International Journal of Economic Social and Technology, Vol. 2 (2) (2023)

Published by: Lembaga Riset Ilmiah, Yayasan Mentari Meraki Asa

International Journal of Economics Social and Technology

Journal homepage: https://jurnal.risetilmiah.ac.id/index.php/ijest

The Influence of Investment Decisions, Funding Decisions, and Profit Margins on Firm Value in Banking Companies Listed on the Indonesian Stock Exchange

Maya Sari[1], Mathewi[2]

Department of Accounting, Universitas Muhammadiyah Sumatera Utara

A R T I C L E I N F O

Article history:
Received: May 30, 2023
Revised: June 21, 2023
Accepted: June 30, 2023

Keywords:
Investments decision,
Funding decisions,
Profit margins,
Firm value

Correspondence:
Maya Sari
mayasari@umsu.ac.id

ABSTRACT

The purpose of this research is to determine the influence of investment decisions on firm value, to determine the influence of funding decisions on firm value, to determine the influence and profit margin on firm value, and to determine the influence of investment decisions, funding decisions, and profit margins on firm value in banking companies listed on the Indonesian Stock Exchange. The population in this research is 46 banking companies registered on the IDX, with research samples from 26 companies with five years of observation and 145 samples. The data collection technique is in the form of documentation. The analysis technique in the research uses the SPSS application, which is used for descriptive statistics, multiple linear regression analysis, partial Tests, and determinant tests. The research results show that investment decisions have a positive and significant influence on firm value, funding decisions have a negative and significant influence on firm value, the profit margin does not influence firm value of banking companies listed on the Indonesian Stock Exchange

Introduction

Banking sector companies are one of the company sectors that have experienced an increase in shares above the mining sector and have been favorites since the beginning of 2017. Reporting from Warta Ekonomi.co.id as of June 2017, the movement of shares in the financial sector since the beginning of 2017 shows its strength. Based on IDX data, growth in the financial sector increased by 2.97%, exceeding the growth of companies in other sectors, which only rose 1.77%. According to Bloomberg, at the end of 2020, the Indonesian Stock Exchange recorded a significant increase in financial growth in the banking sector at 3.90%. This is also supported by the BI 7-day repo rate increase by 150 bps (basis points) since May 2018, from 4.25% to 5.75%, and continued to increase until November to 6.00%.

It is considering the quite important role of banking companies. This is due to the increasingly competitive banking business world requiring companies to be able to compete and adapt to avoid bankruptcy and excel in the competition. This can be done in various ways by running the company as well as possible. In running a company or business, a company has important aspects to pay attention to, including good firm value for investors.

Every company has clear goals. Generally, all companies have two goals, namely short-term and long-term goals. The company's short-term goal is to make a profit, while the company's long-term goal is to increase firm value (Sintyana & Artini, 2019). Firm value is one of the factors for investors to invest. So, financial managers play a very important role in maximizing firm value from every financial decision because the decision will influence other financial decisions. Firm value can describe the condition of the company. With good firm value, investors will view the company favorably and vice versa (Jufrizen & Asfa, 2015). Firm value is a condition that a company has achieved after going through a series of operational activities since the company was founded. The higher the firm value, the greater the prosperity the shareholders will receive.

The optimal firm value will be achieved by combining financial management functions. One financial decision will influence other financial decisions, so it will also impact firm value (Sintyana & Artini, 2019). Firm value can be measured using price-to-book value (PBV). This ratio is the ratio between the share price and its book value. A greater Price to Book Value (PBV) indicates that the market price of the share is also higher. If the market price of a share is higher, the capital gain (actual return) will also be higher (Andansari, Raharjo, & Andini, 2016). A higher share price will increase firm value.

One thing that can influence firm value can be seen in investment decisions. Investment decisions are long-term capital investment decisions that involve expectations of the profits obtained by the company in the future. Investment decisions have long-term dimensions, so they must be considered carefully because they also have long-term risks (Ayem & Nugroho, 2016). Investment decisions are one of the factors that influence firm value, where investment decisions involve decisions about allocating funds, both in terms of the source of funds (which come from within and outside the company) and the use of funds for the company's short-term and long-term goals (Efni, Hadiwijoyo , Salim, & Rahayu, 2012).

Most companies carry out investment activities, an important element of company operations and performance assessment. Signaling theory explains that investment spending provides a positive signal regarding the company's future growth so that it can increase share prices, which are used as an indicator of firm value (Lestari, Dahrani, Purnama, & Jufrizen, 2021). Investment decisions can be measured using the Price Earning Ratio (PER). Capital market analysts widely use PER to see a company's performance as expected by investors. If a company can manage its equity well, it is estimated that the company will grow and positively impact the stock market value, which reflects the company's value (Rahmawati, Topowijono, & Sulasmiyati, 2015). A high price-earnings ratio (PER) indicates that investors are willing to pay a premium share price for the company (Andansari et al., 2016).

One of the sectors listed on the Indonesian Stock Exchange is the banking sector. The reason for choosing banking companies in this research is that they offer shares on the Indonesian Stock Exchange. The banking sector is one sector that is expected to have bright prospects in the future because the daily activities of Indonesian society cannot currently be separated from banking services, and banking companies are companies that have a fairly large contribution to state income. Below, we will present a table of financial data for banking sector companies listed on the Indonesia Stock Exchange, which can be seen as follows:

Table 1. Data on Investment Decisions and Firm Values in the Banking Sector on the IDX 2018-2022

Company Code	Year	Investment Decision (PER)	Firm value (PBV)
Bank BNI	2018	10.93	1.58
	2019	9.52	1.3
	2020	35.09	1.0
	2021	11.54	0.99
	2022	12.93	0.58
Bank BRI	2018	13.81	2.57
	2019	15.66	2.59
	2020	27.43	2.57
	2021	17.27	1.73
	2022	18.36	1.68
BTN Bank	2018	9.58	1.16
	2019	10.60	1.27
	2020	11.42	0.91
	2021	7.72	0.85
	2022	12.48	0.75
Mandiri Bank	2018	18.10	2,2
	2019	13.76	1.95
	2020	13.05	1.71
	2021	17.57	1.41
	2022	18.69	1.27

Based on Table 1. above, it can be seen that several banking companies have seen an increase in investment decisions from 2018 to 2022, while firm value has decreased. This shows that the number of shares owned by the company is quite good, but the company still needs to be able to manage the shares owned. So, it impacts the company's capital, which results in the firm value decreasing.

According to (Sintyana & Artini, 2019), investments expected to provide a profit (internal rate of return) greater than the cost of capital are said to be profitable. The higher the profit level generated from the company's investment activities, the higher the share price. Higher share prices have an impact on increasing firm value. Many factors influence firm value. In this research, the factors that influence firm value that will be studied are investment decisions and funding decisions (Nurvianda et al., 2018); (Sari, Hermuningsih, & Maulida, 2022); (Oktavia & Kalsum, 2021), Profit Margin with research from (Sari et al., 2022); (Pangesti, Sriwidodo, & Wibowo, 2020)

Apart from investment decisions, funding decisions can also influence firm value. Funding decisions can be linked to firm value, where funding decisions are company policies regarding how far the company uses debt and equity funding. Thus, funding decisions are decisions regarding the source of funds used, which can influence firm value (Jannah, Juanda, & Prasetyo, 2019). Trade-off theory explains that the higher a company finances with debt, the greater the risk of them experiencing financial difficulties due to paying too much-fixed interest to debtholders every year with an uncertain net profit (bankruptcy cost of debt).

Every company has various needs to carry out its operational activities. One of them is the funds used by the company. Funds are always used to meet all company needs. Sources of company funding can be obtained from internal sources, namely in retained earnings, and external sources, namely in debt or the issuance of new shares. An optimal combination of funding determination is very important because it is expected to increase firm value (Khoirunnisa, Purnamasari, & Tanuatmodjo, 2018)

Funding decisions can be measured using the Debt to debt-equity ratio (DER). Debt to Equity Ratio (DER) can provide an overview of the company's capital structure so that the level of risk of non-payment of a debt can be determined. Debt to Equity (DER) also shows the company's debt level; companies with large debt have large debt costs, too. This becomes a burden for companies, which can reduce investor confidence (Gultom, Agustina, & Wijaya, 2013). The following is a table of funding decisions and firm value owned by several companies, including:

Table 2. Data on Funding Decisions and Firm Values in the Banking Sector on the IDX 2018-2022

Company Code	Year	Funding Decision (DER)	Firm value (PBV)
Bank BNI	2018	5.89	1.58
	2019	6.08	1.3
	2020	5.51	1.0
	2021	6.61	0.99
	2022	6.63	0.58
Bank BRI	2018	8.25	2.57
	2019	7.45	2.59
	2020	5.67	2.57
	2021	4.84	1.73
	2022	3.29	1.68
BTN Bank	2018	10.34	1.16
	2019	11.06	1.27
	2020	11.30	0.91
	2021	16.08	0.85
	2022	16.31	0.75
Mandiri Bank	2018	5.22	2,2
	2019	5.09	1.95
	2020	4.81	1.71
	2021	5.80	1.41
	2022	5.97	1.27

Based on Table 2 above, it can be seen that several banking companies have seen an increase in funding decisions from 2018 to 2022, while firm value has decreased, where the increase in the number of DERs occurs due to an increase in the amount of company debt, resulting in the use of company funds not being optimal due to paying debt and its interest have an impact on the company's profits decreasing so that the firm value will also decrease.

According to (Wijaya & Wibawa, 2014), the greater the debt, the greater the possibility that the company will be unable to pay its fixed obligations in the form of interest and principal. Likewise, the risk of bankruptcy will be higher because interest will increase higher than tax savings. Therefore, companies must be careful in determining funding decisions because increasing debt can reduce the company's value. According to (Welley & Untu, 2015), Debt can maximize firm value if the benefits of debt are higher and the costs incurred by debt.

Apart from investment decisions and funding decisions, net profit margin can also influence firm value, where the profitability obtained by a company will influence the amount of dividends paid to shareholders. If the company earns large profits, its ability to pay dividends becomes greater. Thus, the dividend amount affects the company's value (Azhar, Ngatno, & Wijayanto, 2018). Profitability in this research is measured using net profit margin.

Net profit margin(NPM) is a ratio that shows a company's ability to generate net profits. Net profit margin (NPM) is useful for capital market investors to determine a company's ability to generate profits. According to (Kasmir, 2015), net profit margin is a measure that compares profit after interest and tax compared to sales. This ratio shows the company's net income from sales. The following is a table of Net profit margin (NPM) and firm value owned by several companies, including:

Table 3. Data on Net Profit Margin and Firm Value in the Banking Sector on the IDX 2018-2022

Company Code	Year	*Net Profit Margin*(NPM)	Firm value (PBV)
Bank BNI	2018	0.30	1.58
	2019	0.31	1.3
	2020	0.30	1.0
	2021	0.06	0.99
	2022	0.20	0.58
Bank BRI	2018	0.31	2.57
	2019	0.32	2.59
	2020	0.31	2.57
	2021	0.14	1.73
	2022	0.20	1.68
BTN Bank	2018	0.28	1.16
	2019	0.23	1.27
	2020	0.02	0.91
	2021	0.14	0.85
	2022	0.15	0.75
Mandiri Bank	2018	0.28	2,2
	2019	0.30	1.95
	2020	0.32	1.71
	2021	0.20	1.41
	2022	0.29	1.27

Based on Table 1.3 above, it can be seen that from several banking companies, the profit margin from 2018 to 2022 has increased, while the firm value has decreased, where the increase in net profit margin occurs due to an increase in company income, which has an impact on increasing company profits, but this has no impact with the firm value decreasing.

According to (Safitri, 2013), "The higher the net profit margin (NPM) of a company, the better it can provide a good signal to investors and provide added value to the company's value which is reflected in its share price. If the net profit margin (NPM) decreases, the price to book value (PBV) will also decrease, and vice versa; if the net profit margin (NPM) value increases, the price to book value (PBV) will also increase.

Firm value is an important thing for both managers and investors. For a manager, good firm value is a benchmark for the achievements and performance that have been achieved. Meanwhile, for an investor, if the company's value is good, the investor will be interested in investing. The decline in firm value will make investors less interested in investing their capital in the company. The level of returns or dividends distributed needs to satisfy investors as expected.

Literature Review

Firm Value

Firm value is investors' perception of the company's level of success. A company's level of success is often linked to share prices. A high share price will increase the company's value and market confidence not only in the company's current performance but also in the future. Maximizing firm value is very important for a company. Maximizing firm value is the same as maximizing the company's main goal. Firm value is a certain condition that a company has achieved as an illustration of public trust. This trust can be obtained after going through activities that have been established for several years until now. The public assesses whether they are willing to buy company shares at a certain price according to their perceptions and beliefs. Increasing the company's value is an achievement that is in accordance with the wishes of the owners because as the company's value increases, the owners' welfare will also increase (Jannah et al., 2019).

Firm value is also reflected in the share price, where if the company's share price decreases, firm value also decreases, so this has an impact on decreasing shareholder prosperity and increasing the risks that the company will face in the future (Efni et al., 2012). Firm value reflects the size of the assets owned by the company. Firm value is very important because it reflects company performance, which can influence investors' perceptions of the company. The greater the company's value, the greater the prosperity shareholders obtain (Pertiwi, Tommy, & Tumiwa, 2016).

The company has the goal of maximizing firm value or wealth for shareholders. A company can maximize present value through company activities to obtain profits that shareholders will receive in the future. Shares are an investment instrument many investors choose because shares can provide an attractive profit level. The company's value is reflected in stable share prices or increases in the long term; the higher the share price, the higher the firm value (Jannah et al., 2019). From the definitions above, it can be concluded that firm value is investors' perception of a company, which is linked to its share price.

Investments Decision

According to PSAK Number 13 in Financial Accounting Standards as of 1 October 2018, investment is an asset that a company uses to grow its wealth through the distribution of investment returns (such as interest, royalties, dividends, and rent) for appreciation of investment value, or other benefits for the company who invest such benefits gained through trade relationships. Investment decisions are the most important decisions related to increasing firm value.

Investment Decisions (Total Assets) are decisions made to invest capital in one or more assets to gain profits in the future, and the problem is how financial managers should allocate funds into forms of investment that will be able to bring profits in the future. In short, Investment Decisions (Total Assets) use long-term funds (Baridwan, 2015). Investment is an investment in one or more assets owned by a company and is usually long-term with the hope of making a profit in the future. An individual or an entity with excess funds can make the investment decision. Investment in a broad sense consists of two main parts: investment in the form of real assets and investment in the form of securities or securities (Aldyanti, 2019). The Investment Decision Process (Total Assets), according to (Husnan & Pudjiastuti, 2018), shows how investors choose securities, how much to invest, and when the investment will be made. Every time you make an Investment Decision (Total Assets), it always requires a process. This process will provide an overview of each stage the company will take. The results of research (Rinnaya, 2016), (Oktavia & Kalsum, 2021) and (Pertiwi et al., 2016) state that investment decisions have a positive and significant effect on firm value.
H1: Investment decisions affect the firm value of banking companies on the Indonesian Stock Exchange.

Funding Decisions

Funding decisions relate to the company's decision to seek funds to finance investments and determine the composition of funding sources. The company's source of funds comes from loans and its capital. Choosing to use your capital or borrow from a third party must use careful calculations. The selection of funding sources made by the financial manager will be reflected in the financial balance column.

Funding decisions have a strategic role in the owner's welfare and the company's survival. Suppose the company's Debt to Equity Ratio is high. In that case, there is a possibility that the company's share price will be low because if the company makes a profit, it will tend to use the profit to pay the company's debt so that the dividends distributed will be smaller. Thus, investors may offer a higher share price after the company issues debt to replenish outstanding shares. In other words, investors view debt as a signal of firm value (Sudana, 2015). An increase in the amount of debt will be accompanied by an increase in firm value up to a certain point. Debt policy decisions will be made more carefully if management also participates in share ownership. The research results (Oktavia & Kalsum, 2021) and (Sari et al., 2022) state that funding decisions influence firm value.
H2: Funding decisions influence the firm value of banking companies on the Indonesian Stock Exchange.

Net Profit Margin

Profit margin is the company's ability to generate profits. If a company produces high profits, it indicates that its performance is good and has good long-term prospects, so it can attract investors' interest in buying shares. The number of investors who will buy these shares. Demand for shares will be high, which will increase share prices. According to (Sartono, 2018), net profit margin is the ratio between net profit, namely sales after tax and minus all expenses, including tax, compared to sales. So, the higher the NPM, the better the firm value. According to (Kasmir, 2015), net profit margin is a factor that can influence firm value. If managers can manage the company well, the costs incurred by the company will be smaller, so the profits generated will be greater. The size of this profit will affect firm value. The results of research (Pangesti et al., 2020) and (Oktavia & Kalsum, 2021) state that the net profit margin has a positive and significant effect, where if the net profit margin increases, the company's value also increases.
H3: *Net Profit Margin* influences the firm value of banking companies on the Indonesian Stock Exchange.

From the description of the conceptual framework that has been described, it is known that the conceptual framework of this research is as follows:

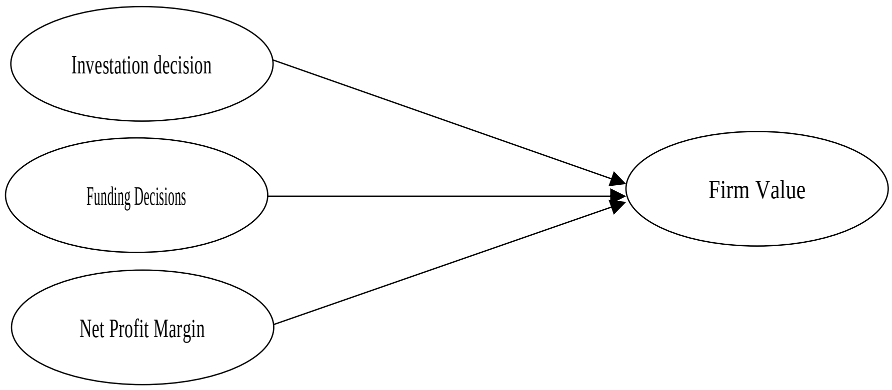

Figure 1. Conceptual Framework

Method

In this research, the type of research used is an associative approach. According to (Juliandi, Irfan, & Manurung, 2014), Associative research aims to analyze the relationship between a variable and other variables. This research focuses on investment decisions, funding decisions, and profit margins, which influence firm value. Therefore, this research studies the influence of investment decisions, funding decisions, and profit margins on firm value in banking companies listed on the Indonesian Stock Exchange. In this research, the operational definition measured is three independent variables: investment decisions (X1), funding decisions, profit margin, and firm value. The population used in this research is all banking companies listed on the Indonesia Stock Exchange (BEI) in 2018-2022, totaling 46 companies. The sample selection procedure was carried out using a purposive sampling technique, which uses certain criteria to determine the selected sample to match the characteristics required in the analysis. The population that will be sampled is a population that meets the sampling criteria. The sample in this research was 26 banking sector companies listed on the IDX in 2018-2022. And banking sector companies that do not disclose annual data for 2018-2022. Meanwhile, the data analysis technique used is SPSS analysis.

Results

Classic assumption test

Normality test

The normality test aims to test whether the dependent and independent variables have a normal distribution in a regression model. To test the normality of this data using graphic analysis methods and normal probability plots.

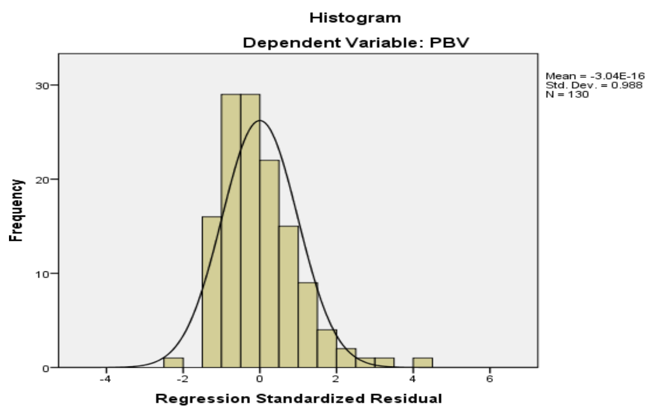

Figure 2. Histogram

Based on the image above, it can be seen that the histogram graph shows that the resulting pattern resembles a bell and does not deviate left or right, so the data is normally distributed. Likewise, the results of the normality test using the p-plot graph are in the image below:

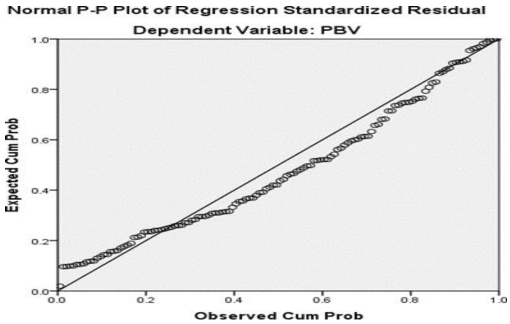

Figure 3. Normal P-Plot

The results of the normality test above using graphic analysis, namely using the Normal Probability Plot graph, show that the graph provides a normal distribution pattern that is close to normal. The graph shows that the points are spread around the diagonal line, and the distribution is around the diagonal line.

Multicollinearity Test

To test for multicollinearity it can be done by analyzing the correlation between variables and calculating tolerance values and Variance Inflation Factor (VIF) as shown in table 4.7 as follows:

Table 4. Multicollinearity Test

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	1,803	,328		5,493	,000		
PER	,002	,001	,234	2,452	.016	,780	1,282
DER	-.069	.033	-.193	-2,097	,038	,839	1,193
NPM	-.637	,792	-.081	-.805	,422	,691	1,447

a. Dependent Variable: PBV

Table 4 shows the following conclusions: Investment decision (X1) with a tolerance value of 0.780 is greater than 0.10, and a VIF value of 1.282 is smaller than 10. Funding decision (X2) with a tolerance value of 0.839 is greater than 0.10, and a VIF value of 1.193 is smaller than 10. Profit margin (X3) with a tolerance value of 0.691 is greater than 0.10, and a VIF value of 1.447 is smaller than 10. Because the tolerance value obtained for each variable is greater than 0.10, and the VIF value obtained for each variable is smaller than 10, the variable data for investment decisions, funding decisions, and profit margins are free from any symptoms of multicollinearity.

Heteroscedasticity Test

To test whether there is inequality in the variance and residuals from one observation to another in the regression model. A good regression model is one where heteroscedasticity does not occur. If the residuals have the same variance, it is called homoscedasticity, and if the variances are not the same or different, it is called heteroscedasticity.

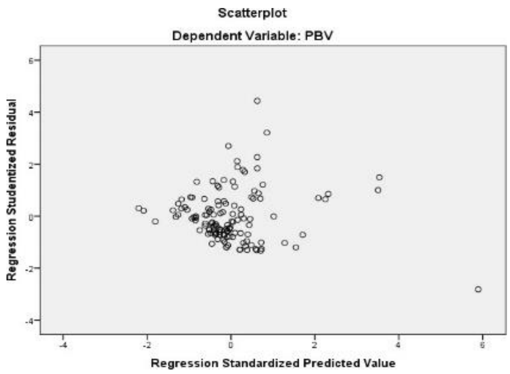

Figure 4. Heteroscedasticity

Based on the results of the heteroscedasticity test in the image above, it shows that the scatterplot graph between SRESID and ZPRED shows a distribution pattern where the points spread above and below 0 on the Y axis; this shows that there is no heteroscedasticity in the data to be used.

Multiple Regression Test

Based on the classical assumption test that has been carried out, the data in this study is normally distributed, and there is no multicollinearity, autocorrelation, or heteroscedasticity. Therefore, the available data meets the multiple regression model requirements. Multiple regression analysis is used to determine the extent of the relationship between the independent variable and the dependent variable.

Table 5. Multiple Linear Regression Analysis

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	1,803	,328		5,493	,000		
PER	,002	,001	,234	2,452	.016	,780	1,282
DER	-.069	.033	-.193	-2,097	,038	,839	1,193
NPM	-.637	,792	-.081	-.805	,422	,691	1,447

a. Dependent Variable: PBV

$$Y= 1.803+0.0021-0.069X2-0.637X3+ e$$

Based on table 5. above, the multiple linear regression equation model is obtained as follows:

1) The constant value is 1.803. If the investment decision, funding decision, and profit margin variables are considered zero, then the firm value of banking companies listed on the Indonesia Stock Exchange is 1.803.
2) The investment decision coefficient value is 0.002, which is a positive sign, indicating that investment decisions have a direct relationship with firm value. This means that for every 1% increase in investment decisions, the firm value will increase by 0.002, assuming that the other independent variables from the regression model are fixed.
3) The coefficient value of funding decisions is -0.069, which is a negative sign, indicating that funding decisions have an inverse relationship with firm value. This means that for every 1% increase in funding decisions, the firm value will decrease by 0.069, assuming that the other independent variables from the regression model are fixed.
4) The profit margin coefficient value of -0.637, which has a negative sign, indicates that profit margin has an inverse relationship with firm value. This means that for every 1% increase in profit margin, the firm value will decrease by 0.637, assuming that the other independent variables from the regression model are fixed.

Partial Hypothesis Testing (t-Test)

The t-statistical test is used to ascertain whether the independent variables in each individual's equation affect the dependent variable's value. The test results with the t-test are as follows:

Table 6. Partial Test

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	1,803	,328		5,493	,000		
PER	,002	,001	,234	2,452	.016	,780	1,282
DER	-.069	.033	-.193	-2,097	,038	,839	1,193
NPM	-.637	,792	-.081	-.805	,422	,691	1,447

a. Dependent Variable: PBV

1) Investment decisions have a significant value of 0.016. The significant value is smaller than the probability value of 0.05 (α=5%) or 0.016<0.05. The investment decision variable has a t-test of 2.452 with t-table= 1.978. So, t-test> t-table, it can be concluded that investment decisions positively and significantly influence firm value.
2) Funding decisions have a significant value of 0.038. The significant value is smaller than the probability value of 0.05 (α=5%) or the value of 0.038<0.05. The funding decision variable has a t-test of -2.097 with t-table= -1.978. So, t-test> t-table, it can be concluded that funding decisions negatively and significantly influence firm value.

3) *The profit margins* have a significant value of 0.422. The significant value is greater than the probability value of 0.05 (α=5%) or 0.422>0.05. The profit margin variable has a t-test of -0.805 with t-table= -1.978. So, t-test< t-table, it can be concluded that profit margin does not influence firm value.

Discussion

The Influence of Investment Decisions on Firm Value

From the results of statistical tests on investment decisions, there is a significant value of 0.016. The significant value is smaller than the probability value of 0.05 (α=5%) or 0.016<0.05. The investment decision variable has a t-test of 2.452 with t-table= 1.978. So, t-test> table, it can be concluded that investment decisions positively and significantly influence firm value. As happened with the BRI Bank company, investment decisions in 2020 experienced an increase of 15.66, followed by firm value, which experienced an increase of 2.60. Apart from that, the company PT Bank Sinarmas for investment decisions in 2021 experienced an increase of 134.62, which was not followed by the firm value experiencing a decrease of 2.32.

The research results show that investment has a significant effect on firm value. Signaling theory explains that investment spending provides a positive signal about the company's future growth, thereby increasing share prices as an indicator of firm value. Investment decisions in this research are proxied by the Price Earnings Ratio (PER). A high PER indicates a good company investment and growth prospects, so investors will be interested. High demand for shares will make investors appreciate the value of shares greater than the value recorded on the company's balance sheet so that the company's PBV and firm value are also high.

A company with high investment decisions can influence investors' interest in investing in the company so that it can increase demand for shares in the company. Investment decisions are a very important factor in the company's financial function, where the higher the investment decisions made by the company, the higher the company's opportunity to obtain a return or a large rate of return.

The influence of investment decisions on firm value shows that the company can maximize investment in its efforts to generate profits by the amount of funds committed. The influence of this investment decision directly affects the firm value, which is the result obtained from the investment activity itself through project selection or other policies (Rinnaya, 2016). The research results (Oktavia & Kalsum, 2021) and (Pertiwi et al., 2016) conclude that investment decisions positively and significantly affect firm value.

The Effect of Funding Decisions on Firm Value

From the results of statistical tests on funding decisions, there is a significant value of 0.038. The significant value is smaller than the probability value of 0.05 (α=5%) or the value of 0.038<0.05. The funding decision variable has a t-test of -2.097 with t-table= -1.978. So, t-test> table, it can be concluded that funding decisions negatively and significantly influence firm value. As happened with the BNI Bank company, company funding decisions in 2020 experienced an increase of 6.61, followed by a decrease in firm value of 1.02. Apart from that, it also happened that the Bank BTN company for company funding decisions in 2020 experienced an increase of 16.08, followed by firm value, which experienced a decrease of 0.91.

This research shows a negative and significant influence of funding decisions on firm value. This is because the higher or lower the debt owned by the company affects firm value. The size of the debt owned by a company can be a concern for investors because investors pay attention to information about the results of using debt as company capital and other things related to making investment decisions. Therefore, investors pay more attention to how management uses the funds to achieve added value to the company.

These results indicate that the size of the DER ratio affects the level of firm value. This result indicates that the company's debt is high, so the cost of debt is higher than the rate of return received by the company on investments funded by that debt.

Thus, investors may offer a higher share price after the company issues debt to replenish outstanding shares. In other words, investors view debt as a signal of firm value (Sudana, 2015). An increase in the amount of debt will be accompanied by an increase in firm value up to a certain point. Debt policy decisions will be made more carefully if management also participates in share ownership. The research results (Oktavia & Kalsum, 2021) and (Sari et al., 2022) show that funding decisions significantly influence firm value.

The Influence of Profit Margin on Firm Value

From the results of the profit margin statistical test, there is a significant value of 0.422. The significant value is greater than the probability value of 0.05 (α=5%) or 0.422>0.05. The profit margin variable has a t-test of -0.805 with t-table= -1.978. So, t-test< t-table, it can be concluded that profit margin does not influence firm value. As happened with the BNI Bank company, profitability in 2021 experienced an increase of 0.20, followed by a decrease in firm value of 0.99. The Bank BTN company's profitability decreased by 0.02, followed by the firm value increasing by 1.27.

This happens because profitability is a company's ability to generate profits or profits that reflect the success of a company in the eyes of investors. High profits will indicate the company's good prospects so that it can trigger investors to increase demand for shares. Increased demand for shares will cause the firm value to increase. However, profitability can reduce the firm value; this happens because, in increasing profitability, the company will increase its operational activities so that the costs incurred from these activities will also increase. This cost increase will result in the company covering more of these costs. Apart from that, profitability is more liquid for the company but is not solvable, so profitability will not guarantee the company's survival in the long term. Research results (Pangesti et al., 2020) show that the net profit margin has a positive and significant effect, where if the net profit margin increases, the company's value also increases.

Conclusion

Based on the results data analysis and discussion, it can be concluded as follows: (1) Investment decisions have a positive and significant influence on firm value in banking companies listed on the Indonesia Stock Exchange. (2) Funding decisions negatively and significantly influence firm value in banking companies listed on the Indonesia Stock Exchange. (3) Profit Margin does not influence firm value in banking companies listed on the Indonesia Stock Exchange. The suggestions that can be given in this research are for banking companies listed on the IDX to improve investment decisions and profitability, minimize debt policies, and optimize firm value. Through this research, the author hopes to apply the knowledge obtained while attending lectures in the Accounting Department. This research is very useful for the author to understand better debt policy, investment decisions, profitability, and the impact on firm value in banking companies listed on the IDX for the period 2018-2022, both in theory and practice.

References

Aldyanti, A. (2019). Manajemen Keuangan Prinsip dan Penerapan. Bandung: Indeks.

Andansari, N. A., Raharjo, K., & Andini, R. (2016). Pengaruh Return on Equity (ROE), Price Earning Ratio (PER), Total Asset Turnover (TATO) dan Price to Book Value Terhadap Return Saham Pada Perusahaan Manufaktur Sektor Makanan dan Minuman Yang Terdaftar Di Bursa Efek Indonesia Periode 2008-2014). Jurnal Ilmiah Mahasiswa S1 Akuntansi Universitas Pandanaran, 2(2), 1–11.

Arifianto, M., & Chabachib, M. (2016). Analisis Faktor-Faktor Yang Mempengaruhi Nilai Perusahaan (Studi Kasus Pada Perusahaan Yang Terdaftar Pada Indeks LQ-45 Periode 2011-2014). Diponegoro Journal Of Management, 5(1).

Ayem, S., & Nugroho, R. (2016). Pengaruh Profitabilitas, Struktur Modal, Kebijakan Dividen dan Keputusan Investasi terhadap Nilai Perusahaan (Studi kasus perusahaan manufaktur yang Go Public di Bursa Efek Indonesia) periode 2010-2014. Jurnal Akuntansi, 4(1).

Azhar, Z. A., Ngatno, & Wijayanto, A. (2018). Pengaruh Profitabilitas Terhadap Nilai Perusahaan Melalui Kebijakan Dividen Sebagai Variabel Intervening (Studi pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Periode 2012-2016). Jurnal Ilmu Administrasi Bisnis, 7(4).

Baridwan, Z. (2015). Sistem Informasi Akuntansi, Edisi Kedua. Yogyakarta.: BPFE.

Brigham, E. F., & Houston, J. F. (2018). Dasar-Dasar Manajemen Keuangan. Jakarta: Salemba Empat.

Christiawan, Y. J., & Tarigan, J. (2014). Kepemilikan Manajerial: Kebijakan Hutang, Kinerja dan Nilai Perusahaan. Jurusan Ekonomi Akuntansi, 9(1), 1– 8.

Efni, Y., Hadiwijoyo, D., Salim, U., & Rahayu, M. (2012). Keputusan Investasi, Keputusan Pendanaan dan Kebijakan Deviden: Pengaruhnya terhadap Nilai Perusahaan (Studi pada Sektor Properti dan Real Estate di Bursa Efek Indonesia). JAM Jurnal Aplikasi Manajemen, 10(1).

Fahmi, I. (2014). Manajemen Keuangan Perusahaan dan Pasar Modal. Jakarta: Mitra Wacana Media.

Ghozali, I. (2013). Aplikasi Analisis Multivariant dengan Program IBM SPSS 21 Update PLS Regresi. Semarang: Badan Penerbit Universitas Diponegoro.

Gultom, R., Agustina, & Wijaya, S. W. (2013). Analisis Faktor-Faktor Yang Mempengaruhi Nilai Perusahaan Pada Perusahaan Farmasi Di Bursa Efek Indonesia. Jurnal Wira Ekonomi Mikroskil, 3(1).
Hanafi, M. M., & Halim, A. (2017). Analisis Laporan Keuangan. Yogyakarta.: UPP STIM YKPN.
Hery. (2015). Analisis Laporan Keuanga (1st ed.). Yogyakarta.: CAPS.
Himawan, M. R., & Christiawan, Y. J. (2016). Pengaruh Keputusan Pendanaan Dan Kebijakan Dividen Terhadap Nilai Perusahaan Pada Sektor Manufaktur Di Indonesia. Business Accounting Review, 4(1), 193–204.
Horne, J. C. Van, & Wachowicz, J. M. (2012). Fundamentals of Financial Management, Prinsip-Prinsip Manajemen Keuangan (13th ed.). Jakarta: Salemba Empat.
Husnan, S., & Pudjiastuti, E. (2018). Dasar – Dasar Manajemen Keuangan. Yogyakarta.: YPKN, UPP STIM.
Jannah, W., Juanda, A., & Prasetyo, A. (2019). Pengaruh Keputusan Pendanaan, Dan Kebijakan Dividen Terhadap Nilai Perusahaan Dengan Kualitas Laba Sebagai Variabel Pemoderasi (Studi Empiris Pada Perusahaan Property, Real Estate dan Building Construction Yang Terdaftar Di BEI Tahun 2016-2017). Jurnal Akademi Akuntansi, 1(1), 93–105.
Jeconiah, R., & Hastuti, R. T. (2020). Faktor Yang Mempengaruhi Nilai Perusahaan Manufaktur Yang Terdaftar Di BEI. Jurnal Multiparadigma Akuntansi Tarumanagara, 2(1), 98–107.
Jufrizen, J., & Asfa, Q. (2015). Pengaruh Profitabilitas dan Kebijakan Hutang terhadap Nilai Perusahaan pada Perusahaan Farmasi yang Terdaftar di Bursa Efek Indonesia Periode 2010-2013. Jurnal Kajian Manajemen Bisnis, 4(2), 1– 19.
Juliandi, A., Irfan, I., & Manurung, S. (2014). Metode Penelitian Bisnis : Konsep & Aplikasi. Medan: UMSU PRESS.
Kasmir. (2015). Analisis Laporan Keuangan. Jakarta: PT Raja Grafindo Persada. Khoirunnisa, F., Purnamasari, I., & Tanuatmodjo, H. (2018). Pengaruh Struktur
Modal Terhadap Nilai Perusahaan Pada Perusahaan Tekstil Dan Garmen. Journal of Business Management Education, 3(2), 11–32.
Lestari, S. P., Dahrani, D., Purnama, N. I., & Jufrizen, J. (2021). Model Determinan Kebijakan Hutang dan Nilai Perusahaan (Studi Pada Perusahaan Farmasi yang Terdaftar di Bursa Efek Indonesia). MANEGGGIO: Jurnal Ilmiah Magister Manajemen, 4(2).
Noor, H. . (2014). Ekonomi Manajerial. Jakarta: PT RajaGrafindo Persada.
Nurvianda, G., Yuliani, & Ghasarma, R. (2018a). Pengaruh Keputusan Investasi, Keputusan Pendanaan dan Kebijakan Dividen Terhadap Nilai Perusahaan. Jurnal Manajemen dan Bisnis Sriwijaya, 6(3), 1–14.
Nurvianda, G., Yuliani, & Ghasarma, R. (2018b). Pengaruh Keputusan Investasi, Keputusan Pendanaan dan Kebijakan Dividen Terhadap Nilai Perusahaan. Jurnal Manajemen dan Bisnis Sriwijaya, 16(3), 164–177.
Oktavia, Y., & Kalsum, U. (2021). Pengaruh Keputusan Investasi, Keputusan Pendanaan, Kebijakan Dividen dan Profitabilitas Terhadap Nilai Perusahaan di BEI. Jurnal Ilmu Manajemen, 11(1), 39–52.
Pangesti, D., Sriwidodo, U., & Wibowo, E. (2020). Pengaruh Net Profit Margin Dan Debt To Equity Ratio Terhadap Nilai Perusahaan Dengan Ukuran Perusahaan Sebagai Variabel Moderasi. Jurnal Ekonomi dan Kewirausahaan, 20(1), 54–67.
Pertiwi, P. J., Tommy, P., & Tumiwa, J. R. (2016). Pengaruh Kebijakan Hutang, Keputusan Investasi dan Profitabilitas Terhadap Nilai Perusahaan Food and Beverage Yang Terdaftar Di Bursa Efek Indonesia. Jurnal EMBA, 4(1), 1369– 1380.
Rahmawati, A. D., Topowijono, & Sulasmiyati, S. (2015). Pengaruh Ukuran Perusahaan, Profitabilitas, Struktur Modal, Dan Keputusan Investasi Terhadap Nilai Perusahaan (Studi pada Perusahaan Sektor Properti, Real Estate, dan Building Construction yang Terdaftar di Bursa Efek Indonesia (BEI) Periode 2010-2013). Jurnal Administrasi Bisnis (JAB), 23(2), 1–7.
Reeve, W. (2016). Accounting Pengantar Akuntansi. Jakarta: Salemba Empat. Rialdy, N. (2018). Pengaruh Struktur Modal, Keputusan Investasi Dan Kebijakan Dividen Terhadap Nilai Perusahaan Pada Perusahaan BUMN Yang Terdaftar Di BEI Periode 2013 – 2017. Liabilities Jurnal Pendidikan Akuntansi, 1(3), 272–288.
Reza, R., Jufrizen, J., & Rambe, M. F. (2023). Pengaruh Return on Asset, Current Ratio, dan Debt to Asset Ratio terhadap Firm Value dengan Firm Size sebagai Variabel Moderating. *Owner: Riset & Jurnal Akuntansi*, *7*(1), 576–598. https://doi.org/10.33395/owner.v7i1.1228
Rinnaya, I. Y. (2016). Pengaruh Profitabilitas, Rasio Aktivitas, Keputusan Pendanaan, Keputusan Investasi terhadap Nilai Perusahaan (Studi Empiris Pada Perusahaan Manufaktur Yang Terdaftar di BEI Tahun 2010-2014). Journal Of Accounting, 2(2).
Riyanto, B. (2014). Dasar-Dasar Pembelanjaan Perusahaan. Yogyakarta: BPFE.

Safitri, A. L. (2013). Pengaruh Earnings per Share, Price Earning Ratio, Return On Asset, Debt To Equity Ratio dan Market Value Added Terhadap Harga Saham dalam kelompok Jakarta Islamic Index 2008-2011. Management Analysis Journal, 2(2).

Sari, A. R., Hermuningsih, S., & Maulida, A. (2022). Pengaruh Keputusan Investasi, Keputusan Pendanaan, Profitabilitas, Dan Tingkat Suku Bunga (BI Rate) Terhadap Nilai Perusahaan Pada Perusahaan Manufaktur Di BEI Tahun 2016-2020. FORUM EKONOMI, 24(1), 1–12.

Sartono, A. (2018). Manajemen Keuangan Teori dan Aplikasi. Yogyakarta: BPFE. Sawir, A. (2015). Analisis Kinerja Keuangan dan Perencanaan Keuangan Perusahan. Jakarta: Gramedia Pustaka Utama.

Sintyana, I. P. H., & Artini, L. G. S. (2019). Pengaruh Profitabilitas, Struktur Modal, Ukuran Perusahaan Dan Kebijakan Dividen Terhadap Nilai Perusahaan. E-Jurnal Manajemen, 8(2).

Sitanggang, J. P. (2018). Manajemen Keuangan. Jakarta: Mitra Wacana Media. Sudana, I. M. (2015). Manajemen Keuangan Perusahaan Teori & Praktek. Jakarta: Erlangga.

Sugiyono. (2016). Metode Penelitian Bisnis. Bandung: Alfabeta.

Swastha, B., & Irawan. (2018). Manajemen Keuangan Modern. Yogyakarta: Offset YPAPI.

Syamsuddin, L. (2017). Manajemen Keuangan Perusahaan. Jakarta: Raja Grafindo Persada.

Tandelilin, E. (2016). Portofolio dan Investasi Teori dan Aplikasi. Edisi Pertama. Yogyakarta: Kanisius.

Welley, M., & Untu, V. (2015). The Factors Influenced Company Value in Agriculture Sector Companies at Indonesia Stock Exchange Year 2010-2013. Jurnal EMBA, 3(1), 972–983.

Widjaya, A. (2018). Intisari Internal Manajemen Keuangan. Jakarta: Harvindo.

Wijaya, L. R. P., & Wibawa, B. A. (2014). Pengaruh Keputusan Investasi, Keputusan Pendanaan, dan Kebijakan Dividen Terhadap Nilai Perusahaan. Kumpulan Makalah Simposium Nasional Akuntansi, 13(1),