

Investment Decisions, Funding Decisions On Company Value: Intervened by Profitability

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ABSTRACT

This research aims to examine the influence of investment decisions and funding decisions on company value with profitability as an intervening variable in primary sector companies listed on the Indonesia Stock Exchange for the 2019-2023 period. The sample selection technique used purposive sampling to obtain 32 primary companies. The data analysis technique uses multiple regression analysis and path analysis using SPSS 26. Based on the results of the hypothesis, partial investment decisions have no significant effect on profitability, partial funding decisions have a significant effect on profitability, partial investment decisions have no significant effect on company value, partial funding decisions have no significant effect on company value, partial profitability has a significant effect on company value, investment decisions have a significant effect on company value through profitability as an intervening variable, funding decisions have a significant effect on company value through profitability as an intervening variable in primary sector companies, Consumer Non-Cyclicals. registered on the IDX 2019-2023.

Keywords: Company value, Funding decisions, Investment decisions, Profitability

INTRODUCTION

Good or bad company values will impact the company's market value and influence investors' investment decisions to invest or withdraw investment from the company. The information needed by investors can be seen through the assessment of stock price developments and the company's financial statements. This aims to enable investors to predict the optimal profits that the company will obtain (Sumarata, 2022). Creating high corporate value is one of the goals of a company going public in the capital market through optimizing stock prices. For this reason, corporate management is expected to produce the best corporate performance so that it can maximize corporate value. So, corporate value is a condition that has been owned by an entity as a symbol of public confidence in the entity after years of operation since the entity was founded until now (Sumarata, 2022).

In this study, the company's value can be measured by Price to Book Value (PBV). PBV can be interpreted as the result of the comparison between the stock price and the book value per share. PBV is a tool used by investors to determine whether stocks are overvalued or undervalued. PBV is used as an indicator of how far the company can create company value relative to the invested capital market (Gunarwati, 2020). The following is some data on company values that have experienced fluctuations as measured by PBV which is taken as a supporter of the phenomena or problems that occur in non-primary sector companies on the Indonesia Stock Exchange (IDX) for the 2019-2023 period.

From table 1 below, it shows that PBV from 2019 to 2020 decreased in non-primary sector companies, namely from 1.525 to 1.437 because this year all economic activities weakened due to the Covid-19 pandemic. PBV in the 2021 period increased by 1.466 due to economic recovery after the impact of Covid-19. Likewise, PBV in the 2022 period decreased again by 0.924. However, PBV in the 2023 period experienced a slight increase from the previous year, namely 1.011. This shows that market evaluation of companies in this sector has decreased on average due to the company's path not being normal from the impact of the pandemic which has resulted in weak purchasing power for the wider community.

Table 1. PBV Data of Primary Sector Companies

NO	Company Name	PBV				
		2019	2020	2021	2022	2023
1	ADES	1,09	1,23	2,01	3,18	3,3
2	ICBP	4,88	2,21	1,85	2,03	2,2
3	ROTI	2,6	2,61	2,95	3,04	2,97
4	KEJU	3,23	4,61	3,03	3,05	2,59
5	CEKA	0,88	0,84	0,81	0,76	0,67
6	SKLT	29,23	26,57	30,85	22,8	2,39
7	BISI	1,36	1,26	1,09	1,57	1,39
8	MYOR	4,62	5,38	4,01	4,35	4,64
9	GGRM	2,002	1,35	9,93	5,99	6,42
10	UNVR	3,03	5,68	3,62	4,49	3,99
Rata-rata		5,2922	5,174	6,015	5,126	2,956

Source: data processed, 2024

LITERATURE STUDY

Company Value

Value is something that is desired if the value is positive in the sense of being profitable or enjoyable and makes it easier for the party who obtains it to fulfill their interests related to that value. On the other hand, value is something that is undesirable if the value is negative in the sense that it harms or makes it difficult for the party who obtains it to influence the interests of that party so that the value is shunned (Susanti, 2019). Company value is investors' perception of the company's level of success which is closely related to its share price (Ningrum, 2022). Company value is the company's performance as reflected by the share price which is formed by the demand and supply of the capital market which reflects the public's assessment of the company's performance. Another opinion also reveals that company value is related to share prices. The higher the share price, the higher the company value, that by maximizing company value means also maximizing shareholder prosperity (Ningrum, 2022). The indicators for measuring company value used in this research are

Price to Book Value (PBV)

1. Price to Book Value (PBV)

PBV shows the extent to which the company can form a relative company value for the total capital invested. In general, for companies that are running well, this ratio reaches above one or shows that the share market value is greater than the book value. The greater the PBV ratio, the more investors will value the company compared to the funds that have been invested in the company.

Here is the formula Price to Book Value (PBV) :

$$PBV = \frac{\text{Market price per share}}{\text{book value per share}}$$

Investment Decisions

Investment is an activity in the economy by investing capital directly or indirectly, so that capital owners have the hope of making a profit from the invested capital. There are many sectors in investment, including the real sector, banking sector, and capital markets. Investments in the banking sector have a scale that tends to be small in terms of risk, high levels of liquidation with short maturities, whereas in the capital market, the goods sold are shares and bonds owned by both companies and the government. There is a high risk in investing in the capital market sector when compared to other sectors, but the returns (profits) generated are also higher than other sectors.



Current developments require every individual to be aware of the importance of investing. With a person's high ability to manage finances, they will be very selective in making investment decisions (Aziz, 2020).

An investment decision is a decision to allocate or place a certain amount of funds into a certain type of investment. It can also be said to be a step chosen by investors in their capital investment activities based on their considerations and experience. Investment decisions have a long-term time dimension, so the decisions taken must be considered carefully (Rizky, 2020).

Decisions are activities in choosing strategies or actions to solve a problem. The purpose of a decision is to achieve a certain target or action that must be carried out. Meanwhile, the definition of investment is the activity of placing money or funds with the hope of obtaining certain profits from that money or funds (Kamarudin, 2004). From these two definitions, investment decisions can be interpreted as the activity of choosing a strategy in placing funds to achieve certain targets in the form of profits in the future (Studies & Journal, 2022).

The indicator for measuring Investment decisions used in this research is the Price Earning Ratio (PER) (Salama et al., 2019)

$$PER = \frac{\text{Price per share}}{\text{Earning per share}}$$

Funding Decisions

Funding decisions are decisions related to the source of funds obtained by the company. Sources of funds can come from debt and own capital. Management can determine how large the composition of debt and equity is for the company. Companies that are financed more by debt have a greater obligation to pay their debts. Mistakes in determining the capital structure will have a broad impact, especially if the company is too large in debt, then the fixed burden that must be borne by the company will be even greater (Ichsan, 2022).

Funding decisions can be interpreted as decisions concerning the company's financial structure. The company's financial structure is a composition of funding decisions which include short-term debt, long-term debt and own capital. Every company will hope for an optimal capital structure, namely a capital structure that can maximize company value (Wardani et al., 2022). Funding decisions discuss the source of funds used to finance an investment that is considered feasible. Each fund used has a cost which is often called the cost of funds (cost found). If the funds used come from debt, then these funds have a minimum cost of the interest rate, but if the funds used come from equity capital, then you must consider the opportunity cost for the own capital in question. In this decision, financial managers are required to consider and analyze the combination of economic sources of funds for the company in order to study investment needs (Sari, 2023). The indicator for measuring company value used in this research is the Debt to Equity Ratio (DER) formulated by Ichsan (2022):

$$DER = \frac{\text{Liability}}{\text{Equity}}$$

Profitability

Profitability is the company's ability to make profits related to sales, total assets and own capital. Investors will be interested in a company's profitability because profitability is the single best indicator of a company's financial health. Profitability provides benefits for management and shareholders because it is one of the factors that influences the value of the company to be able to generate large profits (Rahmawati Dewi et al., 2022). The indicators for measuring company value used in this research are Return On Equity (ROE).

Shows the percentage of net profit obtained when measured from capital owner. The tool most often used by investors in making investment decisions and from the perspective of shareholders is ROE. ROE is the ratio between net profit after tax and equity participation.

$$ROE = \frac{\text{Net Profit}}{\text{Total Equity}}$$



Hypothesis Development

The Influence of Investment Decisions on Profitability

Investment activities are basically carried out to increase the profitability of the company which will then increase the share price so that it has a positive impact on the value of the company. The greater the company's opportunity for investment decisions, the greater the company's opportunity to make a profit. The greater the profits obtained, the greater the company's potential to reinvest to increase profits from before. The greater profitability of investment activities indicates that the company can make good use of the funds it has. Research result (Kelana & Amanah, 2020) shows that investment decisions influence profitability, whereas according to research (Amin, 2023) investment decisions have no effect on profitability. Based on this, a hypothesis is formulated:

H1: Investment decisions have a significant effect on profitability

The Effect of Funding Decisions on Profitability

Funding decisions within the company are very important, because there is a need to optimize returns so that costs incurred as a result of decisions regarding the use of funds can be reduced. Funding decisions show how much a company is financed by debt or own capital. In this research, it is measured by DER, so if the company does not make good use of debt it will have an impact on the company's ability to gain profits, thereby giving rise to a negative signal to investors. According to research conducted by (Wardani et al., 2022) Funding decisions influence profitability. Meanwhile, according to (Amin, 2023) funding decisions do not have a significant and positive effect on profitability. Based on the explanation above, the following hypothesis is formulated:

H2: Funding decisions have a significant effect on profitability.

The Effect of Funding Investment on Company Value

Investment decisions are decisions regarding investment in the present to obtain results or profits in the future. The higher the level of investment decisions made by the company, the higher the opportunity to gain large profits (Meryana & dkk, 2021) . Investment decisions in this research are proxied by Price Earnings Ratio (PER). The higher the PER ratio of a share, the higher the share price will be compared to the net income per share, which means that investment in the company is also high and shows a signal of future growth in the company's income. This will be considered good news or good news which will later change investors' perceptions of the company's performance so that it can increase share prices which will ultimately affect the value of the company. Research result (Tambunan, 2019) shows that investment decisions influence company value. Meanwhile research (Yolandafitri, 2019) which shows that funding decisions have no effect on company value. Thus, it is suspected that investment decisions have a positive effect on company value. Based on the description above, a hypothesis is formulated;

H3: Investment decisions have a significant effect on company value

Effect of Funding Decisions on Company Value

Funding decisions relate to the company's decision to seek funds to finance investments and determine the composition of funding sources. Funding decisions are decisions regarding the sources of funds used and processed by the company. These funding sources are divided into two, namely internal funding sources and external funding sources. The external resource used by the company, namely debt, can later influence the value of the company. A manager must be able to consider the composition between the use of debt and its own capital. Research result (Ardatiya et al., 2022), shows that funding decisions have a positive effect on company value. However, this is not in line with research conducted by (Amin, 2023) dan (Mohammad et al., 2023) which says that investment decisions have no effect on company value. Based on the description above, a hypothesis is formulated;

H4: Funding decisions have a significant effect on company value

The Influence of Profitability on Company Value

Every company definitely wants to show its ability to generate profits. Profitability is a description of financial performance in managing a company which shows the company's success in generating profits. The definition of profitability is the company's ability to make a profit. Profitability measurement in this research uses the Return on Equity (ROE) ratio. The higher the ROE, the higher the rate of return on investments made by share owners in a company. One of the important indicators for investors in assessing the company's prospects in the future

namely by looking at the extent of the company's profitability growth. Its growth shows that the company's prospects are getting better and investors take this as a positive signal from a company so that it can increase investor confidence. This logic is supported by researchers (Dela & Nurhayati, 2020) and (Angraini & Aditi, 2024) that company profitability has a positive effect on company value. However, it is the opposite (Amin, 2023) which says partial profitability has no significant effect on company value. This shows that the greater the profitability of a company, the greater the company value. Thus the hypothesis that is built is as follows:

H5: Profitability has a significant effect on company value.

The Influence of Investment Decisions on Company Value through Profitability

Companies that have the opportunity to invest are companies whose performance is good. Signal theory: the greater the number of investment opportunities in a company, the greater the value of the company so that it will attract more interest from investors. Investment decisions can influence profitability, because investment decisions are expected to produce profits in the future so it can be seen that the influence of investment decisions affects the level of profitability of a company. Increasing profitability means the company's ability to earn higher profits, increasing investment decisions based on profitability will have an impact on increasing company value. The results of research conducted by (Rasa & Setyawati, 2024) said profitability can mediate the influence of investment decisions on profitability. However, this is not in line with research (Kelana & Amanah, 2020) which says that investment decisions have no effect on company value through profitability. Based on this, a hypothesis is formulated:

H6: Investment decisions have a significant effect on company value through profitability.

The Influence of Funding Decisions on Company Value through Profitability

Funding decisions can be interpreted as decisions concerning the company's financial structure. The company's financial structure is a composition of funding decisions which include short-term debt, long-term debt and own capital. Every company will hope for an optimal capital structure, namely a capital structure that can maximize company value (Wardani et al., 2022). The results of research conducted by (Wardani et al., 2022) and (Angraini & Aditi, 2024) states that funding decisions influence company value through profitability, whereas in research conducted by (Rasa & Setyawati, 2024) profitability does not have an indirect positive effect on company value which is mediated by profitability. Based on this, a hypothesis is formulated:

H7: Funding decisions have a significant effect on company value through profitability

METHOD

The objects of this research are non-cyclical primary consumer sector companies listed on the Indonesia Stock Exchange which present consecutive annual reports from the 2019-2023 period. Data was taken from several official websites such as www.idx.co.id, www.idnfinansial.co.id as a complement to the author's search for information through books, the internet, print media and other media that support research. The data source used is secondary data in the form of annual financial reports on non-cyclical consumer primary sector companies listed on the IDX. The population in this research is all non-cyclical primary consumer sector companies listed on the Indonesia Stock Exchange for the 2019-2023 period. The population of non-cyclical consumer sector companies in this study was 129 companies. In this research, the selected samples were 32 non-cyclical primary consumer sector companies listed on the Indonesia Stock Exchange in the 2019-2023 period, and had certain criteria to support the research. In this research, the researcher

used a purposive sampling technique for the reason that not all samples met the criteria that the researcher had determined and this technique is often used in quantitative research. After the data is collected, the data is then analyzed using data processing techniques. Data analysis was carried out quantitatively, this research is a descriptive type of analytical research using secondary data as the research object. This research uses SPSS 26 to prove the research hypothesis, using descriptive statistical analysis, classical assumption test, t test (partial) and path analysis test to determine the research results. The goal is to determine whether the independent variable has a relationship with the dependent variable.

RESULTS AND DISCUSSION

Descriptive Analysis

Based on the data processing stages that have been carried out, a summary of descriptive statistics for each research variable used is obtained as in table 2 below:

Table 2. Descriptive Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Investment Decisions	160	3.76	12456.75	355.8075	1774.91066
Funding Decisions	160	0.10	4.94	1.0364	1.00957
Company Value	160	0.34	303.36	6.4028	25.03574
Profitability	160	0.34	303.36	6.4028	25.03574
Valid N (listwise)	160				

Source : **Data Processed with SPSS 26 (2024)**

Based on the results of the descriptive statistical calculations above, the independent variable, namely (X1) investment decisions has a value ranging from 3.76 (minimum) to 12456.75 (maximum) and an average (mean) of 355.8075 with a standard deviation of 1774.91066. (X2) Funding decisions have a value ranging from 0.10 (minimum) to 4.94 (maximum) and the average (mean) amounting to 1.0364 with a standard deviation of 1.00957. The dependent variable, namely (Y) company value has a value ranging from 0.34 (minimum) to 303.36 (maximum) and an average (mean) of 6.4028 with a standard deviation of 25.03574. The intervening variable, namely (Z) profitability has a value ranging from 0.34 (minimum) to 303.36 (maximum) and an average (mean) of 6.4028 with a standard deviation of 25.03574

Table 3. Regression results

Model		Unstandardized Coefficients		Standardized Coefficients	t-test	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.237	0.094		2.515	0.013
	LOG X1	0.110	0.063	0.135	1.733	0.085
	LOG X2	0.205	0.095	0.168	2.154	0.033

Sumber : **Data Diolah dengan SPSS 26 (2024)**

Table 4. Regression results after intervened

Model		Unstandardized Coef.		Standardized Coef.	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.201	.056		-3.613	0.000
	LOG X1	0.002	0.037	0.004	0.062	0.950
	LOG X2	-0.010	0.056	-0.010	-0.177	0.860
	LOG Z	-0.559	0.046	-0.705	-12.140	0.000

Sumber : **Data Diolah dengan SPSS 26 (2024)**

Partial Test(Uji t)

The t test is used to test the partial influence of independent variables on the dependent variable. This test is carried out with the following conditions:

1. If the probability calculate < 0.05 , then H_0 is rejected and H_a is accepted.
2. If the probability calculate > 0.05 , then H_0 is accepted and H_a is rejected.

Table 5. Partial Hypothesis Testing (T Test) Equation I

Variabel	t-hitung	t-tabel	Sig
LOGX1	1.733	1.975	0.085
LOGX2	2.154	1.975	0.033

Source : Data Processed with SPSS 26 (2024)

Based on table above, it can be interpreted as follows:

The influence of capital structure on profitability.

Based on the table above, it shows that the (X1) investment decision variable has a calculated t value of 1.733 and a significant level of $0.085 > 0.05$. So it can be concluded that H_1 is rejected and H_0 is accepted, meaning that (X1) investment decisions have no significant effect on (Z) profitability.

The influence of funding decisions on profitability.

Based on the table above, it shows that the (X2) funding decision variable has a calculated t value of 2.154 and a significant level of $0.033 < 0.05$. So it can be concluded that H_1 is accepted and H_0 is rejected, meaning that (X2) funding decisions have a significant effect on (Z) profitability.

Table 6. Partial Hypothesis Testing (t Test) Equation II

Variabel	t-hitung	t-tabel	Sig
LOGX1	0.062	1.975	0.950
LOGX2	-0.177	1.975	0.860
LOGZ	-12.140	1.975	0.000

Source : Data Processed with SPSS 26 (2024)

Based on table above, it can be interpreted as follows:

The influence of investment decisions on company value

Based on the table above, it shows that the (X1) investment decision variable has a calculated t value of 0.062 and a significant level of $0.950 > 0.05$. So it can be concluded that H_0 is accepted and H_3 is rejected, meaning that (X1) investment decisions have no significant effect on (Y) company value.

The influence of funding decisions on company value

Based on the table above, it shows that the (X2) funding decision variable has a calculated t value of -0.933 and a significant level of $0.353 > 0.05$. So it can be concluded that H_0 is accepted and H_4 is rejected, meaning that (X2) funding decisions have no significant effect on (Y) company value.

The effect of profitability on company value

Based on the table above, it shows that the variable (Z) profitability with a calculated t value of -12,140 and a significant level of $0.000 < 0.05$. So it can be concluded that H_0 is rejected and H_5 is accepted, meaning that (Z) profitability has a significant effect on (Y) company value.

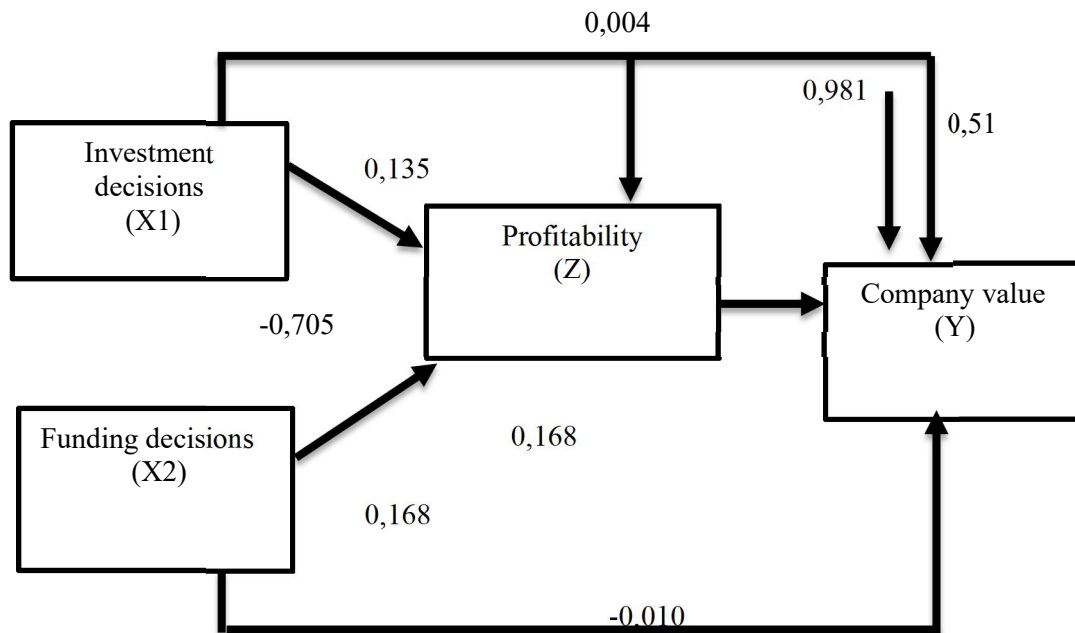
Path Analysis

Path analysis is an extension of multiple analysis or path analysis is the use of regression analysis to estimate causal relationships between variables (causal models) that have been previously established based on theory.

From the output, you can see the path diagram as follows:

1. From equation I, the beta value for the coefficient $X_1 = 0.135$
2. From equation II, the beta value of the coefficient $X_1 = 0.004$ $X_2 = -0.010$, and $Z = -0.705$ for the value $e_{11} \sqrt{1 - 0.490} = 0.51$

Figure 1. Path Analysis



Source: Data Processed, 2024

From the equation image above, it can be seen the direct influence and indirect influence exerted by the independent variable on the dependent variable which will be presented as follows:

1. The total influence of the capital structure variable (X1) both directly and when mediated by profitability (Z) on company value (Y) is as follows:
 Direct influence: 0.004
 Indirect influence (0.135×-0.705): 0.095 (Accepted)
2. The total influence of the asset growth variable (X2) both directly and when mediated by profitability (Z) on company value (Y) is as follows:
 Direct influence: -0.010
 Indirect effect (0.168×-0.705): -0.118 (Accepted)

Table 7. Hypothesis Test Result

Hypothesis	Statement	Significant	comparison	Decission
H1	It is suspected that there is an influence of investment decisions on profitability in primary sector manufacturing companies listed on the IDX in 2019-2023	0.085	0,05	rejected
H2	It is suspected that there is an influence of investment decisions on profitability in primary sector manufacturing companies listed on the IDX in 2019-2023	0,033	0,05	accepted

H3	It is suspected that there is a significant influence of investment decisions on company value in primary sector manufacturing companies listed on the IDX 2019-2023	0,950	0,05	rejected
H4	It is suspected that there is a significant influence of funding decisions on company value in primary sector manufacturing companies listed on the IDX in 2019-2023	0,353	0,05	rejected
H5	It is suspected that there is a significant influence of funding decisions on company value in primary sector manufacturing companies listed on the IDX in 2019-2023	0,000	0,05	accepted
Hypothesis	Statement	direct influence	indirect influence	Decission
H6	It is suspected that there is an influence of investment decisions on company value through profitability as a simultaneous intervening variable in primary sector manufacturing companies listed on the BEI in 2019-2023	0,004	0,135 x -0,705 = -0,095	accepted
H7	It is suspected that there is an influence of funding decisions on company value through profitability as a simultaneous intervening variable in primary sector manufacturing companies listed on the BEI in 2019-2023	-0,010	0,168 x -0,705 = -0,118	accepted

Source : Data Processed, 2025

Discussion

Effect of Investment Decisions on Profitability

An investment decision is a decision to allocate or place a certain amount of funds into a certain type of investment. It can also be said to be a step chosen by investors in their capital investment activities based on their considerations and experience. Investment decisions have a long-term time dimension, so the decisions taken must be considered carefully (Rizky, 2020). Based on the results of the hypothesis test, it is known that the funding decision variable (X2) has a calculated t value of 1.733 and a significant level of $0.085 > 0.05$. then it can be concluded that **H1 is rejected** and H0 is accepted, meaning that investment decisions (X2) have no significant effect on profitability. In this study, it was concluded that investment decisions do not have a significant effect on the

profitability of Consumer Non-Cyclicals primary sector companies listed on the Indonesia Stock Exchange 2019-2023. The results of this study are in line with research conducted by (Amin, 2023) which suggests that investment decisions have no effect on profitability. However, contrary to previous research conducted by (Kelana & Amanah, 2020) shows that investment decisions have a positive and significant effect on profitability.

Effect of Funding Decisions on Profitability

Funding decisions can be interpreted as decisions concerning the company's financial structure. The company's financial structure is a composition of funding decisions which include short-term debt, long-term debt and own capital. Every company will hope for an optimal capital structure, namely a capital structure that can maximize company value (Wardani et al., 2022). Based on the results of the hypothesis test, it is known that the funding decision variable (X_2) has a calculated t value of 2,154 and a significant level of $0.033 < 0.05$. So it can be concluded that **H2 is accepted** and H_0 is rejected, meaning that the funding decision (X_2) partially has a significant effect on profitability (Z). In this research, it was concluded that funding decisions have a significant effect on profitability in Consumer Non-Cyclicals primary sector companies listed on the Indonesia Stock Exchange 2019-2023. The results of this research are in line with the results of research found by (Wardani et al., 2022) who said funding decisions affect profitability. And this is inversely proportional to research conducted by (Amin, 2023) who said funding decisions do not have a significant and positive effect on profitability.

Effect of Investment Decisions on Company Value

An investment decision is a decision to allocate or place a certain amount of funds into a certain type of investment. It can also be said to be a step chosen by investors in their capital investment activities based on their considerations and experience. Investment decisions have a long-term time dimension, so the decisions taken must be considered carefully (Rizky, 2020). Based on the results of the hypothesis test, it is known that the investment decision variable (X_1) has a calculated T value of 0.062 and a significance level of $0.950 > 0.05$. So it can be concluded that **H3 is rejected** and H_0 is accepted, meaning that investment decisions (X_1) do not have a significant effect on firm value (Y). In this research, it was concluded that investment decisions have a significant effect on company value in primary sector Consumer Non-Cyclicals companies listed on the Indonesia Stock Exchange 2019-2023. The results of this research are in line with research conducted by (Yolandafitri, 2019) and who say that investment decisions do not have a significant effect on company value. However, this research is inversely proportional to research conducted by (Tambunan, 2019) which says that investment decisions have a significant effect on company value.

Effect of Funding Decisions on Company Value

Funding decisions can be interpreted as decisions concerning the company's financial structure. The company's financial structure is a composition of funding decisions which include short-term debt, long-term debt and own capital. Every company will hope for an optimal capital structure, namely a capital structure that can maximize company value (Wardani et al., 2022). Based on the results of the hypothesis test, the asset growth variable (X_2) shows a calculated t value of -933 with a significance level of $0.353 > 0.05$. Thus, it can be concluded that H_0 is accepted and **H4 is rejected**, meaning that the funding decision (X_2) does not have a significant effect on firm value (Y). In this research, it was concluded that funding decisions do not have a significant effect on company value in primary sector Consumer Non-Cyclicals companies listed on the Indonesia Stock Exchange 2019-2023. This research is in line with research conducted (Amin, 2023) and (Mohammad et al., 2023) which says that funding decisions have no influence on company value. However, this is inversely proportional to research conducted by (Ardatiya et al., 2022) which says that funding decisions have a significant effect on company value.

Effect of Profitability on Company Value

Profitability is the company's ability to make profits related to sales, total assets and own capital. Investors will be interested in a company's profitability because profitability is the single best indicator of a company's financial health. Profitability provides benefits for management and shareholders because it is one of the factors that influences the value of the company to be able to generate large profits (Rahmawati Dewi et al., 2022). Based on the results of the hypothesis test, it is known that the profitability variable (Z) has a calculated t value of 18,645 and a significance level of $0.000 < 0.05$. So it can be concluded that H_0 is rejected and **H5 is accepted**, meaning that the ROE variable has a significant effect on the PBV of Consumer Non-Cyclicals primary sector companies listed on the Indonesia Stock Exchange 2019-2023. This is in line with research conducted by (Dela & Nurhayati, 2020) and (Angraini & Aditi, 2024) which says profitability directly influences company value. However, this is inversely proportional to the research conducted by (Amin, 2023) which says partial profitability does not have a significant influence on company value.

The Influence of Investment Decisions on Company Value Through Profitability

Based on the results of path analysis calculations, it is known that the direct influence value is 0.004 and the indirect influence value is -0.095, which means that the direct influence value is greater than the indirect influence value. This shows that investment decisions (X_1) have a significant effect on company value (Y) through profitability (Z) as an intervening variable. So **H6 is accepted** and H_0 is rejected. This is in line with research conducted by (Rasa & Setyawati, 2024) which says that profitability can mediate the influence of investment decisions on profitability, but this research contradicts the research conducted by (Kelana & Amanah, 2020) which says that investment decisions have no effect on company value through profitability.

The Influence of Funding Decisions on Company Value Through Profitability

Based on the results of path analysis, funding decisions (X_2) have a significant effect on company value (Y) through profitability (Z) as an intervening variable. This can be seen from the indirect influence value of -0.118, which is greater than the direct influence value of -0.010. These results indicate that profitability (Z) as an intervening variable has a small contribution. However, overall, funding decisions (X_2) still have a total influence of -0.118 on company value (Y), So **H7 is accepted**. The results of this research are in line with research conducted by (Wardani et al., 2022) and (Angraini & Aditi, 2024) who said funding decisions have a significant effect on company value through profitability. This is inversely proportional to research conducted by (Rasa & Setyawati, 2024) profitability does not have a significant effect on company value through profitability.

CONCLUSION

This study examines the impact of investment and financing decisions on profitability and firm value in primary sector Non-Cyclical Consumer companies listed on the Indonesia Stock Exchange from 2019 to 2023. It has been established that investment decisions do not significantly affect profitability and firm value. In contrast, financing decisions significantly affect profitability although they also do not show a substantial impact on firm value. In addition, this study confirms that profitability has a significant effect on firm value. Furthermore, it is established that investment and financing decisions affect firm value indirectly through profitability, validating the mediating role of profitability, although contrary to certain findings in the literature. Collectively, these results shed light on the complex dynamics of investment and financing decisions in the context of profitability and firm value, providing valuable insights for investors and management in their decision-making process.

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