

THE EFFECT OF INVESTMENT DECISION AND FUNDING DECISION ON FIRM VALUE IN COMPANIES AUTOMOTIVE LISTED ON THE INDONESIA STOCK EXCHANGE 2015-2019 PERIOD

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ABSTRACT

This study aims to examine the effect of Investment Decisions, Funding Decisions, Dividend Policy and Intellectual Capital on Company Value in automotive companies listed on the Indonesia Stock Exchange in the 2015-2019 period. This research is a quantitative research with a descriptive approach. The population in this study are all automotive companies listed on the Indonesia Stock Exchange for the 2015-2019 period. The sampling technique in this study used a saturated sampling technique (census), which is a sampling technique where the total population is used as the sample. The results of this study are based on the partial t-test results. Investment decisions have no effect on firm value and funding decisions have an effect on firm value and dividend policy has no effect on firm value.

Keywords: *Firm Value, Investmenr Decisions, Funding Decisions*

INTRODUCTION

With competition, business people will compete to increase product innovation. Because innovative products will be able to attract the attention of consumers so that when consumers are interested in these products, they will be able to increase company profits. One of them can be seen in automotive companies listed on the Indonesian stock exchange. The automotive industry is one of the sectors whose development continues to be prioritized, this is because the automotive industry plays a major role in national economic growth. Currently the automotive industry is increasingly competitive and is still the main destination country for investment in the automotive industry sector. With the existence of a sizable domestic automotive market, it will add more attractiveness for investors to invest in Indonesia. Therefore, all stakeholders are asked to facilitate the licensing process for investment.

Table of Company Value seen from Price Book Value (PBV) Ratio:

No	Company Title	2015	2016	2017	2018	2019
1	ASII (Pt. Astr International Tbk)	1,92	2,40		2,141,91	1,50
2	AUTO (Pt. Astra Otoparts)		0,76 0,94	0,92	0,63	0,51
3	MPMX (Pt.Mitra Pinasthika Mustika Tbk)		0,47 0,65	0,94	0,46	0,41
4	IMAS (Pt.Indomobil Sukses Internasional Tbk)		0,98 0,54	0,25	0,31	0,63
5	GJTL (Pt. Gajah Tunggal Tbk)		0,34 0,64	0,42	0,38	0,33
6	MASA (Pt. Multistrada Arah Sarana Tbk)		0,68 0,55	0,56	2,13	1,55

7	GDYR (Pt. Goodyear Indonesia Tbk)		1,46	1,03	0,96	1,01	1,13
8	INDS (Pt. Indospring Tbk)		0,12	0,28	0,38	0,66	0,59
9	LPIN (Pt. Multi Prima Sejahtera Tbk)		0,96	4,44	2,40	1,54	0,40
10	BRAM (Pt. Indo Kordsa Tbk)		0,83	1,02	1,11	0,97	1,61
11	BOLT (Pt. Garuda Metalindo Tbk)		3,47	1,92	3,20	3,09	2,60
12	PRAS (Pt. Prima Aloy Steel Universal Tbk)		0,12	0,17	0,22	0,18	0,18
13	SMSM (Pt. Selamat Sempurna Tbk)		4,76	3,57	3,95	3,75	3,51
Average Price Book Value		16,87		18,15	17,45	17,02	14,95

Source: (idx.co.id)

In the ups and downs of PBV in automotive companies listed on the Indonesian stock exchange, of course there is discussion about company value and the decisions taken. Based on the description of the phenomenon above, where the results of PBV from automotive companies fluctuate and there are inconsistencies from the research results, the authors are interested in conducting research with the title "The Influence of Investment Decisions and Funding Decisions on Firm Value in Companies Automotive Listed on the Indonesia Stock Exchange 2015-2019 Period"

LITERATURE REVIEW

Agency Theory

Agency theory is a problem in the form of conflict between shareholders as owners of the company (principal) with managers as a party authorized by the shareholders (agents) in the run the company in accordance with its interests. A shape responsibility of managers who have been authorized by the owner (principal), then with that the manager will inform the performance that has been achieved through financial reports.

Signalling Theory

Signal theory explains how a company should be provide signals to users of financial statements. signal theory indicates the existence of information asymmetry or dissimilarity of information between company management and interested parties with information (Mahzura, 2018). The existence of information asymmetry will make managers know more about the actual prospects and conditions of the company. With the lack of information from outsiders about the company will resulting in managers protecting themselves by charging lower prices low for the company. Companies can increase the value of the company by reducing information asymmetry.

Firm Value

Firm value is a response by investors to the success rate of the company related to stock prices. With the high price of shares owned, the value of the company will also be high, and increase market confidence not only in the company's performance, it will but also seen from the company's prospects in the future. According to Sudarman (2010) reveals that the value of the company is the present value of future income, the market value of the capital that depends on the ability to generate cash flow and characteristics operations and finances of the acquired company.

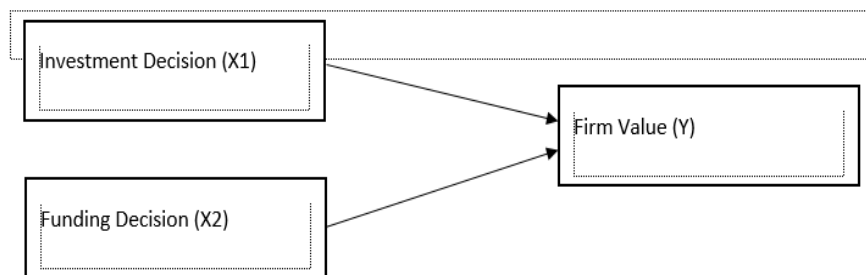
Investment Decision

The definition of investment is an investment or an asset done by the company within a certain period of time to get profits or returns in the future. Whereas Understanding the investment decision is a management strategy in conducting funds company on assets that are expected to generate profits in the future. According to Hidayat (2010) investment decisions are a value company whose size will depend on the expenses incurred management has determined in the future, therefore, at the time these are investment choices that are expected to pay off bigger profit.

Funding Decision

The funding decision is a financial decision alluding to where the funds in purchasing these assets came from. According to (Sutrisno 2015:5) funding decisions are capital structure policies because In this decision, financial managers are required to consider and analyze the combination of sources of funds that are economical for the company to meet investment needs and business activities. About withdrawal of funds will be considered attractive because in each of the funds that have been used will definitely have a cost which is often referred to as the cost of funds. A funding decision in the company is a decision that will carried out by the financial manager and related to financing investment decisions to be made by the company.

Framework



H1: Investment Decision affects Firm Value

H2: Funding Decision affects Firm Value

RESEARCH METHODS

Research Approach

This type of research is associative explanatory research, namely research that aims to determine the relationship between two or more variables (Kurniawan, 2012: 21).

Data Analysis Methods

The data analysis method used in this study is a statistical analysis method using SPSS 23 software— data analysis performed by testing standard assumptions and testing hypotheses.

RESULTS AND DISCUSSION

Descriptive Analyze

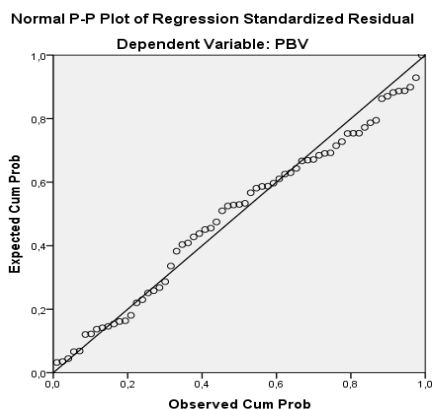
Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Max
Firm Value	6	126.83	117.173	.35	6.67
Investment Decision	6	1721.68	4903.58	-729.78	118.7
Funding Decision	6	115.18	125.923	.07	8.24

Based on the table above shows that from 65 observations. In the PBV variable, the highest value is 6.67, the lowest value is 0.35, with a mean (average) of 1.10. Furthermore, the PER variable, the highest value is 118.77, the lowest value is -729.78, with a mean (average) of -7.66. In the DER variable, the highest value is 8.24, the lowest value is 0.07, with a mean (average) of 1.12.

Normality Test

P-P Plot



One-Sample Kolmogorov-Smirnov Test

		Firm Value	Investment Decision	Funding Decision
N		65	65	65
Normal Parameters ^{a,b}	Mean	126.83	1721.68	115.18
	Std. Deviation	117.17	4903.580	125.923

Most Differences	Extreme	Absolute	.231	.257	.202
		Positive	.231	.257	.180
		Negative	-.164	-.145	-.202
Test Statistic			.231	.257	.202
Asymp. Sig. (2-tailed)			.000 ^c	.000 ^c	.000 ^c

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

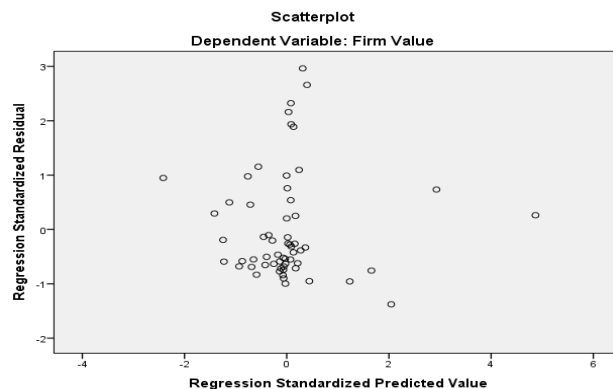
Based on the results of the One-Sample Kolmogorov-Smirnov Test in the table above, it can be seen that the significance value of the One-Sample Kolmogorov-Smirnov Test is 0.000. Because the probability value is $0.000 < 0.05$, it can be said that the residuals in this research model are normally distributed

Multicollinearity Test

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1,121	,171		6,554	,000		
	PER	,000	,001	-,019	-,148	,883	,650	1,538
	DER	,336	,073	,489	4,597	,000	,964	1,038

Based on the table above it can be seen that the independent variables used have centered VIF below 10 so it can be concluded that the independent variables used are free from multicollinearity symptoms.

Heteroscedasticity Test



Based on the picture above, it can be seen that the points spread above and below the number 0, the points do not only collect above or below, so it can be concluded that there is no heteroscedasticity problem, so that a good regression model can be fulfilled.

Autocorrelation Test

Model	R	R Square	Adjusted R Square	Durbin-Watson
1	.28	.82	.50	1.630

Coefficients^a

Model		Unstandardized Coefficients	Standardized Coefficients	t	Sig.
1	(Constant)	.121	.171	.6	.000
	PER	.000	.001	-.019	.148
	DER	.336	.073	4.9	.000
1	R ^a	.28	.82	.50	1.630

Based on the table above, it can be seen that the Durbin-Watson (d) value is 1.630. When compared with the Durbin-Watson Table values with $k = 4$, $n = 65$ and a significance of 5%, it is known that the values $dL = 1.4709$ and $dU = 1.7311$. Thus, the Durbin-Watson value (d) is between dL and dU . So it can be concluded that there is no autocorrelation problem.

T test

From the table above it can be seen that the investment decision has a probability value of $0.883 > 0.05$ because the probability value is greater than the 5% significance level, this indicates that the investment decision variable does not partially affect firm value. The funding decision has a probability value of $0.000 < 0.05$. Because the probability value is smaller than the 5% significance level, this indicates that the funding decision variable partially has a positive and significant effect on firm value.

Coefficient of Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change
1	.28	.82	.50	114.224	.82

The coefficient of determination resulting from the dependent variable Firm Value in the Adjusted R-squared test is 0.82. The results obtained show that the variables Investment decision, Funding decision, Dividend policy and Intellectual Capital can contribute 82% to influencing firm value, while the remaining 12% is influenced by other variables.

CONCLUSION AND SUGGESTIONS

Conclusions

Based on the results of research is the investment decision variable has no effect on firm value at PT. Automotive listed on the Indonesia Stock Exchange for the 2015-2019 period and the funding decision variable has an effect on firm value at PT. Automotive listed on the Indonesia Stock Exchange for the 2015-2019 period.

Suggestions

Based on the results of the analysis, discussion and conclusions, the implications of the research that:

1. The results of the research show that investment decisions and dividend policies have no effect on firm value, so companies are advised to pay more attention and continue to increase their efforts in managing investments and dividends so as to increase the company's ability to generate profits for the company. Companies are also advised to increase the amount of equity (capital), to increase the amount of equity the company can issue new shares. That way the amount of equity will increase.
2. For investors, it is expected that they should pay attention to the level of value of a company, investment decisions of a company, funding decisions of a company, dividend policy of a company and intellectual capital of a company, in investing their funds.
3. For future researchers, it is recommended to use other variables that can affect company value, such as interest rates, and can extend the research period so that better and more accurate research results can be obtained.

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