2023. The variable of the environmental management system has a maximum value of 1.00 and a minimum value of 0.00 as well as an average value of 0.54 and a standard deviation of 0.50. The average value higher than the standard deviation value indicates a small or homogeneous data distribution. An average score close to the maximum value indicates that the majority of companies have implemented a good management system. Therefore, environmental problems in energy sector companies are able to implement the procedures, responsibilities and resources needed in control and monitoring can be overcome. The capital structure shows significant variation in value. The maximum value is 0.71 and the minimum value is 0.12 with an average of 0.42 and the standard deviation is 0.15. An average value higher than the standard deviation indicates a small or homogeneous data distribution. Meanwhile, the average value is close to the maximum value, indicating that the company can manage its capital structure well to support its operations. This happens because increasing capital will give rise to obligations so that it can encourage companies to manage assets effectively to increase profits.

The size of the company shows a maximum value of 31.45 and a minimum value of 23.88 and an average value of 27.87 and a standard deviation of 2.05. An average value greater than the standard deviation value reveals that the distribution of the data is small or homogeneous. In addition, the average value is closer to the maximum value, indicating that the size of a company can affect financial performance because the higher the size of the company, the higher the capital invested so that later it will be able to improve the company's financial performance. Liquidity has a maximum value of 8.22 and a minimum value of 0.80 as well as an average value of 2.43 and a standard deviation value of 1.87. An average value greater than the standard deviation value indicates that the data distribution is small or homogeneous. While the average value is closer to the minimum value indicates that the company will have a lot of idle funds due to low liquidity on obligations, it is unlikely that the company will provide certainty in fulfilling its ongoing obligations.

The company's financial performance variable showed a maximum value of 0.28 and a minimum value of -0.15 with an average value of 0.07 and a standard deviation of 0.08. Standard deviation values greater than the average value indicate high data distribution or heterogeneity. An average value that is close to the minimum value means that the majority of companies in the energy sector have not reflected their company's performance properly and optimally.

**Table 3.** Multiple Linear Regression Test

| Variable | Beta | Sig. |
|---|---|---|
| (Constant) | | 0.742 |
| Environmental Management System | 0.128 | 0.429 |
| Capital Structure | -1.263 | 0.014 |
| Company Size | 0.178 | 0.268 |
| Liquidity | -0.339 | 0.109 |
| *Leverage* | 0.886 | 0.051 |
| *R-Square* | 0.240 | |

## DISCUSSION

### The Influence of the Environmental Management System on the Company's Financial Performance

In this study, the environmental management system was measured using dummy variables. The results revealed that the environmental management system showed a beta value of 0.12 and a significant value of 0.42 which means that the significant value was greater than the value of 0.05. So the H1 assumption that the environmental management system has a positive effect on the company's financial performance is rejected. The results of this study show that the environmental management system has no effect on the company's financial performance. This is contrary to the theory of legitimacy which states that the environmental management system supports the environmental sustainability of the company's operations. The environmental management system is not a prediction in determining the influence on the company's financial performance in the energy sector because the company carries out its operational activities by transforming natural resources so that it has an impact on damaging the environment. The results of this study are in line with the research of Sedovandara & Mahardika (2023) that the environmental management system has no effect on the company's financial performance. The implementation of the environmental management system only has a non-financial impact and is applied to fulfill environmental obligations from the government and to improve the image in the eyes of the community, the government and investors (Ambarwati & Nurcahyono, 2022; Nurcahyono & Sinarasri, 2023). So ISO 14001: 2015 certification is not able to affect the financial performance of energy sector companies.

### The Influence of Capital Structure on the Company's Financial Performance

The results of the analysis show that the capital structure obtained a beta value of -1.26 and a significant value of 0.01 which means that the significant value is greater than the value of 0.05. So the H2 assumption that states that the capital structure has a positive effect on the company's performance is rejected. This study shows that capital structure has a negative effect on the company's financial performance. This result is not in line with the agency's theory which states that the agent can manage capital structure funds well for operations so that it can improve the company's financial performance. The use of debt that is too high can cause interest expenses and loan principal to be paid, so the amount of fixed costs can result in a decrease in profits and have a negative impact on financial performance (A'yun et al., 2022; Videsia et al., 2022). Therefore, energy sector companies need to be careful in determining an effective and efficient capital structure for the company. The level of capital structure that is too high results in a decrease in profits so that it has a negative impact on the company's financial performance. The results of this study are in line with the research of Purwaningsih & Kurniawati (2022) and Sedovandara & Mahardika (2023) which stated that capital structure has a negative effect on the company's financial performance. A high DAR ratio will decrease the

company's financial performance. So that the high level of debt decreases financial performance because the company is burdened with high interest costs, thereby reducing the company's net profit.

**The Effect of Company Size on the Company's Financial Performance**
The results of the analysis show that the size of the company obtained a beta value of 0.17 and a significant value of 0.26 which means that the significant value is greater than the value of 0.05. So the H3 assumption that the size of the company has a positive effect on financial performance is rejected. The results of this study show that the size of the company has no effect on the company's financial performance. This is contrary to the agency theory that states that a large company size will make it easier for the company to attract investors so that it can improve financial performance (Caroline et al., 2023; S. N. U. Khasanah & Nurcahyono, 2021). This means that the size of a company measured by its assets needs to be careful in its operational activities because it will be more likely to be seen by the public, namely to pay tax obligations to the government. This will reduce the company's profit and performance.

The results of this study are in accordance with the results of research by Jessica & Triyani (2022), Aprillia & Yesiana (2022) and Hendrawan (2021) which stated that company size has no effect on the company's financial performance. The size of the company has not been able to guarantee that the value of the company is high if the management is not able to maximize the resources it has as an improvement in the company's financial performance (Anisa et al., 2022; Fizabaniyah et al., 2023). Even though the value of the company's size has decreased, the company's financial performance in the energy sector is still able to increase with the existence of other resources owned so that the company continues to earn profits.

**The Effect of Liquidity on the Company's Financial Performance**
The results show that liquidity obtained a beta value of -0.33 and a significant value of 0.109 which means that the significant value is greater than the value of 0.05. So the H4 assumption that liquidity has no effect on financial performance is rejected. The results of this study show that liquidity has no effect on the company's financial performance (Handayani et al., 2023; Rahma et al., 2022). This is contrary to the agency theory that reveals that companies that are able to pay short-term debts when they are due will improve the company's financial performance. So that liquidity does not affect the profits received by the company. This research is in accordance with research conducted by Harsono & Pamungkas (2020), Aprillia & Yesiana (2022) and Arintasari (2021) that liquidity has no effect on the company's financial performance. Energy sector companies are using large enough debt, making it difficult to meet the company's liquidity. Therefore, the company will lose the opportunity to obtain additional funds because the funds it has do not generate profits. A low liquidity ratio to short-term liabilities makes it unlikely that the company will be able to pay its obligations sustainably, so it can reduce the company's financial performance.

## CONCLUSION

This study aims to provide an empirical influence on environmental management systems, capital structure, company size, and liquidity on financial performance in energy sector companies listed on the Indonesia Stock Exchange (IDX) in 2021-2023. Based on the results and discussion, the following conclusions were obtained:

1. The environmental management system has no effect on the company's financial performance in the energy sector, because the company's management system only has a non-financial impact which is said to be unable to affect the company's financial performance, in addition, the system is only applied to fulfill

environmental obligations from the government and only to improve the company's image.

2. The capital structure has a negative effect on the company's financial performance, this is because the high level of the company's debt decreases the company's financial performance because the company is burdened with high interest costs so that it is able to reduce the company's net profit.
3. The size of the company has no effect on the company's financial performance, this is because the size of the company has not guaranteed that the value of the company is high if the company's management has not been able to maximize the resources it has as an improvement in the company's financial performance.
4. Liquidity has no effect on the company's financial performance, because the liquidity ratio is low compared to its short-term obligations, so it is less likely that the company will pay off its ongoing obligations, which can reduce the company's financial performance.

This study has limitations that are taken into consideration, while some of the limitations in this study are that there is only one variable that affects the company's financial performance, namely the capital structure variable, so that the researcher can then add other variables outside this study that may affect the company's financial performance. Another limitation of this study is that the research period conducted is only 3 years. So it is hoped that the next research can extend the research period.

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