Do Investment Decisions Matter for Firm Value? An Empirical Analysis of Financial Firms

Yosua[1*], Randy Kuswanto[2]

Accounting Study Program, STIE Wiyatamandala School of Business, Jakarta, Indonesia[1,2]

Abstract

This study examines the impact of investment decisions, dividend policy, profitability, and firm size on firm value in financial sector companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2023. Employing a quantitative approach with purposive sampling, 25 financial companies were selected based on specific criteria, including consistent listing, dividend distribution, and financial reporting in Indonesian Rupiah. Classical assumption tests confirmed the validity of the regression model, and hypothesis testing was conducted using F-test and t-test. The findings reveal that profitability has a significant positive effect on firm value, while dividend policy and investment decisions do not exhibit a significant impact. Interestingly, firm size shows a significant negative effect, possibly due to regulatory pressures and post-pandemic operational challenges. These results highlight the dominant influence of regulatory compliance and investor focus on financial performance rather than expansion-oriented strategies. The adjusted R^2 value of 0.230 indicates that 23% of the variation in firm value is explained by the studied variables, suggesting that other factors outside the model may also significantly influence firm value.

Keywords: firm value, investment decision, profitability, dividend policy, financial sector.

Abstrak

Penelitian ini menganalisis pengaruh keputusan investasi, kebijakan dividen, profitabilitas, dan ukuran perusahaan terhadap nilai perusahaan pada sektor keuangan yang terdaftar di Bursa Efek Indonesia (BEI) selama periode 2021–2023. Penelitian ini menggunakan pendekatan kuantitatif dengan metode purposive sampling, yang menghasilkan 25 perusahaan keuangan sesuai kriteria tertentu, seperti konsistensi pencatatan, pembagian dividen, dan pelaporan keuangan dalam Rupiah. Uji asumsi klasik menunjukkan bahwa model regresi memenuhi syarat statistik, dan pengujian hipotesis dilakukan melalui uji F dan uji t. Hasil penelitian menunjukkan bahwa profitabilitas berpengaruh positif dan signifikan terhadap nilai perusahaan, sementara kebijakan dividen dan keputusan investasi tidak menunjukkan pengaruh yang signifikan. Ukuran perusahaan memiliki pengaruh negatif signifikan, yang kemungkinan disebabkan oleh tekanan regulasi dan tantangan operasional pascapandemi. Temuan ini menekankan pentingnya stabilitas keuangan dan kepatuhan regulasi dalam memengaruhi persepsi investor. Nilai Adjusted R^2 sebesar 0,230 menunjukkan bahwa 23% variasi nilai perusahaan dijelaskan oleh variabel yang diteliti, sementara sisanya dipengaruhi oleh faktor lain di luar model.

Kata Kunci: nilai perusahaan, keputusan investasi, profitabilitas, kebijakan dividen, sektor keuangan.

*) Corresponding Author
Email: Yosuaaja23@gmail.com (Yosua)

INTRODUCTION

In recent years, there have been various ways to increase business capital, one of which is through investment. This is especially relevant as access to investment has become more attainable. Through investment, business owners can gain returns in the form of capital gains and dividends in accordance with the ownership of shares. The financial sector consists of companies that operate in finance-related activities, including fund collection, fund distribution, and the provision of financial services. This sector plays a crucial role in the national economy by facilitating capital and investment. The author chooses to focus this research on financial companies listed on the Indonesia Stock Exchange (IDX), as these institutions are considered one of the economic pillars due to their role in providing access to capital and driving national development.

Financial companies operate in a highly competitive environment, requiring them to manage assets effectively and make strategic decisions, including those related to the pricing of financial products and services. According to (Azizah, 2021), banks not only function as intermediaries but also as providers of financial services and payment systems. In their role, banks channel funds into the real sector to support economic growth, making them key players in the country's financial system. Firm value is the result of management performance in several aspects, including net cash flow generated from investment decisions, growth, and the cost of capital. From the investors' perspective, firm value reflects market perception of a company. A higher firm value increases shareholder wealth, while a lower firm value reflects poor performance in the eyes of investors (Yohana, 2021).

Fundamental aspects serve as the basis for company valuation because stock value represents not only the intrinsic value at a given time but also investor expectations of the firm's future ability to generate wealth. This study focuses on internal factors within the company such as investment decisions, dividend policy, profitability, and firm size, all of which are considered controllable and closely related to financial management. To achieve the goal of maximizing firm value, management must make key financial decisions, particularly those concerning investments, funding, and profit distribution. Investment decisions are influenced by the availability of funds from both internal and external sources. These decisions directly impact the profitability of investments and the company's future cash flows. Investment activities aim to increase shareholder prosperity both in the present and future. The objective is to achieve high returns with manageable risks, which are expected to enhance firm value and consequently shareholder wealth (Ryan Juswandi, 2024).

LITERATURE REVIEW AND HYPOTHESIS

Signaling Theory

According to signaling theory, investment expenditure provides a positive signal regarding a company's future growth potential, which can raise stock prices and enhance firm value. In line with

the theory of the firm, the long-term goal of a company is to maximize shareholder wealth or firm value. This means that investment decisions should be made with careful consideration of future value creation. Investment decisions guide the selection of profitable project alternatives. These decisions involve the use of funds to acquire real assets for physical development or financial assets. They may also include determining the optimal asset structure between real and financial assets. Capital expenditure has a significant effect on firm value, as it reflects expectations about future growth. An increase in capital expenditure tends to result in positive stock price reactions, while a reduction may cause negative responses from the market.

Investment Decision

According to Ivan Somantri and Hadi A.S (2019), in previous research, investment decisions refer to the use of funds for the acquisition of various real assets aimed at establishing physical projects. The second condition occurs when the alternative use of funds is not for the purchase of real assets, but rather for the acquisition of financial assets. The third condition arises when there is consideration regarding the optimal structure of assets, as investment decisions involve the allocation of funds between the purchase of real and financial assets. The type of capital expenditure has a significant influence on firm value, as such information conveys expectations regarding future income growth. An increase in capital expenditure, relative to prior expectations, typically results in a positive stock return around the announcement period, and conversely, a reduction in capital expenditure is associated with negative stock returns. This implies that investment decisions carry informative signals regarding the company's future prospects. The higher the investor's valuation of a company's stock, the greater the value of the company. Investment decisions made by managers are expected to help the company grow through either short-term or long-term investments. In other words, these decisions should be capable of generating profits equal to or greater than those of the previous year, thereby strengthening investor confidence and increasing stock prices. Firm value reflects a condition that a company has achieved, representing the trust of the public after years of operational performance since the company was established (Sari, 2017).

Investment Decisions = Total Investment / Total Asset and Total Investment = Total Profit / Total Investment.

Investment decisions refer to the managerial process of allocating company funds across various types of assets. These decisions reflect the outcome of strategic choices to invest a specific amount of capital in particular types of investments, based on investor experience and informed judgment (Mandagie, 2020). According to Mertha Dewi (2018), investment decision-making involves

addressing multiple issues, selecting among two or more investment alternatives, and transforming financial inputs into outputs, which ultimately lead to a conclusion. The higher the company's level of investment, the greater the confidence from investors, which increases the demand for company stock and consequently raises firm value. Based on the aforementioned discussion, the following hypothesis is proposed:

H1: Investment Decisions Positively Affect Firm Value.

Profitability

High profitability provides investors with an indication that the company is performing well in generating profits, which can increase their interest in investing in the firm. Investors expect to obtain high returns or capital gains by investing in highly profitable companies. This study employs the Return on Equity (ROE) ratio to measure profitability, as it is considered more appropriate for the financial sector compared to Return on Assets (ROA) or Return on Investment (ROI). In financial institutions, total assets are primarily composed of third-party funds, which are not fully controlled by the institutions and tend to fluctuate over time. Consequently, ROA may not accurately reflect operational efficiency. ROI is typically used to assess returns on specific investment projects and is therefore less suitable for evaluating overall profitability. ROE, by contrast, offers a more reliable measure of how effectively shareholders' equity is utilized to generate profit.

$$ROE = (Net\ Income\ /\ Equity)\ x\ 100\%$$

According to Sudarno (2022), profitability is the ability of a company to generate profits over a specific period. A company with strong profitability tends to demonstrate good performance, as profitability is often used as a benchmark for evaluating corporate performance. Investors typically invest their capital in companies with the expectation of earning returns. Similarly, dividend policy plays a role in investor evaluation; when a company declares higher dividends than in the previous year, the return expected by investors tends to positively influence their assessment. Profitability refers to a company's ability to generate earnings from its operational activities. The higher the profit, the greater the return received by investors, which motivates increased demand for the company's shares. As investor demand rises, so does the company's stock price, which ultimately increases its firm value (Noviliyan, 2016). Based on this explanation, the following hypothesis is proposed:

H2: Profitability Positively Affects Firm Value.

Dividens Policy

Dividend policy refers to decisions regarding how much of the current earnings will be distributed as dividends rather than retained for reinvestment within the firm. In this study, dividend policy is represented by the Dividend Payout Ratio (DPR), which is the percentage of earnings paid out to shareholders in the form of cash dividends.

$$DPR = (Dividends\ per\ Share\ /\ Earning\ per\ Share)\ x\ 100\%$$

The dividend payout ratio determines the portion of earnings distributed as cash dividends and the portion retained as internal funding. This ratio reflects the percentage of a company's profit paid to shareholders in the form of cash dividends. When a large portion of earnings is retained for the company's operational needs, the amount available for dividend distribution becomes smaller. Conversely, if the company chooses to distribute a greater portion of its earnings as dividends, the amount of retained earnings will decrease, which in turn reduces the company's capacity for internal financing (Gunawan, 2014).

Dividends represent the distribution of earnings to shareholders by a company. The dividends paid determine the welfare of shareholders, which is one of the company's objectives. A company's ability to pay dividends is closely related to its ability to generate profits. The size of the dividends distributed may influence stock prices, as many investors prefer dividend income over capital gains (Suardana, 2020). Based on the discussion above, the following hypothesis is proposed:

H3: Dividend Policy Positively Affects Firm Value.

Firm Size

Firm size can be determined through various metrics such as total assets, sales, capital, profits, and others. These values help indicate the scale of a company. Assets are the resources or wealth owned by a company. The larger the assets owned, the more capable the firm is in making investments and meeting product demand, which, in turn, expands its market share and affects the company's profitability (Galat, 2020). Companies are divided into two groups: small companies, with total assets of a maximum of IDR 20 billion, must not be affiliated with or controlled by a large company, and must not operate as mutual funds; as well as medium/large companies, which have greater net worth or annual sales results (Nico Milala, 2024). The formula to calculate the natural logarithm of total assets is as follows.

$$Firm\ Size = LN\ (Total\ Asset)$$

Firm size is a scale used to classify companies as large or small, based on total assets or total owned resources. Larger firms often reflect corporate growth and send positive signals to investors, thereby increasing firm value. This aligns with previous studies, which suggest that larger firms tend to attract more investor attention, leading to increased stock prices (Edlin, 2020). As firm size grows, it tends to indicate operational stability, which encourages investor trust. This stability often results in rising stock prices in the capital market, thus enhancing firm value in the eyes of investors. Based on this discussion, the following hypothesis is proposed:

H4: Firm Size Positively Affects Firm Value.

Firm Value

In previous research (Ivan Somantri & Hadi A.S, 2019), firm value is defined as a company's performance reflected by its stock price, which is formed through market demand and supply. This demand and supply reflect public assessments of the company's actual performance. It is referred to as "actual" because the price formation in the market results from the equilibrium between the forces of demand and supply during real transactions of securities in the capital market between issuers (sellers) and investors (buyers), commonly known as market equilibrium (Harmono, 2017).
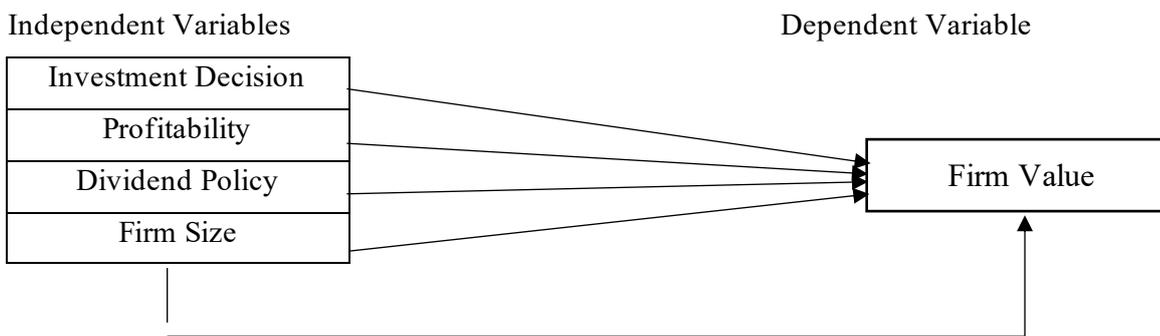
$$PBV = \text{Stock Price} / \text{Book Value per Share (BVPS)}$$

RESEARCH METHOD

This study employs a quantitative research method, in which the researcher collects data from companies in the financial sector listed on the Indonesia Stock Exchange (IDX) during the period 2021–2023. In this study, the sample was determined using a purposive sampling method, this sampling technique limits the selection of samples based on specific criteria. The criteria for selecting the financial companies included in the sample are as follows:

1. Financial companies that went public and were consistently listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period.
2. Financial companies that distributed cash dividends during the research period.
3. Companies that did not conduct a stock split during the period.
4. Companies that published their financial statements in Indonesian Rupiah (IDR).

Table 1 sample selection and exclusion the initial number of companies considered for the study was 106. However, after applying the sample selection criteria, the final number of companies that met the criteria and were included in the study was 25. Based on the available variables, the researcher formulated the research model as figure 1.

Independent Variables

Dependent Variable

| Investment Decision |
| Profitability |
| Dividend Policy |
| Firm Size |

Firm Value

Figure 1. Research Model

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Table 1. Sample Selection and Exclusion

Total number of financial sector companies listed on the Indonesia Stock Exchange (IDX)	106
Did not distribute dividends	48
Did not engage in investment activities	17
Did not report investment income	12
Bankrupt companies	4
Total sample used in the study	26

RESULT AND DISCUSSION

Classical Assumption Test

This study conducts several classical assumption tests, including the normality test, heteroscedasticity test, multicollinearity test, and autocorrelation test, to ensure that the regression model fulfills the required statistical assumptions. Furthermore, hypothesis testing is performed using the F-test and t-test to evaluate the simultaneous and partial significance of the independent variables.
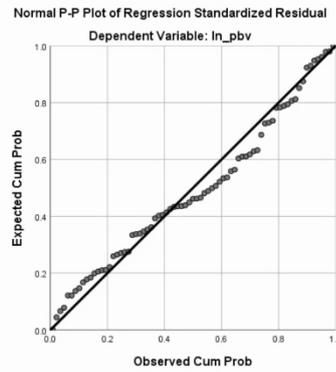
Normality Test

Figure 2 The Normal P-P Plot of Regression Standardized Residuals shows that the data points closely follow the diagonal line, indicating that the residuals are normally distributed. This suggests that the normality assumption in the classical linear regression model is satisfied.
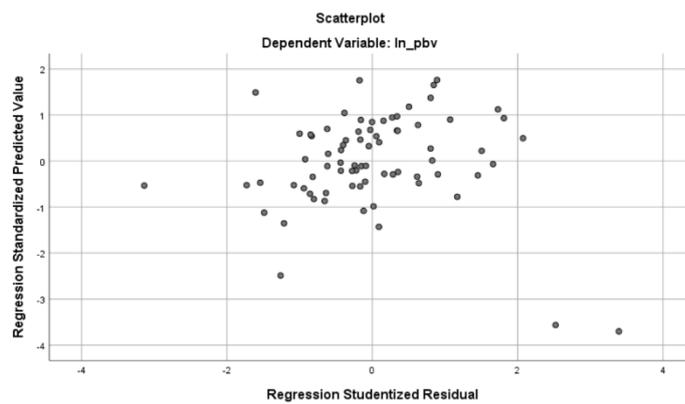
Heteroscedasticity Test

Figure 3 The scatterplot of studentized residuals versus standardized predicted values does not exhibit a clear pattern or funnel shape, indicating that the residuals are randomly scattered around zero. This suggests that the assumption of homoscedasticity is satisfied and there is no indication of heteroscedasticity in the regression model.

Multicollinearity Test

The results of the multicollinearity test show table 2 that all independent variables have Variance Inflation Factor (VIF) values below 10 and tolerance values above 0.1. Specifically, the VIF values range from 1.137 to 2.047, indicating that multicollinearity is not present in the regression model. Therefore, the model meets the assumption of no multicollinearity.

Figure 2. P-P Plot Table (Normality Test Result)

Figure 3. Scatterplot Table (Heteroscedasticity Test Result)

Table 2. Multicollinearity Test Result (Coefficientsa)

Model	Unstandarized B	Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Tolerance	Statistics VIF
Constant	3.214	1.602		2.006	.049		
INV_A	.187	.496	.042	.377	.707	.828	1.208
INV_B	-4.884	1.308	-.496	-3.734	.000	.591	1.693
DPR	-.056	.812	-.008	-.069	.945	.879	1.137
SIZE	-.124	.049	-.367	-2.512	.014	.489	2.047
ROE	6.770	1.356	.640	4.994	.000	.633	1.579

Table 3. Autocorrelation Test Result (Model Summary[b])

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.531[a]	.282	.230	.77962

Autocorrelation Test

Based on table 3 Durbin-Watson (DW) value of 1.579, which falls within the acceptable range of 1.5 to 2.5, it can be concluded that there is no indication of autocorrelation in the regression residuals. Thus, the model satisfies the assumption of no autocorrelation.

DISCUSSION
T-Test (Partial Significance Test)

H1: The Effect of Investment Decisions on Firm Value

Based on the results of the table 4 partial test, it was found that Investment A has a coefficient value of 0.187 with a significance level of 0.707, while Investment B has a coefficient of -4.884 with a significance level of 0.000. These results indicate that Investment A does not have a significant positive effect on the firm value, as its significance level exceeds the 0.05 threshold. In contrast, Investment B demonstrates a significant negative effect, given that its p-value is well below 0.05. Therefore, it can be concluded that, both partially and simultaneously, the investment decisions in this model do not exert a significant positive influence on the firm value. In fact, Investment B shows indications of having a significantly negative impact, potentially reducing the value of the dependent variable within the model.

Consequently, Hypothesis 1 (H1) is not supported, as investment decisions do not have a significant positive effect on firm value. In the context of the financial sector, particularly during the 2021–2023 period, investment decisions appeared to have limited influence on firm value. This may be attributed to the predominant role of regulatory requirements and compliance standards within the industry.

The financial sector operates under strict oversight by authorities such as the Financial Services Authority (OJK), with regulatory focus on capital adequacy, liquidity, and risk management. As a result, both investors and the market tend to prioritize a firm's regulatory compliance and financial stability over its long-term investment initiatives. Unless these investment decisions have a direct impact on financial risk or key financial ratios, their influence on firm value is likely to be minimal. This finding is in contrast with previous studies, such as those conducted by Azis (2017), Novita Sartini (2014), and Abdillah (2014), which found that investment decisions had a positive impact on firm value.

Table 4. T-Test Analysis Outcomes (Coefficientsa)

Model	Unstandarized B	Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Tolerance	Statistics VIF
Constant	3.214	1.602		2.006	.049		
INV_A	.187	.496	.042	.377	.707	.828	1.208
INV_B	-4.884	1.308	-.496	-3.734	.000	.591	1.693
DPR	-.056	.812	-.008	-.069	.945	.879	1.137
SIZE	-.124	.049	-.367	-2.512	.014	.489	2.047
ROE	6.770	1.356	.640	4.994	.000	.633	1.579

H2: The Effect of Profitability on Firm Value

Based on the results of t-test, the profitability variable yields a t-value of 6.770 with a significance level of 0.000. This result indicates that profitability has a positive and statistically significant effect on firm value at the 1% significance level. Therefore, Hypothesis 2 (H2), which states that profitability has a significant effect on firm value, is accepted. This evidence suggests that higher profitability, as measured by Return on Equity (ROE), enhances the valuation of financial firms by increasing investor confidence and reflecting effective financial performance. A strong ROE signals the firm's ability to generate returns from shareholders' equity, which is often viewed positively by the market.

This conclusion is consistent with previous studies by Noviliyan (2016), Ratna (2016), and Abdillah (2014), which also found that profitability significantly and positively influences firm value. Profitability is fundamentally one of the most critical indicators of firm performance. In the financial sector, this relationship is even more pronounced due to the capital-intensive nature of the industry and the high sensitivity of investors to financial performance metrics.

H3: Dividend Policy Positively Affects Firm Value

Based on the partial t-test results, the dividend policy, measured using the Dividend Payout Ratio (DPR), has a coefficient of -0.560 with a significance level of 0.945. This indicates that dividend policy does not have a statistically significant effect on firm value, as the significance level exceeds the 0.05 threshold by a wide margin. Moreover, the negative coefficient implies a potential inverse relationship, though it is not statistically meaningful in this case. Hypothesis 3 (H3) is not supported, as dividend policy does not have a significant effect on firm value.

This finding suggests that the Dividend Payout Ratio does not contribute meaningfully to firm valuation in the context of financial companies during the observed period. The insignificant impact may indicate that investors place greater emphasis on other performance indicators—such as profitability or risk exposure—or that dividend payments are perceived as less informative in highly

regulated financial environments where capital adequacy and liquidity management take precedence. In addition, the findings reveal that firm size has a significant negative effect on firm value. This inverse relationship may be attributed to diminishing economies of scale, the burden of financial liabilities, or structural challenges faced by large firms. In the post-pandemic period, large-scale companies may have struggled to adapt to shifting market conditions and demand volatility, potentially affecting operational efficiency and profitability.

Furthermore, large firms in the financial sector often operate with higher levels of leverage. A decline in profitability, coupled with rising financial obligations, may impair their ability to meet debt commitments. This added financial strain can erode investor confidence and ultimately reduce firm value. The result stands in contrast to prior studies, such as those conducted by Fatmawati (2022), Renita Putri Anggraeni Suhendar (2024), Salma Bennany (2024), and Vidiyanna Rizal Putri (2017), which reported that firm size has a positive influence on firm value.

H4: The Effect of Frim Size on Firm Value

Based on the results of the partial t-test, firm size has a coefficient of -0.124 with a significance level of 0.014, indicating a significant negative effect on firm value. The significance level, being below the 0.05 threshold, confirms that the relationship is statistically meaningful. The negative coefficient suggests that as firm size increases, firm value tends to decline. Hypothesis 4 (H4) is supported, as firm size has a significant effect on firm value, although the direction of the relationship is negative.

This outcome can be attributed to reduced economies of scale, increased operational complexity, or greater financial burden. In the post-pandemic context, large firms may have faced difficulties in adapting to changes in market demand, which could adversely affect their profitability. Moreover, large firms typically carry substantial levels of debt. If profitability is weakened, the ability to fulfill debt obligations may deteriorate, leading to a higher debt burden. Such financial pressure can diminish investor confidence and exert downward pressure on firm value. These results are in contrast to prior studies by Fatmawati (2022), Renita Putri Anggraeni Suhendar (2024), and Salma Bennany (2024), which found a positive relationship between firm size and firm value.

F-Test (Simultaneous Significance Test)

Based on table 5 ANOVA results, the F-statistic is 5.412 with a significant value of 0.000, which is below the 0.05 threshold. This indicates that the overall regression model is statistically significant, meaning that the independent variables (investment decisions, dividend policy, firm size, and profitability) collectively have a significant influence on firm values. However, when examined individually, not all variables contribute equally or in the expected direction. Specifically, investment

decisions showed no significant positive impact on firm value, and in the case of INV_B, the effect was significantly negative.

This outcome can be attributed to the regulatory nature of the financial sector, which operates under strict supervision by institutions such as the Financial Services Authority (OJK). The industry's primary focus lies in ensuring capital adequacy, maintaining liquidity, and managing risk factors that are closely monitored and enforced by regulators. As a result, investors tend to emphasize a firm's compliance and financial stability over its long-term investment activities. Unless investment decisions directly affect key financial ratios or risk indicators, their influence on firm value tends to be limited or even viewed negatively.

This regulatory environment explains why the regression model is significant overall, yet investment-related variables may not individually exhibit a positive or significant effect on firm value. Thus, the dominance of regulatory compliance shifts investor focus away from aggressive investment strategies, leading to a weaker or even adverse relationship between investment decisions and firm value.

Coefficient of Determination

Based on the table 6, the Adjusted R Square value is 0.230. This indicates that approximately 23% of the variation in firm value can be explained by the independent variables examined specifically investment decisions, dividend policy. firm size, and profitability.

The remaining 77% is influenced by other factors not included in this study, suggesting that additional variables outside the current model may play a substantial role in determining firm value.

Table 5. Analysis of Variance Result (ANOVA[a])

Model	Sum of Square	df	Mean Square	F	Sig.
Regression	16.447	5	3.289	5.412	.000[b]
Residual	41.938	69	.608		
Total	58.385	74			

Table 6. Coefficient of Determination Analysis Result (Model Summary[b])

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.531[a]	.282	.230	.77962

CONCLUSION, SUGGESTION AND LIMITATIONS

Conclusion

This study provides empirical evidence on the relationship between investment decisions, dividend policy, firm size, and profitability with firm value within the financial sector, particularly in the post-pandemic context. The findings reveal that while certain financial decisions—such as dividend policy—have a significant and positive impact on firm value, others, like investment decisions and firm size, may exert negative or insignificant effects depending on how they are managed and contextualized. These outcomes underscore the importance of regulatory compliance, risk management, and broader value communication strategies that go beyond traditional profitability metrics. Despite its contributions, the study is bounded by several limitations related to variable scope, sector specificity, and model strength. Therefore, future research is recommended to incorporate a wider range of financial and non-financial factors to enhance the robustness and generalizability of the findings.

Suggestion

Given the findings of this study, several practical and academic suggestions can be proposed. Financial institutions are advised to thoroughly assess investment decisions within the regulatory framework enforced by authorities such as the Financial Services Authority (OJK), ensuring that strategies are not only aligned with market opportunities but also adhere to compliance requirements, risk exposure limitations, and capital adequacy considerations, as overly aggressive investment without adequate risk assessment may diminish firm value. Since dividend policy has shown a significant and positive impact on firm value, financial institutions should adopt consistent and transparent dividend distribution practices to signal financial health and bolster investor confidence. In managing firm size, larger institutions must be cautious of structural inefficiencies or excessive debt that may adversely affect value, and should thus consider strategic resizing, cost-efficiency initiatives, and capital structure optimization. Furthermore, the insignificant effect of profitability on firm value in this context suggests that stakeholders place greater emphasis on regulatory compliance, asset quality, and liquidity, prompting institutions to adopt a more comprehensive approach in communicating value to both investors and regulators. For future research, it is recommended to incorporate regulatory indicators, risk management variables, and qualitative aspects such as corporate governance or ESG practices, which may offer deeper insights into the determinants of firm value in the financial sector.

LIMITATIONS

This study is subject to several limitations. First, the analysis was restricted to four independent

variables—investment decisions, dividend policy, firm size, and profitability—which may not fully encompass all critical determinants of firm value in the financial sector. Second, the sector-specific nature of the study limits its generalizability to non-financial industries where valuation mechanisms and investment behavior may differ significantly. Third, although regulatory compliance plays a central role in financial institutions, the study did not incorporate direct or measurable indicators of regulatory or risk compliance, which may be essential for explaining variations in firm value. Fourth, while the research implicitly considers the post-pandemic economic environment, it does not quantitatively isolate the impact of specific macroeconomic variables such as interest rate movements, inflation, or monetary policy shifts, all of which may influence firm value. Lastly, with an adjusted R-squared value of only 0.230, the model accounts for just 23% of the variation in firm value, indicating that a considerable proportion remains unexplained and should be addressed in future studies through the inclusion of additional financial and non-financial variables.

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