



Business Risk, Financial Distress, and Investment Policy on Firm Value: A Case Study of PT Astra International Tbk

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Abstract: This study aims to examine the effect of business risk, financial distress, and investment policy on firm value at PT Astra International Tbk during the period 2015-2024. Firm value in this study is measured using Price to Book Value (PBV), while business risk is measured by the Degree of Operating Leverage (DOL), financial distress by the Altman Z-Score, and investment policy by total asset growth (Asset Growth). The research employs an explanatory research design with a quantitative approach. Data analysis is conducted using descriptive statistics, classical assumption tests, and multiple regression analysis with the assistance of SPSS software. The results indicate that partially, only financial distress has a significant effect on firm value, whereas business risk and investment policy do not have a significant effect on firm value. However, simultaneously, business risk, financial distress, and investment policy have a significant effect on firm value. The coefficient of determination (adjusted R²) is 69.8%, indicating that these variables are able to explain 69.8% of the variation in firm value, while the remaining 30.2% is influenced by other factors outside the research model.

Keyword: Business Risk, Financial Distress, Investment Policy, Firm Value.

INTRODUCTION

In the current economic era, business development is increasingly growing, leading to tighter competition in business, which depends not only on financial performance but is also influenced by various risk elements and strategic steps applied by company leaders. Elements such as business risk, financial distress, and investment strategy play a vital role in shaping the resilience and development of firm value.

Firm value serves as an important measure that describes the extent to which a company has succeeded in creating added value for shareholders and other stakeholders (Desi, 2025). According to, firm value reflects investor expectations regarding future discounted cash flows. This value is not only about short-term profit but also about sustainable growth and socio-economic impact. If a company's value is high, it will be followed by a high share price, and

conversely, if the firm value is low, the share price will also be low. Therefore, firm value is very important for attracting investors to invest their capital. With a high firm value, investors will draw the conclusion that the company is capable of providing prosperity to its shareholders. According to Brigham & Houston (2024), firm value can be measured through various indicators, one of which is the Price to Book Value (PBV), which is the ratio of share price to book value per

share, indicating whether the company's shares are undervalued or overvalued relative to its book value. Firm value is influenced by several factors, including business risk, financial distress, and investment policy.

Business risk is the uncertainty arising from the company's operational activities, including market instability, competition, and changes in regulations. According to Brigham and Ehrhardt (2013), business risk includes sales fluctuations, operating costs, and market changes. High business risk makes investors demand a higher return, so share prices and firm value tend to decrease. Gitman (2015: 568) states that business risk is often associated with how much changes in sales will impact the company's profit. One way to measure this risk is through the Degree of Operating Leverage (DOL).

Financial Distress describes a serious situation where a company has difficulty meeting its financial obligations (Fahmi, 2017). Financial Distress arises when a company encounters financial difficulties such as high debt ratios, deficit cash flows, which can lead to bankruptcy. Altman (1968), in his paper "Financial Ratios, Discriminant Analysis and the Prediction of Corporate Bankruptcy," created the Z-Score as a tool to estimate financial distress. A low Z-Score is associated with a decrease in firm value during periods of economic crisis.

On the other hand, Investment Policy determines how company funds are allocated to long-term assets expected to generate profit in the future and drive growth. Prospective investment is believed to increase future profit and company growth, thereby increasing firm value, which is in line with Agency Theory, where optimal investment can reduce conflicts of interest between management and shareholders. According to Ross, Westerfield, and Jaffe (2023), investment decisions determine future cash flow potential, thus influencing investor perception and company value. According to Hasnawati (2005) and Sutrisno (2016), the measurement tool used is total asset growth (Asset Growth). High asset growth indicates business expansion and prospective revenue growth, thus giving a positive signal to investors (Spence, 1973).

PT Astra International Tbk is a major conglomerate entity in Indonesia active in various fields, including automotive, agribusiness, financial services, and infrastructure. In the 2015-2024 period, with a number of economic obstacles, such as the rise and fall of raw material prices, changes in the rupiah exchange rate, and the effects of the COVID-19 pandemic. This situation caused variations in financial performance, operational risk levels, and the company's financial status. Although the financial structure is relatively strong, there were periods of financial pressure indicating financial distress. In addition, the company applies investment policy through business diversification and asset growth, which impacts firm value (PBV).

The share price of PT Astra International from 2015-2024 experienced increases and decreases influenced by national and global economic factors. In 2015-2017, the company's share price experienced a significant increase from 6,000 to 8,300, showing relatively stable performance. However, in 2018-2019, the share price fell to 6,925, and in 2020 it fell again to 6,025 due to the impact of the COVID-19 pandemic which affected the automotive sector and the

economy. In 2021-2023, the share price stabilized in the 5,650-5,700 range, indicating a recovery that was not yet fully strong. In 2024, the share price fell to 4,900, the lowest level in a decade. Overall, changes in Astra's share price are influenced by global economic conditions, the pandemic, and the dynamics of the automotive sector as the company's core business.

Although the company continues to carry out an aggressive investment policy (asset growth) and has large cash reserves, its share price experienced a sharp decline to its lowest level in certain periods. This phenomenon creates a challenging data gap: the management's strategic efforts have not been able to consistently stabilize firm value in the eyes of investors. Besides the phenomenon on the research object, the relationship between variables in financial literature also often shows inconsistent results.

Some previous studies, such as Hidayat et al. (2023), concluded that financial distress, inflation, and exchange rates have a negative effect on company investment decisions. Furthermore, these investment decisions have a positive implication on firm value. The study by Toyibah & Ruhiyat (2023) showed that business risk and financial distress tend to have a negative effect on firm value, while investment policy has a positive effect. Simultaneously, these three variables are proven to influence firm value significantly. Wahyudi's study (2018) on the Influence of Capital Structure, Profitability, Dividend Policy, and Investment Policy on firm value showed that investment policy has no effect on firm value.

Based on the description above, the formulation of the problem in this study is: 1. Does business risk affect the firm value of PT Astra International Tbk for the 2015-2024 period? 2. Does financial distress affect the firm value of PT Astra International Tbk for the 2015-2024 period? 3. Does investment policy affect the firm value of PT Astra International Tbk for the 2015-2024 period? 4. Do business risk, financial distress, and investment policy affect the firm value of PT Astra International Tbk for the 2015-2024 period? 5. What is the magnitude of the influence of business risk, financial distress, and investment policy on the firm value of PT Astra International Tbk for the 2015-2024 period?

Firm Value

Husnan and Pudjiastuti (2002:7) state that firm value is the price that a prospective buyer is willing to pay if the company is sold. Firm value is identical to share price; the share price is a reflection of a company's value. If a company's share price is high, it will be followed by an increase in firm value. According to Brigham & Houston (2014), firm value can be calculated using Price To Book Value (PBV), which is the ratio between the market share price and the company's book value. PBV shows investor expectations regarding the company's growth potential and its capacity to generate profit in the future. Firm value is influenced by various elements from both inside and outside the company, such as operational risk, financial conditions, and investment strategy.

$$PBV = \text{Market Price per Share} \div \text{Book Value per Share}$$

$$\text{Book Value per Share} = \text{Shareholders' Equity} \div \text{Total Shares in Circulation}$$

Business Risk

Brigham and Houston (2001:45) state that business risk is the uncertainty in a company's projections of its future rate of return (profit) or equity. A company has low business risk if the demand for its products is stable, the prices of its inputs and products are relatively constant, if the product price can be immediately adjusted to cost increases, and if most of its costs are variable costs so that its costs decrease if its production and sales decrease.

Everything else being equal, the lower the business risk, the higher the optimal debt risk. In a company, business risk will increase if it uses high debt. This will increase the possibility of bankruptcy. Therefore, companies with high risk should use less debt to avoid bankruptcy. Gitman (2015: 568) states that business risk is often associated with how much changes in sales will impact the company's profit. One way to measure this risk is through the Degree of Operating Leverage (DOL)

$$DOL = (\% \Delta \text{EBIT}) / (\% \Delta \text{Sales})$$

Influence of Business Risk on Firm Value

Business risk is one of the important factors influencing firm value. According to Brigham and Houston (2022), business risk is the uncertainty associated with company operations, specifically the company's ability to generate stable operating profit.

Business risk has a negative influence on firm value, namely the uncertainty of the company's operating cash flow, encouraging investors to demand a higher rate of return as compensation for the additional risk they face. This directly increases the company's cost of capital.

According to signaling theory, an increase in a company's business risk is considered a negative signal or bad news for investors, so investor interest in investing will decrease and influence the decline in share prices and firm value (Wiagustini and Pertamawati, 2015). This theory is in accordance with the empirical evidence of Susilo et al. (2018) and Wiagustini and Pertamawati (2015) that business risk has a negative effect on firm value. Thus, high business risk, in theory, is always associated with a decrease in firm value, which can be measured through indicators such as share price or Price to Book Value (PBV). However, if the company is able to manage business risk effectively through risk management strategies, product or market diversification, and cost control, the negative impact on firm value can be minimized.

Financial Distress

According to Hery (2016), Financial Distress occurs because the company is unable to manage the stability of its financial performance, so the company will experience financial difficulties. A company experiencing financial difficulties will be related to the company's liquidity. If the company cannot overcome the problem of financial distress, the company can be said to be experiencing bankruptcy. Conversely, if the company can overcome the problem of financial distress, the company will not experience bankruptcy.

(Rani, 2017) Financial Distress is a symptom of bankruptcy experienced by a company characterized by financial difficulties, seen by the existence of symptoms of liquidity difficulties or solvency/leverage difficulties in the company's finances. Altman (1968), in his paper "Financial Ratios, Discriminant Analysis and the Prediction of Corporate Bankruptcy," created the Z-Score as a tool to estimate financial distress.

Financial distress can occur due to several factors caused by pressure from the company's external and internal factors. The company's external factors are in the form of pressure from fluctuations in foreign exchange rates and bank interest rates, while pressure from the company's internal factors can be in the form of inefficiency in managing assets, equity, liabilities, net profit, sales, and the company's paid-in capital. The management of these factors greatly affects whether or not the company is affected by financial distress.

Previous research according to Hendrianto (2012:63), signaling theory in the topic of financial distress explains that if the company's financial condition and prospects are good, the manager signals by organizing liberal accounting. Conversely, if the company is in financial distress and has poor prospects, the manager signals by organizing conservative accounting.

$$Z\text{-score} = 1.2X_1 + 1.4X_2 + 3.3X_3 + 0.6X_4 + 1.0X_5$$

Description: X_1 =Working Capital/Total Assets, X_2 =Retained Earnings/Total Assets, X_3 =EBIT/Total Assets, X_4 =Market Value of Equity/Book Value of Total Liabilities, X_5 =Total Sales/Total Assets, Criteria: $Z \leq 1.81$ =Bankrupt, $1.81 < Z < 2.99$ =Grey Zone, $Z \geq 2.99$ =Healthy/Safe Zone

Influence of Financial Distress on Firm Value

According to Brigham and Daves (2018), Financial Distress begins when a company is unable to pay according to a determined schedule; if this is not immediately resolved, it causes the company to experience large impacts such as inflation in growth, profit, and fixed assets,

even resulting in company bankruptcy. The emergence of Financial Distress has an impact on the firm's value; a healthy company can reflect that the company can compete and can survive. Herlangga & Yunita (2020) state that the higher the firm value, the faster it is to get investors to provide firm value.

Previous research according to Hendrianto (2012:63), signaling theory in the topic of financial distress explains that if the company's financial condition and prospects are good, the manager signals by organizing liberal accounting. Conversely, if the company is in financial distress and has poor prospects, the manager signals by organizing conservative accounting.

Investment Policy

According to Sutrisno (2016:121), Investment Policy is a company's decision in allocating its funds into various forms of investment expected to provide profit in the future. Investment policy shows the company's dedication to increasing assets and developing its business. Wise investment decisions will increase production capacity, operational efficiency, and future revenue, which will ultimately increase firm value.

In this study, the proxy for investment decisions uses the Asset Growth value. Asset growth is the growth of a company's assets from one specific year to the next. Asset growth is the magnitude of investment growth in assets carried out by the company.

Influence of Investment Policy on Firm Value

Investment policy is about how a company chooses to place its funds in long-term assets to support its operations and growth. According to Brigham & Houston (2022), a good investment policy is choosing projects or assets that provide a return higher than the cost of capital. If a company's assets grow positively, it means the company's investment is effective in increasing operational capacity or business expansion. Conversely, negative asset growth can indicate that the company is less aggressive or less optimal in investing. So, Total Asset Growth as an indicator of investment policy shows how well the company manages its funds for profitable assets; the more effective the asset growth, the better the impact on firm value.

METHOD

Research Scope

This study focuses on PT Astra International Tbk, a large company entity listed on the Indonesia Stock Exchange (IDX). The observation period covers the years 2015-2024, with the aim of testing the impact of business risk, financial distress, and investment policy on firm value. Based on the problem formulation and research objectives, this study is a type of explanatory research. Explanatory research is to test the hypothesized relationships between variables. This study seeks to analyze the influence of three independent variables, namely Business Risk (X1), Financial Distress (X2), and Investment Policy (X3), on Firm Value (Y), which is the dependent variable.

Data Types and Sources

The type of data used in this study is secondary data in quantitative form. According to Sugiyono (2017:223), secondary data is defined as a data source that does not directly provide data to the data collector, such as through books or documents. And the data source used in this study is Secondary Data sourced from financial data at PT Astra International Tbk for the 2015-2024 period in the form of annual financial reports, company annual reports (annual report), as well as share price data and financial ratios officially issued from the Yahoo Finance and IDX websites.

Data Analysis

Data analysis conducted with the assistance of SPSS, EViews, or Excel includes the following stages:

Descriptive Statistics

According to Sugiyono (2014:147), descriptive statistics are statistics used to analyze data by describing or depicting the collected data as it is, without the intention of making general conclusions or generalizations.

Classical Assumption Test

1. Normality Test, 2. Multicollinearity Test, 3. Heteroskedasticity Test, 4. Autocorrelation Test

Multiple Linear Regression

According to Sugiyono (2017), multiple linear regression analysis is an analytical instrument used to predict the impact of two or more independent variables on a dependent variable, to test the existence or uncertainty of a functional or causal relationship between two or more independent variables and one dependent variable.

The model equation for multiple regression analysis (Sugiyono, 2017) is: $Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + e$

Description: Y:Firm Value, X1:Business Risk, X_2.: Financial Distress, X_3: Investment Policy, b_{1,2,3}:Regression Coefficient, a:Constant, e:Error (assumed to be zero)

Coefficient of Determination (R²)

According to Sanusi (2014:136), the coefficient of determination (R²) is a measure that shows the proportion of variation in the dependent variable (Y) that can be explained by one or more independent variables (X) simultaneously. R² is used to assess how well the regression model can explain the data, by providing the percentage of total variation in the dependent variable (Y) that can be explained by the independent variables (X). Meanwhile, R is the correlation coefficient that measures the strength of the linear relationship between two variables, which can be positive or negative.

Hypothesis Testing

t-Test(Partial)

The t-test is used to test whether independent variables impact the dependent variable. This test is conducted with the assumption that other variables are zero. To determine whether the correlation coefficient r variables are significant or not, a test is performed using t value. With a significance level $\alpha = 5\%$ and the testing criteria as follows:

If $t_{value} < t_{table}$

Then H₀ is accepted and H_a is rejected, meaning there is no partial influence between Business Risk, Financial Distress, and Investment Policy on the Firm Value of PT Astra International Tbk for the 2015-2024 period.

If $t_{value} \geq t_{table}$

Then H₀ is rejected and H_a is accepted, meaning there is a partial influence between Business Risk, Financial Distress, and Investment Policy on the Firm Value of PT Astra International Tbk for the 2015-2024 period.

F-Test (Simultaneous)

To test the influence simultaneously, the F-test is used, by first finding fvalue and then comparing it with f_{table}

With the testing criteria as follows:

$$1. \text{If } f_{value} < f_{table}$$

Then H_0 is accepted and H_a is rejected, meaning there is no simultaneous influence between Business Risk, Financial Distress, and Investment Policy on the Firm Value of PT Astra International Tbk for the 2015-2024 period.

$$2. \text{If } f_{value} \geq f_{table}$$

Then H_0 is rejected and H_a is accepted, meaning there is a simultaneous influence between Business Risk, Financial Distress, and Investment Policy on the Firm Value of PT Astra International Tbk for the 2015-2024 period.

RESULTS AND DISCUSSION

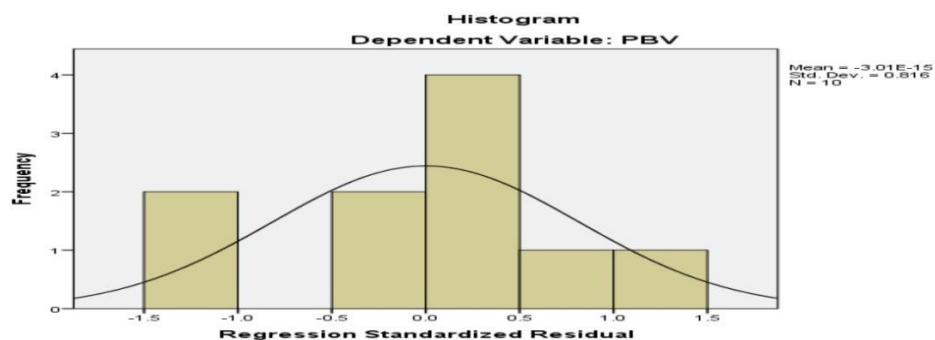
Classical Assumption Test

Normality Test

Used to determine whether the residual values are normally distributed or not. A good regression model should have residuals that are normally distributed. Therefore, the normality test is not performed on each individual variable, but rather on the residual values of the model.

Tabel 3. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		10
Normal Parameters ^{a,b}	Mean	0E-7
	Std. Deviation	.08045755
	<hr/>	
Most Extreme Differences	Absolute	.145
	Positive	.129
	Negative	-.145
<hr/>		
Kolmogorov-Smirnov Z		.457
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Asymp.Sig.(2-tailed)		.985



The Asymp. Sig. (2-tailed) value is 0.985, because this value is much greater than 0.05, the residual data is normally distributed. The histogram chart shows a bell-shaped curve and the dots on the normal P-P plot mostly spread around the diagonal line, so the normality assumption is met.

Multicollinearity Test

The multicollinearity test aims to examine whether there is a correlation between the independent variables in the regression model. To detect the presence or absence of multicollinearity among the independent variables, one can look at the tolerance value or the Variance Inflation Factor (VIF). The VIF limit is 10; if the VIF value is below 10, then there is no symptom of multicollinearity.

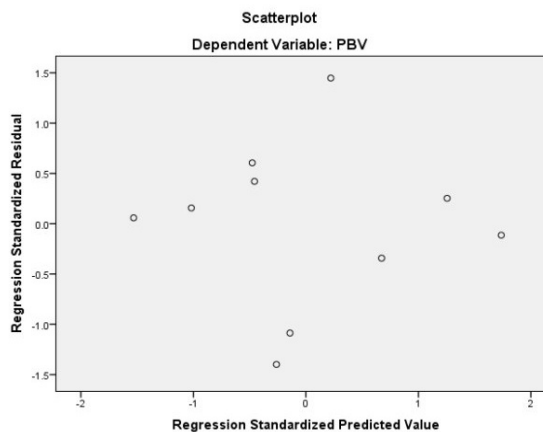
Coefficientsa

Tabel 5. Hasil Uji Heterokedastisitas

Model	Collinearity Statistics	
	Tolerance	VIF
1		
	(Constant)	
	Reaiko Bisnis	.698 1.432
	Finansial Distress	.946 1.057
	Kebijakan Investasi	.723 1.383

All independent variables have VIF values below 10 (BusinessRisk=1.432;;Financial Distress=1.057;; InvestmentPolicy = 1.383) and Tolerance values above 0.10. Thus, there is no excessive correlation between independent variables.

Heteroscedasticity Test



A condition where there is an inequality of variance and residuals in a regression model. The Heteroscedasticity test aims to examine whether the regression model exhibits an inequality of variance from the residuals of one observation to another. To detect the presence or absence of heteroscedasticity, one can observe the pattern of points on the regression scatter plots. If the points spread in an unclear pattern above and below the number 0 on the Y-axis, then there is no heteroscedasticity problem, as can be seen in Table 5.

Autocorrelation Test

A condition in which there is a correlation between residuals for observations from one period to another, arranged in a time series. The detection of autocorrelation can be performed using the Durbin-Watson test, as shown in Table.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.894a	.799	.698	.098540	1.395

The Durbin-Watson value of 1.395 falls between the upper bound d_u and $(4-d_u)$ with a significance level of 0.05, a sample size of 10, and 3 independent variables $(k)=3$. Based on the comparison of the DW value (1.395) with the critical values of the Durbin-Watson table ($d=0.52$ and $d_u=1.879$), it can be concluded that the autocorrelation test result falls into the inconclusive region. Since $d \leq DW \leq d_u (0.525 \leq 1.395 \leq 1.879)$, it means that the presence or absence of positive autocorrelation cannot be definitively concluded.

Although the Durbin-Watson result is in the inconclusive region, this research will proceed because the autocorrelation issue will be addressed or validated using multicollinearity and heteroskedasticity assumptions, and the main focus of the hypothesis testing is the F-test and t-test.

Multiple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.810	.356		5.089	.002
Resiko Bisnis	-.042	.133	-.070	-.319	.760
1 Financial Distress	3.438	.746	.867	4.606	.004
Kebijakan Investasi	-.025	.136	-.039	-.181	.862

Based on the table above, the regression equation can be seen as follows:

$$Y = 1810 - 0.042x_1 + 3.438x_2 - 0.025x_3$$

From the multiple regression equation above, it can be concluded that if the constant value is 1.810, meaning business risk, financial distress, and investment policy are zero, then the firm's value is 1.810. The negative business risk regression coefficient (-0.042) indicates an inverse relationship. If business risk increases by one unit, the dependent variable, firm value, will decrease by 4.2 units. This is an elastic (highly sensitive) relationship. The positive financial distress regression coefficient (3.438) indicates a unidirectional relationship. If financial distress increases by one unit, the dependent variable, firm value, will increase by 34.38 units.

This is an inelastic relationship. The negative investment policy regression coefficient (-0.025) indicates an inverse relationship. If investment policy increases by one unit, the dependent variable, firm value, will decrease by 2.5 units. This is an elastic (highly sensitive) relationship.

Coefficient of Determination (R²) Test

The coefficient of determination value is used to determine the extent of influence of business risk, financial distress, and investment policy on the company value of PT. Astra Internasional for the 2015-2024 period.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.894a	.799	.698	.098540

- a. Predictors: (Constant), Investment Policy, Financial Distress, Business Risk
- b. Dependent Variable: Firm Value.

Based on the results of the Coefficient of Determination test, the Adjusted R Square value of 0.698 indicates that almost all of the variation (up and down) in the dependent variable (Firm Value) can be explained by variations in all independent variables (Business Risk, Financial Distress, and Investment Policy) in the model. Meanwhile, the remaining 30.2% is explained by other variables outside the research model. Furthermore, the R value of 0.894 indicates a very strong relationship between the independent and dependent variables. The Std. Error of the Estimate value is 0.098540.

T-Test (Partial)

To test the significance of the influence of business risk, financial distress, and investment policy on firm value at PT Astra International Tbk for the 2015-2024 period, a t-test was used. By comparing the calculated t value > table. With a significance level for the two-way test with $\alpha=5%$ (0.05), it is obtained $Df=6$ the t table is 2.447. The calculated t-value for the business risk variable is -0.319 (the absolute value is 0.319), much smaller than the t-table value of 2.447. This is confirmed by the sig. 0.760, which is significantly greater than 0.05.

Therefore, H_0 is accepted and H_a is rejected, indicating that business risk does not significantly influence firm value. The calculated t-value for the financial distress variable is 4.606, greater than the t-table value of 2.447. This is confirmed by the sig. 0.004, which is less than 0.05. Therefore, H_0 is rejected and H_a is accepted, indicating that financial distress significantly influences firm value. The calculated t-value for the investment policy variable is 0.181, smaller than the t-table value of 2.447. This is confirmed by the sig. 0.862, which is greater than 0.05. Therefore, H_0 is accepted and H_a is rejected, indicating that investment policy does not significantly influence company value.

F-Test (Simultaneous)

To simultaneously test the significance of the influence of business risk, financial distress, and investment policy on the company value of PT. Astra Internasional Tbk for the 2015-2024 period, an F-test was used by comparing the calculated f value > table f value. The significance level for a two-way data test with $\alpha=5%$ (0.05), $Df_1=3$, $Df_2=6$ the table f value is 4.76.

The f-test results show a calculated f-value of 7.943 and a table f-value of 4.76 (calculated $f > \text{table } f$), with a significance level of $0.016 < 0.05$. Therefore, H_0 is rejected and H_a is accepted. It can be concluded that all independent variables - business risk, financial distress, and investment policy - simultaneously and significantly influence the dependent variable, firm value.

The Effect of Business Risk on Firm Value

Based on the results of multiple linear regression, the business risk variable has a negative effect on firm value. This means that business risk exhibits an inverse relationship. If business risk increases by 1 unit, the dependent variable, firm value, will decrease. This finding aligns with the theory proposed by Brigham and Houston (2022) and Gitman (2015), which states that high business risk creates uncertainty in operational cash flow, leading investors to demand higher returns, which ultimately leads to a decrease in firm value.

The t-test analysis shows that business risk does not significantly influence firm value (the calculated t-value is $0.319 < \text{the t-table value of } 2.447$). Therefore, H_0 is accepted and H_a is rejected. These results support Nugroho's (2021) research, which states that business risk does not have a dominant influence on value in stable companies.

The Effect of Financial Distress on Firm Value

The results of multiple linear regression demonstrate that financial distress has a positive effect on firm value. This means that prolonged financial distress, or financial difficulties experienced by a company, can lead to bankruptcy. Because the indicator used is the Z-Score (where a high score indicates a healthy company), this positive relationship supports Signaling Theory.

The t-test results indicate that financial distress has a significant effect on firm value (the calculated t-value is $4.606 > \text{the t-table value of } 2.447$). Therefore, H_0 is rejected and H_a is accepted, indicating a unidirectional relationship. This means that if a company's financial distress increases, its value will also increase. This finding is in line with research by Toyibah and Ruhiyat (2023) and Hidayat et al. (2023) which confirmed the important role of financial conditions on a company's value or investment decisions.

The Effect of Investment Policy on Company Value

Based on the results of multiple linear regression analysis, it is evident that investment policy negatively impacts company value. Aggressive asset growth is sometimes viewed as a burden or risk by the market when undertaken amidst economic uncertainty (such as a pandemic or fluctuating commodity prices). The market prefers to look for tangible evidence of profit rather than simply increasing company size, making such investment signals incompetent as added value to the company. This finding aligns with Sartono's (2012: 189) theory, which states that company value will increase if investments provide a present value greater than the investment cost.

The t-test results indicate that investment policy has no significant effect on company value, with a calculated t-value of $0.181 < \text{t-table of } 2.447$. This means that H_0 is accepted and H_0 is rejected. These results align with Wahyudi's (2018) research, which also found that investment policy has no significant effect on company value. These results contradict Agency Theory, which assumes that optimal investment can reduce conflicts of interest and increase company value. X.

CONCLUSION

Based on the analysis of PT Astra International Tbk for the 2015-2024 period, the following conclusions can be drawn regarding the impact of business risk, financial distress, and investment policy on company value: 1. Business risk has no significant impact on company value. This result confirms that operating profit uncertainty is the dominant factor depressing company valuations in the eyes of investors, consistent with the risk-return tradeoff theory. 2. Financial distress has a significant impact on company value, with higher levels of financial distress leading to lower investment decisions.

3. Investment policy has no significant impact on company value. This result indicates that the company's asset growth efforts have not been fully signaled and interpreted by the

market as significant added value to its net present value (PBV). 4. Simultaneously, business risk, financial distress, and investment policy have been shown to significantly impact company value. This indicates that these variables simultaneously act as the primary determinants of company valuation.

5. The influence of business risk, financial distress, and investment policy on company value is 69.8% (based on an Adjusted R² of 0.698). The remaining 30.2% is influenced by factors outside the research model.

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