

ABSTRACT

This study aims to analyze the effect of capital structure, profitability, company risk and investment decisions on firm value with investment decisions as an intervening variable in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018. The dependent variable is price book value (PBV), the independent variable is capital structure with debt equity ratio (DER), profitability with return on equity (ROE) and company risk which is proxied by degree of operating leverage (DOL) with investment decisions as an intervening variable which is proxied by capital expenditure on book value assets (CAPBVA).

The population is all manufacturing companies listed on the IDX in 2014-2018. Sampling in this study used purposive sampling technique, which is obtained 212 data of manufacturing companies. The data analysis method used multiple regression analysis with the classical assumption test, T-test, F-test and coefficient of determination and to test the role of mediating variabel using the sobel test and path analysis.

The results indicate that the capital structure and profitability have a significant positive effect on investment decisions, while corporate risk has an insignificant effect. This study also shows that the capital structure, profitability, company risk and investment decisions have a significant positive effect on firm value. Other results indicate that investment decisions are able to mediate the effect of capital structure on firm value but investment decisions cannot mediate the effect of profitability and corporate risk on firm value.

Keywords: *capital structure; profitability; company risk; investment decisions; firm value*