The Influence Of Funding And Investment Decisions On The Value Of Companies Listed On Indonesian Stock Exchange (IDX)

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Abstract: Company value is one of the determining aspects before investors decide to invest funds in a company. The increase in company value from year to year is the company’s achievement in running its business. The aim of this research is to determine the simultaneous and partial relationship between funding decisions and investment decisions on the value of companies listed on the Indonesia Stock Exchange for the 2018-2022 period. The data collection techniques in this research are documentation and literature study methods. The analysis of this research is multiple linear regression using SPSS 26 as a statistical test tool. The hypotheses in this research are Ha1: There is a simultaneous influence between funding decisions and investment decisions on company value, Ha2: There is a partial influence between funding decisions on company value and Ha3: There is a partial influence between investment decisions on company value. By optimizing funding decisions and investment decisions, company value will be able to increase.

Keywords: Company Value, Funding Decision, Investment Decision

Introduction

The capital market is a meeting between fund owners and fund recipients. In the capital market there are many offers and choices of sources of funds for investors who want to increase investment. The purpose of a company in addition to the welfare of employees is to get the maximum profit and minimize the smallest costs or expenses (Ompusunggu & Irenetia, 2023)

The problem that occurs on the Indonesia Stock Exchange (IDX) is that the value of the company often changes even though it does not at any time conduct financial policy. This financial policy relates to dividends that are distributed once a year. The change in company value is caused by changes in stock prices. The value of the company changes when foreign funds enter the financial market, this market is the main factor in the strengthening of the Jakarta Composite Index (JCI). This economic or business
development causes every company to compete to maximize the profits generated in order to increase value company (Salama et al., 2019)

Company value is an investor’s perception of the company, this is also related to the success or failure of managers in managing resources in the company where these assets are related to stock prices (Deska, 2022). Company value is a determining aspect of investors before making a decision to invest funds in a company. Increased value The company from year to year is a good achievement of the company’s efforts in running its business (Ardatiya et al., 2022). Good corporate value is considered important because it can reflect the good welfare of shareholders(Alcácer, 2019; Frank, 2019).

Funding decisions are decisions that discuss how the company finds solutions to finance investments and how the company determines the source of funds. The source of company funds can be through internal and external sources of the company. Internal sources of funds such as retained earnings(Büyüközkan, 2018; Müller, 2021; Selvin, 2017). While external sources of debt or stock issuance. According to (Ardatiya et al., 2022), funding decisions are decisions related to the source of funds to be used by companies, namely internal or external and determine the amount of debt and own capital and determine how the type of debt and capital to be used.

Investment decisions are one of the functions of financial management that involves the allocation of funds, both funds sourced from inside and outside the company (Kumala et al., n.d.). The right investment decision will result in optimal performance (Arizki et al., 2019). Judging from the time period, investment is divided into 3 types, namely short, medium, and long-term investments. Meanwhile, judging from the assets, there are two types, namely investment in real assets and investment in non-real assets (Dewi & Rahyuda, 2020)

Based on research from (Jesilia & Purwaningsih, 2020) states that funding decisions have no effect on company value. This is contrary to the results of the property research (Kumala et al., n.d.) which states that funding decisions have a positive effect on company value. This result is in line with research according to (Bahrun et al., 2020) which states that funding decisions have a positive effect on company value.

To measure the value of the company, there are several ratios used, one of which is PBV (Price To Book Value). PBV is the value per share divided by the book value of equity per share where if the PBV value is greater than one, it indicates that the market value in the stock market is also greater and if the company’s value continues to increase then it will affect how investors view the company because the value of the company can be a benchmark for a company to be said to be good or not (Ramadhan & Linda, 2023).

The purpose of this study is to determine the simultaneous influence between funding decisions and investment decisions on company value, to determine the partial influence between funding decisions on company value and to determine the partial influence between investment decisions to company value(Ghobakhloo, 2018; Vollmer, 2020).
Methodology

The type of data used in this research is quantitative research. Because in this research there is a hypothesis, namely a temporary assumption used by researchers based on previous research and existing theoretical theories. This research is a type of causal associative research, which aims to differentiate the relationship between at least two factors. Total number of companies included in the population is 47 companies with a total sample of 21 companies. The classic assumption tests in this research are the normality test, linearity test, heteroscedasticity test, multicollinearity test and autocorrelation test. The data analysis test uses the correlation coefficient test, multiple linear regression coefficient, and coefficient of determination. Meanwhile, hypothesis testing uses the simultaneous F test and partial T test.

Result and Discussion

This research provides an understanding of how funding decisions and investment decisions have an effect or influence on company value (Abba\v{f}ati, 2020; Bulten, 2020). But basically in building theoretical contributions will certainly depend heavily on modifying and setting models that integrate a result of different approaches, especially in finance (Anderson, 2016; Murray, 2022; Nichols, 2022). The results of testing the hypothesis that the results found in this study can prove that the framework The conceptual built in this research is able to provide an overview of the condition of the phenomenon from several factors that determine the value of the company (Gomez, 2019; Lee, 2018; Schmidt, 2017).

<table>
<thead>
<tr>
<th>Test Result</th>
<th>Result</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normality</td>
<td>218</td>
<td>Normal</td>
</tr>
<tr>
<td>Linearity</td>
<td>283</td>
<td>Normal</td>
</tr>
<tr>
<td>Heteroscedasticity</td>
<td>600</td>
<td>Normal</td>
</tr>
<tr>
<td>Multicollinearity</td>
<td>1,009</td>
<td>Normal</td>
</tr>
<tr>
<td>Autocorrelation</td>
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<td>Normal</td>
</tr>
<tr>
<td>Correlation Coefficient</td>
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<tr>
<td>Regresi Linear Berganda</td>
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<td>Normal</td>
</tr>
<tr>
<td>Multiple Linear Regression</td>
<td>316</td>
<td>Normal</td>
</tr>
<tr>
<td>Uji F Simultan</td>
<td>389</td>
<td>Ho rejected</td>
</tr>
<tr>
<td>Uji T Parsial</td>
<td>996</td>
<td>HI accepted</td>
</tr>
</tbody>
</table>

Discussion

The table above shows the results of data tests carried out in SPSS. Tests for normality with values 218, linearity with values 283, heteroscedasticity with values 600,
multicollinearity with values 1.009, and autocorrelation with values 100 produce normal data and no indication of problems in each variable. while the results of data analysis also produce normal data. The simultaneous F test with values 389 results in Ho being accepted and the partial T test with values 996 results in H1 being accepted.

**Conclusion**

Based on the hypotheses described above, the researcher concluded that funding decisions and investment decisions affect the value of the company. Further researchers can add moderation variables, such as dividend policy and can use more recent research periods and data.

**References**


Anderson, L. (2016). Exercise-Based Cardiac Rehabilitation for Coronary Heart Disease


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