The Effect of Funding, Investment, And Dividend Decisions on the Value of the Company

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ABSTRACT
Tight competition in the business world causes every company to compete intensly, especially for market opportunities. Efforts that can be made by the company are through increasing the value of the company so the company's goals are achieved. A company value's can increase through several relevant financial decisions such as funding, investment, and dividend decisions. Funding decisions in the study were measured by the Debt to Equity Ratio (DER), investment decisions were measured by Capital Expenditure to Book Value of Assets (CPA/BVA), and dividend decisions were measured by Dividend Payout Ratio (DPR). The purpose of this study is to determine the effect of funding, investment, and dividend decisions on the value of companies on infrastructure, utilities, and transportation sector companies listed on the IDX for the period 2017-2019. Samples in this study are 10 companies are obtained. The data analysis technique used is multiple linear regression. This study result showed that DER, CPA/BVA, and DPR simultaneously or together affect a firm's value.
Keywords: funding decision, investment decision, dividen decision, firm value.

I.   INTRODUCTION
Nowadays, developments in the business world are growing more rapidly and competition is getting tougher. Especially since the presence of the industrial revolution 4.0 around the world including Indonesia. The industri 4.0 revolution is a change in the industrial sector, where technology is utilized to achieve efficiency in digital-based business models. The presence ofindustry 4.0 collusion also gives rise to new business opportunities, namely startups. This startup business usually works more efficiently so that it can improve the economy and quality of life. This intense competition between businesses causes every company to compete to seize market opportunities competitively. The efforts that the company can make so that its goals areachieved are through the company's value that continues to be improved.

The increase in the value of the company can be achieved by the welfare of its shareholders. According to Hartono (2009: 124), the company's main goal is to getmaximum profit, prosper shareholders, and then achieve the highest company value. If shareholders get a higher yield than the funds planted, the shareholders will prosper. If shareholders are prosperous, there is an increase in the value of the company.

According to Mulyadi (2006: 13), in order for thecompany to get a high company value to be achieved, several financial decisions are neededthat are related and affect the increase in company value. These decisions includefunding decisions, investment decisions, and dividend policies. These three decisions are the most important things ofwishful management because they are related to making company financial decisions. This is the task of a financial manager so that the financial manager must be more careful in determining the company's financial decisions.

The infrastructure, utilities, and transportation sectors are one of the sectors listed on the IDX. The infrastructure, utilities, and transportation sectors during the 2017-2019 period developed quite rapidly because they became the most promoted sectors duringJokowi's rule. Infrastructure development in Indonesia, which continues to be intensified by the government, has an impact on the number of projects carried out so

that it affects the average income of this sector from the period 2017 to 2019. The following is a table of theaverage percentage of each sector listed on the IDX:

Table 1 Percentage of AverageIncome per Sector

SECTOR NAME	YEAR		
	2017	**2018**	**2019**
Basic and Chemical Industries	26,9%	20,2%	-6,2%
Finance	6,9%	14,1%	12,0%
Mining	-14,3%	15,5%	22,8%
Infrastructure, Utilities, and Transportation	**82,6%**	**45,5%**	**39,4%**
Property, Real Estate and Building Construction	50,9%	3,3%	-19,9%
Consumer Goods Industry	6,2%	-1,8%	7,2%
Trade, Services and Investment	8,5%	-20,4%	4,8%
Miscellaneous Industries	8,0%	25,5%	5,1%
Agriculture	7,3%	-16,2%	-5,3%

Source : IDX Financial Report processed by researchers, 2021

If the percentage of share price is added up and then divided by three, the average growth of each sector will be obtained. The following is presented a diagram of the average growth of each sector from the 2017-2019 period , namely :
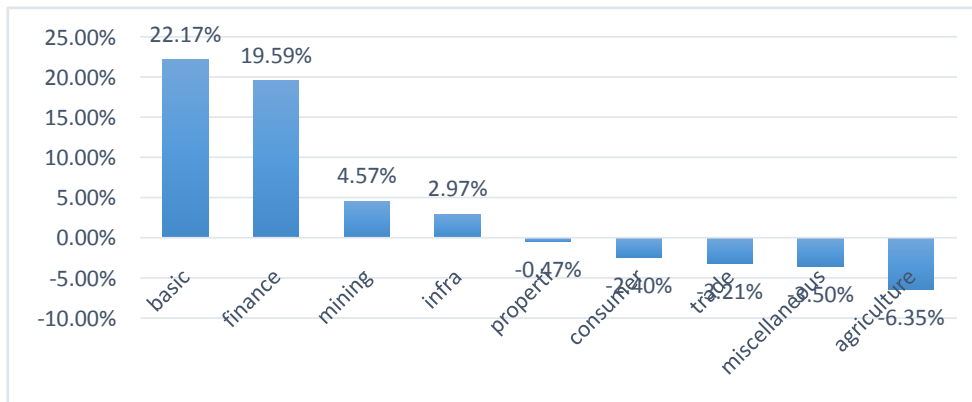

Figure 1 Percentage of Sectoral Average Growth
Source : Data processed by researchers, 2021

The reason for choosing this sector is because based on the phenomenon described above, during the 2017-2019 period, Indonesia's infrastructure sector index experienced an increase followed by the highest average income during the research period. However, the achievement of the increase in indonesia's infrastructure index is precisely the phenomenon of the average growth of the stock price of the infrastructure sector which does not occupy the highest position. The average growth position of the stock price of the infrastructural r sector isstill inferior to other sectors. Sourced from the explanation above, the researcher is interested in submitting a research with the title "The Effect of Funding, Investment, and Dividend Decisions on Company Value in Infrastructure, Utilities, and Transportation Sector Companies Listed on the IDX for the 2017-2019 Period".

II.   LITERATURE REVIEW
a.   Financial Management
According to Riyanto, Bambang (2013:4) stated that financial management is all activities related to the company's efforts to obtain funds which can then be used or allocated for the needs of the company. According to Musthafa (2017: 3)

states that there are several financial decisions in financial management, namely investment decisions, funding decisions, anddividend policies. According to Sonny (2003) states that financial management is a company's activities related to the company's efforts in obtaining funds, using or allocating funds for investment activities, managing these investments in the form of assets to achieve company goals.

b. Corporate Financial Policy
Financial policy or financial policy is a policy or decision related to the management and improvement of finances from various sources of capital. These decisions include decisions on matching, investment, and dividends.

a) Funding Decisions
Funding decisions are decisions related to the origin of the financing that the company will use. According to Kumar et al (2012), funding decisions are decisions related to the company's efforts to obtain and determine the source of funds to fund investments. According to Harmono (2011: 231) states that the source of the company's funding can be from debt or own capital which will later be useful for operational activities. According to Irawati (2006: 3) states that funding decisions are decisions related to considerations and methods to see economical sources of funding and are used to finance investment activities and company operations.

b) Investment Decisions
According to Aries (2011:109) states that investment decisions are basically reflected in the growth of the company's assets. This can be seen from the company's balance sheet assets. According to Sutrisno (2012:5), investment decisions are a way for financial managers to divide their funds for investment options that can make a profit in the future. According to Hartono (2015:10) states that an investment decision is an initial determination of the amount of assets needed by the company in a whole.

c) Dividend Decision
According to Sartono (2011) stated that a dividend decision is a decision based on the profits generated by the company, whether it is divided into dividends to shareholders or as retained earnings to finance thecompany's investment in the future. According to Wijaya, David (2016:2) stated that the dividend decision is a determination of comprehensive income during the current year whether distributed to shareholders or detained for the purposes of the company's future investment.

c. Company Values
According to Brealey et al (2007), company value is an investor's measurement of the performance of a company today and in the future. According to Harmono (2009: 233) states that company value is a form of public evaluation of the company's performance which is reflected in its share price in the capital market. According to Husnan, Suad (2006), company value is the price that potential investors can afford if the company is sold.

d. Capital Market
The definition of the capital market according to the Law of the Republic of Indonesia No.8 of 1995 is an activity related to public offering and trading of securities,public companies related to the securities they issue, as well as lembaga and professions related to securities. One of the financial instruments traded in the capital market is stocks. The process of forming a stock price is the same as the process of forming the price of goods or services. When the company was initially established, the share price was reflected in its equity per share. As time goes by, the company continues to grow and can make a profit. The profit is then in the form of cash dividends. If the company develops rapidly, the resulting profit increases so that the amount of dividends that will be distributed to holders follows.

Hypotheses and Hypothesis Models
The hypothesis in the study is that funding, investment, and dividend decisions affect the value of the company. The statistical hypotheses in this study are as follows:
- H_0 : There is no influence between funding, investment, and dividend decisions on the value of the company
- H_1 : There is an influence between funding, investment, and dividend decisions on the value of the company

Here is a hypothesis model image from this study:

Source : Data processed by researchers, 2021
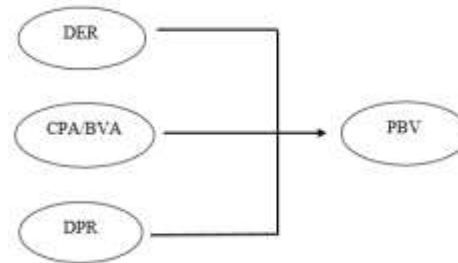
RESEARCH METHODS

The type of research used in this study is associative research. According to Sugiyono (2017: 91) stated thatassociative research has the aim of knowing the cause-and-effect relationship between independent variables and dependent variables and how much influence the two variables have. This cause-and-effect relationship aims to explain the effect of funding, investment, and dividend decisions on the company's value in infrastructure, utilities, and transportation sector companies listed on the IDX for the 2017-2019 period. The approach used in this study is a quantitative approach. This research uses quantitative methods because the research data is in the form of numbers and analysis using statistics.

The location in this study is the Indonesia Stock Exchange (IDX). The population in this study is all infrastructure, utilities, and transportation companies listed on the IDX during the period 2017-2019 with a total of83 companies. The sampling technique used in this study was a non-probabilitysamplingtechnique using the purposive sampling method so that the samples

obtained were as many as 10 companies. The analysis technique in this study uses multiple linear regression analysis. The multiple linear regression equations used in this study are:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Information:

Y	: Company Value
X_1	: Funding Decisions
X_2	: Investment Decisions
X_3	: Dividend Policy
a	: Konstanta
$b_1... b_3$	: KoefisienRegresi
e	: Standard Error

III. RESULTS AND DISCUSSION
a. Data Presentation/Variable Description
The description of the variables in this study will explain the average sample (mean), standard deviation, and the number of samples (N) for each independent variable. The following is shown a descriptive statistical table of research variables as follows:

Table 1 Variable Descriptive Statistical Test Results
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
The	33	.08	19.00	1.8209	3.63764
CPA/BVA	33	-.21	.79	.0848	.19622
DPR	33	.05	1.00	.3552	.24244
PBV	33	.23	3.92	1.3700	.94000
Valid N (listwise)	33				

Source :Output SPSS (Regression)

The table above shows that the total number of research samples (N) was 33 samples during the three study periods (2017-2019). The average yield of DER is 1.8209 with a standard deviation of 3.63764. The average CPA/BVA

yield was 0.0848 with a standard deviation of 0.19622. The average result of the DPR is 0.3552 with a standard deviation of 0.24244.

b. Test of Classical Assumptions
Normality Test

The normality test is a test used to find out whether the data used in the study has a normal distribution or not. Normality testing in this study used one of the statistical tools, namely the Kolmogorov-Smirnov One-Sample. The following is presented a table of normality test results as follows:

Table 2 Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		33
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.76117740
Most Extreme Differences	Absolute	.131
	Positive	.131
	Negative	-.095
Test Statistic		.131
Asymp. Sig. (2-tailed)		.161[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Source :Output SPSS (NPar Tests)

The table above shows that the magnitude of the value of Kolmogorov Smirnov is 0.131 and Asymp. Sig. (2-tailed) by 0.161. Where this result shows greater than the Sig value. 0.05 then according to the provisions of Kolmogorov Smirnov the data of this study are normally distributed.

Autocorrelation Test

An autocorrelation test is a test used to test a linear regression model that aims to determine the presence or absence of a correlation between the disruptor error in a certain period (t) and the previous period (t-1). The autocorrelation test in this study used Durbin-Watson values. The following is presented a table of the results of the Durbin-Watson autocorrelation test as follows:

Table 3 Autocorrelation Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.587[a]	.344	.276	.79958	1.604

a. Predictors: (Constant), DPR, DER, CPA/BVA
b. Dependent Variable: PBV

Source :Output SPSS (Regression)

The table above shows that this Durbin-Watson value lies between the dL value and the dU value, so according to the provisions of the Durbin-Watson test this test cannot give a definite conclusion about the presence or absence of autocorrelation symptoms from such data. The conclusion of the presence or absence of these uncertain autocorrelation symptoms caused the researcher to test in another way, namely with the Run Test test. The following is shown a table of Run Testtestresults as follows:

Table 4 Run Test Results

Runs Test

	Unstandardized Residual
Test Value[a]	-.19616
Cases < Test Value	16
Cases >= Test Value	17
Total Cases	33
Number of Runs	14
With	-1.057
Asymp. Sig. (2-tailed)	.291

a. Median

The table above shows that the value of Asymp.Sig. (2-tailed) of 0.291 is greater than 0.05, so it can be said that there is no autocorrelation. Autocorrelation testing using thisRun Test so that it can answer the presence or absence of autocorrelations that cannot be resolved using Durbin-Watson.

c. Multiple Linear Regression Analysis

The multiple linear regression equations used in this study are as follows :

$Y = 0,316 + 0,056DER + 1,766CPA/BVA + 2,259DPR + e$

d. Hypothesis Test

Test F

Test F aims to determine the magnitude of the influence of simultaneous funding, investment, and dividend decisions (test F) on the value of the company.

The table above shows that the value of Sig. is 0.006. In accordance with the provisions of the simultaneous test (test F), then the value of Sig. 0.006 is less than 0.05 then H_0 is rejected and H_1 is accepted so that the conclusions that arerole-playing are the variables DER, CPA / BVA, and DPR simultaneously or equallyaffect the value of the company.

The SPSS test results also produce outputs individually in this case it is the t test.

Table 6 t Test Results

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Itself.
1	(Constant)	.316	.308		1.027	.313
	The	.056	.040	.217	1.397	.173
	CPA/BVA	1.766	.754	.369	2.343	.026
	DPR	2.259	.622	.583	3.629	.001

a. Dependent Variable: PBV

Source :Output SPSS (Regression)

The table above shows that the variable DER has a Sig. value of 0.173. In accordance with the provisions of the t test, where DER > 0.05, H_0 is accepted and H_1 is rejected so that the conclusion obtained, namely DER, does not have a significant effect on the value of the company. The t test result of the CPA/BVA variable has a Sig value. of 0.026. In accordance with the provisions of the t test, where the CPA / BVA < 0.05 then H_0 is rejected and H_1 is accepted so that the conclusion obtained, namely CPA / BVA, has a significant effect on the value of the company. The result of the t test of the

DPR variable has a Sig value. of 0.001. In accordance with the provisions of the t test, where the DPR < 0.05, H_0 is rejected and H_1 is accepted so that the conclusion obtained is that the DPR has a significant effect on the value of the company.

IV. CONCLUSION

The results of the analysis and discussion, the researcher can provide conclusions, namely funding decisions that are proxied using the Debt to

Equity Ratio (DER), investment decisions that are proxied using Capital Expenditure to Book Value of Assets (CPA / BVA), and dividend decisions that are proxied using the Dividend Payout Ratio (DPR) simultaneously or jointly has a significant effect on the value of the company. Simultaneously, what is meant is that the three financial decisions are one-unit that is interrelated and affects the value of the company. This is because these three financial decisions are used by financial managers as a decision-making tool in order to achieve the company's goal of maximizing company value. Of the three variables of partial or individual investment, investment, and dividend decisions that have the greatest effect on the value of the company are investment decisions on the value of the company. Meanwhile, the variable that does not affect the value of the company is the funding decision.

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