

## The Effect of Profitability, Capital Structure and Investment Decisions on Firm Value with Leverage as an Intervening Variable in FnB Sector Companies Listed on the IDX



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**ABSTRACT:** This study aims to determine and analyze the effect of profitability, capital structure and investment decisions on leverage and firm value in FnB Sector companies listed on the Indonesia Stock Exchange in 2017-2019. The population of this study are all FnB companies listed on the IDX in 2017-2019 with a total of 26 companies. The sample technique is purposive sampling with the criteria for the availability of company financial statements up to 2019 and positive profitability, obtained a sample of 13 companies. The data analysis technique used statistical description and path analysis. The results showed that there was no significant effect between profitability, capital structure, investment decisions and leverage on firm value. Profitability and investment decisions have a significant effect on leverage.

**KEYWORDS:** profitability; capital structure; Investment decision; leverage; the value of the company.

### INTRODUCTION

The purpose of establishing a company in general is so that the company can develop and always be a going concern. The viability of the company can be increased by improving the performance of the company. Good company performance will reflect the company's value. Firm value is considered as an investor's perception of the level of success of the company which is related to stock prices. (Brigham & Houston., 2010) defines firm value as a measure of the success of management performance. Shareholders are owners of companies that employ directors and managers, therefore company management must manage the company based on the interests of shareholders and increase shareholder value.

Profitability is a measurement of financial performance within the company to determine whether the results achieved are in accordance with the plan. (Wijaya, 2017) states that by increasing the company's profitability, it means that the company can achieve the goals of the company's establishment. Management can measure the profitability of the company's financial performance and assess operational performance in utilizing the company's resources by looking at the company's ability to generate profits, the size of the company's profitability and by considering the problem of financing to assets by using the ratio of Return On Assets (ROA) and Return On Equity (ROE).

Research (Surmadewi & Saputra, 2019) states that profitability proxied by ROA (Return On Assets) has a positive and significant effect on firm value, which means that any increase in profitability and firm size will increase firm value. Research (Qomariah, 2015) states that profitability has a positive influence on the financial value of manufacturing companies listed on the IDX. Several studies on the relationship between profitability and firm value include: (Mulyadi, 2016), (Surmadewi & Saputra, 2019), (D. Pasaribu & Tobing, 2017), (Sudaryo & Pratiwi, 2016), (Gultom & Wijaya, 2013), (Jufrizen & Asfa, 2015), (Putra & Dana, 2016), (Warouw et al., 2016), (Halim et al., 2016), (Wulandari et al., 2016).

The company's performance, apart from being seen from assets, can also be seen from the amount of debt owned by the company, as well as its ability to settle obligations to pay debts. Debt is financing from parties outside the company (Gumanti, 2011). The company's policy to take steps regarding debt policy is a joint decision that has been agreed upon by the company's management. The amount of debt in the company is as important as the amount of assets that can be used as an assessment by external parties to see the value of the company. High debt can increase the value of the company because the use of debt can save taxes. The use of high debt can also reduce the value of the company because of the possibility of bankruptcy costs and agency costs. Thus, the size of the use of debt will affect the value of the company. Research (Kartini & Apriwenni, 2017) states

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that the debt policy (leverage) which is proxied by the Debt to Equity Ratio (DER) has an effect on firm value. This ratio describes the composition/capital structure between financing and funding through debt and funding through equity, which is used as a source of business funding. (Nainggolan & Listiadi, 2014) in their research results that debt policy has a negative effect on firm value, but dividend policy cannot moderate the relationship between debt policy and firm value.

The existence of a company's capital structure is also one of the important indicators that potential investors pay attention to when analyzing a company to invest their capital. (Gumanti, 2011) states that the capital structure is the allocation of debt and equity used by the company to fund the company's operational activities and expansion. Companies generally seek to optimize their capital structure with the aim of achieving flexibility and healthier and stronger financial conditions. Optimizing the capital structure means the company must achieve financial ratio values that reflect the effective use of debt and equity for the survival of a company (Sudana, 2017). WACC (weighted average cost of capital) is a financial ratio that is often used in calculating the company's cost of financing to acquire assets by comparing the debt structure and business equity. Companies that have a good capital structure are expected to attract the attention of investors so that they can increase the value of the company. Research conducted by (I. R. Dewi et al., 2014) stated the results that the capital structure proxied by DAR and DER had an effect on firm value proxied by Tobin's Q. (Mudjijah et al., 2019) also stated that the capital structure affect the value of the company. Several studies that also discuss the relationship between capital structure and firm value include: (Sumarauw et al., 2015), (I. R. Dewi et al., 2014), (Hamidy et al., 2015), (Mas'ud, 2008), (M. Pasaribu et al., 2016), (Manoppo & Arie, 2016), (Mudjijah et al., 2019), (Abidin et al., 2014), (Trang et al., 2015), (Rai Prastuti & Merta Sudiarta, 2016), (P. Y. S. Dewi et al., 2014).

Investment decisions are management policies to use existing funds in a company's assets to provide benefits in the future so that the value of the company is expected to increase. (Wijaya, 2017) states that the decision to allocate capital into investment proposals must be analyzed and evaluated with the expected risks and results. The results of research conducted by (Rakhimsyah & Gunawan, 2011) state that investment decisions have an effect on firm value. Several studies that also discuss the issue of investment decisions with firm value include: (Astakoni & Wardita, 2020; K. Dewi & Sulistiyo, 2020; Efendi & Idayati, 2020; Ilhamsyah & Soekotjo, 2017; Pamungkas & Puspaningsih, 2013; Prasetyorini, 2013; Ramadhitya & Dillak, 2018; Sartini & Purbawangsa, 2014; Tanaya & Wiyanto, 2022).

The sluggish level of public consumption indirectly hit the performance of consumer companies (food and beverage). Based on data sourced from the Central Statistics Agency in early 2020 towards the COVID-19 pandemic period written by kutadata.com, it shows that economic growth is slowing due to restrained public consumption, and this condition has an impact on the performance of several companies which are closely related to company value. Previous data in 2019, the company's growth decreased, namely in the first quarter it only grew 5.07% compared to the previous year's period which reached 5.08%. The decline in stock prices which was recorded at 8% in the consumer index and the JCI was only corrected by 1.86%. In line with the correction, several consumer stocks also fell. The stock that became the market leader is PT. Unilever also experienced the same thing.

Based on the phenomena that occurred and the results of several previous studies, this study has a purpose, namely to determine the effect of profitability, capital structure and investment decisions on leverage and firm value in FnB sector companies listed on the IDX in 2017-2019.

### **RESEARCH METHODS**

The type of research used in this research is descriptive research with a quantitative approach. The quantitative research method is a research that is used as a problem-solving procedure under study (Sugiyono, 2017). This study aims to reveal the effect of profitability, capital structure and investment decisions on firm value with leverage as an intervening variable (in FnB sector companies listed on the IDX in 2017-2019). The objects of this research are manufacturing companies listed on the Indonesia Stock Exchange in 2017, 2018 and 2019, by accessing the Indonesia Stock Exchange (IDX) web at <http://www.idx.co.id>. The population used in this study are all FnB sector companies listed on the Indonesia Stock Exchange in 2017-2019, which are 26 companies. The sample in this study itself is a number of 13 FnB sector companies listed on the Indonesia Stock Exchange in 2017-2019. The sampling method in this study was using a non-probability sampling method, the type of purposive sampling (Judgment sampling). The technique of selecting a random sample (purposive sampling) is used in this study because sampling will be easier and can be adjusted according to the criteria for selecting the sample to be carried out. The criteria used in this study are as follows:

1. Manufacturing companies that did not experience delisting in the observation period (2017-2019).
2. Complete company financial reports for 2017-2019 are available through the website <http://www.idx.co.id>.
3. Companies that have a positive profitability value.

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**Table 1. Research Determination Process**

No	Criteria	Number's of Companies
1.	FnB companies listed on the Indonesia Stock Exchange listed in 2017-2019	26
2.	FnB companies that do not publish complete company financial statements during 2017-2019 through the website <a href="http://www.idx.co.id">http://www.idx.co.id</a> .	(9)
3.	Companies that have a negative profitability value in the observation period.	(4)
Number of samples for research		13

Measurement of firm value using Tobin's-Q developed by (Sudana, 2017). The intervening variable in this study is Leverage. (Ross, S. A. et al., 2008) states that leverage is an important tool in measuring the effectiveness of the use of corporate debt. Leverage in this study is proxied by debt to assets ratio (DAR) and debt to equity ratio (DER). The first independent variable in this study is profitability. According to (Kasmir, 2010), the profitability ratio is a ratio to assess the company's ability to seek profit. Profitability in this study proxied by return on assets (ROA) and return on equity (ROE). According to (Sudana, 2017) the theory of capital structure explains whether long-term spending policies can affect firm value, the firm's cost of capital and the market price of the firm's shares. In this study, it is proxied by the weighted average cost of capital (WACC). Investment can be defined as the expenditure or expenditure of investors or companies to purchase capital goods and production equipment to increase the ability to produce goods and services available in the economy (Fahmi, 2012). Investment costs in this study are measured by indicators of Total assets growth and Market to book assets ratio. Data analysis used descriptive statistical analysis and inductive statistics. Path analysis is used to determine the effect of the independent variable on the dependent variable.

## RESULTS AND DISCUSSION

### Research Results For Descriptive Statistics

The results of descriptive statistical testing of the variables of profitability (X1), Capital Structure (X2), Investment Decision (X3), Firm Value (Y), and Company Leverage (Z) in the FnB sector listed on the Indonesia Stock Exchange in 2017-2019 are presented in

**Table 2. Descriptive Statistical Test Results**

	N	Minimum	Maximum	Mean	Std. Deviation
Profitability	39	10.92	97.50	16.6996	24.58409
Capital Structure	39	6.32	33.23	18.8746	7.20800
Investation decision	39	.10	12.14	2.3343	2.35712
The value of the company	39	.44	83.67	20.8999	26.77106
Leverage	39	-13.00	106.50	18.6387	31.20864

In Table 2., it can be obtained information on the number of research samples as much as 39. The distribution for the profitability variable with the lowest value is 10.92, namely PT. Prashida Aneka Niaga, Tbk in 2018 while the highest score was 97.50, namely PT. Delta Djakarta, Tbk in 2019. The average profitability research data is 16.6996 with a data deviation value of 24.58409. The distribution for the capital structure variable with the lowest value is 6.32, namely PT. Sariguna Primatirta, Tbk. in 2019 while the highest value was 33.23, namely PT. Tri Banyan Tirta, Tbk in 2019. The average capital structure research data is 18.8746 with a data deviation value of 7.2080. The distribution for the investment decision variable with the lowest value is 0.10, namely PT. Diamond Food Indonesia, Tbk in 2017 while the highest score was 12.14, namely PT. Garudafood Putra Putri Jaya, Tbk in 2019. The average investment decision research data is 2.3343 with a data deviation value of 2.357. The distribution for the variable Firm Value, the lowest value is 0.44, namely PT. Sariguna Primatirta, Tbk in 2019 while the highest score was 83.67, namely PT. Wilmar Cahaya Indonesia, Tbk in 2018. The average company value research data is 20.89 with a data deviation value of 26,771. The distribution for the lowest value leverage variable is -13.00, namely PT. Wahana Interfood Nusantara, Tbk in 2018 while the highest score was 106.50, namely PT. Garudafood Putra Putri Jaya, Tbk in 2019. The average company value research data is 18.63 with a data deviation value of 31.20.

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## Classic Assumption Test Results

Normality test using Kolmogorov-Smirnov. The normality test is said to be fulfilled if the significance value of the calculation results is greater than alpha (5%). By using SPSS, the results of the normality test are presented in Table 3. The results of the normality test show that the significance of the Kolmogorov-Smirnov one-sample test is more than 0.05, so it can be concluded that the normality test can be met.

**Table 3. Normality Test Results**

Relationship Variables	Between	Asymp. Sig. (2-tailed)	Information
X1, X2, X3, Z → Y		0.125	Normal Distributed
X1, X2, X3 → Z		0.440	Normal Distributed

If there is a fairly high correlation between the independent variables (generally above 0.90 or 90%), it can be said that multicollinearity is detected. If the tolerance value is > 0.10 and the VIF (variance inflation factor) value 10, it is said to be free of multicollinearity. The results of the multicollinearity test are presented in Table 4.

**Table 4. Multicollinearity Test Results**

Model	Variable	Tolerance	VIF	Information
X1,X2, X3, Z → Y	Profitability (X1)	0.352	2.843	Multicollinearity Free
	Capital Structure (X2)	0.830	1.206	Multicollinearity Free
	Investation decision (X3)	0.980	1.020	Multicollinearity Free
	Leverage (Z)	0.319	3.138	Multicollinearity Free
X1, X2, X3 → Z	Profitability (X1)	0.936	1.068	Multicollinearity Free
	Capital Structure (X2)	0.933	1.071	Multicollinearity Free
	Investation decision (X3)	0.990	1.010	Multicollinearity Free

Based on the results presented in Table 4., the variables of profitability, capital structure, investment decisions and company leverage in the first model; and profitability, capital structure, and investment decisions in the second model have a tolerance value of more than 0.10 and a VIF value of less than 10. Thus, it can be concluded that the model has been fulfilled, namely free of multicollinearity.

Heteroscedasticity test was conducted to see whether in a regression model there was an inequality of variance from the residuals of one observation to another. If the variance of the residuals of another observation remains, it is called homoscedasticity and if the variance is different it is called heteroscedasticity. A good regression model is that there is no heteroscedasticity. One of the most accurate ways to detect heteroscedasticity is to use the glejser test. The Glejser test was carried out by regressing the independent variable with the absolute residual value. This test is carried out using the significance value (sig), where the value is less than 0.05 then heteroscedasticity occurs and if the value is more than 0.05 then there is no heteroscedasticity (homocedasticity). The results of the heteroscedasticity test are presented in Table 5.

**Table 5. Heteroscedasticity Test Results**

Model	Variable	Sig.	Information
X1, X2, X3, Z → Y	Profitability (X1)	0.092	Homoscedasticity
	Capital Structure (X2)	0.819	Homoscedasticity
	Investation decision (X3)	0.579	Homoscedasticity
	Leverage (Z)	0.317	Homoscedasticity
X1, X2, X3 → Z	Profitability (X1)	0.556	Homoscedasticity
	Capital Structure (X2)	0.142	Homoscedasticity
	Investation decision (X3)	0.626	Homoscedasticity

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Based on the calculation results in Table 5., the variables of profitability, capital structure, investment decisions and company leverage in the first model; and profitability, capital structure, and investment decisions in the second model have a sig value on the glejser test of more than 0.05. Thus, it can be concluded that the model has been fulfilled, namely there is no heteroscedasticity (homocedasticity).

This autocorrelation test aims to test whether in the linear regression model there is a correlation between user errors in period t and errors in period t1 (previous). The method that is often used is the Durbin-Watson test (dw test), provided that when dw lies between dU and (4-Du) then the value shows no autocorrelation. The value of dU can be seen in the Durbin-Watson table. The results of the autocorrelation test are presented in Table 6.

**Table 6. Autocorrelation Test Results**

Model	Durbin-Watson	dU	4-dU	Information
X1, X2, X3, Z → Y	2.178	1.7215	2.2785	No autocorrelation
X1, X2, X3 → Z	1.712	1.6575	2.3425	No autocorrelation

Based on the results of the calculations in Table 6., in the first model the Durbin-Watson value of 2.178 is between the limits of 1.7215 (dU) and 2.2785 (4-dU). While in the second model the Durbin-Watson value of 1.712 is between the limits of 1.6575 (dU) and 2.3425 (4-dU). Thus, it can be concluded that the model has been fulfilled, that is, there is no autocorrelation.

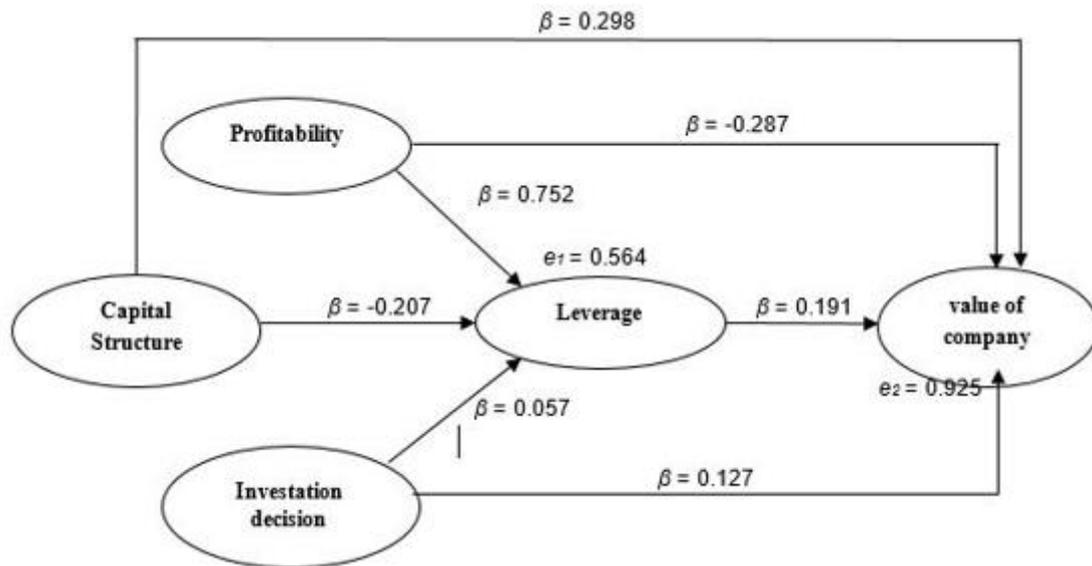
### Path Analysis Test Results

Based on the results of testing the effect of profitability, model structure, investment decisions on firm value with firm leverage as an intervening presented in Table 7 and Figure 1.

**Table 7. Regression Path Analysis Test Results**

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
1 (Constant)	-1.205	14.356		-.084	.934
Profitability	-.312	.291	-.287	-1.071	.291
Capital Structure	1.107	.647	.298	1.712	.096
Investation decision	1.437	1.819	.127	.790	.435
Leverage	.164	.241	.191	.681	.501
R Square	= 0.145		F Hitung	= 11.440	
Adj R Square	= 0.044		Sig. F	= 0.042	
2 (Constant)	17.822	9.608		1.855	.072
Profitability	.955	.125	.752	7.627	.000
Capital Structure	-.895	.428	-.207	-2.094	.044
Investation decision	.760	1.269	.057	.599	.553
R Square	= 0.681		F Hitung	= 24.944	
Adj R Square	= 0.654		Sig. F	= 0.000	

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**Figure 1. Model Test Results**

**Coefficient of Determination Results Total**

The coefficient of total determination shows how much the dependent variable can be explained by the independent variables in the research model. Based on statistical calculations, it shows that 72.7% of the information contained can be explained by the model, and the remaining 37.3% is explained by other variables outside the model.

**Statistical Results for Hypothesis Testing**

Hypothesis testing was conducted to determine the effect between variables in this study. The results of the path analysis test were carried out using SPSS. The criterion of significance value uses a significance number (p-value) < 0.05 and (p-value) > 0.05. If (p-value) < 0.05 then the relationship between variables in the path analysis is said to have a significant effect. If the significance value of p-value > 0.05 then the relationship between variables in the path analysis is said to be insignificant. The results of hypothesis testing are presented in Table 8.

Based on the results of testing the direct effect presented in Table 8, it can explain the hypothesis of this study, namely as follows: The first hypothesis states that profitability has a significant effect on firm value. The results of the path analysis show that the path coefficient (beta) is -0.287 with sig. of 0.291 which means sig. this path is more than 0.05. Thus it can be concluded that profitability has no effect on firm value. Therefore, the first hypothesis (H1) can be rejected.

**Table 8. Hypothesis Testing Results**

Relationship Between Variables		Path Coefficient (Beta)	Sig. (p-value)	Information
Profitability	Value of Companies	-0.287	0.291	Not Significant
Capital Structure	Value of Companies	0.298	0.096	Not Significant
Investation decision	Value of Companies	0.127	0.435	Not Significant
Leverage	Value of Companies	0.191	0.501	Not Significant
Profitability	Leverage	0.752	0.000	Significant
Capital Structure	Leverage	-0.207	0.044	Significant
Investation decision	Leverage	0.057	0.553	Not Significant

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The second hypothesis states that capital structure has a significant effect on firm value. The results of the path analysis show that the path coefficient (beta) is 0.298 with sig. of 0.096 which means sig. this path is more than 0.05. Thus it can be concluded that the capital structure has no effect on firm value. Therefore, the second hypothesis (H2) can be rejected.

The third hypothesis states that investment decisions have a significant effect on firm value. The results of the path analysis show that the path coefficient (beta) is 0.127 with sig. of 0.435 which means sig. this path is more than 0.05. Thus it can be concluded that investment decisions have no effect on firm value. Therefore, the third hypothesis (H3) can be rejected.

The fourth hypothesis states that firm leverage has a significant effect on firm value. The results of the path analysis show that the path coefficient (beta) is 0.191 with sig. of 0.501 which means sig. this path is more than 0.05. Thus, the company's leverage has no effect on the value of the company. Therefore, the fourth hypothesis (H4) can be rejected.

The fifth hypothesis states that profitability has a significant effect on company leverage. The results of the path analysis show that the path coefficient (beta) is positive, which is 0.752 with sig. of 0.000 which means sig. this path is less than 0.05. Thus it can be concluded that profitability has a positive and significant effect on company leverage. Therefore the fifth hypothesis (H5) can be accepted.

The sixth hypothesis states that the capital structure has a significant effect on the company's leverage. The results of the path analysis show that the path coefficient (beta) is negative, which is -0.207 with sig. of 0.044 which means sig. this path is less than 0.05. Thus it can be concluded that the capital structure has a negative and significant effect on the company's leverage. Therefore the sixth hypothesis (H6) is acceptable but negative.

The seventh hypothesis states that investment decisions have a significant effect on company leverage. The results of the path analysis show that the path coefficient (beta) is 0.057 with sig. of 0.553 which means sig. this path is more than 0.05. Thus it can be concluded that investment decisions have no effect on the company's leverage. Therefore, the seventh hypothesis (H7) can be rejected.

### **DISCUSSION OF RESEARCH RESULTS**

#### **The Effect of Profitability on Firm Value**

The results of the path analysis show that the path coefficient (beta) is -0.287 with sig. of 0.291 which means sig. this path is more than 0.05. Thus it can be concluded that profitability has no effect on firm value. In contrast to the results of research (Surmadewi & Saputra, 2019), (Kurniasari, 2015), (Qomariah, 2015), (Halim et al., 2016), (Prasetyorini, 2013), (Astakoni & Wardita, 2020) stated that profitability has a significant positive effect on firm value. In some theories, profitability is positively related to firm value. The higher the profitability, the higher the firm value and vice versa, the lower the profitability, the lower the firm value. The better the company in paying returns to shareholders will increase the value of the company. But in this study it is contrary to the theory because the profits obtained by the company are unstable from year to year and tend to fluctuate so that investors are not sure of the results that the company will get in the future. (Manoppo & Arie, 2016) is in line with this study which says that profitability has no effect on firm value.

#### **Effect of Capital Structure on Firm Value**

The results of the path analysis show that the path coefficient (beta) is 0.298 with a significance level of 0.096, which means the path significance level is more than 0.05. Thus it can be concluded that the capital structure has no effect on firm value. This means that if the capital structure is dominated by the use of debt or from profit, it does not affect the ups and downs of the firm's value. Investors do not consider the origin of the capital structure to look to invest in the company. This research is supported by (M. Pasaribu et al., 2016) which states that DER has a negative and significant effect on firm value. Research that is not in line with the results of this study is that conducted by (Abidin et al., 2014), (Mudjijah et al., 2019), (Mas'ud, 2008), (Hamidy et al., 2015), (Manoppo & Arie, 2016), (Rai Prastuti & Merta Sudiarta, 2016), (Trang et al., 2015), (Sumarauw et al., 2015), (P. Y. S. Dewi et al., 2014), (I. R. Dewi et al., 2014) which states that the capital structure variable has an impact on firm value.

#### **The Effect of Investment Decisions on Firm Value**

The results of the path analysis show that the path coefficient (beta) is 0.127 with a significance level of 0.435, which means the path significance level is more than 0.05. Thus it can be concluded that investment decisions have no effect on firm value. This means that the more an investor decides to invest in a company does not affect the value of the company. In contrast to previous research conducted by (Ramadhitya & Dillak, 2018), (Rakhimsyah & Gunawan, 2011), (Tanaya & Wiyanto, 2022), (Ilhamsyah & Soekotjo, 2017), (Sartini & Purbawangsa, 2014), (K. Dewi & Sulistiyo, 2020), (Pamungkas & Puspaningsih, 2013), (Efendi & Idayati, 2020) which state that investment decisions have an impact on firm value.

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### **The Effect of Leverage on Company Value**

The results of the path analysis show that the path coefficient (beta) is 0.191 with a significance level of 0.501, which means the path significance level is more than 0.05. Thus, the company's leverage has no effect on the value of the company. This means that the high composition of FnB sector company debt in 2017-2019 adds to the company's capital. With the increase in capital, investors will need more information about the company's management utilizing total debt and total equity as company capital to improve performance. So that the leverage ratio is not too considered by investors or the company's external parties because investors are more concerned about the use of debt as company capital in making decisions and making investments. This research is not in line with research (Ramadhitya & Dillak, 2018), (K. Dewi & Sulistiyo, 2020), (Prasetyorini, 2013), (Efendi & Idayati, 2020), (Astakoni & Wardita, 2020) which states that leverage has an effect on to the value of the company.

### **The Effect of Profitability on Company Value With Leverage as an Intervening Variable**

The results of the path analysis show that the path coefficient (beta) is positive, namely 0.752 with a significant level of 0.000, which means that the path significance level is less than 0.05. Thus it can be concluded that profitability has a positive and significant effect on company leverage. This means that the financial performance of the company is related to the use of assets and capital and management decisions in determining the company's debt policy can affect the value of the company. The better the company's financial performance through a good debt policy can also increase the value of the company.

### **Effect of Capital Structure on Firm Value with Leverage as an Intervening Variable**

The results of the path analysis show that the path coefficient (beta) is negative, which is -0.207 with a significant level of 0.044, which means the path's significant level is less than 0.05. Thus it can be concluded that the capital structure mediated by leverage has a negative and significant effect on firm value. This means that the acquisition of capital and its utilization is greater than debt and with a high debt policy, it will reduce the value of the company. Investors tend to want capital gains from the company's financial performance earnings rather than profits generated from debt because they also pay attention to the company's ability to settle debts.

### **The Effect of Investment Decisions on Firm Value With Leverage as an Intervening Variable**

The results of the path analysis show that the path coefficient (beta) is 0.057 with a significant level of 0.553, which means the path's significant level is more than 0.05. Thus it can be concluded that investment decisions have no effect on the company's leverage. This means that the number of investors to decide to invest by paying attention to the debt policy carried out by the company does not cause the value of the company to increase or decrease.

## **CONCLUSIONS AND RECOMMENDATIONS**

Based on the analysis and discussion above, this study can conclude several things, namely: 1) Profitability has no effect on Company Value (In the FnB Sector Listed on the Indonesia Stock Exchange in 2016-2019), because the profits obtained by companies whose value is unstable from year to year and tends to fluctuate so that investors are not sure of the results that the company will get in the future. So the profitability ratio does not affect investors to invest; 2) Capital Structure has no effect on Company Value (In the FnB Sector Listed on the Indonesia Stock Exchange in 2016-2019), because the profits obtained by the company are unstable from year to year and tend to fluctuate so investors are not sure of the results that the company will get in the future; 3) Investment decisions do not affect the value of the company (In the FnB Sector Listed on the Indonesia Stock Exchange in 2016-2019), it means that the more an investor decides to invest in a company does not affect the value of the company; 4) Leverage has a significant effect on Company Value (In the FnB Sector Listed on the Indonesia Stock Exchange 2016-2019). This means that the leverage ratio is not too considered by investors or external parties of the company because investors are more concerned about the use of debt as company capital in making decisions and making investments; 5) Profitability mediated by leverage as an intervening variable has a significant positive effect on Firm Value (In the FnB Sector Listed on the Indonesia Stock Exchange 2016-2019). This means that the financial performance of the company is related to the use of assets and capital and management decisions in determining the company's debt policy can affect the value of the company. the better the company's financial performance through a good debt policy can also increase the value of the company; 6) Capital structure mediated by leverage as an intervening variable has a significant negative effect on Firm Value (In the FnB Sector Listed on the Indonesia Stock Exchange 2016-2019). This means that the acquisition of capital and its utilization is greater than debt and with a high debt policy, it will reduce the value of the company. investors tend to want capital gains from earnings from the company's financial performance rather than profits from debt because they also pay attention to the company's ability to settle debts; 7) Investment decisions mediated by leverage as an intervening variable have no effect on Company Value (In the FnB Sector Listed

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on the Indonesia Stock Exchange 2016-2019). This means that the number of investors to decide to invest by paying attention to the debt policy carried out by the company does not cause the value of the company to increase or decrease.

Based on the conclusions of the research that have been described, the suggestions from this study for further research are better, namely that the object of research is expanded. For investors, it is advisable to consider all aspects in making a decision to invest. Related companies are advised to increase the value of the company by increasing the company's financial performance significantly and stable so that investors always look to invest.

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