



**DETERMINANTS OF FIRM VALUE FOR BANKS  
WITHIN KBMI 3 AND 4 CATEGORIES WITH  
PROFITABILITY AS INTERVENING VARIABLE**

**By**

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**A Thesis submitted to the  
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in partial fulfillment of the requirements for  
the Degree in Management Science**

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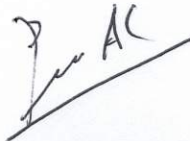
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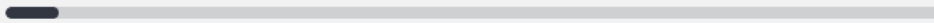
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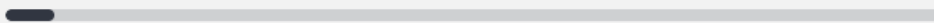
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## ABSTRACT

Banking industry is a prominent sector for an economy as it can affect the money circulation in the society. Therefore, it is important to understand the factors affecting this sector, especially in relation to its growth. As such, the objective of this study is to find the effect of the determinants for firm value (Tobin's Q), as well as the mediating role of profitability (ROA) in the relationship. In this research, the determinants used are non-performing loan (NPL), capital structure (DER), and firm size (Total assets). This research will focus on 10 IDX-listed banks categorized within KBMI 3 and 4 within the period from 2016-2021 that have fulfilled the criteria set by the author, and the data used will be secondary data as gathered from the firm's annual report. To analyze the data, the method of multiple regression and path analysis (Sobel test) are applied, and the results show that non-performing loan and capital structure have negative influence, while firm size and profitability have positive effect on firm value. It is also found that non-performing loan, capital structure, firm size, and profitability simultaneously affect firm value significantly. In addition, the test also shows the capability of profitability in mediating the effect of non-performing loan and capital structure on firm value, however, it is unable to mediate the influence of firm size.

**Keywords:** *Firm Value, Profitability, Non-Performing Loan, Capital Structure, Firm Size*



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Marella Ng

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