

THE INFLUENCE OF INVESTMENT DECISIONS, FUNDING DECISIONS, AND DIVIDEND POLICIES ON THE VALUE OF CONSUMER GOODS MANUFACTURING COMPANIES LISTED ON THE INDONESIAN STOCK EXCHANGE IN 2018-2021

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ABSTRACT

This research aims to test and analyze the influence of investment decisions, funding decisions, and dividend policies on the value of manufacturing companies listed on the Indonesia Stock Exchange for the 2016–2018 period. Total Asset Growth (TAG) is used as a proxy for investment decisions; Debt to Equity Ratio (DER) is used as a proxy for funding decisions; and Dividends Payout Ratio (DPR) is used as a proxy for dividend policy. The population in this research are consumer goods industrial companies listed on the Indonesia Stock Exchange (BEI) for the 2018–2021 period. The sample used in this research consisted of 29 companies. The sampling technique was carried out using the purposive sampling method. The type of data used is secondary data. The data analysis technique uses multiple linear regression analysis using the SPSS program. The results of this research show that investment decisions have no effect on company value, funding decisions have no significant effect, and dividend policy has a significant positive effect on company value.

ARTICLE INFO

Keywords:

Investment Decisions,
Funding Decisions,
Dividend Policy, and
Company Value.

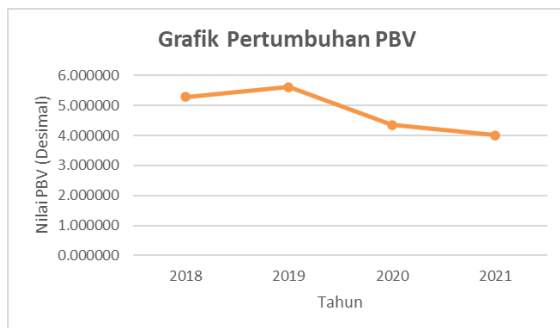
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1. Introduction

Company value is a company's current picture to outside parties regarding its condition, performance, and prospects in the future. Investors' welfare can be achieved by increasing company value, as measured by the company's share price on the capital market. This can attract potential investors to invest their capital, so the company tries to show good performance in order to increase activities within the company. The development of company value cannot be separated from financial performance. Therefore, financial management must make financial decisions carefully because they can influence other financial decisions.

Price to Book Value (PBV) is a ratio to assess whether a stock is expensive or cheap by comparing the stock price with the company's book value. Company valuation analysis using PBV can also be used for companies whose profitability is unstable or disrupted. High company value reflects the level of shareholder prosperity, where shareholder prosperity is the main goal of the company.

Figure 1. Company Value Growth



Based on Figure 1, it shows that the development of company value as measured by PBV in 2018 experienced a significant increase, namely that PBV was at 5.65 in 2018, rising to 5.95 in 2019, but in the following year it actually decreased to 4.7. in 2020 and 4.2 in 2021.

Table 1. Average Company Value, Investment Decisions, Funding Decisions, and Dividend Policy in Manufacturing Companies in 2018-2021

Variable	Year			
	2018	2019	2020	2021
PBV	5.28%	5.6%	4.3%	4%
DER	0.7%	0.6%	0.7%	0.7%
TAG	23%	29%	192.5%	85.5%
DPR	0.3%	0.4%	0.75%	0.6%

Source: Processed data, 2023

As seen from Table 1, funding decisions proxied by DER fluctuate every year; in 2019, they decreased by 0.1% from 2018. Then in 2020, it rose again to 0.7%, remaining constant until 2021. Investment decisions proxied by TAG also experience fluctuations every year; in 2020, there was a significant increase of 163.5%, but in the following year, there was a significant decrease, namely 107%. The average value of dividend policy proxied by the DPR shows fluctuating results every year; this can be seen from the 2018 period of 0.3%, increasing in 2019 to 0.4%, and increasing in 2020 to 0.75%. However, in 2021, it will decrease to 0.6%.

On the basis of the description above, the formulation of the problem in this research is: (1) Do investment decisions have an effect on company value? (2) Do funding decisions affect company value? (3) Does the dividend policy affect company value?

2. Literature Review

The theoretical rationale for this research is signal theory. Signal theory emphasizes the importance of information from the company on the investment decisions of parties outside the company. Signals in the form of information about what management has implemented to realize the owner's wishes. Signal theory states that companies should provide signals to users of financial reports, namely in the form of information about what management has implemented to realize the wishes of the owners.

Apart from that, it also uses irrelevant dividend theory, which is a theory that states that a company's dividend policy has no influence on either the value of the company or its cost of capital.

The value of the company

Company value is also known as PBV (price to book). PBV is a comparative difference that shows the level of development of a company. A high level of PER value can indicate that the company has good prospects and minimal risk (Setiani and Rury, 2013).

Investation decision

Investment decisions are decisions regarding the provisions made by a company in using its funds to obtain profits in the future. The results of the right investment decisions will produce optimal performance, which can increase the growth of company assets (Janah and Ariani, 2022).

Funding Decisions

According to Mesrawati et al. (2021), funding decisions are also referred to as capital structure policies because, in this decision, financial parties are required to consider and analyze the combination of economic sources of funds for the company to finance its investment needs and business activities.

Dividend Policy

Dividend policy is a decision that discusses whether the profits earned by the company will be distributed in the form of dividends to investors or will be retained as reserve funds to finance future investments. The dividend payout ratio determines the amount of profit divided in the form of cash dividends and retained earnings as a source of funding (Wicaksana 2016).

Hypothesis

Based on the theoretical study described, this research formulated the following hypothesis:

H1: Investment decisions have a positive and significant impact on company value.

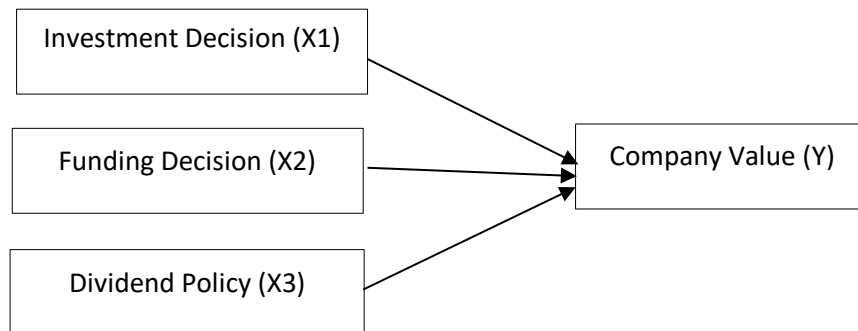
H2: Funding decisions have a positive and significant impact on company value.

H3: Dividend policy has a positive and significant influence on company value

3. Method, Data, and Analysis

This type of research uses a quantitative approach with an associative method, which aims to determine the relationship between two or more variables. The data source used in this research is secondary data obtained in the form of financial report documentation that is routinely published every year by companies on the official website of the Indonesia Stock Exchange. The population in this research is consumer goods industrial companies listed on the Indonesia Stock Exchange in the 2018–2021 period. The method used for sampling is the purposive sampling method. Namely, sampling was taken using certain criteria in accordance with the research, and a sample of 39 manufacturing companies in the consumer goods and subsector registered on the IDX was obtained.

Figure 2. Research Model



4. Result and Discussion

Descriptive statistics

Table 2. Results Descriptive statistical tests in this research are as follows:

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Investation decision	138	0.06	19.39	0.7636	1.69867
Funding Decisions	138	-0.88	1.67	0.0730	0.22290
Dividend Policy	138	-0.23	876.00	8.8465	75.26970
The value of the company	138	-07.50	120.83	6.9777	18.82156
Valid N (listwise)	138				

Source: processed data

With an n value of 138, the investment decision variable (TAG) produces a minimum value of 0.06 and a maximum value of 19.39, while the mean value of the investment decision variable (TAG) is 0.0730 and the standard deviation is 0.222. Because the mean value is greater than the standard deviation, the distribution of the data is stated to be less good.

With an n value of 138, the DER variable produces a minimum value of -0.88 and a maximum value of 1.67, while the mean value of the variable is 0.071540 and the standard deviation is 0.2354122. Because the mean value is smaller than the standard deviation, the distribution of the data is stated to be less good.

With an n value of 138, the DPR variable produces a minimum value of -0.23 and a maximum value of 876, while the mean value for the DPR variable is 8.84 and the standard deviation is 75.75. Because the mean value is smaller than the standard deviation, the distribution of the data is stated to be less good.

With an n value of 138, the PBV variable produces a minimum value of 0.1776 and a maximum value of 120.63, while the mean value for the PBV variable is 6.97 and the standard deviation is 18.82. Because the mean value is smaller than the standard deviation, the distribution of the data is stated to be less good.

Model Fit Test

Table 3. Model Fit Test Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15,418	3	5,139	3,040	0.033 ^b
	Residual	163,989	97	1,691		
	Total	179,407	100			

a. Dependent Variable: Company Value

Source: processed data

Based on table 3, it is known that the significance value is less than 0.05, namely 0.033. In this way, the model can be concluded to have a good fit in the regression.

t Test (Partial Test)

Table 4. Results of Multiple Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,008	0.350		2,879	0.005
	Investation decision	0.139	0.148	0.093	0.938	0.351
	Funding Decisions	-,109	0.102	-0.106	-1,076	0.285
	Dividend Policy	0.122	0.048	0.245	2,511	0.014

a. Dependent Variable: Company Value

Source: processed data

The influence of the investment decision variable (TAG) on company value (Y) obtained a coefficient value of 0.139. From these results, it can be concluded that if Sig. from the investment decision variable (TAG) is 0.351 more than α (0.05), then H1 is rejected. This means that the first hypothesis, which states that "investment decisions have a significant positive effect on company value," is not proven or H1 is rejected.

The influence of the funding decision variable (DER) on company value (Y) obtained a coefficient value of -0.109 with a significance value of 0.285. From these results, it can be concluded that if Sig. from the funding decision variable (DER) is 0.285 more than α (0.05), then H2 is rejected. This means that the second hypothesis, which states that "funding decisions have a significant positive effect on company value," is not proven, or H2 is rejected.

The influence of the dividend policy variable (DPR) on company value (Y) obtained a coefficient value of 0.122 with a significance value of 0.014. From these results, it can be concluded that if Sig. from the dividend policy variable (DPR) is 0.014 less than α (0.05), then H3 is accepted. This means that the third hypothesis, which states that "dividend policy has a significant positive effect on company value," is proven or H3 is accepted.

The Influence of Investment Decisions on Company Value

The influence of the investment decision variable (TAG) on company value (Y) obtained a coefficient value of 0.139. From these results, it can be concluded that if Sig. from the investment decision variable (TAG) is 0.351 more than α (0.05), then H1 is rejected. This means that the first hypothesis, which states that "investment decisions have a significant positive effect on company value," is not proven, or H1 is rejected.

The results of this research show that no matter how much investment a company makes, it has no effect on company value. This can be caused, among other things, because the level of investment risk that will be borne in the future is in accordance with the amount of investment made, thus influencing investors' confidence in investing a certain amount of funds in the company. The lack of influence on investment decisions is due to uncertainty in the future; this uncertainty is in the form of

changes in technology, socio-economic conditions, and government policies. Thus, even though the company's assets are high or low in the present or past, it does not affect the company's value.

The Effect of Funding Decisions on Company Value

The influence of the funding decision variable (DER) on company value (Y) obtained a coefficient value of -0.109 with a significance value of 0.285. From these results, it can be concluded that if Sig. from the funding decision variable (DER) is 0.285 more than α (0.05), then H2 is rejected. This means that the second hypothesis, which states that "funding decisions have a significant positive effect on company value," is not proven, or H2 is rejected.

The results of this research are in accordance with the trade-off theory, which states that if the debt used exceeds the optimal limit, it will result in the company feeling burdened with interest costs, which will reduce the profits earned, and it is feared that the company value will not be optimal due to reduced creditor trust. This theory states that there is a balance between financial distress and tax savings as a result of high use of debt, which means that company value is not affected by debt policy. Apart from that, investors are also concerned about the risk of bankruptcy due to the use of debt as a source of funding, thereby reducing investors' interest in investing.

The Effect of Funding Decisions on Company Value

The influence of the dividend policy variable (DPR) on company value (Y) obtained a coefficient value of 0.122 with a significance value of 0.014. From these results, it can be concluded that if Sig. from the dividend policy variable (DPR) is 0.014 less than α (0.05), then H3 is accepted. This means that the third hypothesis, which states that "dividend policy has a significant positive effect on company value," is proven or H3 is accepted.

The company is more concerned with paying dividends, so the company cannot fulfill its long-term and short-term obligations. On the other hand, if the profits obtained are not distributed in the form of dividends, the company will lose investors. With high dividends, the company will be able to increase its future value without incurring high debt. The greater the proportion of shareholders who receive dividends, the better the company's performance and operations are, and the more valuable the company becomes.

5. Conclusion and Suggestion

Based on the discussion above, this research can be concluded as follows:

1. Investment decisions, as measured by total asset growth, have no effect on company value.
2. Funding decisions as measured by the debt-to-equity ratio have no effect on company value.
3. Dividend policy, as measured by the dividend payout ratio, influences company value.

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