

An Analysis of the Effects of Investment Decisions, Funding Decisions, and Dividend Policies on Firm Value

Shadhwina Zaldi¹, Aisyah Nabilah, Cika Tri Apribi, Siti Zainab.

¹²³⁴Universitas Islam Negeri Syarif Hidayatullah Jakarta, Indonesia
Email: shadhwina.zaldi@gmail.com¹

ABSTRACT

The global economy is still experiencing instability in the capital market. Several factors cause capital market instability. One of the factors that affect the capital market is financial information. Financial information can affect stock prices and overall company value. This study aims to analyze the effect of investment decisions, funding decisions, and dividend policies on firm value. The method used uses quantitative methodology with an associative approach. The population of this study are public companies listed on the Bursa Efek Indonesia with Food and Beverages companies as samples. The sampling method used is purposive sampling method. Samples were collected from 8 Food and Beverages companies listed on the Bursa Efek Indonesia during 2017—2023. The data analysis technique uses the classical assumption test, multiple linear regression equation, coefficient of determination (R^2 test), and hypothesis testing. The results show that: (1) Investment decisions influence firm value; (2) Funding decisions have no effect on firm value; (3) Dividend policies has no effect on firm value; and (4) Investment decisions, funding decisions, and dividend policies have an influence on firm value with an influence of 40.3%.

Article info

Article history:

Received : 28 July 2024

Received in revised form : 20 November 2024

Accepted : 29 November 2024

Available online : 30 November 2024

DOI :

Keywords: Investment decisions, funding decisions, dividend policies, firm value

How to Cite: Zaldi, S., Nabilah, A., Apribi, C.T., Zainab, S. (2024). An Analysis of the Effects of Investment Decisions, Funding Decisions, and Dividend Policies on Firm Value. *Jurnal Ilmiah Manajemen dan Bisnis*, 10 (3), 362-374

INTRODUCTION

The capital market is a dynamic global competition that offers both opportunities and challenges. Post COVID-19, the Indonesian capital market began to experience a significant increase. There were 902 companies listed on the Bursa Efek Indonesia in 2023, an increase of 9.33% from 2022. (IDX Data Services Division, 2023). The rupiah appreciates in US Dollar due to election instability in the US (Simanjuntak, 2024), this makes investors choose to secure assets or postpone investment. Delaying investment is a form of investor vigilance so as not to cause losses in the future (Pratama et al., 2020). (Pratama et al., 2020).

International cooperation opens up promising investment opportunities. ARISE+ is one of the cooperation programs between the European Union and Indonesia that supports the improvement of the trade and investment sectors at the international level. (Mandasari, 2023). The inflow of foreign capital can encourage an increase in demand for shares to boost up *the Indeks Harga Saham Gabungan (IHSG)*.

In addition, it can open up capital market opportunities for companies to raise funds such as issuing new shares or bonds.

Bond issuance can be used to fund projects. However, some companies issue bonds to fund business expansion. In addition, issuing bonds will also increase the company's debt level. (Nurul, 2021). This can increase the company's financial risk, and if not managed properly, can result in a decrease in profits and dividends. (Yanita et al., 2023).

Many companies have announced a new dividend increase policies to shareholders. The dividend policies is expected to increase the attractiveness of the company to investors and to increase the value of the company in a long run. Good dividend policies, investment decisions, and funding decisions can have a significant impact on firm value. (Sari et al., 2022).

Research on investment decisions, funding decisions, and dividend policies on firm value has been conducted by (Sundari et al., 2024), (Rahadian & Surwanti, 2024), (Setiawan et al., 2024), and (Yuliati & Sutrisno, 2024) using quantitative research methods. In research conducted by (Sundari et al., 2024) the results of the classical assumption test and multiple linear regression show that investment decisions have a positive influence on firm value. However, the results of descriptive statistical analysis, multiple linear tests, classical assumption tests, and hypothesis testing by (Yuliati & Sutrisno) uses quantitative research methods. (Yuliati & Sutrisno, 2024) shows that investment decisions have a negative and insignificant effect on firm value.

Increasing dividends is a positive indication that the business is able to distribute cash dividends to shareholders. In multiple linear regression research results, (Rahadian & Surwanti, 2024) finds that dividend policies has a positive and significant effect on firm value. However, (Yuliati & Sutrisno, 2024) show that dividend policies has a negative and insignificant effect on firm value in line with *dividend irrelevance theory*. Dividend policies in this study is measured using the *Dividend Payout Ratio (DPR)*.

(Setiawan et al., 2024) finds that funding decision variables have a significant influence on firm value. Research by (Rahadian & Surwanti, 2024) and (Yuliati & Sutrisno, 2024) shows that funding policy has a positive and significant effect on firm value. The research results on this variable are in line with the *trade off theory* in which companies will prefer to be in debt up to a certain point to determine the optimal capital structure. However, research (Sundari et al., 2024) finds that funding policy does not affect firm value. This finding effects the capital structure policy which forces financial managers to consider and analyze the combination of financing sources to enable the company to finance investment and operational needs.

To obtain more accurate results in the study, researchers extended the research period to seven years and focused the scope on the *Food and Beverages* industry sector. Based on this background, the authors are interested in researching test with the title "Analysis of the Effect of Investment Decisions,

Dividend Policies, and Funding Decisions on Firm Value in the *Food and Beverages* Sector listed on the Bursa Efek Indonesia in 2017—2023". The several research objectives are: 1) To understand the growth of investment, dividends, and stock prices of *Food and Beverages* companies listed on the Bursa Efek Indonesia in 2017—2023; 2) To understand the growth of business value of companies listed on the Bursa Efek Indonesia in 2017—2023; and 3) To understand the effect of investment decisions, dividend policies, and funding decisions made simultaneously and proportionally on the value of companies on the Bursa Efek Indonesia 2017—2023.

METHOD

This research uses quantitative methodology. Quantitative methods use numerical data and apply statistical analysis to the data. The financial statements of the Bursa Efek Indonesia (BEI) for the years 2017—2023 included in the annual reports are the main source of secondary data for this study. All companies in the *Food and Beverages* sector listed on the Bursa Efek Indonesia between 2017—2023 became the research population, which amounted to 8 companies. Purposive sampling is a technique used for sampling, taking into account the following criteria: companies in the *Food and Beverages* sector that have been listed on the Bursa Efek Indonesia consecutively from 2017 to 2023, companies whose financial reports are available for viewing during that period, and companies whose data and information are complete for research during that period. The data analysis technique uses the classical assumption test, multiple linear regression equation, coefficient of determination (R^2 test), and hypothesis testing.

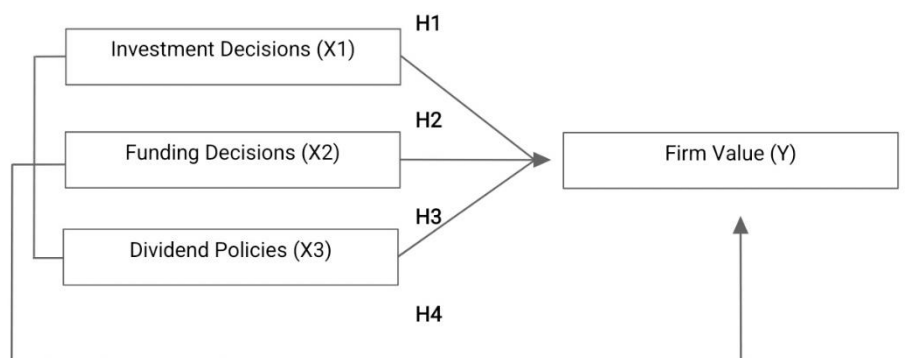


Figure 1. Theoretical framework

Hypothesis Description

H1: Investment decisions partially affect firm value in the *Food and Beverages* sector on the Bursa Efek Indonesia.

H2: Funding decisions partially affect firm value in the *Food and Beverages* sector on the Bursa Efek Indonesia.

H3: Dividend policies partially affect firm value in the *Food and Beverages* sector on the Bursa Efek Indonesia.

H4: Firm value in the *Food and Beverages* sector listed on the Bursa Efek Indonesia is simultaneously influenced by investment decisions, funding decisions, and dividend policies.

Table 1. Operational Definition of Research

No.	Variables	Definition	Indicator	Scale
1	Investment Decisions (X1)	Investment is an act of releasing current funds in the hope of generating a flow of funds in the future that is greater than the amount of funds released at the time of initial investment.	PER = Closing stock price: Earnings per share (Moeljadi, 2006, p. 13).	Ratio
2	Funding Decisions (X2)	Funding decisions are decisions related to determining the source of funds to be used, determining the optimal funding balance, and whether the company uses sources of funds from within the company or will take funds from outside the company.	DER = Total debt: Total equity (Kodrat & Herdinata, 2009, p. 135)	Ratio
3	Dividend Policies (X3)	Dividends represent the remainder of a company's net income after deducting taxes and are coupled with retained earnings set aside as company reserves. These dividends are intended to be given to shareholders as a result of the company's profits. If the company issuing the shares manages to post significant profits, then there is potential for shareholders to receive substantial dividends. Essentially, dividends refer to the distribution of profits to shareholders of a company according to the number of shares they own.	DPR = Dividend per share: Closing share price (Kodrat & Herdinata, 2009, p. 136)	Ratio
4	Firm Value (Y)	Firm value is the present value of a series of cash inflows that the company will generate in the future.	PBV = Company Share Price / Book Value of Shares per Share x 100% (Mardiyanto, 2009, p. 182)	Ratio

RESULTS AND DISCUSSION**RESULTS****Classical Assumption Test****Normality Test****Table 2. Normality Test Results**

One-Sample Kolmogorov-Smirnov Test		
Unstandardized Residual		
N		56
Normal Parameters ^{a,b}	Mean	56
	Std. Deviation	0.0000000
Most Extreme Differences	Absolute	1.74324180
	Positive	0.092
	Negative	0.092
Test Statistic		-0.074
Asymp. Sig. (2-tailed)		0.200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors significance Correction.

d. This is a lower bound of the true significance.

Source: Spss 26 Output, Secondary Data processed (2024)

Based on table 2. the results of the normality test on the multiple linear regression equation show the Asymp. Sig. (2-tailed) of 0.200 is greater than 0.05 so it can be concluded that the data used in this study has a normal distribution value.

Multicollinearity Test

Table 3. Multicollinearity Test Results

Coefficients ^a			
Model	Collinearity Statistic		
	Tolerance	VIF	
1 (Constant)			
PER (X1)	0.956	1.046	
DER (X2)	0.931	1.074	
DPR (X3)	0.959	1.043	

a. Dependent Variable: PBV (Y)

Source: Spss 26 Output, Secondary Data processed (2024)

Based on table 3. the multicollinearity test results show that the three variables have a tolerance value of more than 0.10 and a VIF value <10, so it can be concluded that the regression model does not contain multicollinearity.

Heteroscedasticity Test

Table 4. Heteroscedasticity Test Results

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1(Constant)	1.167	0.241		4.846	0.000
PER (X1)	-0.001	0.003	-0.026	-0.191	0.850
DER (X2)	0.650	0.370	0.243	1.757	0.085
DPR (X3)	-0.361	0.257	0.191	-1.402	0.167

a. Dependent Variable: ABS_RES

Source: Spss 26 Output, Secondary Data processed (2024)

Based on table 4. the results of the heteroscedasticity test show that the three independent variables have a significance value of more than 0.05. So it can be concluded that the research data does not have heteroscedasticity.

Autocorrelation Test

Table 5. Autocorrelation Test Results

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.660 ^a	0.436	0.403	1.79282	1.339

a. Predictors: (Constant), PER (X1), DER (X2), DPR (X3)

b. Dependent Variable: PBV (Y)

Source: Spss 26 Output, Secondary Data processed (2024)

Based on table 5. the autocorrelation test results show the durbin watson value is between du and 4-du ($1.689 < 1.339 < 2.311$). So it can be concluded that in the regression model, there is no autocorrelation problem.

Multiple Linear Regression Test

Based on the multiple linear equation analysis test, it can be seen that the independent variable and the dependent variable can be formulated:

Table 6. Multiple Linear Regression Test Results

Coefficients ^a			
Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
1(Constant)	2.042	0.451	
PER (X1)	0.031	0.005	0.610
DER (X2)	0.632	0.693	0.099
DPR (X3)	0.923	0.482	0.204

a. Dependent Variable: PBV (Y)

Source: Spss 26 Output, Secondary Data processed (2024)

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

$$Y = 2.042 + 0.031 X_1 + 0.632 X_2 + 0.923 X_3 + e$$

From the results of the analysis of the table regression equation can be explained as follows:

The constant with a positive value of 2.042 indicates a unidirectional influence between the independent variable and the dependent variable. This indication shows that the company value will be 2,042 if all independent variables, namely investment policies (X1), funding decisions (X2), and dividend policies

(X3) are equal to 0.

The regression coefficient value of investment decisions (X1) is positive at 0.031. If the investment decision (X1) increases while the other independent variables remain constant, the company value (Y) will increase by 0.031, because the positive sign indicates a unidirectional influence between the independent variable and the dependent variable.

The regression coefficient value of funding decisions (X2) is positive at 0.632. If the funding decision (X2) increases while the other independent variables remain constant, the company value (Y) will increase by 0.632, because the positive sign indicates a unidirectional influence between the independent variable and the dependent variable.

The regression coefficient value of dividend policies (X3) is positive at 0.923. If the dividend policies (X3) increases while the other independent variables remain constant, the firm value (Y) will increase by 0.923, because the positive sign indicates a unidirectional influence between the independent variable and the dependent variable.

Test Coefficient of Determination (R² Test)

Table 7. Test Results of the Coefficient of Determination (R² Test)

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.660 ^a	0.436	0.403	1.79282

a. Predictors: (Constant), PER (X1), DER (X2), DPR (X3)

b. Dependent Variable: PBV (Y)

Source: Spss 26 Output, Secondary Data processed (2024)

Based on table 7. the results of the coefficient of determination test or Adjusted R Square are 0.403, which means that the role of all independent variables in clarifying the dependent variable is quite good with a percentage of 40.3%. These results indicate that the remaining 59.7% of other factors affecting firm value come from variables not tested in this study.

Hypothesis Test**Partial Test (T)****Table 8.** Partial Test Results (T)

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	2.042	0.451		4.527	0.000
PER (X1)	0.031	0.005	0.610	5.726	0.000
DER (X2)	0.632	0.693	0.099	0.912	0.366
DPR (X3)	0.923	0.482	0.204	1.915	0.061

a. Dependent Variable: PBV (Y)

Source: Spss 26 Output, Secondary Data processed (2024)

Based on table 8. partial test results (T), the first test is located investment decisions (X1) $t_{count} 5.726 > t_{table} 2.007$ with a significance value of 0.000 so that H1 is accepted. The second test is located funding decisions (X2) $t_{count} 0.912 < t_{table} 2.007$ with a significance value of 0.366 so that H2 is rejected. The third test is located in dividend policies (X3) $t_{count} 1.915 < t_{table} 2.007$ with a significance value of 0.061, so H3 is rejected.

Simultaneous Test (F)**Table 9.** Simultaneous Test Results (F)

ANOVA ^a					
Model	Sum of Square	df	Mean Square	F	Sig.
Regression	12.044	3	43.015	13.383	0.000 ^b
1 Residuals	167.139	52	3.214		
Total	296.183	55			

a. Dependent Variable: PBV (Y)

b. Predictors: (Constant), PER (X1), DER (X2), DPR (X3)

Source: Spss 26 Output, Secondary Data processed (2024)

Based on table 9. the results of the simultaneous test (F) show that the value of $F_{count} 13.383 > F_{table} 3.17$ based on the free degree of number 2 denominator 53 at 0.05 with a significance value of $0.000 < 0.05$ so that H4 is accepted. It can be concluded that investment decisions, funding decisions,

and dividend policies have a significant effect on firm value.

DISCUSSION

The Effect of Investment Decisions on Firm Value

The results of data analysis of the first hypothesis (H1) show a positive t_{count} value of 5.726. The statistical results of the t-test on investment decisions show a significance value of 0.000. Because this shows a significance value smaller than 0.05, it can be concluded that the investment decision proxied by the *Price Earning Ratio* (PER) has a positive and significant effect on firm value and the first hypothesis (H1) is accepted. If a company increases the amount of its investment, its value will increase. This is because a high level of investment indicates anticipated income growth by the company in the future. This research is in line with (Rahadian & Surwanti, 2024) that investment decisions have a positive and significant effect on firm value.

Funding Decisions on Firm Value

The results of the data analysis of the second hypothesis (H2), it is known that the t_{count} value is positive, which is equal to 0.912. The statistical results of the t-test for funding decisions obtained a significance value of 0.366. This shows a significance value greater than 0.05, so it can be concluded that the funding decision proxied by the *debt to equity ratio* (DER) has an insignificant positive effect on firm value, so the second hypothesis (H2) is rejected. If the company increases its funding decisions, it does not have a significant impact on firm value. This is due to the inaccurate allocation of funds, especially for production activities and procurement of goods, as well as the amount of loan interest expense. This condition can carry the risk of bankruptcy for the company. According to the *Trade off* theory, an increase in debt will be beneficial if it can increase the value of the company but there is still an optimal limit on the amount of debt. If the benefits of debt are smaller than the risk of bankruptcy, then the addition of debt will reduce the value of the company. This research is in line with (Pricella et al., 2021) which shows that funding decisions do not affect firm value.

The Effect of Dividend Policies on Firm Value

The results of data analysis of the third hypothesis (H3) show that the t_{count} value is positive, namely 1.915. The statistical results of the t-test for dividend policies with a significance value of 0.061. The third hypothesis (H3) is rejected because the data shows that the significant value is greater than 0.05. *Dividend* decisions proxied by the *Dividend Payout Ratio* (DPR) have a positive and insignificant impact on firm value. Firm value is not affected by dividend policies because shareholders only want to take advantage in the short term by obtaining *capital gains*. Investors consider that small dividend income today is not more profitable than *capital gains* in the future. This research is in line with (Murniati et al., 2019) which shows that dividend policies does not affect firm value.

The Effect of Investment Decisions, Funding Decisions, and Dividend Policies on Firm Value

The results of data analysis of the fourth hypothesis (H4) show that the value of $F_{\text{count}} > F_{\text{table}}$ ($13.383 > 3.17$) with a significance value of 0.000. The third hypothesis (H4) is accepted. Based on the research results obtained investment decisions, funding decisions, and dividend policies simultaneously have a significant effect on firm value. Financial managers as decision makers in financial decisions must be very concerned about investment decisions, funding decisions, and dividend policies that are optimal for the company. Making the right decisions from these three aspects can increase company value which can satisfy internal and external parties. This research is in line with (Setiawan et al., 2024) which shows that investment decisions, funding decisions, and dividend policies have a significant effect on firm value.

CONCLUSION

Based on the results of the research and analysis conducted, the following conclusions can be drawn. Investment decisions are found to have a positive influence on firm value, as evidenced by the regression coefficient value of 0.031 and a significance value of 0.000. Firm value is not influenced by funding decisions, as indicated by the regression coefficient value of 0.632 and a significance value of 0.366. Dividend policies has no effect on firm value with a regression coefficient of 0.923 and a significance value of 0.061. The F_{count} value of 13,383 affects the value of companies in the *Food and Beverages* sector listed on the Bursa Efek Indonesia. This shows that investment decisions, funding decisions, and dividend policies have an influence of 40.3% on firm value. The rest is influenced by other factors not examined in the study. The researchers suggest that investors who want to invest in *Food and Beverages* companies listed on the Bursa Efek Indonesia are advised to consider the investment decision variable because this factor determines the amount of profit and return in the future and has a small risk so that it can increase the share price which reflects the company's value. For further researchers, it is hoped that they can develop this research because there are still many other factors that can affect firm value and not only rely on the factors used in this study. Other factors that can affect firm value include liquidity, managerial ownership, profitability, company risk, capital structure, and so on and replace the research object with a different company and increase the research period to obtain better results.

REFERENCES

- Darmadi, H. (2013). *Metode penelitian pendidikan dan sosial : (teori konsep dasar dan implementasi)* (1st ed.). Alfabeta.
- IDX Data Services Division. (2023). *IDX Yearly Statistics 2023*. In *Bursa Efek Indonesia*.

- Kodrat, D. S., & Herdinata, C. (2009). *Manajemen Keuangan: Based on Empirical Research*. Graha Ilmu.
- Mandasari, J. R. (2023). *Uni Eropa Dukung Indonesia Tingkatkan Teknis Sektor Perdagangan*. Radio Republik Indonesia. <https://www.rri.co.id/internasional/239256/uni-eropa-dukung-indonesia-tingkatkan-teknis-sektor-perdagangan>
- Mardiyanto, H. (2009). *Inti Sari Manajemen Keuangan: Teori, Soal, dan Jawaban*. Grasindo.
- Moeljadi. (2006). *Manajemen Keuangan Pendekatan Kuantitatif dan Kualitatif* (1st ed.). Bayumedi Publishing.
- Murniati, S., Mus, H. A. R., Semmaila, H. B., & Nur, H. A. N. (2019). Effect of Investment Decisions, Financing Decisions and Dividend Policies on Profitability and Value of The Firm. *International Journal of Accounting & Finance in Asia Pasific (IJAFAP)*, 2(1), 1–10.
- Nazir, M. (2005). *Metodologi Penelitian* (5th ed.). Ghalia Indonesia.
- Nurul, H. (2021). *Obligasi Perusahaan – Pengertian, Keuntungan, dan Cara Membelinya*. Lifepal.Co.Id. <https://lifepal.co.id/media/obligasi-perusahaan/>
- Pratama, A. O., Purba, K., Jamhur, J., & Prasetyo, P. B. T. (2020). Pengaruh Faktor Perilaku Investor Saham Terhadap Keputusan Investasi di Bursa Efek Indonesia. *Moneter - Jurnal Akuntansi Dan Keuangan*, 7(2), 170–179. <https://doi.org/10.31294/moneter.v7i2.8659>
- Pricella, M. H., Nurwanah, A., Ramlawati, Dewi, R., & Hamzah, M. F. (2021). Faktor-Faktor yang berpengaruh terhadap Nilai Perusahaan pada Perusahaan Manufaktur yang terdaftar Di Bursa Efek Indonesia. *Center of Economic Student Journal*, 4(1), 7–19. <https://doi.org/10.24853/jago.2.1.25-39>
- Rahadian, M. C. G., & Surwanti, A. (2024). Keputusan Investasi, Keputusan Pendanaan, dan Kebijakan Dividen terhadap Nilai Perusahaan (Studi pada Perusahaan Manufaktur yang terdaftar pada Bursa Efek Indonesia). *Journal of Regional Economics and Development*, 1(2), 1–11. <https://doi.org/10.47134/jred.v1i2.129>
- Sari, A. R., Hermuningsih, S., & Maulida, A. (2022). Pengaruh Keputusan Investasi, Keputusan Pendanaan, Profitabilitas, dan Tingkat Suku Bunga (BI Rate) terhadap Nilai Perusahaan pada Perusahaan Manufaktur di BEI tahun 2016–2020. *Forum Ekonomi*, 24(1), 1–12. <https://doi.org/10.30872/jfor.v24i1.10475>
- Setiawan, F., Andaris, I., Damayanti, R., Anggraini, R., & Kustina, L. (2024). Pengaruh Keputusan Investasi, Keputusan Pendanaan, dan Kebijakan Dividen terhadap Nilai Perusahaan pada Sektor Kesehatan yang terdaftar Di Bursa Efek Indonesia Periode 2018–2022. *Revenue: Lentera Bisnis Manajemen*, 2(01), 12–20. <https://doi.org/10.59422/lbm.v2i01.178>
- Simanjuntak, M. H. (2024). *Ekonom: Rupiah terapresiasi 1,11 persen pada 2023*. ANTARA. <https://www.google.com/amp/s/m.antaranews.com/amp/berita/3897522/ekonom-rupiah-terapresiasi-111-persen-pada-2023>
- Sundari, M., Saladin, H., & Mursalin. (2024). Analisis Pengaruh Keputusan Investasi, Keputusan Pendanaan, dan Kebijakan Dividen terhadap Nilai Perusahaan Makanan dan Minuman yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Media Akuntansi*, 6(2), 291–304.
- Yanita, E., Baining, M. E., & Ifazah, L. (2023). Pengaruh Total Utang dan Total Modal terhadap Laba Bersih dengan Pendapatan sebagai Variabel Moderasi pada Perusahaan Manufaktur Sub Sektor Makanan dan Minuman Di Jakarta Islamic Index Tahun 2017–2021. *Jurnal Riset Rumpun Ilmu Ekonomi*, 2(2), 270–286. <https://doi.org/10.55606/jurrie.v2i2.1806>

Yuliati, E., & Sutrisno, C. R. (2024). Pengaruh Likuiditas, Kebijakan Dividen, Keputusan Investasi dan Keputusan Pendanaan terhadap Nilai Perusahaan. *Journal of Accounting and Management's Student (JAM'S)*, 30(20), 1–14.