

THE INFLUENCE OF PROFITABILITY AND FUNDING DECISIONS ON COMPANY VALUE

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Key word:

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Abstract

This research aimed to examine the effect of profitability and fund decisions on the firm value of Food and Beverage companies that were listed on the Indonesia Stock Exchange during 2017-2020. The research was quantitative. Furthermore, the data collection technique used purposive sampling, in which the sample was based on the criteria given. In line with that, there were 64 samples from 16 Food and Beverage companies with 4 years of observations (2017-2020). The data analysis technique used multiple linear regression. The research result concluded that profitability which was measured by Return On Equity had a significant positive effect on the firm value. However, That measured Profitability by the Net Profit Margin had a positive effect but did not on the firm value. Fund decisions that were measured by Debt Equity Ratio had a positive effect but did not affect firm value. In conclusion, that profitability (ROE) has an influence on firm value of food and beverage companies.

Abstrak

Perusahaan sektor food and beverage merupakan salah satu sektor usaha yang mengalami pertumbuhan dengan cepat. Penelitian dilakukan pada perusahaan sektor food and beverage yang terdaftar di Bursa Efek Indonesia (BEI) periode 2017-2020. Tujuan penelitian adalah untuk menguji pengaruh profitabilitas (ROE dan NPM) dan keputusan pendanaan (DER) terhadap nilai perusahaan (PBV). Jenis penelitian adalah penelitian kuantitatif. Teknik pengambilan sampel penelitian menggunakan metode purposive sampling dengan kriteria-kriteria yang sudah ditentukan. Berdasarkan metode purposive sampling diperoleh sampel sebanyak 64 sampel dari 16 perusahaan food and beverage dengan periode penelitian 4 tahun yaitu 2017-2020. Analisis data yang digunakan dalam penelitian ini adalah analisis regresi linier berganda. Hasil penelitian menunjukkan bahwa profitabilitas (ROE) berpengaruh positif dan signifikan terhadap nilai perusahaan. Namun, profitabilitas (NPM) berpengaruh positif namun tidak berpengaruh terhadap nilai perusahaan. Keputusan pendanaan (DER) bernilai positif namun tidak berpengaruh terhadap nilai perusahaan. Dari hasil penelitian dapat disimpulkan bahwa profitabilitas (ROE) memiliki pengaruh terhadap nilai perusahaan (PBV) pada perusahaan sektor food and beverage.

Kata kunci:

profitabilitas, keputusan pendanaan, nilai perusahaan

INTRODUCTION

Currently, the increasing development of globalization makes competition in the business and economic world increasingly tight. It is hoped that this will require companies to work more effectively and efficiently in order to be able to maintain the company's survival and maintain the company's economic stability. Competition in the business world is getting tougher, making business people increasingly motivated to use various methods to achieve company value goals, one of which is company value. In Suroto's (2015) research, the company has two goals, namely short-term goals and long-term goals. Where it is explained that the company's short-term goal is to maximize the company's profit value by utilizing the company's existing resources. Meanwhile, the company's long-term goal is to maximize company value in the form of increasing the value of a company's shares. An increase or stability in share prices in a capital market means that the company is experiencing growth. If share prices increase, it means maximum prosperity for shareholders has been provided. Meanwhile, for investors, company value is a good perception of the company chosen to be an indicator in assessing a company. If a company wants to have a high share price, then the company must show good performance to the general public, because good company performance can provide a high level of trust from consumers in the company which has a good impact on sales.

Mardiyati et al., (2012), argue that the value of a company that has gone public in the capital market is reflected in the value of the company's share price, while the value of a company that has not gone public can be realized if the company is sold, the company's business prospects, business risks, etc. - other. The policy taken by management in an effort to increase shareholder prosperity uses company value analysis, because company value analysis provides useful coverage for investors in assessing the company's future prospects in the form of profits. Wijaya and Sedana (2015), stated that high share prices are directly proportional to company value. High company value can increase an investor's sense of trust in the company's value. Company value can be described in the share price of a company. Profitability is the level of net profit that a company can achieve when carrying out its operations. High profitability means that the company's prospects are going well and as a result it can trigger investors to increase demand for shares. The better the company's profitability growth, the better the company's future prospects are evaluated in the eyes of investors. However, if profitability growth is low, it can result in a decrease in investors' interest in investing their funds and withdrawing the investment funds they have made.

In this research, profitability is proxied through Return on Equity (ROE) and Net Profit Margin (NPM) which measure the company's profitability. According to Brigham and Houston (2010), Return on Equity (ROE) is the ratio of net profit after tax to own capital. This ratio can measure the level of return on investment for shareholders. From the definition of ROE above, it can be concluded that the level of return that can be obtained from company owners (shareholders) on their own capital contributed to the company. Net Profit Margin (NPM) is a ratio that measures how much a company's ability to earn net profit from each company activity. The higher the NPM ratio value, the more efficient the company's performance ability will be in reducing costs to increase profits from sales, thereby increasing the value of the company (Apsari et al., 2015). Fenandar and Raharja (2012) stated that funding decisions are important decisions in optimizing company value which are closely related to the form and composition of funding used by the company in the future. In other words, the funding decision is a search for funds that come from internal factors such as retained earnings, own capital and company cash, but it does not rule out the possibility that it also comes from external factors such as debt and equity. Debt policy in this case takes into account the use of debt against company equity, which we often call the Debt to Equity Ratio (DER). By using the Debt to Equity Ratio (DER) ratio, it can be seen how significant the company's value is to earnings quality.

Based on the research background described above, the problem formulation in this research is (1) Does Return On Equity (ROE) have an effect on company value (PBV)?, (2) Does Net Profit Margin (NPM) have an effect on Company Value (PBV)?, (3) Does the Debt to Equity Ratio (DER) affect Company Value (PBV)?. Based on the problem formulation described above, the objectives of this research are (1) To test the effect of Return On Equity (ROE) on Company Value (PBV), (2) To test the effect of Net Profit Margin (NPM) on Company Value (PBV), To test the effect of Debt to Equity Ratio (DER) on Company Value (PBV).

LITERATURE REVIEW

Signaling Theory

According to Brigham and Houston (2014: 184) explain that signal theory is a description of the actions taken by company management in providing information to investors in assessing the prospects of a company. This theory assumes that the information provided, namely in the form of financial reports that are relevant to investors, must show good judgment so that investors continue to invest in the company. According to Jogiyanto (2014: 392) information published by a company will become an announcement if it can provide a signal for investors in making investment decisions. When information or shareholders encourage them to invest in the company, it will increase the company's value in the future. The information received by an investor can be in the form of good signals (good news) and bad signals (bad news). If the company's reported profits increase, investors get a good signal, and conversely, if reported profits decrease, investors get a bad signal. Apart from the model above, this signal theory can also help carry out stock splits. The company's goal in carrying out a stock split is to increase the number of shares in circulation, resulting in a cheaper share price so that it can attract investors and the company's shares are more liquid in capital market trading (stock exchange).

Profitability

Profitability is the company's ability to generate profits from the company's operational activities in a predetermined period. The company's net profit is dividend income for investors which can increase the rate of return on investment (Kasmir, 2017:196). Good profitability can be seen from increasing profits and good cash flow and can indicate a low risk of loss. Profitability success figures are expressed in terms of profit before or after tax, investment profit, sales profit and earnings per share. This research uses Return on Equity (ROE) and Net Profit Margin (NPM) proxies, because these ratios show management's success in maximizing returns to shareholders. Return On Equity (ROE) is an important variable that investors look at before investing in a company. Return On Equity (ROE) indicates a company's ability to generate profits after tax using the company's own capital. Net Profit Margin (NPM) is a company's ability to show net profit after tax. The greater the ratio, the higher the profit generated from net sales.

Funding Decisions

Funding decisions are decisions related to determining the funding sources to be used, optimal funding balance, and the use of funding sources within and outside the organization. Kodrat and Herdinata (2009:135) state that funding decisions are determining the source of funds, determining the optimal balance of funds, and companies using funding sources from within or outside the company. Source-based funding decisions and the use of funding obtained for the company's main goal, namely increasing company value. If the company value increases, it can be concluded that the prosperity of the owner or shareholder has been achieved. In this survey, the proxy used by the author to measure funding decisions is the Debt Equity Ratio (DER). The average condition of funding decisions fluctuates and tends to decrease when measured by the Debt Equity Ratio (DER).

The value of the company

The company becomes a business entity that has a direction and purpose in carrying out its operational activities. High company value can increase the level of shareholder welfare, as a result shareholders will invest their capital in the company (Fenandar and Raharja, 2012). Maximizing company value is the company's goal as an effort to provide shareholder welfare. Brigham and Houston (2010:7) firm value is defined as the main objective of managerial decisions in considering risk and time related to estimated earnings per share. Company value is a certain condition achieved by the company as proof of public trust in the company after several years of operation since the company's founding until now (Septia, 2015). Companies must maximize company value, which means maximizing shareholder prosperity, which is the company's main goal. In this survey, the proxy used by the author to measure company value is Price Book Value (PBV).

Previous Research

Martikarini (2012) with the title the influence of profitability, debt and dividend policies on the value of manufacturing companies listed on the IDX. With a research sample of 13 companies. The results of the research are that profitability as measured by (ROE) has a significant effect on company value as measured by PBV.

Ayem and Nugroho (2016) entitled the influence of profitability, capital structure, dividend policy and investment decisions on company value in manufacturing companies listed on the IDX. With a research sample of 31 companies. The research results show that profitability (ROE), dividend policy (DPR) and investment decisions (PER) have a significant effect on company value (PBV). Meanwhile, capital structure (DER) has no effect on company value (PBV).

Wijaya and Wibawa (2010) with the title investment decisions, funding decisions, and dividend policy on company value. The results of this research show that 17.8% of changes in company value are influenced by investment decisions, funding decisions and dividend policy, while the remaining 82.2% are influenced by other factors outside the research model. The results of their research show that investment decisions, funding decisions, and dividend policy have a positive effect on company value.

Suranto and Walandouw (2017) with the title analysis of the influence of capital structure and financial performance on company value in banking companies. The population of this research is

banking companies listed on the IDX for the 2013-2015 period with 31 sample companies. By using descriptive statistical analysis methods and multiple linear regression, the research results show that capital structure has a positive and insignificant effect on company value, financial performance has a positive and significant effect on company value, Non-Performing Loans (NPL) has an insignificant negative effect on company value, and Capital structure and financial performance simultaneously have a significant effect on company value.

Nelwan and Tulung (2018) with the title the influence of dividend policy, funding decisions and investment decisions on company value. By determining the research sample using qualitative methods, the results show that dividend policy has a negative effect on company value. Meanwhile, funding decisions and investment decisions have a positive effect on company value.

Rosyid and Laily (2018) with the title the influence of funding decisions, dividend policy, company growth, and company size on company value. By using a qualitative approach, the results obtained from funding decisions and dividend policy have a positive and significant effect on company value. Meanwhile, company growth and company size have a negative effect on company value.

Kartika and Januri (2021) with the title research on the influence of tax planning and financial performance on company value in manufacturing companies listed on the IDX. By determining the research sample using the saturated sampling method, the research results show that tax planning and financial performance have a simultaneous effect on company value and partially the variables of tax planning and financial performance have a significant effect on company value.

Conceptual Farmework

Based on the theoretical review above, the conceptual framework of this research is in figure 1.

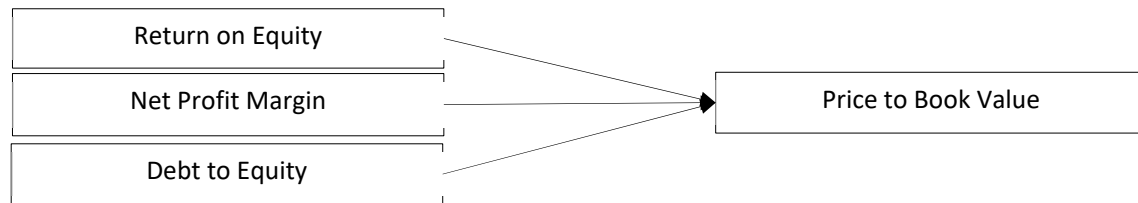


Figure 1
Conceptual Framework

Source: Data Processed

Hypothesis Development

The Effect of Return on Equity (ROE) on Company Value

Return on Equity is a ratio that can be used to measure a company's ability as seen from the company's capital to gain profits for investors. This is seen by investors because the company produces profits which can show how the company is able to manage its capital in order to make a profit. Research conducted by Martikarini (2012) states that Return On Equity (ROE) has a significant effect on company value, in line with research by Ayem and Nugroho (2016) which states that Return On Equity (ROE) has a significant effect on company value (PBV). So from previous research the following hypothesis can be drawn:

H₁: Return on Equity (ROE) has a positive effect on company value

The Influence of Net Profit Margin (NPM) on Company Value

Net Profit Margin (NPM) is a ratio used to show a company's ability to generate net profits after tax deductions, in this case the company does its best to suppress and reduce company profits. Use Net Profit Margin (NPM) to measure a company's ability to generate net profits compared to sales. A high Net Profit Margin (NPM) will increase the company's profit. This is in line with research by Swastika (2021) and Ali et al. (2021) which states that Net Profit Margin (NPM) has a positive effect on company value. So from previous research the following hypothesis can be drawn:

H₂: Net Profit Margin (NPM) has a positive effect on company value.

The Influence of Debt to Equity Ratio (DER) on Company Value

Debt Equity Ratio is a ratio that describes the company's ability to finance all its debts using all the capital the company has. The higher the Debt Equity Ratio (DER) will indicate the amount of debt that is not managed well, it is assumed that the company has a high risk of bankruptcy. On the other hand, if the Debt Equity Ratio (DER) ratio is low, it indicates that debt can be managed well so that the risk of bankruptcy can be avoided. Wijaya and Wibawa's (2010) research states that investment decisions, funding decisions (DER) and dividend policies have a positive effect on company value in line with Prasetyo et al. (2013) research which states that investment decisions and funding decisions (DER) have a positive effect on company value. So from previous research the following hypothesis can be drawn: H₃: Debt Equity Ratio (DER) has a positive effect on company value.

RESEARCH METHODS

Types of Research

This research method uses quantitative research. Quantitative research that analyzes numerical data and processes or calculates it using statistical tests. The aim of the research is to determine the effect of certain variables on other variables. This research was conducted based on secondary data. The data source used is the annual report from the Indonesia Stock Exchange (BEI) for 2017-2020.

Sampling Technique

The sample is part of the number and characteristics of companies owned by the population. The sampling technique used in this research is a purposive sampling technique based on certain considerations and criteria from the research being sampled. The criteria used in this research used as samples are:

- (1) Manufacturing companies in the food and beverage subsector which have been listed on the Indonesia Stock Exchange (BEI) during the period 2017 - 2020.
- (2) Manufacturing companies in the food and beverage subsector which report annual reports for the period 2017-2020.
- (3) Manufacturing companies in the food and beverage subsector that have complete data related to variables during the period 2017 - 2020.
- (4) Manufacturing companies in the food and beverage subsector that have experienced consecutive profits during period 2017 - 2020.

Based on the criteria from the research sample above, a sample of 19 food and beverage companies listed on the Indonesia Stock Exchange (BEI) was obtained. With the final sample of companies for the 4 year observation period from 2017 to 2020. The number of research samples that meet the criteria is presented in table 1.

Table 1
List of Research Sample

No.	Code	Corporate Name
1.	ADES	PT Akasha Wira internasional Tbk.
2.	BUDI	PT Budi Starch & Sweetener Tbk.
3.	CAMP	PT Campina Ice Cream Industry Tbk.
4.	CEKA	PT Wilmar Cahaya Indonesia Tbk.
5.	CLEO	PT Sariguna Primatirta Tbk.
6.	COCO	PT Wahana Interfood Nusantara Tbk.
7.	DLTA	PT Delta Djakarta Tbk.
8.	GOOD	PT Garudafood Putra Putri Jaya Tbk.
9.	HOKI	PT Buyung Poetra Sembada Tbk.
10.	ICBP	PT Indofood CBP Sukses Makmur Tbk.
11.	INDF	PT Indofood Sukses Makmur Tbk.

12.	MLBI	PT Multi Bintang Indonesia Tbk.
13.	MYOR	PT Mayora Indah Tbk.
14.	ROTI	PT Nippon Indosari Corpindo Tbk.
15.	SKBM	PT Sekar Bumi Tbk.
16.	SKLT	PT Sekar Laut Tbk.
17.	STTP	PT Siantar Top Tbk.
18.	TBLA	PT Tunas Baru Lampung Tbk.
19.	ULTJ	PT Ultra Jaya Milk Industry Tbk.

Source: IDX

Data Collection Technique

The data that will be used in this research is secondary data. Secondary data used in this research are financial reports of food and beverages companies in 2017-2020 which are sourced via the Indonesia Stock Exchange (BEI) website.

Variables and Operational Definitions of Variables

Dependent Variable

The dependent variable used in this research is company value (Y). Price to Book Value (PBV) is a ratio that shows the comparison between the market price per share and the book value per share. The PBV value can be calculated using the following formula:

$$\text{Price to Book Value (PBV)} = (\text{Market Price per share}) / (\text{Book Value per share})$$

Independent Variable

Profitability

Profitability is a company's measurement tool for generating profits from the company's operational activities after tax in a predetermined period. In this research, profitability is measured using Return On Equity (ROE) and Net Profit Margin (NPM) as follows:

$$\text{Return on Equity (ROE)} = (\text{Net Profit}) / (\text{Equity})$$

$$\text{Net Profit Margin (NPM)} = (\text{Net profit}) / (\text{Total Revenue})$$

Funding Decisions

The funding decision is a division between the company's total debt and equity. Debt to Equity Ratio (DER) is a comparison of the total debt a company has with the company's total equity. The funding decision (DER) was formulated by Gayatri and Mustanda (2014) as follows:

$$\text{Debt Equity Ratio (DER)} = (\text{Total Debt}) / (\text{Total Equity})$$

Data Analysis Technique

Multiple Linear Regression Analysis

The multiple regression method tests the dependent variable and several independent variables to see whether each independent variable is positively or negatively related and predicts the value of the dependent variable if the independent variable experiences an increase or decrease.

ANALYSIS AND DISCUSSION

Descriptive Statistical Analysis

Descriptive statistical analysis here describes in general the variables that will be presented and tests the influence of profitability (ROE and NPM) and funding decisions (DER as an independent variable or independent variable on company value (PBV) as a dependent variable or dependent variable. Statistical analysis This descriptive method is used in research which is seen from the minimum, maximum, average (mean) and standard deviation values of each research variable. The following are the results of descriptive statistical tests based on SPSS data in table 2.

Table 2
Descriptive Statistics Results

	N	Minimum	Maximum	Mean	Std. Deviation
PBV	64	0.337	28.874	3.99527	5.941343
ROE	64	0.015	5.630	0.27437	0.720644
NPM	64	0.008	1.711	0.13623	0.225931
DER	64	0.130	2.416	0.78897	0.574224
Valid N (listwise)	64				

Source: processed data, 2021

Based on the results of table 2, it is known that the number of observations studied was 64 sample observations. So it can be explained as follows: (1) Price to Book Value (PBV) has the highest (maximum) value of 28.874 and the lowest (minimum) value of 0.337. The calculated average (mean) is 3.99527 with a standard deviation of 5.941343. (2) Return On Equity (ROE) has the lowest (minimum) value of 0.015 and the highest (maximum) value of 5.630. The calculated average (mean) is 0.27437 with a standard deviation of 0.720644. (3) Net Profit Margin (NPM) has the lowest (minimum) value of 0.008 and the highest (maximum) value of 1.711. The calculated average (mean) is 0.13623 with a standard deviation of 0.225931. (4) Debt Equity Ratio (DER) has the lowest (minimum) value of 0.130 and the highest (maximum) value of 2.416. The calculated average (mean) of (DER) is 0.78897 with a standard deviation of 0.574224.

Classic assumption test

To find out whether the regression model is really suitable to be used to test the significant influence of variables, the regression model must meet the classical assumption test. In carrying out the classical assumption test, the data normality test, heteroscedasticity test, autocorrelation test and multicollinearity test are used. The research data has met the assumptions of normality, free from multicollinearity, heteroscedasticity and autocorrelation.

Determination Coefficient Test (R^2)

The following are the results of the coefficient of determination test which can be seen in table 3.

Table 3
Determination Coefficient Test (R^2)
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.471 ^a	.222	.174	1.944480

a. Predictors: (Constant), ROE, NPM, DER

b. Dependent Variable: PBV

Source: processed data, 2021

From the results of the coefficient of determination test after outliers in table 3, it can be seen that the R^2 value is 0.471 or 47.1%. These results indicate that the dependent variable (Y), namely firm value (PBV), which is explained through three independent variables (X) in this study, namely Return on Equity (ROE), Net Profit Margin (NPM), and Debt Equity Ratio (DER) influences company value of 47.1%. Meanwhile, the remaining 52.9% was influenced by other variables outside the research or which were not included in the regression model of this research.

Goodness of Fit (F test)

The results of the model feasibility test (F test) can be seen in table 4. From the results of the F test after outliers in table 4, it shows that the calculated F value is 4,572 with a significance level of 0.007. Because the significant value <0.05 ($\alpha = 5\%$) shows that there is an influence of the independent

variables, namely Return on Equity (ROE), Net Profit Margin (NPM), and Debt Equity Ratio (DER) on the dependent variable, namely company value (PBV) and it can be said that the regression model is suitable for use in research.

Table 4
Goodness of Fit (F test)
Anova^a

Model	Sum of Square	df	Mean Square	F	Sig.
1 Regression	51.865	3	17.288	4.572	.007 ^b
Residual	181.488	48	3.781		
Total	233.353	51			

a. *Dependent Variable: PBV*

b. *Predictors: (Constant), ROE, NPM, DER*

Source: processed data, 2021

Multiple Linear Regression Analysis

The results of this multiple linear regression analysis test are to find out whether the hypothesis is accepted or rejected. The following are the calculation results for companies listed on the Indonesian Stock Exchange (BEI). Following are the results of the research after outliers as follows in table 5.

Table 5
Multiple linear regression results

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	0.700	0.831		0.842	0.404
ROE	15.108	6.100	0.434	2.477	0.017
NPM	1.923	5.932	0.059	0.324	0.747
DER	0.134	0.730	0.025	0.184	0.855

a. *Dependent Variable: PBV*

Source: processed data, 2021

Based on the results of multiple linear regression analysis in table 5. So the following equation is obtained:

$$PBV = 0,700 + 15.108ROE + 1.923NPM + 0.134DER + e$$

Based on table 5, the t test results are obtained as follows: (1) t test for the ROE variable on company value. The first hypothesis test is to test how much influence Return on Equity (ROE) has on company value (PBV). Based on the results of research hypothesis testing in table 4, Return on Equity (ROE) has a calculated t value of 2.477 and a significant value of 0.017 with a coefficient value of 15,108. The test results show that the Return on Equity (ROE) variable has a positive value and a significant value of less than 0.05 ($0.017 < 0.05$). So H1 is accepted, which means that Return on Equity (ROE) has a positive effect on company value (PBV). (b) T test for the NPM variable on company value. The second hypothesis test is to test how much influence Net Profit Margin (NPM) has on company value (PBV). Based on the results of research hypothesis testing in table 4, the Net Profit Margin (NPM) variable has a calculated t value of 0.324 and a significant value of 0.747 with a coefficient value of 1.923. The test results show that the Net Profit Margin (NPM) variable has a positive value and is not significant because the significance value is greater than 0.05 ($0.747 > 0.05$). So H2 is rejected, which means that Net Profit Margin (NPM) has no effect on company value (PBV). (c) t test for the DER variable on company value. The third hypothesis test is to test how much influence the Debt Equity Ratio (DER) has on company value (PBV). Based on the results of research hypothesis testing in table 4, the Debt Equity Ratio (DER) variable has a calculated t value of 0.184 and a significant value of 0.855 with a coefficient value of 0.134. The test results show that the Debt Equity Ratio (DER) variable has a positive

value and is not significant because the significant value is greater than 0.05 ($0.855 > 0.05$). So H3 is rejected, which means the Debt Equity Ratio (DER) has no effect on company value (PBV).

Discussion

The Influence of Return on Equity (ROE) on Company Value

Based on the results of the tests carried out, Return On Equity (ROE) has a significant influence on company value. This is proven by the calculated t value of 15.108 which shows positive with a significance level of 0.017 with a significant value smaller than 0.05 or 5% which means that (H1) is accepted. So it can be said that ROE has a positive effect on company value. These results indicate that the higher the Return On Equity (ROE) value, the higher the company value, which will have a welfare impact on investors.

A company is a business entity that has a direction and purpose in carrying out its operational activities. The company's main goal is to increase company value. The company's value will grow significantly if the company is deemed to be able to increase profits.

The results of this research are in accordance with the research results of Ayem and Nugroho (2016) and Martikarini (2012) which state that Return on Equity (ROE) has a positive effect on company value. High profitability will provide good prospects for the company so that it can attract investors to increase demand for shares in the company. High demand for shares results in high company value. The higher the profitability, the higher the welfare impact for investors.

The Influence of Net Profit Margin (NPM) on Company Value

Based on the results of the tests carried out, Net Profit Margin (NPM) does not have a significant effect on company value. This is proven by the calculated t value of 0.324 which shows positive with a significance level of 0.747 with a significant value greater than 0.05 or 5% which means that (H2) is rejected. So it can be said that Net Profit Margin (NPM) does not have a significant effect on company value. These results indicate that the large profits obtained by the company from the number of sales generated do not affect the value of the company. If the Net Profit Margin (NPM) increases, the profits obtained by the company will also be greater, which will attract investors' interest in carrying out transactions and collaborating with the company.

In signal theory, it is explained that the description of the actions taken by company management in providing information to investors in assessing the prospects of a company. This theory assumes that the information provided in the form of relevant financial reports to investors must show good judgment so that investors continue to invest in the company. A company that has a good level of financial performance means the level of company value is also good. So this gives a positive signal to investors because investors assume that companies that have large profits will also produce large returns.

The results of this research are in line with research by Rahmawati (2021) which states that Net Profit Margin (NPM) has no effect on company value because Net Profit Margin (NPM) only looks at the company's profit percentage. This is because Net Profit Margin (NPM) has no effect on company value. The same thing is the case in Idris (2021) research which states that Net Profit Margin (NMP) has no effect on company value, but companies are expected to continue to improve Net Profit Margin (NPM) because it will affect the level of financial performance in the hope of increasing investors' views on the value of the company.

The Influence of Debt Equity Ratio (DER) on Company Value

Based on the results of tests carried out using the Debt Equity Ratio (DER) on company value, it shows a calculated t value of 0.134 with a significant level of 0.855 and greater than 0.05 or 5% which means that (H3) is rejected, so it can be said that Debt Equity Ratio (DER) has no effect on company value.

Funding decisions are decisions regarding the collection of funds obtained as the company's main objective, namely increasing company value. In this research it is said that funding decisions have no effect on company value as seen from the research results which are not significant. The research results show that the changes that occur in company value are not caused by changes in funding decisions. Where company value is proxied by Price to Book Value (PBV) and funding decisions are proxied by

Debt to Equity Ratio (DER). Company funding can be grouped into two, namely, internal funding and external funding. Where internal funding is funding that comes from within the company, namely retained earnings, while external funding is funding that comes from outside the company, namely debt, equity and hybrid securities. Some companies prefer funding using debt, one of which is the food and beverage company in this research.

The results of this research are in line with research by Amaliyah and Herwiyanti (2020) and Piristina and Khairunnisa (2019) which explains that funding decisions have no effect on company value. This shows that the higher the Debt Equity Ratio (DER) value is not always followed by an increase in Price Book Value (PBV). Because increasing debt will indicate that the burden borne will be greater, causing investors to be unable to see investment opportunities through funding decisions.

CONCLUSION AND SUGGESTION

Based on research analysis and discussion regarding the influence of profitability (ROE and NPM), funding decisions (DER) on company value (PBV) in food and beverage sector companies listed on the Indonesia Stock Exchange for the 2017-2020 period. So the following conclusions can be drawn from the research results: (1) Profitability (ROE) has a positive effect on company value (PBV). The results of this research reveal that the higher the ROE value, the higher the company value, which will have a welfare impact on investors. (2) Profitability (NPM) has no effect on company value (PBV). The results of this research reveal that the large profits obtained by the company from the number of sales it produces does not affect the company value (PBV). (3) Funding decisions (DER) have no effect on company value (PBV). The results of this research reveal that even if there is a decrease or increase in DER, this does not affect the rise and fall of company value.

Based on the results of the analysis and conclusions explained above, the researcher provides suggestions for further research as follows: (1) Future researchers are expected to be able to improve the limitations that exist in this research and increase the number of samples and years of observation in order to obtain comprehensive results. It is hoped that research can be developed with other factors that influence company value outside of research. (2) Future researchers should conduct research on other factors that have a greater influence on company value. (3) Future researchers are expected to use other objects in research, not only using food and beverage sector companies listed on the Indonesia Stock Exchange.

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