THE EFFECT OF INVESTMENT DECISIONS, FUNDING DECISIONS AND DIVIDEND POLICIES ON COMPANY VALUE
(Case Study of Companies Registered on the Jakarta Islamic Index (JII) 70 Year 2018 -2021)

[1*]**Amalia Regita**, [2]**Ilham Illahi**
Universitas Islam Negeri Sjech M. Djamil Djambek, Bukittinggi, Indonesia

Article Info	ABSTRACT
	This study aims to examine whether investment decisions, funding decisions and dividend policies affect firm values. The data used in this research is secondary data. The research population is companies listed on the Jakarta Islamic Index (JII) 70 for 2018-2021. Determination of the sample in the research using the purposive sampling method with special criteria obtained as many as 68 data. The results of this research prove that investment decisions have no effect on firm value, funding decisions have a significant effect on firm value and dividend policy has no effect on firm value.

Corresponding Author:

Amalia Regita
Universitas Islam Negeri Sjech M. Djamil Djambek, Bukittinggi, Indonesia
Email: amaliagita41@gmail.com

INTRODUCTION

Business competition in Indonesia is currently showing rapid progress, this can be seen from the increasing number of companies engaged in various fields day by day which causes competition in the business world to be even tighter. Each company was founded by building a vision and mission to achieve the goals that have been made. In general, there are two company goals, namely, short-term goals, namely to get maximum profits, if the company has got maximum profits, then there will be long-term company goals, namely to increase company value.

Firm value is the basis for consideration and analysis of company conditions for potential investors who wish to invest their funds in a company (Endah Prawesti, 2022). The value of the company is also reflected in the stock price. Share prices are formed at the request and supply of investors, so that the share price can be used as a proxy for the company's value. High corporate value is the desire of company owners or shareholders because with high corporate value it will also show high shareholder prosperity.

The stock prices of several companies listed on the Jakarta Islamic Index 70 (JII70) in 2018-2020 experienced many increases and decreases. It is known that the share price of PT Semen Baturaja Persero Tbk (SMBR) in 2019 decreased by IDR 1,310 then in 2020 it increased by IDR 625. The share price of PT Mayora Indah Tbk (MYOR) in 2019 decreased by IDR 570 then in 2020 experienced an increase of IDR 660. Based on the phenomenon of increase and decrease in share prices in several companies listed on the Jakarta Islamic Index 70 (JII70) for the 2018-2020 period, special attention needs to be paid. This can affect the company's financial condition, the ups and downs of stock prices also affect investors who are very careful in investing in the company.

Every company will definitely maximize the value of the company. According to Fama and French in research conducted by Nur Farida (2016) optimization of firm value can be achieved through the implementation of the financial management function, where financial decisions made by financial management will affect other financial decisions and will have an impact on firm value.

Investment decisions are concerned with the problem of how a manager allocates funds in the form of investments that will generate profits in the future. High profits and small risks are expected to increase the value of the company. High investment is a signal of company growth, which is considered as good news which will affect investor perceptions and ultimately affect company value (Putry Meilinda, 2016).

Funding decisions involve financial decisions about where a company's funds to buy these assets come from. A financial manager must be able to find alternative sources of funds to be used by the company. Managers must be able to determine whether the source of funds comes from within the company (internal financing) or from outside the company (external financing). According to Dien Gusti (2016) the debt policy taken by the company is in accordance with the company's ability to repay debt, because the higher the debt, the higher the risk faced by the company which can reduce the value of the company.

Dividend policy is a decision whether profits earned by shareholders will be distributed to shareholders or retained in the form of profits which will later be used to finance investment in the future. The distribution of dividends that will be distributed by the company can be an indication that the company can maximize the prosperity of shareholders. This is in line with the Bird in the hand theory put forward by Myron Gordon and John Lintner (in a book by Frans Bararuallo, 2010) dividend policy has a positive effect on firm value because for investors dividends are more certain than capital gains.

METHOD

The research is conducted quantitatively using an associative approach, aiming to uncover relationships between variables. The study focuses on investigating the influence of investment decisions, funding choices, and dividend policies on firm value—a dependent variable. This exploration is centered within the Indonesian Stock Exchange (IDX), utilizing online resources and spanning from September 2022 to April 2023.

The data utilized is secondary in nature, sourced from various industry websites and previously processed. The population under scrutiny encompasses companies listed on the Jakarta Islamic Index (JII) 70 during the years 2018 to 2021. Employing a purposive sampling technique, the sample is intentionally selected based on predetermined criteria.

Key measurements include Tobin's Q for approximating firm value, Total Asset Growth (TAG) for investment decisions, Debt Equity Ratio (DER) for funding decisions, and Dividend Payout Ratio (DPR) for dividend policy assessment.

To analyze the collected data, a comprehensive methodology is outlined. This encompasses descriptive statistics for clarity, classic assumption tests like normality, multicollinearity, autocorrelation, and heteroscedasticity checks to ensure the robustness of the model, and multiple linear regression to quantify the impacts of the independent variables (investment decisions, funding choices, dividend policies) on the dependent variable (firm value).

Hypothesis testing will involve the F test to collectively assess the influence of all independent variables and the t test to individually evaluate the effects of each independent variable on the dependent variable. The study's effectiveness in explaining the dependent variable will be indicated by the adjusted R-squared value.

RESULTS AND DISCUSSION

Initial company data was taken from companies registered on JII 70 in the June-November 2018 period of 70 companies. The number of companies that were not registered on JII 70 during the 2018-2021 review period was 33 companies. The number of companies that do not present their annual financial statements in rupiah is 3 companies. The number of companies that do not consistently distribute dividends is 17 companies. So the number of research samples is 17 companies.

Descriptive statistics

Table 1. Descriptive Statistics Results

Descriptive Statistics

	N	Minimum	Maximum	Means	std. Deviation
Investation decision	68	-0.81	1.68	0.088	0.26265

Funding Decision	68	0.04	1.3	0.633	0.37179
Dividend Policy	68	0	1.48	0.434	0.28279
The value of the company	68	0.38	4.82	1.574	1.04919
Valid N (listwise)	68				

Source. Results of IBM SPSS 26 data processing

The investment decision that is proxied by TAG proves a maximum number of 1.68, a minimum number of -0.81 with a mean of 0.0961 and a standard deviation of 0.26402. Funding decisions proxied by DER prove the result of a maximum score of 1.30, a minimum score of 0.04 with a mean of 0.6329 and a standard deviation of 0.37116. The dividend policy proxied by the DPR proves a maximum value of 4.82, a minimum value of 0.38 with a mean of 0.4337 and a standard deviation of 0.28279. The firm value proxied by Tobin's Q proves a maximum value of 4.82, a minimum value of 0.38 with a mean of 1.5736 and a standard deviation of 1.04919.

Classic assumption test

Table 3. Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residuals
N		68
Normal Parameters, b	Means	0
	std. Deviation	0.81649204
Most Extreme Differences	absolute	0.097
	Positive	0.097
	Negative	-0.076
Test Statistics		0.097
asymp. Sig. (2-tailed)		.189c

Source. IBM SPSS 26 data management results

Based on table 3, it can be observed that the result of the Kolmogorov-Smirnov test is 0.189. The sig number is $0.189 > 0.05$, so it is said that the residual data in the regression is normally distributed.

Multicollinearity Test

Table 4. Multicollinearity Test Results

Model		Collinearity Statistics	
		tolerance	VIF
1	(Constant)		
	Investation decision	0.934	1,070
	Funding Decision	0.813	1230
	Dividend Policy	0.865	1.157

Source: Data processed with SPSS

Based on the results of table 4 above, where the investment decision variable has a tolerance value of 0.934 and a VIF value of 1.070, the funding decision variable has a tolerance value of 0.813 and a VIF value of 1.230, and the dividend policy variable has a tolerance value of 0.865 and a value of 1.157. The results show that the variable investment decisions, funding decisions and dividend policies have a tolerance value of > 0.10 and a VIF value of <10.00. So it can be said that the data does not experience symptoms of multicollinearity.

Autocorrelation Test

Table 5. Autocorrelation Test Results
Summary model b

Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.433a	0.187	0.175	0.75404694	1973

Source: data processed with SPSS

Multiple Linear Regression Test

Table 6. Multiple Linear Regression Test Results
Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients
		B	std. Error	Betas
1	(Constant)	3,032	0.31	
	Investation decision	0.461	0.402	0.115
	Funding Decision	-1,943	0.304	-0.689
	Dividend Policy	-0.62	0.388	-0.167

Based on table 7, a multiple linear regression equation can be arranged as follows

$$Y = 3.032 + 0.461X1 - 1.943X2 - 0.619X3 + e$$

F test

Table 7. F Test Results
ANOVAa

Model		Sum of Squares	Df	MeanSquare	F	Sig.
1	Regression	29,087	3	9,696	13,893	.000b
	residual	44,666	64	0.698		
	Total	73,753	67			

Based on table 7 it can be concluded that the calculated f value is 13.893 > f table 2.75, with a significance value of 0.000 because the significance value is less than 0.05, it is said that investment decisions, funding decisions and dividend policies jointly or simultaneously have a significant effect on the value of the company.

T test

Table 8. T test results
Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	Q	Sig.
		B	std. Error	Betas		
1	(Constant)	3,032	0.31		9,766	0
	Investation decision	0.461	0.402	0.115	1.147	0.26
	Funding Decision	-1,943	0.304	-0.689	-6,384	0
	Dividend Policy	-0.62	0.388	-0.167	-1,595	0.12

Source: data processed with SPSS 26

Based on the results of table 8 it can be concluded that:

1. The significant value for the effect of investment decisions (X1) on firm value (Y) is 0.256 > 0.05 and the t value is 1.147 <1.99714 so it can be concluded that there is no influence of investment decisions on firm value.
2. The significance value for the influence of funding decisions (X2) on firm value (Y) is 0.000 <0.05 and t count 6.384 > 1.99714 so it can be concluded that there is a significant influence of funding decisions on firm value.
3. The significance value for the effect of dividend policy (X3) on firm value (Y) is 0.116 > 0.05 and t count is 1.595 <1.99714 so it can be concluded that there is no effect of dividend policy on firm value.

Determination Coefficient Test (R2)

Table 9. Test results for the coefficient of determination

Summary model b

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	.628a	0.394	0.366	0.83541

Based on table 9 above the coefficient of determination is 0.394. This value means that the percentage of influence of investment decision variables, funding decisions and dividend policies on company value in companies listed on the Jakarta Islamic Index (JII) 70 for 2018-2021 is 0.394 or 39.4%. This indicates that 60.6% of the firm value variable is influenced by other variables not examined.

DISCUSSION

The influence of investment decisions on firm value

The results of investment decision research on firm value in companies listed on JII 70 prove the significance value of investment decisions is $0.256 > 0.05$ and the t value is $1.147 < 1.99714$ so it can be concluded that there is no influence of investment decisions on firm value. So it is concluded that H1 is rejected.

In this study, investment decisions are proxied by Total Assets Growth (TAG), which is a ratio that measures the current asset growth experienced by a company by comparing the previous period. Even though the company's assets are currently experiencing a decline, this does not guarantee that the company's assets will also experience a decrease in the future. Assets that often experience a decrease are current assets, a decrease in current assets can be caused by purchasing assets or paying debts which are not always detrimental to the company. So that this is not too much of a concern for investors, investors will continue to invest in the company, if the company has good prospects even though the company's assets have decreased or increased.Nafiatul Hikmah, Muhammad Yusuf (2020).

Effect of funding decisions on firm value

The results of research on funding decisions on firm value in companies listed on JII 70 prove a significant value of funding decisions of $0.000 < 0.05$ and t count $6.384 > 1.99714$ so it can be concluded that there is a significant negative effect of funding decisions on firm value.

The effect of funding decisions on firm value has a negative value, meaning that any increase in funding decisions made by the company will cause the company value to decrease. This is because the use of high debt will lead to higher risks that will be faced by the company. The high risk experienced by the company causes a lack of investor interest in investing or investing in the company, so this can reduce the value of the company. However, if the company uses low debt or uses appropriate debt in accordance with the company's ability to pay debts, then this can minimize the risks that occur so as to increase the value of the company. This research strengthens research conducted byReineka Chairun Nisa (2017) and Diana Santika Dewi

Effect of dividend policy on firm value

The results of dividend policy research on firm value in companies listed on JII 70 prove the significance value of the dividend policy is $0.116 > 0.05$ and t count is $1.367 < 1.99714$. This shows that dividend policy has no significant effect on firm value. So it can be concluded that H3 is rejected.

Dividend policy has no effect on firm value, the assumption is that every rupiah dividend paid will reduce the company's retained earnings. Companies prefer to retain profits for the benefit of the company or to buy new assets that are expected to generate more profits in the future. This is in line with the Dividend Irrelevance Theory by Miller and Modigliani which states that dividend policy has no effect on firm value. They argue that the value of the company is only determined by the company's ability to generate profits, in other words the value of a company depends solely on the income generated by its assets, not how the income is divided in the form of dividends or divided in the form of retained earnings.Karina Meidiawati, Point Mildawati (2016) and Denny Kurnia (2019).

The Influence of Investment Decisions, Funding Decisions and Dividend Policy on Firm Value

The research results obtained concerning the effect of investment decisions, funding decisions and dividend policies on firm value in companies listed on the Jakarta Islamic Index (JII) 70 years 2018-2021 show that a significant value is $0.000 < 0.05$. This shows that investment decisions,

funding decisions and dividend policies jointly or simultaneously have a significant effect on firm value.

The coefficient of determination is 0.394. This value means that the percentage of influence of investment decision variables, funding decisions and dividend policies on firm value in companies listed on the Jakarta Islamic Index (JII) 70 is 0.394 or 39.4%. This indicates that 60.6% of the firm value variable is influenced by other variables not examined.

CONCLUSION

In the research that attempted to analyze the effect of investment decisions, funding decisions and dividend policies on firm value, based on the results of reviews that have been tried, it can be concluded that: Partial investment decisions do not have a significant effect on firm value. This statement is based on the results of the partial test (t test) with a significant value of $0.256 > 0.05$ and a calculated t value of $1.147 < 1.99714$. Funding decisions partially have a significant negative effect on firm value. This statement is based on the results of the partial test (t test) with a significant value of the funding decision of $0.000 < 0.05$ and t count of $6.384 > 1.99714$. Dividend policy partially has no significant effect on firm value. This statement is based on the results of the partial test (t test) with a significant value of the dividend policy of $0.116 > 0.05$ and t count of $1.367 < 1.99714$. Investment decisions, funding decisions and dividend policies jointly or simultaneously have a significant effect on firm value. This statement is based on the results of the simultaneous test (f test) with a significant value of $0.000 < 0.05$ and f count $13.893 > $ f table 2.75.

Suggestions for further research are to add research variables, this is reinforced by research that proves that 39.4% of firm value is influenced by these three variables. the remaining 60.6% of the firm value variable is influenced by other variables not examined. For future researchers, it is suggested to expand or add to the sample not only companies listed on the Jakarta Islamic Index (JII) 70 but also other companies that belong to other Islamic stock groups.

REFERENCES

Amaliyah, F., & Herwiyanti, E. (2020). Pengaruh Keputusan Investasi, Ukuran Perusahaan, Keputusan Pendanaan Dan Kebijakan Deviden Terhadap Nilai Perusahaan Sektor Pertambangan. *Jurnal Penelitian Ekonomi Dan Bisnis*, *5*(1), 39-51.

Anwar Mokhamad. 2019. *Dasar-Dasar Manajemen Keuangan*. Jakarta: Prenamedia Group.

Bararuallo Frans. 2010. *Nilai Perusahaan, Konsep, Teori Dan Aplikasi*. Jakarta: Atma Jaya.

Faridah, N., & Kurnia, K. (2016). Pengaruh Keputusan Investasi, Pendanaan, Kebijakan Dividen, Tingkat Suku Bunga Terhadap Nilai Perusahaan. *Jurnal Ilmu Dan Riset Akuntansi (JIRA)*, *5*(2).

Gustian, D. (2017). Pengaruh pertumbuhan perusahaan, keputusan investasi, dan keputusan pendanaan terhadap nilai perusahaan (Studi empiris pada perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia 2010-2014). *Jurnal Akuntansi*, *5*(1).

Gustiandika, T., & Hadiprajitno, P. B. (2014). Pengaruh keputusan investasi dan keputusan pendanaan terhadap nilai perusahaan dengan corporate governance sebagai variabel moderating. *Diponegoro Journal Of Accounting*, *3*(2), 1141-1152.

Ica, Y., Yahya, S. D., & Sumarlin, A. (2021). Pengaruh Divident Payout Ratio (Dpr), Debt To Equity Ratio (Der) Dan Return On Equity (Roe) Terhadap Price Book To Value (Pbv) Pada Perusahaan Sub Sektor Perbankan Yang Terdaftar Di Bursa Efek Indonesia Periode 2017-2019. *Macakka Journal*, *2*(4), 188-198.

Indriantoro, Nur.(2018) Tata Cara Riset Bidang Usaha untuk akuntansi Maanajemen. C.V Andi Offset. Yogyakarta.

Khikmah, N., Yusuf, M., & Yohani, Y. (2020). Pengaruh Profitabilitas, Solvabilitas, Rentabilitas, Likuiditas, Ukuran Perusahaan Dan Keputusan Investasi Terhadap Nilai Perusahaan. *Neraca*, *16*(1), 40-57.

Kodrat, DS, & Herdinata, C. (2009). Manajemen Keuangan: Berdasarkan Penelitian Empiris.

Kurnia, D. (2019). Profitabilitas, kebijakan dividen dan harga saham terhadap nilai perusahaan. *Jurnal Akuntansi: Kajian Ilmiah Akuntansi*, *6*(2), 182-186.

Manunggal, S. A. M. (2011). Etika Islam Dalam Manajemen Keuangan. *Jurnal Hukum Islam*, *9*(1).

Margaretha, F. (2007). Manajemen keuangan bagi industri jasa. *Jakarta: Grasindo*.

Mayogi, D. G., & Fidiana, F. (2016). Pengaruh profitabilitas, kebijakan dividen dan kebijakan utang

terhadap nilai perusahaan. *Jurnal Ilmu dan Riset Akuntansi (JIRA)*, *5*(1).

Meidiawati, K., & Mildawati, T. (2016). Pengaruh size, growth, profitabilitas, struktur modal, kebijakan dividen terhadap nilai perusahaan. *Jurnal Ilmu Dan Riset Akuntansi (JIRA)*, *5*(2).

Ningrum Prawesti Endah . 2020 *Nilai Perusahaan Konsep Dan Aplikasi*. Indramayu: Cv. Adanu Abimata.

Sarwono, Jonathan.(2012).Tata cara Skripsi Pendekatan Kuatitatif Memakai metode SPSS. PT.Alex Alat Komputindo.Jakarta.

Sinaga, K. C. K., Miftah, M., & Wahyuningtyas, N. T. (2020, November). Pengaruh Keputusan Investasi Dan Keputusan Pendanaan Terhadap Nilai Perusahaan. In *Prosiding BIEMA (Business Management, Economic, and Accounting National Seminar)* (Vol. 1, pp. 960-972).