

# The Effect Of Company Strategies On The Value Of Manufacturing Companies Listed On The Indonesia Stock Exchange In 2018 – 2021

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## Abstract

The problem faced by companies is the use of debt that has been planned not according to plan, in fact many companies actually use debt excessively. The purpose of this research is to find out whether debt policy affects company value. This research was conducted at manufacturing sector companies listed on the Indonesia Stock Exchange in 2018–2021 with a population of 195 companies, the sample used was 75 companies for four years. Thus, the number of samples used in this study was 300. The variable firm value is proxied by (PBV) while the independent variables in this study are debt policy which is proxied (DER and DER2), investment decisions (KI), profitability (ROE), institutional ownership (INST) and economic conditions (KE). The data analysis method used multiple linear regression with SPSS version 26 software. The results showed that the debt policy variable (DER) had a positive and not significant effect on firm value (PBV), and the non-linear effect of debt policy (DER2) had a positive and not significant effect to firm value (PBV). The investment decision variable (IC) has a positive and significant effect on firm value (PBV). The profitability variable (ROE) has a positive and significant effect on firm value (PBV). The institutional ownership variable (INST) has a positive and insignificant effect on firm value (PBV), and the economic condition variable (KE) has a non positive and insignificant effect on firm value (PBV).

*Keywords:* Debt policy; investment decision; profitability; institutional ownership; economic condition; company value.

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## 1. Introduction

As a business company, the company has short term and long term goals. The short-term goal is to gain profits in order to enrich the owner's assets, while the long-term goal is to develop corporate value so that it can compete and survive in the midst of intense competition. Firm value is also a market indicator for assessing the overall condition of the company (Irawati & Hardiastuti, 2016). Therefore, companies need to analyze aspects that can increase company value. Increasing company value is the same as building market trust, which can help companies grow.

One of the factors that affect the value of the company is the company's debt policy. Debt policy refers to a company's decision about using debt as a source of funding. Management of the use of debt must be in accordance with the plan so that it does not have a sensitive impact on fluctuations in company value (Pertiwi et al., 2016b). Determining the composition of the company's debt which is higher at a certain level can increase the company's value, but if the debt level exceeds the determination of the proportion of debt by the company, then the company's value will decrease.

The company's capital structure describes the comparison between the amount of debt and equity capital used by the company as a source of financing. Managers must make funding decisions carefully in determining the capital structure because it can affect the value of the company. Low company value can be a more underestimated or pessimistic market response to the company's performance in obtaining profits. On the other hand, high company value can help companies to obtain the convenience and benefits of funding from external parties in financing business development and investment projects (Ibnu & Mujiyati, 2022).

In this research, we will examine the relationship between corporate debt policy and company value on the Indonesia

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Stock Exchange. The purpose of this study was to determine the effect of a company's debt policy on firm value and to provide recommendations to companies regarding decision-making related to debt policy to increase firm value. This study aims to identify optimal debt policy management strategies to increase firm value. This study will also carry out a comparative analysis between the debt policy management strategies carried out by companies before and after the implementation of the proposed strategy. Therefore,

In analyzing the influence of company strategies on the value of manufacturing companies listed on the Indonesia Stock Exchange in 2018-2021, the problem of non-linear debt can be a factor affecting company value. The following are some that have been experienced by companies and their cases related to non-linear debt problems, namely as follows:

a) PT Semen Indonesia Tbk

In 2019, PT Semen Indonesia Tbk decided to take out a loan of IDR 10 trillion to expand its business and increase its production capacity. However, in 2020, there was a decrease in demand for cement due to the COVID-19-19 pandemic which made the company's financial performance decline. This caused the company's debt ratio to rise sharply from 0.65 in 2019 to 1.31 at the end of 2020. This significant increase in the debt ratio can have a negative impact on company value and send an unfavorable signal to investors.

b) PT Garuda Indonesia (Persero) Tbk

PT Garuda Indonesia (Persero) Tbk has a fairly complex debt problem. In 2018, the company's debt ratio was 10.1 times its equity, which means the company has more debt than it has equity. In an effort to reduce debt, the company carried out a debt restructuring in 2019 and succeeded in reducing the debt ratio to 5.5 times the equity. However, amid the COVID-19-19 pandemic in 2020, the company experienced a decline in revenue again and had to take out new loans to obtain liquidity. This condition made the debt ratio increase again and reached 6.8 times the equity at the end of 2020. With debt conditions that are unstable and tend to increase non-linearly, Garuda Indonesia's corporate value is also significantly affected.

c) PT Indofood CBP Sukses Makmur Tbk

PT Indofood CBP Sukses Makmur Tbk is a company listed on the Indonesia Stock Exchange and has a fairly healthy debt ratio. At the end of 2020, the company's debt ratio was only 0.53 times that of equity, indicating that the company has sufficient capital to overcome debt. However, in 2021, the company will be affected by rising raw material prices, thereby affecting the company's financial performance. To overcome the situation, the company took out a new loan at a higher interest rate than the previous loan. Even though the debt ratio does not increase significantly, the increase in interest expense that must be borne by the company can affect the company's value non-linearly

Based on the cases above, it appears that the debt problems of manufacturing companies on the Indonesia Stock Exchange have a significant impact on company value. Debt conditions that are unstable and tend to increase non-linearly can cause uncertainty for investors and have an impact on the company's financial performance. Therefore, researchers are interested in analyzing the effect of company strategies on the value of manufacturing companies listed on the Indonesia Stock Exchange in the 2018-2021 period. By analyzing the company's strategy, it is hoped that effective ways of managing debt can be found so as to increase the value of the company and give confidence to investors.

For this reason, companies need to pay close attention to their debt policies in order to produce optimal company value. However, making a decision on debt policy is not easy, because it involves several interrelated factors, such as risk, interest rates and market conditions. Therefore, an appropriate strategy is needed in managing the company's debt policy in order to achieve the desired corporate value objectives.

## 2. Methods

This research is a type of quantitative research using descriptive statistics. The aim is to provide a systematic, accurate and factual description of the facts, nature and correlations between research phenomena. The quantitative method is carried out by testing hypotheses which aim to find empirical results regarding the effect of debt policy, investment decisions, profitability, institutional ownership structure, and economic conditions on the value of companies listed on the IDX in 2018-2021.

The population studied is a public company in the manufacturing sector that lists its shares on the IDX, while the sample is part of the population determined for the research object. In selecting the sample, a purposive sampling technique was used which aims to limit the selection of the sample on the basis of the criteria the author wishes to use.

The criteria for the manufacturing companies that became the sample were determined based on the inability to submit financial reports sequentially from 2018-2021, experienced losses between 2018-2021, and did not have an institutional ownership structure. With these criteria, the number of samples used is 75 companies multiplied by the year of study, which is 300 samples.

The data used in this research is secondary data obtained from manufacturing sector companies listed on the IDX in 2018-2021. The purpose of this study is to examine whether debt policy, investment decisions, profitability, institutional ownership structure, and economic conditions affect firm value. Therefore, the data analysis technique used is multiple linear regression using SPSS 26 software.

Tests in this study started with descriptive statistical tests to provide an overview of each variable in the study through the population or sample data obtained. A different test is used to test whether there are differences in company performance, using debt policy variables, investment decisions, profitability, institutional ownership, and company value between the years before the COVID-19 pandemic and the COVID-19 pandemic years. Testing will be carried out using an independent sample T-test.

Next, a classical assumption test was performed consisting of a normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. Multiple linear regression analysis tests were carried out to show the effect of independent variables, namely debt policy, investment decisions, profitability, and institutional ownership on firm value as the dependent variable. To explain the nonlinear effects of using debt, research. To explain the nonlinear effect of using debt, this study uses the DER2 variable to examine the impact of nonlinear debt used on firm value, so the regression equation is:

$$PBV = a + b1 DER + b2 DER2 + b3 KI + b4 ROE + b5 INST + b6 KE + e$$

With:

PBV	: Enterprise Value
a	: Constant
b1, b2, b3, b4, b5, b6	: Regression coefficients of the independent variables
DER	: Debt Policy
DER2	: Non-Linear Effects of Debt Policy
KI	: Investment Decisions
ROE	: Profitability
INST	: Institutional Ownership
KE	: Economic Conditions
e	: Standard Error

And finally, there is a hypothesis test whose aim is to prove the effect of the independent variable on the dependent variable partially assuming the other variables are constant. Testing the research hypothesis using SPSS software.

### 3. Result and Discussions

#### 3.1. Results

This chapter contains the results of descriptive statistics, testing the Independent Sample T test, testing the classical assumptions and multiple linear regression analysis which will be intended to provide answers to the problems of this study. This method is used to determine the effect of debt policy, investment decisions, profitability, institutional ownership and economic conditions on the value of manufacturing companies listed on the IDX in 2018 – 2021.

##### 3.1.1. Descriptive Statistics

Descriptive statistics are data analysis that is carried out by describing the object of research through sample or population data that has been collected at the beginning which does not intend to make a general conclusion.

From the table 1, it can be seen that in 2018–2021, the mean value for the Firm Value variable (PBV) is above 1 or 100%, this indicates the stock market value exceeds the company's book value or it can also be said that the price book value is higher, thus the market will put more trust in the company's prospects, even though the average PBV value has decreased in the year of research but the PBV value is still above 1, this proves that the company is still in a fairly good condition.

In accordance with the table data above, it can be seen that during the observation period 2018–2021, the mean (average) value for the debt policy variable (DER) is below 1 or 100%, this indicates that the company's condition is in fairly good condition, in addition, DER tends to experience an average decrease over the the research period except for 2021 which has experienced a slight increase and shows that the selected sample shows fairly good and controlled capital structure management, this indicates prudence in financial management and shows the company's situation is in good condition.

In accordance with the data above, it can be seen that in 2018–2021, the mean value for the investment decision variable (IC) is around 30%, this indicates that investment activities are continuing to be carried out by the company, this condition indicates the company wants to increase its production capacity and shows that the selected sample shows a decision a fairly good and targeted investment, this indicates the company's desire to increase its production capacity in the future and shows the company's condition is in good condition.

**Table 1** Descriptive Statistical Test Results for 2018 – 2021

Variable	Years	Minimum	Maximum	Means	std. Deviation
PBV (Times)	2018	0.210	45,710	3.126	6,204
	2019	0.190	60,670	3.101	7,623
	2020	0.140	56,790	2,880	6,720
	2021	0.120	36,280	2,503	4,538
DER (Times)	2018	0.102	5,443	0.948	0.861
	2019	0.071	4,772	0.881	0.744
	2020	0.003	3,343	0.854	0.661
	2021	0.004	3,825	0.876	0.742
IC (%)	2018	0.017	0.775	0.379	0.181
	2019	0.001	0.749	0.388	0.196
	2020	0.001	0.781	0.382	0.204
	2021	0.001	0.762	0.369	0.197
ROE (%)	2018	0.000	2,245	0.180	0.302
	2019	0.001	1,400	0.144	0.198
	2020	0.001	1,451	0.118	0.174
INST (%)	2018	0.022	0.995	0.699	0.195
	2019	0.022	0.997	0.701	0.198
	2020	0.022	0.997	0.704	0.200
	2021	0.021	0.997	0.707	0.199

From the table data 1, it can be seen that in 2018–2021, the mean (average) value for the Profitability variable (ROE) is above 0 or 0%, this indicates that the company's condition is in fairly good condition, in addition, ROE tends to experience an average decrease during the study period except in 2021 which has experienced a slight increase and shows that the selected sample shows quite effective company performance, this indicates the company's success in managing business activities and investment activities that have been carried out efficiently to earn profits.

From the table above it can be seen that in 2018–2021, the mean (average) value for the Institutional Ownership (INST) variable was above 60%, this means that most of the companies in the research sample are owned by institutions, besides that institutional ownership always experiences an average increase over the period research and shows that companies increasingly believe in the presence of large institutional ownership, the supervision and control of the company will be better in order to achieve company goals.

### 3.1.2. Different Test Results

Descriptive statistical testing with different tests is used to prove whether there is a difference in the mean value of the group before COVID-19 and the year after COVID-19 on the selected variables.

From table 2, it can be seen that there is no significant difference in all the selected variables between the groups before

and after COVID-19. From the test results above, it can be seen that there are several reasons for the absence of a significant difference between the years before and after COVID-19, including:

**Table 2** Selected Variable Difference Test

Variable	Group	Mean	Sig. (2-tailed)	Sig.	Conclusion
DER	Before COVID-19	0.915	0.569	0.2845	Not significant
DER	After COVID-19	0.865			
KI	Before COVID-19	0.384	0.705	0.3525	Not significant
KI	After COVID-19	0.375			
ROE	Before COVID-19	0.162	0.211	0.1055	Not significant
ROE	After COVID-19	0.130			
INST	Before COVID-19	0.670	0.807	0.4035	Not significant
INST	After COVID-19	0.705			
PBV	Before COVID-19	3.114	0.565	0.2825	Not significant
PBV	After COVID-19	2.691			

Debt policy is one of the policies of the company in financing and carrying out the company's operational activities obtained from external funding sources (external). The DER value after COVID-19 < DER before COVID-19, although not significant. These results indicate that financing originating from debt is one of the sources of financing in carrying out company activities. Although debt is often considered bad, if managed properly, it can provide benefits. This is because it can be used as a source of financing in covering the deficit due to the COVID-19-19 pandemic. Debt is the right alternative to help the government get out of financial difficulties.

The company continues to increase the value of investment decisions (IC) before and after COVID-19 in order to maintain and increase the company's production activities. KI value after COVID-19 < before COVID-19, although not significant. This smaller value is affected by the allocation of funds owned by the company, many companies allocate funds for direct operational needs and produce goods which are the main needs during a pandemic. Even though the COVID-19 conditions pose various obstacles for companies, investment in assets still needs to be carried out by company management in order to maintain the company's survival but still taking into account the company's financial condition.

Profitability Value (ROE) after COVID-19 < before COVID-19, although not significant. This is due to manufacturing companies being hampered in producing and distributing their products due to the declining economic conditions of the community and the existence of government policies related to the COVID-19 pandemic and due to the weak strategy adopted by companies in determining sales targets during the COVID-19-19 pandemic so that the profits generated are not satisfactory.

Descriptive Statistics Value of institutional ownership after COVID-19 < before COVID-19, although not significant. The increase in institutional ownership indicates that companies are increasingly convinced that high institutional ownership can increase oversight of company management so that they always use strategies and make the right decisions in every policy making. In a pandemic like today, supervision and control need to be strengthened so that policies or strategies issued are more effective. Wrong policies tend to make companies towards bankruptcy. In addition, with large institutional ownership, it is hoped that the value of the company will increase.

Firm value after COVID-19 < before COVID-19, although not significant. This condition is caused by movements in the capital market which tend to be negative so that it will have an impact on the results of measuring company value. The value of the company is also determined according to financial performance, when the stock price and financial performance of the company are declining, this is in line with the decline in the value of the company. So optimizing the value of the company really needs to be done for the welfare of shareholders. Even though in the conditions before and after COVID-19, the company should have continued to run the business and made mature strategies in carrying out its business activities. The risk factors that can arise also the company must pay attention to in order to realize optimal company value.

### 3.1.3. Classic Assumption Test

From the classical assumption test, the following results were obtained, the normality test was carried out by testing *Kolmogorov-Smirnov* (KS) results obtained a significance value of 0.000 which means  $< 0.05$ , this indicates that the data is not normally distributed. From the multicollinearity test, the tolerance value for all independent variables shows a value of  $> 0.1$  and the VIF value for all independent variables shows a result of  $< 10$ , so it can be seen if in the regression model there are no symptoms of multicollinearity among the independent variables. From the heteroscedasticity test tested with the scatter plot graph, it shows that the points are spread up and down zero on the Y axis and do not resemble a clear pattern. So it is concluded that if the regression model has no symptoms of heteroscedasticity or it can be said to be homoscedasticity. heteroscedasticity while the ROE variable showed results below 0.05 so that the conclusion was that there were symptoms of heteroscedasticity. And from the autocorrelation test, the results are obtained if the DW value is 1.978, which means  $dU < DW < 4-dU$  ( $1.8446 < 1.978 < 2.1554$ ) so it can be concluded that there are no autocorrelation symptoms.

### 3.1.4. Results Multiple Linear Regression Analysis and Hypothesis

After the classical assumption test is carried out, then it will carry out a multiple linear regression analysis whose purpose is to determine the effect of the independent variables (DER, DER2, KI, ROE, INST, KE) on the dependent variable (PBV).

**Table 3** Multiple Linear Regression Analysis

Variable	B	Maximum	t	Sig.
(constant)	-2.747		-2.571	0.011
DER	0.328	0.039	0.437	0.663
DER2	0.169	0.077	0.860	0.391
KI	5.448	0.167	4.415	0.000
ROE	21.619	0.745	19.914	0.000
INST	0.128	0.004	0.108	0.914
KE	-0.364	-0.029	-0.788	0.432
$F_{hitung}$		77.363		
Sig. F.		0.000		
R Square		0.613		
Adjusted R Square		0.605		

Debt to equity ratio is a ratio that tests the level of debt that can be covered with its own capital, the company increases the use of debt if the benefits of using debt are higher than the interest costs that must be paid, but if the benefits of using debt are lower than the benefits that will be obtained by the company to minimize the amount owed. In accordance with the results of the analysis, it shows that DER positively influences firm value, so that if DER increases, firm value will also increase, and vice versa. The results of this study can be used by companies to optimally use debt as corporate funding. Where the optimal use of debt can increase the value of the company up to a certain point when the tax savings reach the maximum amount. The non-linear effect of debt policy (DER2) on firm value (PBV) from the analysis shows that DER2 has a positive effect. This is evident from the results of the descriptive analysis which shows that the DER value  $< 1$  means that the company is still in a very good condition in using debt for company activities. Under these conditions, the company has good solvency, able to repay its debts/obligations in the short term or long term. Judging from the company's performance, it is also still in pretty good condition because it is able to continue to generate profits even though it is in a COVID-19 situation. This shows that there is no financial pressure (financial distress) that causes the company's value to fall. The DER2 value has a positive coefficient value meaning it is in the left situation (DER is in the low category). The results of this study indicate that manufacturing companies tend to use debt in their capital. If the debt increases, the financial distress will also be higher. However, companies in the manufacturing sector are able to cover bankruptcy risk because the cost of debt is low. Apart from that, it can be assumed that this is due to the influence of the increasingly recovering economic conditions, so the use of debt can provide benefits in increasing the value of the company. The DER2 value has a positive coefficient value meaning it is in the left situation (DER is in the low category). The results of this study indicate that manufacturing companies tend to use debt in their capital. If the debt increases, the financial distress will also be higher. However, companies in the manufacturing sector are able to cover bankruptcy risk because the cost of debt is low. Apart from that, it can be assumed that this is due to the influence of the increasingly recovering economic conditions, so the use of debt can provide benefits in increasing the value of the company. The DER2 value has a positive coefficient value meaning it is in the left situation (DER is in the low

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Investment decisions relate to the placement of funds owned by the company in existing fixed assets. Investment in the form of maintenance or addition of fixed assets will open up opportunities for companies to increase production or obtain opportunities to earn large profits in the future. In accordance with the results of the analysis, it shows that investment decisions positively affect firm value, which means that if investment decisions increase, the firm value will increase, and vice versa. If the company makes the right investment decisions on fixed assets, the company will get maximum performance, so it will give a positive signal to investors which will increase the stock price and company value. Companies that are able to maximize investment activities can also generate maximum profits. Data analysis shows that amid a pandemic, companies are still making investments. Investment decisions made by adding fixed assets or updating obsolete fixed assets are carried out as one of management's policies to maintain and increase production capacity so that the company is able to add value to the company.

Return on Equity illustrates the company's ability to obtain profit after tax through the use of the company's own capital. In general, if the company generates high profitability, the interest of investors to purchase shares will increase and the stock market price will increase. In accordance with the results of the analysis, it shows that ROE positively affects firm value, which means that if ROE increases, firm value will increase, and vice versa. So that investors can be interested in investing their capital, management will try to increase the company's profitability. From an increase in profitability, it will have a positive impact on rising stock prices in the capital market, which means that the value of the company is good. From data analysis, it is known if the company is still able to generate profits even though the situation is in a COVID-19 state, this shows that the company has a well-run performance. As in terms of spending efficiency. The company must analyze which ones are urgent to buy and which ones can be postponed, until conditions are much better. In addition, in this condition the leader has a very important role. Leaders who have a creative and visionary spirit will be able to maintain the company in the midst of a pandemic. Creativity is shown through the attitude of being able to take advantage of every opportunity. Then visionary is reflected in one's ability to see far into the future, so as not to continue to dissolve in the downturn of a pandemic. this shows the company has a performance that is run well. As in terms of spending efficiency. The company must analyze which ones are urgent to buy and which ones can be postponed, until conditions are much better. In addition, in this condition the leader has a very important role. Leaders who have a creative and visionary spirit will be able to maintain the company in the midst of a pandemic. Creativity is shown through the attitude of being able to take advantage of every opportunity. Then visionary is reflected in one's ability to see far into the future, so as not to continue to dissolve in the downturn of a pandemic. this shows the company has a performance that is run well. As in terms of spending efficiency. The company must analyze which ones are urgent to buy and which ones can be postponed, until conditions are much better. In addition, in this condition the leader has a very important role. Leaders who have a creative and visionary spirit will be able to maintain the company in the midst of a pandemic. Creativity is shown through the attitude of being able to take advantage of every opportunity. Then visionary is reflected in one's ability to see far into the future, so as not to continue to dissolve in the downturn of a pandemic. In this condition the leader has a very important role. Leaders who have a creative and visionary spirit will be able to maintain the company in the midst of a pandemic. Creativity is shown through the attitude of being able to take advantage of every opportunity. Then visionary is reflected in one's ability to see far into the future, so as not to continue to dissolve in the downturn of a pandemic. In this condition the leader has a very important role. Leaders who have a creative and visionary spirit will be able to maintain the company in the midst of a pandemic. Creativity is shown through the attitude of being able to take advantage of every opportunity. Then visionary is reflected in one's ability to see far into the future, so as not to continue to dissolve in the downturn of a pandemic.

Institutional ownership is the percentage of shares held by institutional investors. Institutional ownership can function as a party that oversees the company. Based on the results of the analysis, it shows that if institutional ownership positively influences firm value, then if institutional ownership increases, firm value will also increase, and vice versa. The greater the institutional ownership, the more efficient use of company assets and it is hoped that this will prevent

waste by management. In addition, the existence of institutional investors to monitor management behavior will be more effective, which will reduce the use of debt, considering that management will be more careful in seeking loans because large debts can cause the company to have difficulty paying (default) and ultimately bankruptcy. From the data analysis it is known that companies always increase their institutional ownership, because they hope to increase supervision within the company. However, in fact, high institutional ownership cannot guarantee that fraud within the company is resolved. In fact, many institutions are passive and do not really want to be involved in managerial decision making. Passive institutions will not be able to provide good supervision and control for the company. In addition there is also individual ownership that can influence management decisions. This can happen if individual ownership has a fairly large value and has good ability to manage the company. So that it has the authority to provide input to the management of the company.

Economic conditions are good conditions, smooth or stagnation of the economy. Based on the results of the analysis, it shows that economic conditions have a negative influence on company value, meaning that manufacturing companies in economic conditions hit by COVID-19 are able to adapt (adaptive) and survive in carrying out their business activities. However, the current economic conditions require companies to have the right policies and strategies in carrying out company activities. This is done so that the company is ready and able to survive in the face of today's uncertain economy. The company's ability to survive in these various economic conditions can affect the company's value. Economic conditions in the midst of the COVID-19-19 pandemic situation had a negative impact on the company. This is because the company is experiencing a high level of inconsistency related to the impact caused by COVID-19-19, both physically and financially. This makes many companies suppress their production activities. The emphasis on production capacity was due to and influenced by a number of factors, including a decline in demand which led to the closure of factories, delays in the delivery time of goods from suppliers which in turn put pressure on the supply chain, causing cash flow constraints which led to the need for additional working capital.

### 3.2. Discussion

#### 3.2.1. Effect of Debt Policy on Company Value

The first hypothesis is related to the effect of debt policy (DER) on firm value (PBV). Hypothesis H1 is that debt policy positively influences firm value. The results of the analysis show that if the debt policy has a positive and insignificant coefficient, so the first hypothesis (H1) is rejected. The results obtained are in line with research Pertiwi et al., (2016); Rachmawati & Suhermin (2017); Sormin (2021) with that result Debt policy has no significant effect on firm value. Management within the company in making policies to carry out funding originating from debt must be very careful. Judging from the results of research that shows that debt policy does not affect the value of the company, which means that if funding comes from debt it cannot increase the value of the company. This shows that if the debt policy implemented by the company is very large, it will result in high interest expenses. In addition to the interest expense, the cost of debt capital will also increase, considering that the lender will charge higher interest as a form of compensation for the high risk of bankruptcy.

The non-linear effect of debt policy (DER2) on firm value (PBV) from the analysis results shows that DER2 has a positive coefficient but not significant to firm value. The positive effect shows that the use of debt for company activities can have a positive effect in the future. Vice versa also applies negative effect shows if the use of debt negatively affects the value of the company in the future. Although it influences positively, DER2 does not affect firm value. So that the results of the discussion of the DER2 variable are also irrelevant to the trade off theory which explains that an increase in debt for company activities will increase the risk of bankruptcy so that it can reduce the value of the company. The purpose of carrying out a debt policy is to increase the company's leverage and company value in the future. But on the other hand, the consequences of increasing the use of debt will cause the company's fixed costs to increase. The increase in the company's fixed costs makes the company's breakeven point longer. Thus causing the company to be longer to generate profits. Finally, in a square manner it will cause the company's value to fall in the future. In the early stages of using debt, the decision will positively affect the value of the company. However, if the use of debt is enlarged or increased, then the use of debt will negatively affect the value of the company. The consequences of increasing the use of debt will cause the company's fixed costs to increase. The increase in the company's fixed costs makes the company's breakeven point longer. Thus causing the company to be longer to generate profits. Finally, in a square manner it will cause the company's value to fall in the future. In the early stages of using debt, the decision will positively affect the value of the company. However, if the use of debt is enlarged or increased, then the use of debt will negatively affect the value of the company. The consequences of increasing the use of debt will cause the company's fixed costs to increase. The increase in the company's fixed costs makes the company's breakeven point longer. Thus causing the

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The effect of debt policy on firm value is that there are several factors that influence the relationship between debt policy and firm value, such as company size, type of industry, and market conditions. For example, larger companies tend to have more options for obtaining funding other than debt, so debt policies may not have a significant impact on firm value. The trade-off theory explains that companies need to find a balance between using debt to gain tax benefits and avoiding higher capital costs, with greater bankruptcy risk and financial costs. In this context, companies must consider factors such as business risk, capital structure, and creditor requirements in determining the optimal level of debt policy. In addition, companies also need to pay attention to liquidity risk in using debt as a source of funding. If the company cannot fulfill its interest and principal payment obligations, then this can have a negative impact on the company's value. Therefore, company management needs to consider the company's ability to pay debts before making decisions regarding debt policy. Finally, there are several other metrics that can be used to measure company value besides Price-to-Book Value (PBV), such as Price-to-Earnings Ratio (PER), Return on Equity (ROE), and so on. Therefore, it is important to evaluate the effect of debt policy on firm value using various relevant metrics. companies also need to pay attention to liquidity risk in using debt as a source of funding. If the company cannot fulfill its interest and principal payment obligations, then this can have a negative impact on the company's value. Therefore, company management needs to consider the company's ability to pay debts before making decisions regarding debt policy. Finally, there are several other metrics that can be used to measure company value besides Price-to-Book Value (PBV), such as Price-to-Earnings Ratio (PER), Return on Equity (ROE), and so on. 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Therefore, it is important to evaluate the effect of debt policy on firm value using various relevant metrics. there are several other metrics that can be used to measure company value besides Price-to-Book Value (PBV), such as Price-to-Earnings Ratio (PER), Return on Equity (ROE), and so on. Therefore, it is important to evaluate the effect of debt policy on firm value using various relevant metrics.

In this case the debt policy has no significant effect on firm value. This is supported by previous research which also showed similar results. Therefore, company management needs to consider carefully before making a decision to use debt financing. The non-linear effect of debt policy is also not significant on firm value. Although there is a positive effect at the beginning of the use of debt, if the use of debt is enlarged or increased, then the use of debt will have a negative effect on the company's value in the future. The consequence of increasing the use of debt is that the company's fixed costs increase, so that the company's break-even point becomes longer and the company takes longer to generate profits. Finally, squared, this can cause the value of the company to fall in the future. In this case, the company's management needs to make careful decisions in carrying out debt policies, taking into account the bankruptcy risk factors and the company's fixed costs which will increase along with the use of debt. An appropriate and wise debt policy can help increase company leverage and company value in the future, but keep in mind that uncontrolled use of debt can have a negative impact on company value. taking into account the bankruptcy risk factors and the company's fixed costs which will increase along with the use of debt. An appropriate and wise debt policy can help increase

company leverage and company value in the future, but keep in mind that uncontrolled use of debt can have a negative impact on company value. taking into account the bankruptcy risk factors and the company's fixed costs which will increase along with the use of debt. An appropriate and wise debt policy can help increase company leverage and company value in the future, but keep in mind that uncontrolled use of debt can have a negative impact on company value

### 3.2.2. *The Influence of Investment Decisions on Firm Value.*

The second hypothesis is related to the effect of investment decisions (IC) on firm value (PBV). Hypothesis H2 is that investment decisions positively influence firm value. The results of the analysis show that if the investment decision has a positive and significant coefficient on firm value, so that the second hypothesis (H2) is not rejected. The results obtained are relevant to the research conducted Gultom et al., (2013); Herawati (2012); Rachmawati & Suhermin (2017) with the result if the investment decision has a positive and significant effect on firm value. Investment decisions that affect the value of the company show if the company can optimize the investment activities carried out, so the profits generated are in accordance with what investors want. So that the greater the investment decision will significantly affect the increase in firm value. This investment decision is one of the strategic activities that must be carried out by company management to achieve long-term goals. The right investment decision can increase company value (PBV) and provide a positive signal to investors. The results of the analysis show that investment decisions have a positive and significant influence on firm value. Therefore, companies need to continue to make investment decisions to maintain and increase production capacity which can increase the company's profitability.

The company definitely has a long-term business and to make that happen, the right plan must be implemented, with investment being one of the ways. The purpose of company management in investing in fixed assets, of course, has a basis in order to maintain and increase production capacity which can increase company profits and will ultimately increase the value of the company. Investment decisions on fixed assets must continue to be made by the company's management because there tends to be a depreciation of fixed assets, especially in equipment and machinery that needs to be anticipated so that production capacity is maintained and in the long term will be able to increase profitability so that the value of the company will increase. Investment in fixed assets is a form of investment decision made by companies to maintain and increase production capacity. Fixed assets such as equipment and machinery tend to experience depreciation, so they need to be anticipated by making the right investment in order to maintain production capacity and increase profitability. In addition, investment decisions are also influenced by external conditions such as inflation and economic growth. If investment is made at a time when economic growth is slow, the return on investment will be less than optimal, so investment decisions must be made at the right time. In order to increase the value of the company, investment decisions can also provide a positive signal to investors. Investors tend to invest in companies that have good prospects and promise big profits in the future. By making the right investment decisions, companies can show good prospects and attract investors to invest. This can increase the company's stock price and shows a good indicator of company value.

The company hopes that with its investment decisions, investors will be interested in investing in related companies, so they can increase share prices which can show an indicator of company value. The company's external conditions such as inflation and economic growth also affect the results of investment decisions that have been implemented by the company, if the investment is carried out when economic growth is slow, the return on investment will be less than optimal and vice versa. Overall, investment decisions have a very important influence on firm value. The right investment decision can maintain and increase production capacity, increase profitability, and provide a positive signal to investors. Therefore, companies need to carefully consider every investment decision that will be made in order to achieve long-term goals and increase the value of the company.

### 3.2.3. *Effect of Profitability on Firm Value.*

Profitability is the ability of a company to generate profits or profits from its business activities. In a company, profitability is an important factor that needs attention because good profitability can increase company value. Company value is measured by PBV or Price to Book Value which is a comparison between the company's stock price and the company's book value. The third hypothesis is related to the effect of profitability (ROE) on firm value (PBV). Hypothesis H3 is that profitability positively influences firm value. The results of the analysis show that profitability has a positive and significant coefficient on firm value, so the third hypothesis (H3) is not rejected. The results obtained are in accordance with the research Gharaibeh & Qader (2017); Lumoly et al., (2018); Setyoko & Sugiyanto (2017) with the result that profitability has a positive and significant effect on firm value. This explains that the higher the profitability of the company, the higher the value of the company.

The company's ability to generate large profits can increase the value of the company. Therefore, investors will consider the profitability of a company as a consideration for their investment decisions. Based on signaling theory, the company's ability to generate large profits can be interpreted as a positive signal for investors. A good company will deliberately give a signal to the market in the form of a positive signal, namely the company's ability to gain profitability and the ability to provide large profits, will increase investor interest to invest in the company. Profitability is the main factor for the sustainability of the company, good profitability makes it easier for companies to get capital from outside and vice versa. If the company's profitability is poor, it will be difficult for the company to attract capital from outside. ROE growth shows that the company's prospects are getting better considering there is a potential increase in profits that the company can earn so that it can further increase investor confidence.

The results of this study also prove that profitability positively affects the value of the company so that investors whose goal is to earn profits must invest their capital in companies that can provide good profits. The greater the company's ability to earn profits, the greater the return desired by investors. Increasing the interest of investors to invest in the company will lead to an increase in demand for the company's shares, thereby indirectly increasing the share price which will ultimately increase the value of the company.

The results of this study indicate that profitability has a positive and significant effect on firm value. This means that the higher the level of profitability of a company, the value of the company will increase as well. The company's ability to generate large profits or profits is an important factor for investors in making investment decisions. Investors will be more interested in investing in companies that have a good level of profitability because this shows that these companies are able to provide large profits for investors. Based on signaling theory, the company's ability to generate good profits or profits can be used as a positive signal for investors. This positive signal can increase investor interest in investing in the company and ultimately increase the value of the company. In addition, good profitability can also make it easier for companies to obtain capital from outside. Conversely, if the profitability of a company is bad, it will be difficult for the company to get capital from outside. In the long term, ROE (Return on Equity) growth can also show better prospects for the company. This is due to the potential increase in profits earned by the company which can further increase investor confidence. The results of this study prove that profitability positively affects firm value, so that for investors who want to earn profits, Investing in a company with a good level of profitability is the right choice. With increasing investor interest in investing in companies, the demand for company shares will also increase, thereby indirectly increasing share prices and ultimately increasing company value.

#### *3.2.4. Effect of Institutional Ownership on Firm Value.*

The fourth hypothesis examines the effect of institutional ownership (INST) on firm value (PBV). Hypothesis H4 is that institutional ownership positively influences firm value. The results of the analysis show that institutional ownership has a positive and insignificant coefficient on firm value, so the fourth hypothesis (H4) is rejected. The results obtained are relevant to the research conducted Thanatawee (2013), Tsabat (2015) with the result that institutional ownership has a positive and insignificant effect on firm value. Institutional ownership that does not affect the value of the company shows that the company cannot optimize the existing institutional ownership within the company. Thus, higher institutional ownership does not have a significant impact on increasing firm value.

The agency problem theory explains that a conflict of interest between managers and shareholders can trigger problems if shareholders are separated from management. The existence of institutional ownership in a company is one way that can be used to minimize agency conflict. The more number of company shares owned by institutions, the institutions will feel they own the company by supervising or monitoring the management so that they are more careful in issuing policies or in operating the company so that the agency costs that occur internally in the company will be minimal and the company's profits will increase so that the value of the company can also be higher. The company hopes that with a greater level of institutional ownership it will be able to monitor and monitor management actions so that it runs more optimally to achieve company goals. However, in reality high institutional ownership does not guarantee that it will reduce agency conflict, this can occur because institutional ownership has not been able to carry out its role in controlling the performance of company management properly. Institutional ownership also does not know and monitor continuously and even some institutions only receive information directly from management without immediately finding out problems that occur if there are problems within the company. However, in reality high institutional ownership does not guarantee that it will reduce agency conflict, this can occur because institutional ownership has not been able to carry out its role in controlling the performance of company management properly. Institutional ownership also does not know and monitor continuously and even some institutions only receive information directly from management without immediately finding out problems that occur if there are problems within the company. However, in reality high institutional ownership does not guarantee that it will reduce agency conflict, this can occur because

institutional ownership has not been able to carry out its role in controlling the performance of company management properly. Institutional ownership also does not know and monitor continuously and even some institutions only receive information directly from management without immediately finding out problems that occur if there are problems within the company.

Institutional ownership that has more capabilities in the fields of finance and business has not been directly involved in making strategic decisions and tends to rely only on company managers in formulating a strategic policy. The lack of involvement of institutional ownership makes the supervision and control of institutional ownership not directly felt by managers, this causes institutional ownership to not affect firm value.

Institutional ownership is one of the factors that can affect the value of the company. However, the results of this study show that the effect of institutional ownership on firm value is not always significant. This can happen because not all institutional ownership can carry out its role optimally in controlling the performance of company management. In addition, the lack of involvement of institutional ownership in strategic decision making can also affect the supervision and control of the company. Thus, companies need to ensure that their institutional ownership can play an active role in supervising and controlling company management. In maintaining the relationship between shareholders and management, Companies need to take appropriate actions to minimize conflicts of interest that can trigger agency conflicts. One way is to maintain a fairly high level of institutional ownership and involve institutional ownership in strategic decision making.

In addition, the effect of institutional ownership on firm value is also influenced by other factors such as company size, other shareholding structures, the industry in which the company operates, and market conditions. For example, in highly regulated industries such as the financial sector, the level of institutional ownership can have a more significant effect on firm performance than in more unregulated industries. Then, there are also differences between foreign and domestic institutional ownership in their effect on firm value. Several studies have shown that foreign institutional ownership tends to have a greater influence on firm value than domestic institutional ownership. This may be due to the tendency of foreign investors to make long-term investments and have clearer goals in improving company performance. In the Indonesian context, the level of institutional ownership is still relatively low compared to developed countries. Therefore, an increase in institutional ownership can be one of the factors that can improve company performance and firm value. However, companies also need to ensure that institutional ownership can be properly integrated into the share ownership structure and company management to minimize the occurrence of conflicts of interest and ensure the positive impact of institutional ownership on company performance. In the Indonesian context, the level of institutional ownership is still relatively low compared to developed countries. Therefore, an increase in institutional ownership can be one of the factors that can improve company performance and firm value. However, companies also need to ensure that institutional ownership can be properly integrated into the share ownership structure and company management to minimize the occurrence of conflicts of interest and ensure the positive impact of institutional ownership on company performance. In the Indonesian context, the level of institutional ownership is still relatively low compared to developed countries. Therefore, an increase in institutional ownership can be one of the factors that can improve company performance and firm value. However, companies also need to ensure that institutional ownership can be properly integrated into the share ownership structure and company management to minimize the occurrence of conflicts of interest and ensure the positive impact of institutional ownership on company performance.

In addition, this study also shows that companies that have greater institutional ownership may have limitations in making strategic decisions that have a long-term impact on the company. This is because large institutions tend to focus more on short-term investments and profitability, rather than long-term growth and corporate sustainability. Therefore, while institutional ownership can help reduce conflicts of interest between management and shareholders, it can also limit a company's ability to make the long-term investments and strategic development necessary to achieve sustainable long-term growth. In this case, Corporate management must carefully consider the interests of institutional shareholders in the strategic decision-making process, while maintaining the long-term focus necessary to achieve the company's long-term growth goals. In addition, company management must also ensure that they report company performance transparently and accurately to institutional shareholders, so that they can make the right investment decisions. Overall, the results of this study indicate that although institutional ownership can help reduce conflicts of interest between management and shareholders, this does not always have a positive impact on firm value. Therefore,

In using the CAR method to calculate the effect of changes in institutional ownership on firm value. CAR (Cumulative Abnormal Return) is a method of measuring the performance of a company's stock that calculates the difference between the company's actual return and the expected return from overall market movements. This method can be used to see

the effect of a particular event on firm value. For example, if a company experiences a significant change in institutional ownership, CAR can be used to calculate whether the change has a positive or negative impact on company value. First of all, we need to calculate the company's actual return in a certain period before and after changes in institutional ownership occur. Then, we calculate the expected return from market movements over the same period. After that, we can calculate CAR by subtracting the company's actual return by the expected return from market movements in each period, and adding up the difference over the desired period. If the results are positive, it can be interpreted that changes in institutional ownership have a positive impact on firm value.

### 3.2.5. *The Effect of Economic Conditions on Firm Value.*

The fifth hypothesis examines the effect of economic conditions (KE) on firm value (PBV), The H5 hypothesis is that economic conditions have a negative effect on firm value. The results of the analysis show that economic conditions have a negative coefficient and are not significant to firm value, so the fifth hypothesis (H5) is rejected. The results obtained are relevant to the research conducted Nurmasari (2020), Zhang et al., (2020) with the result that economic conditions have a negative and insignificant effect on firm value.

Uncertain economic conditions require that every company is always ready to face it even in extreme conditions. Like now where the world is being hit by the COVID-19-19 virus, this has made Indonesia's JCI drop quite drastically. This decline is of course also inseparable from investor sentiment which views that the Indonesian government has not been serious in dealing with COVID-19-19, so that when the health crisis hits and these sentiments exist, investors prefer to withdraw their funds from the capital market, by so of course it makes the stock price decrease so that the value of the company also decreases. This resulted in the stock price falling or even now the performance of the stock price is not as good as when the pandemic had not yet hit.

The influence of economic conditions on firm value is indeed very significant, especially during an economic crisis. When economic conditions are bad, company value can drop sharply. This happened because in bad economic conditions, many investors did not dare to invest in the stock market for fear of experiencing losses. Companies that have a good strategy and are able to survive amidst bad economic conditions, have the opportunity to continue to grow and develop. Product and market diversification, as well as adoption of digital technology and automation can be good strategies to deal with difficult economic conditions. In addition, the government's role is also very important in overcoming bad economic conditions. Through various policies carried out by the government, such as increasing domestic consumption, increasing business activity, and maintaining economic stability, can assist companies in dealing with adverse economic conditions. In facing difficult economic conditions, companies must also be able to carry out good risk management. Carrying out risk management properly can help companies reduce risks arising from adverse economic conditions. Overall, the effect of economic conditions on firm value can be very significant. However, with a good strategy, proper risk management, and a strong government role, companies can survive and grow amidst the difficult economic conditions. In facing difficult economic conditions, companies must also be able to carry out good risk management. Carrying out risk management properly can help companies reduce risks arising from adverse economic conditions. Overall, the effect of economic conditions on firm value can be very significant. However, with a good strategy, proper risk management, and a strong government role, companies can survive and grow amidst the difficult economic conditions. In facing difficult economic conditions, companies must also be able to carry out good risk management. Carrying out risk management properly can help companies reduce risks arising from adverse economic conditions. Overall, the effect of economic conditions on firm value can be very significant. However, with a good strategy, proper risk management, and a strong government role, companies can survive and grow amidst the difficult economic conditions.

The company certainly has mature strategies in dealing with bad economic conditions. Strategies that can be used are, for example, product and market diversification and adopting digital and automation in the production process. It is the readiness of these companies that makes the company able to survive in the midst of the current bad economic conditions. Besides that, the government also continues to carry out various policies to restore economic conditions in Indonesia. Government policies in overcoming pandemic conditions start with increasing domestic consumption, increasing business activity and maintaining economic stability.

### 3.2.6. *New Product Marketing Strategy.*

#### a) Studying the market and competitors:

Before releasing a new product, it is important to understand your market and competitors. Market analysis helps you understand consumer preferences, product preferences and the latest trends. Competitor analysis helps you find out

what they do well and what needs to be improved. In marketing documents, this strategy can be described in the form of a table or graph that compares your product to competitors' products.

b) Considering market segmentation:

Identifying market segments is important to ensure your new product addresses the needs and wants of specific consumer groups. Marketing documents can profile the target market and explain how the new product fits into that market segment.

c) Planning promotions:

To increase awareness and interest in a new product, it is important to promote the product. Marketing documents can include promotional plans, such as advertising, sales promotions, content marketing or social media campaigns. Also, it explains how the promotion plan will attract attention and influence consumer behavior.

d) Determine the price of the product:

Product price is an important factor in determining whether consumers will buy your product or not. Marketing documents can include pricing strategies and explain how these prices compete with competitors' prices and address consumer needs and wants.

e) Define distribution channels:

Distribution channel strategy will affect how quickly your new product will be accessed by consumers. Marketing documents can include a distribution strategy and describe how the product will be distributed and communicated to the market.

That debt policy has no significant effect on firm value. This shows that the use of debt will not significantly increase the value of the company. Therefore, company management must be careful in making decisions about financing with debt, because excessive use of debt can lead to high interest expenses and a high risk of bankruptcy.

In addition, the results of the analysis also show that the use of debt can positively affect the value of the company in the early stages, but if the use of debt increases or increases, the use of debt can negatively affect the value of the company. Therefore, companies must pay close attention to the use of debt and determine the limits on the use of debt.

Meanwhile, investment decisions have a positive and significant effect on firm value. This shows that companies that can optimize their investment activities can increase the value of the company. Therefore, company management must pay close attention to investment decisions made to increase the value of the company.

Overall, debt policy and investment decisions have different effects on firm value. Therefore, the company must pay close attention to the policies implemented and investment decisions taken to increase the value of the company.

Companies can also adopt other strategies such as financial restructuring, cost reduction, and developing more effective marketing strategies to maintain or increase company value amidst bad economic conditions. In addition, companies must also pay attention to other factors such as government regulations, competition in the market, and global conditions that can affect the value of the company. But not all companies can survive in difficult economic conditions. Companies that experience financial difficulties in the long term can experience a significant decrease in company value or even go bankrupt. Therefore, it is very important for companies to have strong financial management and flexible business strategies to deal with economic uncertainties. In this case, the government's role is also very important in restoring economic conditions. Appropriate fiscal and monetary policies can help increase economic growth and strengthen investor confidence. In addition, the government can also provide incentives or stimulus to companies to encourage investment and job creation.

#### **4. Conclusions**

From the results of the research that has been done, it can be concluded that there are factors that have a significant influence on firm value, namely profitability, debt financing policies, and investment activities. The results of this study can be a reference for future researchers to conduct further research on other factors that influence firm value. For companies, efforts are needed to improve the company's performance and profitability by taking into account debt financing policies and appropriate investment activities. Companies also need to strengthen supervision and control of institutional investors as well as increase creativity and ability to read future opportunities in order to increase company value. For investors, it is important to do research before investing in a company, taking into account the company's

performance from various aspects. Investors also need to consider issuers with controlled and accountable debt amounts. Meanwhile, the government is expected to be able to implement appropriate policies to encourage funding from debt so that companies can grow and develop and increase investor confidence in investing in potential companies. The hope for the future is that more and more companies will be able to increase the value of their companies so that they can have a positive impact on the country's economy and people's welfare. Investors also need to consider issuers with controlled and accountable debt amounts. Meanwhile, the government is expected to be able to implement appropriate policies to encourage funding from debt so that companies can grow and develop and increase investor confidence in investing in potential companies. The hope for the future is that more and more companies will be able to increase the value of their companies so that they can have a positive impact on the country's economy and people's welfare. Investors also need to consider issuers with controlled and accountable debt amounts. Meanwhile, the government is expected to be able to implement appropriate policies to encourage funding from debt so that companies can grow and develop and increase investor confidence in investing in potential companies. The hope for the future is that more and more companies will be able to increase the value of their companies so that they can have a positive impact on the country's economy and people's welfare. for the government it is hoped that it can implement appropriate policies to encourage funding from debt so that companies can grow and develop and increase investor confidence in investing in potential companies. The hope for the future is that more and more companies will be able to increase the value of their companies so that they can have a positive impact on the country's economy and people's welfare. for the government it is hoped that it can implement appropriate policies to encourage funding from debt so that companies can grow and develop and increase investor confidence in investing in potential companies. The hope for the future is that more and more companies will be able to increase the value of their companies so that they can have a positive impact on the country's economy and people's welfare.

Based on the results of the research and discussion that has been carried out in the previous chapter, the conclusions of this study are:

- a) The results show that the debt policy variable (DER) positively influences firm value (PBV) and the non-linear effect of debt policy (DER2) also positively influences firm value (PBV), meaning that if the use of debt increases, the firm value also increases. This indicates that the company is still in good condition in using debt for company activities.
- b) The results of the study show that if the investment decision variable (IC) positively influences firm value (PBV), it means that if the investment decision increases, the firm value will increase. This indicates that investment decisions need to be made and carried out properly in order to produce maximum performance so as to increase the value of the company.
- c) The results of the study show that the variable profitability (ROE) positively influences firm value (PBV), meaning that if profitability increases, firm value will increase.
- d) increased. This shows that by increasing profitability, it will have a positive impact on increasing stock prices in the capital market, which means that the company's value is in a good position.
- e) The results of the study show that institutional ownership (INST) positively influences firm value (PBV), meaning that if institutional ownership increases, firm value will increase. This indicates that the greater the institutional ownership, the more efficient the use of assets and the ability to monitor management behavior so that it is more effective in using corporate debt so that it can increase the value of the company.
- f) The results of the study show that the economic condition variable (KE) has a non-positive effect on firm value (PBV). This shows that the current economic conditions are in a state of high uncertainty due to the impact of COVID-19-19, causing the company to experience problems in carrying out its business activities.
- g) Based on the results of the research and analysis that has been done, it can be concluded that the variables studied have a significant influence on firm value, except for the variable economic conditions (KE). Therefore, companies need to pay attention to factors that can affect company value, such as debt policies, investment decisions, profitability, and institutional ownership in carrying out their business activities.
- h) In addition, companies also need to consider the existing economic conditions in making strategic decisions in carrying out their business activities. In conditions of uncertainty like today, companies need to have a mature strategy in dealing with difficult situations and adapting to changes that occur.
- i) The results of this study can contribute to decision makers in companies, both in determining debt policy, investment decisions, as well as in increasing profitability and institutional ownership. In addition, the results of

this study can also be a reference for researchers and academics in developing further research on the factors that influence firm value.

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