

# The role of profitability in mediating the influence of funding decisions, investment decisions and company size on company value

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## ABSTRACT

**Keywords:** Corporate Value; funding decisions; Investment Decisions; Company Size; Profitability.

This study aims to examine the effect of profitability in mediating the influence of funding decisions, investment decisions, and company size on the Company's value in 27 companies in the infrastructure sector listed on the IDX Main Board for 2017 to 2022. The results showed that funding decisions had a negative insignificant effect, while investment decisions and company size significantly negatively affected profitability. Furthermore, funding decisions, investment decisions, and profitability have a significant positive effect, while company size has a positive insignificant effect on company value. In the mediation effect test, it was found that profitability could not mediate the influence of funding decisions on company value. However, profitability is stated to mediate the influence of investment decisions and company size on company value.



## Introduction

Business competition in the current era of information disclosure is very tight because the number of companies continues to grow. Every company must always develop its business by innovating continuously, increasing its advantages, and choosing the right business strategy. (Brigham & Houston, 2013) explain that financial management aims to create value for shareholders by maximising stock prices. Company value is the company's performance which is reflected by stock prices formed by capital market demand and supply which reflects people's assessment of the company's performance. Explain that the main factors that affect company value are revenue, operating expenses and taxes, new investments needed, funding decisions, investment decisions, market risk, company risk, and interest rates. Revenue, as the first factor, is influenced by sales, price, and growth rate, as well as the expected size of the company. Operating expenses and taxes, as the second factor, can reduce income so that it becomes after-tax profits. The third influencing factor is the amount of money that must be invested by the company each year.

The results of previous studies that show the influence of funding decisions, investment decisions, company size, and profitability on company value include (Wahyuni & Amanati, 2019), (Endri, 2020), (Agung, Hasnawati, & Huzaimah, 2021),

(Triani & Tarmidi, 2019), (Muliana & Ikhsani, 2019), (Dewi & Abundanti, 2019), (Sondakh, 2019), and (Ramdhonah, Solikin, & Sari, 2019). (Wahyuni & Amanati, 2019) stated that funding decisions have a positive and significant effect on company value, while (Endri, 2020) found that funding decisions do not directly influence company value. (Agung et al., 2021) concluded that Investment Decisions have a significant positive effect on company value, while found that investment decisions do not significantly affect company value. Company size has a negative and insignificant effect on company value (Muliana & Ikhsani, 2019), while (Dewi & Abundanti, 2019) found that company size has a positive and significant effect on company value. (Sondakh, 2019) states that profitability has no effect and is not significant on the company's value. Profitability is stated to have a positive effect on company value (Ramdhonah et al., 2019).

In addition, research that shows the role of profitability in mediating the influence of each funding decision, investment decision, and company size on company value includes (Rahmiyati, Wardani, & Hwihanus, 2022) stated that profitability can mediate the influence of funding decisions on company value, while according to (Rosario & Subardjo, 2021) profitability is unable to mediate the influence of funding decisions on company value. Profitability is stated to be able to mediate the influence of investment decisions on company value (Hairudin et al., 2022), while according to (Kusaendri & Mispriyanti, 2022), profitability is not able to mediate the influence of investment decisions on company value. (Muliana & Ikhsani, 2019) Stated that profitability is not able to mediate the effect of company size on company value. In contrast, according to (Octaviany, Hidayat, & Miftahudin, 2019) profitability is able to mediate the influence of company size on company value.

Testing of company value related to funding decisions, investment decisions, company size, and profitability is very important, especially by testing the effect of profitability as a mediating variable in the influence of funding decisions, investment decisions, and company size on company value in infrastructure sector companies listed on the IDX Main Board in 2024 in the financial year 2017 to 2022. The infrastructure sector companies listed on the Main Board have the largest financial size and capitalization and have a good financial track record. As of January 12, 2024, there are 69 infrastructure sector companies listed on the IDX and 36 companies or 50.17 percent of them are companies listed on the Main Board and the infrastructure sector is the second largest sector with 13.6.9 percent according to the sector weight and IDX index points for November 2023. This sector is below the financial sector with a weight of 35.2 percent and above basic materials as the third largest sector with a weight of 12.2 percent.

As per the trade-off theory, company management must take into account taxes, agency fees and financial hardship costs as well as assumptions of market efficiency and symmetric data as a balance and benefit of using debt. The use of debt in funding decisions will limit company management to run company operations more carefully. Research conducted by (Fajartania and Utiyati, 2018) resulted in the conclusion that additional debt will increase the company's net income. This shows that the stated capital structure (funding decisions) has a positive and significant effect on profitability. The

results of this study support research by Hamidy, et al., (2015), which states that funding decisions have a positive and significant effect on profitability.

**Hypothesis 1: Funding Decisions positively affect Profitability**

Agency theory explains that there is a separation of functions, namely in the management carried out by company management and the ownership function by shareholders. The main concern of agency theory is that all actions of company management in the management function must have a real impact that can be felt so that they are able to make continuous improvements (Mitnick, 2015). (Wahidahwati, 2021) explained that if companies are able to determine and utilize their investment opportunities well, profitability will increase. This shows that investment decisions have a positive effect on profitability. The results of this study support the research of Setiawan and Sudiro (2019) which states that investment decisions have a positive and significant effect on profitability.

**Hypothesis 2: Investment Decisions Positively Affect Profitability**

According to signaling theory, investors will interpret all available information in the company's financial statements. The size of the company will give a positive signal to investors that large companies have great potential to develop so that they can provide maximum profits in a sustainable manner. (Dewi & Abundanti, 2019) stated that the size of the company will increase profitability so that the size of the company is stated to have a positive and significant effect on profitability. The research supports the research of (Octaviany et al., 2019) which found that company size has a positive and significant effect on profitability.

**Hypothesis 3: Company Size positively affects Profitability**

The use of debt in funding decisions can show investors that a company has adequate risk-based governance. This condition is related to signaling theory, where shareholders can interpret management performance through financial statements, namely by analyzing funding decisions and profits generated. Hamidy, et al., (2015) found that additional debt to expand the business will increase the company's stock price, so it is stated that funding decisions (capital structure) have a positive and significant effect on company value. The results of this study support the research of (Ardiana & Chabachib, 2018) which states that funding decisions have a positive effect on company value.

**Hypothesis 4: Funding Decisions positively affect Company Value**

Company management must optimally take into account every aspect that can increase profits when designing strategies in the context of making investment decisions. Adequate investment decisions can ensure the development of the company and profit generation in a sustainable manner so that the company's value can continue to be increased. Investors can catch these positive signals (signaling theory) by analyzing the information available in the company's financial statements. Sari and Subardjo (2020) found that the quantity of investment shows the growth of a company and is expected to provide profits, so that investment decisions are declared to have a positive and significant effect on company value. The results of this study are supported by the results of research

by (Hairudin et al., 2022) which found that investment decisions have a positive and significant effect on company value.

**Hypothesis 5: Investment Decisions positively affect Company Value**

Companies with high asset values can attract greater attention because investors assess that companies with large asset values are in healthy condition. In addition, investors have a tendency to put trust in large-scale companies because they are considered to have easy access to capital to run their business. According to signaling theory, the ease of accessing capital shows that the company has great potential to develop because it has flexibility in managing its operations. Research conducted by (Dewi & Abundanti, 2019) and (Ardiana & Chabachib, 2018) found that company size has a positive and significant effect on company value.

**Hypothesis 6: Company Size positively affects Company Value**

Profitability is the end result of a series of policies and decisions established and implemented by the company. Conditions where there is an increase in sales without an increase in costs indicate that the realized profit must increase over the previous period. The higher the company's profitability growth, the better the assessment of the company's financial performance and prospects. According to signaling theory, these conditions can provide positive signals to investors so that the company's value increases. Salim and Susilowati (2019) found that companies that have high profitability tend to attract investors' attention so that it is stated that profitability has a positive and significant effect on company value. The results of this study are in line with (Ramdhonah et al., 2019) who found that profitability has a positive effect on company value.

**Hypothesis 7: Profitability positively affects Company Value**

High profitability indicates that the company has adequate funding decisions to support its investment activities in order to generate profits. According to signaling theory, the company's success in posting profits can be seen by investors as management's success in managing funding decisions. This condition can increase the value of the company because the company has the potential to provide profits in the future. Hamidy, et al., (2015) found that increased debt by companies can increase net income thereby increasing profitability and increasing demand for shares. Increased demand for company shares drives up share prices while increasing company value. The results of this study are supported by (Rahmiyati et al., 2022) who stated that profitability is able to mediate the influence of funding decisions on company value.

**Hypothesis 8: Profitability can mediate the effect of Funding Decisions on Company Value**

According to signaling theory, the ability to generate profits from investment implementation can increase company value because it is seen by investors as management's success in determining company investment decisions in order to develop the company and provide welfare for its shareholders. (KUMALASARI, 2020) found that the more investment the company makes, the profitability will increase. The increase in profitability drives an increase in the value of the company. The results of this study are

supported by (Hairudin et al., 2022) who stated that profitability is able to mediate the influence of investment decisions on company value.

**Hypothesis 9: Profitability is able to mediate the influence of Investment Decisions on Company Value**

The success of the company in posting good performance can be explained by the size of the company as seen from the total assets owned. According to signaling theory, the ease of accessing capital by large companies shows that the company has great potential to develop and provide profits in a sustainable manner so as to increase the company's value in the eyes of investors. (Octaviany et al., 2019) found that the ability of large companies to expand the market in order to obtain profits can attract the attention of investors to invest their capital. This condition encourages an increase in stock prices, which has an impact on increasing the value of the company. The results of this study support the research of (Dewi & Abundanti, 2019) which states that profitability is able to mediate the influence of company size on company value.

**Hypothesis 10: Profitability can mediate the effect of Company Size on Company Value.**

**Research Methods**

The population in this study is all infrastructure sector companies listed on the IDX in January 2024, which is 69 companies. Determination of samples using the purposive sampling method with the criteria of infrastructure sector companies listed on the IDX Main Board in January 2024 and publishing financial statements consecutively from 2017 to 2022 so that research samples of 27 companies were obtained.

According to Harmono (2009: 233), company value is the company's performance which is reflected by stock prices formed by capital market demand and supply which reflects the public's assessment of the company's performance. The variable company value in this study is measured using Price to Books Value (PBV) by dividing the stock price by the book value of the stock. (Brigham & Houston, 2013) stated that the PBV ratio provides an indication of how investors value companies, namely companies with low risk and high growth rates have high PBV ratios.

The funding decision is the company's obligation to obtain funds in order to finance investments Brealy et al., (2001). The funding decision variables in this study were measured using the Long Term Debt to Equity Ratio (LTDER). LTDER is used to measure how much a company's capital can be used as collateral for long-term debt by dividing the total long-term debt by the company's total equity. The higher the value obtained, the greater the risk to the company's liquidity.

Investment decisions are financial decisions taken by company management in terms of purchasing and managing company assets in order to record profits (Brealy et al., 2011). Investment decision variables in this study are measured using Price Earning Ratio (PER) which is calculated by dividing stock price by earnings per share. Explain that PER indicates what price investors will pay from the profit reported by company management.

The size of the company can provide an idea of the scale of a company and can be seen through the company's total assets. According to Handayani and Rachadi (2009), large and medium-scale companies are pressured by stakeholders to be able to meet investor expectations in order to have high performance. The company size variable in this study is measured using total assets that reflect the company's growth rate as well as profitable business prospects.

The company is a profit-seeking entity and is required to generate a large profit with the aim of maximizing the wealth of its shareholders. Profitability is the end result of a series of policies and decisions established and implemented by the company. The company's ability to generate profits and maximize shareholder wealth can show that management has the capability to develop operational scale (company size) through financial decisions in the form of funding decisions and investment decisions carried out. The profitability variable in this study is measured using Return on Assets (ROA). This ratio reflects the net result of all company financial decisions and is calculated by dividing net income by the company's total assets (Brigham & Houston, 2019).

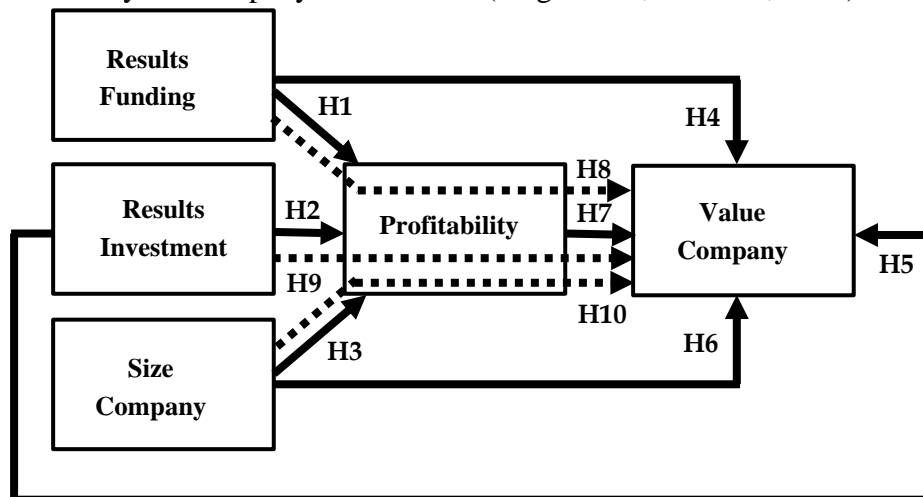


Figure 1 Research Model

$$Z = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e \dots \dots \dots (1)$$

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 Z + e \dots \dots \dots (2)$$

Information:

- a = Konstanta
- $\beta$  = Koefisin regresi
- Y = Company Value (PBV)
- X1 = Funding Results (LTDER)
- X2 = Investment Decision (PER)
- X3 = Company Size (Total Assets)
- Z = Profitability (ROA)
- e = Residual rate or error

The data analysis technique in this study is panel data regression model analysis. This study used two equation models. The first equation is used to determine the influence of the independent variable on the mediation variable. The second equation is used to see the effect of the independent variable and the mediation variable on the dependent variable. To determine the effect of mediation on the influence of the independent variable on the dependent variable, testing was carried out with the Sobel Test.

## Results and Discussion

The descriptive statistical results in this study can be explained by the mean value, standard deviation, variance, maximum and minimum of each variable.

**Table 1**  
**Descriptive Statistics of Variables**

	N	PBV (%)	LTDER (%)	PER (%)	TOTAL ASET (IDR)	TWO PEOPLE (%)
<i>Mean</i>	27	163,5	0,77	552.449,8	29.670.198.070.968	0,04
<i>Median</i>	27	109,9	0,46	1.420,7	6.908.440.692.307	0,03
<i>Maximum</i>	27	1.265,0	6,41	19.402,9	277.184.000.000.000	0,21
<i>Minimum</i>	27	13,6	0,00	-133,3	1.308.996.128	-0,43
<i>Std. Dev.</i>	27	172,9	0,93	2.878.495,0	49.273.787.881.697	0,07
<i>Skewness</i>	27	311,2	2,77	525,3	3,067	-2,29
<i>Kurtosis</i>	27	1.556,5	13,72	2.973,5	13,732	15,07

Source: Research Data, 2024

**Keterangan: PBV = Price to Book Value, LTDER = Long Term Debt to Equity Ratio, PER= Price to Earning Ratio, ROA = Return on Asset.**

Price to Book Value (PBV) has an average value (mean) of 163.5 percent, a median of 109.9 percent, a maximum value of 1,265.0 percent, a minimum value of 13.6 percent, and a standard deviation value of 172.9 percent. Long Term Debt to Equity Ratio (LTDER) has a mean value of 0.77 percent, a median of 0.46 percent, a maximum value of 6.41 percent, a minimum value of 0.00 percent, and a standard deviation value of 0.93 percent. Price to Earn Ratio (PER) has a mean value of 552,449.8 percent, a median of 1,420.7 percent, a maximum value of 19,402.9 percent, a minimum value of -133.3 percent, and a standard deviation value of 2,878,495.0 percent. Total assets have a mean value of 29,670.19 billion rupiah, a median of 6,908.44 billion rupiah, a maximum value of 277,184.00 billion rupiah, a minimum value of 1.31 billion rupiah, and a standard deviation value of 49,273.79 billion rupiah. ROA has a mean value of 0.04 percent, a median of 0.03 percent, a maximum value of 0.21 percent, a minimum value of -0.43 percent, and a standard deviation value of 0.07 percent.

The regression equation of Model 1 panel data is used to determine the effect of independent variables (PER, LTDER, Total Assets) on mediating variables (ROA).

$$ROA = \alpha + \beta_1 LTDER + \beta_2 PER + \beta_3 Total\ Asset + e \dots\dots\dots (1)$$

**Table 2**  
**Model 1 Regression Test Results**

<i>Variable</i>	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-Statistic</i>	<i>Prob.</i>
C	13,846	2,258	6,133	0,000
LTDER	-0,076	0,061	-1,248	0,214
PER	-0,677	0,045	-14,915	0,000
TOTAL ASET	-0,510	0,074	-6,939	0,000

The results of the Model 1 regression test in Table 2, show the value of the regression coefficient of the Funding Decision variable (LTDER) of -0.076 indicates a negative influence. The significance of the Funding Decision (LTDER) variable is indicated by the value of prob. 0.214, where the value is > 0.05 so it is known that funding decision variables have an insignificant effect on profitability. According to the test results, it can be concluded that funding decision variables have a negative and insignificant effect on profitability so that Hypothesis 1 of the study is rejected. Trade-off theory explains that factors such as taxes, agency fees and financial hardship costs as well as assumptions of market efficiency and symmetric information must be taken into account as a balance and benefit of using debt. One of the factors that causes a decrease in profits which ultimately reduces ROA is the use of debt in a larger portion to increase the number of non-current assets. The use of high debt to increase the amount of non-current assets, especially in the form of fixed assets, incurs costs in the form of maintenance costs and security costs which directly reduce the amount of profit obtained.

The value of the regression coefficient of the Investment Decision (PER) variable of -0.677 indicates a negative influence. The significance of investment decision variables is indicated by the value of prob. 0.000, where the value is < 0.05 so it is known that investment decision variables have a significant effect on profitability. According to the test results, it can be concluded that investment decision variables have a negative but significant effect on profitability so that Hypothesis 2 of the study is rejected. Agency theory states that company management has the obligation to make strategic investment decisions in order to maximize company profits. However, the fact and/or possibility that managers have a vested interest may decrease financial performance in order to achieve these goals. If management takes a policy to increase the portion of its investment in non-current assets, especially fixed assets, then the company's ability to develop business while increasing profitability will decrease. High investment in fixed assets will incur depreciation costs, maintenance costs, and asset security costs. These costs can directly reduce the profits that have been recorded.



The value of the regression coefficient of the Company Size variable (Total assets) of -0.510 indicates a negative influence. The variable significance of the size of the company is indicated by the value of prob. 0.000, where the value is < 0.05 so it is known that the variable size of the company has a significant effect on profitability. According to the test results, it can be concluded that the variable size of the company has a negative but significant effect on profitability so that Hypothesis 3 of the study is rejected. A company with a large asset value does not guarantee its ability to make a profit. This happens if the asset is not managed to develop the scale of the business and operations in order to generate profits. Companies with large scale have the advantage of a higher ability to access capital and sources of funds. However, if management does not utilize the funds owned to develop the company's business, the goal of maximizing company profits cannot be achieved.

The regression equation of Model 2 panel data is used to determine the effect of independent variables (PER, LTDER, Total Assets) and mediation variables (ROA) on dependent variables (PBV).

$$PBV = \alpha + \beta_1LTDER + \beta_2PER + \beta_3Total\ Aset + \beta_4ROA + e..... \quad (2)$$

**Table 3**  
**Model 2 Regression Test Results**

<i>Variable</i>	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-Statistic</i>	<i>Prob.</i>
C	-2,049	1,913	-1,071	0,286
LTDER	0,102	0,041	2,489	0,014
PER	0,404	0,048	8,258	0,000
TOTAL ASET	0,095	0,064	1,478	0,141
ROA	0,535	0,055	9,578	0,000

The results of the Model 2 regression test in Table 3, show the value of the regression coefficient of the Funding Decision variable (LTDER) of 0.102 shows that there is a positive influence with a significance value of 0.014, where the value is < 0.05 so that it is known that the funding decision variable has a significant effect on the value of the company. According to the test results, it can be concluded that funding decision variables have a positive and significant effect on company value so that Hypothesis 4 of the study is accepted. As per the trade-off theory, the use of debt can reduce tax costs and agency costs that must be borne by the company thereby increasing net income. Investors can view that the policy to use debt is one of the company's strategies in developing its business scale. This is related to signaling theory, where the strategy can provide positive signals to investors about the direction of company development and promised profit prospects. Positive signals received by investors can directly increase the value of the company owned.

The value of the regression coefficient of the Investment Decision (PER) variable of 0.404 indicates that there is a positive influence. The significance of investment

decision variables is indicated by the value of prob. 0.000, where the value is  $< 0.05$  so it is known that investment decision variables have a significant effect on the value of the company. According to the test results, it can be concluded that investment decision variables have a positive and significant effect on company value so that Hypothesis 5 of the study is accepted. In accordance with agency theory, company management has the obligation to manage all the information it has in order to produce strategic investment decisions that can provide maximum benefits to shareholders. Management's policy to increase the portion of investment in order to develop the scale of its business and operations shows that the company has the right plan in order to maximize profits and improve shareholder welfare. According to signaling theory, promising investment prospects can provide positive signals to investors so as to increase company value.

The value of the regression coefficient of the Company Size variable (Total assets) of 0.095 shows that there is a positive influence with a significance value of 0.141, where the value is  $> 0.05$  so it is known that the company size variable has a positive but not significant effect on the value of the company. According to the test results, it can be concluded that the company size variable has a positive but not significant effect on company value so that Hypothesis 6 of the study is rejected. An increase in asset value can provide a positive signal for investors when asset value is considered as the company's ability to provide guarantees in the form of financial stability and profit prospects through its investment activities so that the company's value increases. However, an increase in non-current assets, especially fixed assets, can give negative signals to investors, because it can be understood as the company's lack of vision to develop and the failure to achieve profit maximization so that the company's value decreases.

The value of the Profitability regression coefficient (ROA) of 0.535 indicates a positive influence. The value of prob indicates the variable significance of profitability. 0.000, where the value is  $< 0.05$ , so it is known that the variable profitability has a significant effect on the company's value. According to the test results, it can be concluded that profitability variables have a positive and significant effect on company value, so Hypothesis 7 of the study is accepted. The main objective of corporate financial management is to generate maximum profits to maximise shareholders' welfare. According to signalling theory, the company's ability to generate profits can be presented in the annual financial statements and provide positive signals to investors so that the company's value increases.

Sobel Test was conducted to determine the mediating effect of profitability variables (ROA) on the influence of each variable of funding decision (LTDER), investment decision (PER), and company size (Total Assets) on company value variables (PBV). The p-value in the Sobel Test to test the effect of LTDER on PBV through ROA as a mediating variable is 0.215 or greater than the significance value of 0.05. The conclusion obtained is that ROA is not able to mediate the effect of LTDER on PBV, so Hypothesis 8 of the study was rejected. The company's decision to raise new capital using debt and avoiding stock sales can be assessed by investors as a promising business prospect (Brigham & Houston, 2013). Investors can interpret that debt cannot affect

profits directly in a certain period. The company's decision to use debt in its funding decisions can directly give a positive signal to investors so that the value of the company increases without considering profitability that has not yet been determined.

The p-value in the Sobel Test to test the effect of PER on PBV through ROA as a mediating variable is 0.000 or less than the significance value of 0.05. The conclusion obtained is that ROA can mediate the effect of PER on PBV, so Hypothesis 9 of the study is accepted. Based on signalling theory, an increase or decrease in profits can give positive or negative signals to investors about the company's financial performance to manage its investment decisions. Investment decisions that can provide maximum profits can provide positive signals and increase company value. This shows that profitability can mediate the influence of investment decisions on company value.

The p-value in the Sobel Test to test the effect of Total Assets on PBV through ROA as a mediating variable is 0.000 or less than the significance value of 0.05. The conclusion obtained is that ROA can mediate the effect of Total Assets on PBV, so Hypothesis 10 of the study is accepted. Large-scale companies are seen as having strength in maintaining financial stability to increase the promised profit potential. According to the signalling theory, these conditions can give positive signals to investors. This shows that profitability can mediate the effect of company size on company value.

In Table 4, it shows that model conformity testing or F test is carried out to find out whether the model to be used falls into the fit criteria or not. If the value of F calculate sig. < 0.05, the regression model is declared fit or feasible (meets the BLUE criteria). Conversely, if the value of F calculate sig. > 0.05 then the regression model is declared infeasible. The F-statistic value of model 1 is known to be 70.871 and model 2 is 22.241. The probability value of models 1 and 2 is 0.000 or less than 0.05 respectively so that it can be concluded that these two regression models are declared feasible or fit meet the criteria of BLUE (Best Linear Unbiased Estimator).

**Table 4**  
**F Test Results**

<i>Model</i>	<i>F-statistic</i>	<i>Prob (F-statistic)</i>
Model 1	70,871	0,000
Model 2	22,241	0,000

Table 5 shows the coefficient of determination ( $R^2$ ) which aims to measure how far the model is used to explain the variation of the dependent variable. The results of the regression coefficient determination test model 1 which aims to test the effect of LTDER, PER, and Total Assets on ROA produce an output Adjusted R squared value of 0.613 or 61.30 percent. This shows that the independent variables together affect the mediation variable by 61.30 percent, while the remaining 38.70 percent are influenced by other variables that are not included in the research model. The results of the regression determination coefficient test model 2 which aims to test the effect of LTDER, PER, Total Assets, and ROA on PBV produce an Adjusted R-squared value output of 0.391 or 39.10

percent. This shows that the independent variable and the mediation variable together affect the dependent variable by 39.10 percent. In comparison, the remaining 60.90 percent is influenced by other variables that are not included in the research model.

**Table 5**  
**Coefficient of Determination Test Results**

<i>Model</i>	<i>R-squared</i>	<i>Adjusted R-squared</i>
Model 1	0,622	0,613
Model 2	0,410	0,391

## **Conclusion**

The results showed that each dependent variable (LTDER, PER, Total Assets) used negatively influenced the mediation variable (ROA), with LTDER having an insignificant effect and PER and Total Assets having a significant effect. Furthermore, LTDER, PER, Total Assets, and ROA are known to have a positive effect on PBV. However, only Total Assets have an insignificant effect. ROA is stated to be able to mediate the effect of each PER and Total Assets on PBV, but unable to mediate the effect of LTDER on PBV. These results can be obtained because previously, researchers assumed that an increase in each independent variable (LTDER, PER, Total Assets) and mediation variables (ROA) can increase company value (PBV).

The research period is in the 2017-2022 financial year with a sample of infrastructure sector companies listed on the IDX Main Board and publishing consecutive financial statements for six years. In that period, the Covid-19 pandemic had a significant impact on global finance. Company management must provide the best financial performance on an ongoing basis by always taking into account the development of the global financial situation. Further research can extend the period of the financial year studied to enlarge the data to be tested so as to obtain more comprehensive test results.

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