THE EFFECT OF INVESTMENT DECISIONS, FUNDING DECISIONS, AND DIVIDEND POLICIES ON COMPANY VALUE IN MANUFACTURING COMPANIES IN THE CONSUMER GOODS SECTOR LISTED ON THE INDONESIA STOCK EXCHANGE (IDX) IN 2018-2022

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Abstract

This study aims to explore the influence of several factors, namely Return on Assets (ROA), Debt to Equity Ratio (DER), and Good Corporate Governance (GCG) on the value of companies listed on the Indonesia Stock Exchange, especially in the property sector. The data used covers the period from 2015 to 2018, with analysis using the multiple regression method. The results of the study indicate that profitability as measured by ROA and leverage represented by DER have a significant influence on company value. The higher ROA indicates the company's ability to generate profits from its assets, which in turn increases its attractiveness to investors and the company's value. In addition, DER serves as an indicator of how much debt a company has compared to its equity; a lower ratio is generally considered better because it indicates lower financial risk. In addition, the quality of corporate management through GCG has also been shown to have an important role. Good GCG increases investor confidence and strengthens the relationship between profitability and company value. In other words, well-managed companies tend to have better financial performance, thus having a positive impact on their market value. Overall, this study confirms that these factors interact and contribute to the market valuation of companies in the Indonesian property sector.

Keywords: Investment, Funding, Dividend Policy, Company Value

INTRODUCTION

Manufacturing companies, which involve the process of transforming raw materials into finished products ready for consumption, have long been the focus of the attention of industry players and investors. The potential for future growth in this sector is increasingly strong along with the dynamics of Indonesia's demographics and economy which show a positive trend. Significant population growth and stable economic development have created increasing demand for various types of products, thus encouraging the manufacturing sector to continue to innovate and increase its production capacity.

Indonesia's capital market, the manufacturing sector has a strong representation through sectoral indices listed on the Indonesia Stock Exchange (IDX). This sector is diversified into several main subsectors, including basic and chemical industries that produce raw materials for various other industries, consumer goods industries that produce products that are directly used by end consumers, and various industries that cover various types of other manufacturing activities.

The consumer goods industry, as one of the most dynamic subsectors in the manufacturing sector, has a very strategic role. This subsector covers various types of products, ranging from cigarettes, household appliances, and cosmetics, to pharmaceutical products. The high growth in demand for consumer products, both domestically and abroad, has encouraged companies in this subsector to continue to expand the market and increase their market share.

In an increasingly dynamic and complex business landscape, financial managers face increasing challenges. Increasing business competition, rising inflation, rapid technological disruption, and increasing awareness of environmental and social issues have created a business environment full of uncertainty. In this context, the role of financial managers becomes increasingly crucial. They are not only required to manage the company's financial aspects effectively and efficiently, but must also be able to integrate strategic, operational, and social considerations in decision-making.

Effective financial managers must be able to translate the company's vision and mission into measurable and achievable financial goals in the short term. In addition, they must also have strong foresight skills to anticipate changes that occur in the business

environment, be it changes in government policy, consumer trends, or technological developments. Thus, financial managers can take proactive steps to face challenges and take advantage of existing opportunities.

In carrying out their roles, financial managers are faced with various strategic decisions that have a significant impact on the company's performance. Investment decisions, for example, must be made carefully to ensure that every rupiah invested can produce optimal returns. Meanwhile, funding decisions must be directed at selecting the most efficient and low-cost sources of funds. In addition, the right dividend policy is also very important to maintain a balance between the interests of shareholders and the company's need for reinvestment (Santono, 2001).

The main goal is to increase the value of the company, which can increase the prosperity of shareholders. Market value, or company value, is often not the same as the book value recorded in the financial statements. Market value is based on estimates of a business's future and investors' opinions about its financial and operational prospects. Therefore, to increase its value, management strategy must concentrate on actions that drive long-term growth and improve public opinion. This is because intangible assets, such as management quality, brand reputation, and future growth potential, contribute significantly to the company's intrinsic value. The value of physical assets, which can be measured objectively, is different from intangible values, which are more subjective and difficult to measure. The difference between market value and book value shows this difference (Erlangga and Suryandari, 2009).

To generate future profits, a business makes investment decisions as a strategic action to place funds into various assets. According to Nahdiroh (2013), this decision is the heart of a company's financial planning, because it has a direct impact on the growth and sustainability of the business. When a promising investment opportunity arises, companies often choose to retain some of the profits earned to fund the project. This choice, which is driven by long-term considerations and higher growth potential, will inherently affect the dividend policy implemented. In other words, the decision to invest company funds in new projects will reduce the amount of funds available to be distributed to shareholders as dividends. The consequence of this decision is a trade-off between the interests of

shareholders who want a larger dividend distribution and the company's interests to grow and develop.

Investment decisions are strategic steps taken by companies in allocating their financial resources to various types of assets in the hope of gaining profits in the future. According to Nahdiroh (2013), this decision is the heart of a company's financial planning, because it has a direct impact on business growth and sustainability. When a promising investment opportunity arises, companies often choose to retain some of the profits earned to fund the project. This choice, driven by long-term considerations and higher growth potential, will inherently affect the dividend policy implemented. In other words, the decision to invest company funds in new projects will reduce the amount of funds available to be distributed to shareholders as dividends. The consequence of this decision is a trade-off between the interests of shareholders who want a larger dividend distribution and the company's interests to grow and develop.

In most cases, the company's net profit can be given to shareholders in the form of dividends or kept as retained earnings to be used for investment costs. Dividend-related policies are important policies to utilize profits that are the rights of shareholders (Afzal, 2012). There are various perspectives on how dividend policy affects company value, according to Hatta (2002, as cited by Wijaya and Wibawa, 2010). According to the dividend irrelevance theory, the value of the company is not directly affected by dividend policy. On the other hand, the Bird in My Hand Theory argues that companies with high dividends can increase their value. This is because investors prefer clear dividend income to uncertain capital gain potential. Meanwhile, the third view argues that the higher the dividend payout ratio of a company, the lower the value of the company, assuming that increasing dividends reduces the funds available for reinvestment and future growth.

The main objective of investors in investing their funds is to improve their standard of living through financial gain. The two main forms of this gain are dividends and capital gains. Dividends are a portion of a company's profits that are periodically distributed to shareholders, while capital gains are the result of the difference between the purchase price and the sale price of an investment asset. On the other hand, company growth is an absolute prerequisite to ensure business continuity and indirectly contributes to improving the welfare

of shareholders in the long term. For investors who have a conservative risk profile and tend to avoid sharp price fluctuations, dividends are a more attractive option compared to pursuing higher profit potential but accompanied by greater risk. This is because dividends provide a stable and predictable cash flow, thus providing a sense of security for investors.

The amount of dividends paid by a company has a significant influence on market perception of the company's performance and prospects. When a company announces an attractive dividend policy, this will usually trigger an increase in demand for the company's shares. This increase in demand will in turn drive up the stock price, thereby increasing the company's overall market value. Thus, a good dividend policy not only provides direct benefits to shareholders in the form of dividend payments but can also be a catalyst for the growth of the company's value in the long term.

To explain various aspects of business, this study uses several ratios. To determine whether a company's stock price is too high or too low when compared to the value of its assets, the Price-to-Book Value (PBV) ratio is used. PER is used to see investors' expectations of the company's growth. DER is used to see how much debt the company has, and DPR is used to see how much of the company's profits are distributed to shareholders. By using these numbers, researchers want to understand how various factors affect the company's performance and business decisions.

REVIEW OF LITERATURE

Company Values

Company value is a representation of a combination of factors that affect the investment attractiveness of a company. An optimal capital structure, in which the company successfully balances the use of debt and equity, will contribute to increasing the company's value. Husnan (2004) defines company value as the maximum amount that potential buyers are willing to pay to acquire all of the company's assets and liabilities. Stock prices, as a reflection of the company's market value, reflect investors' expectations of the company's future performance. An increase in stock prices indicates that investors have high confidence in the company's ability to generate sustainable profits. Thus, increasing company value not

only benefits shareholders in the form of capital gains but also contributes to overall economic growth.

Signaling Theory

Signaling theory, first introduced by Ross (1997), assumes that there is information asymmetry between company management and investors. Management, as the party that has direct access to the company's internal information, has an incentive to convey positive signals to investors to increase the company's value. One common way to convey positive signals is through the implementation of conservative accounting policies. By adopting more prudent accounting policies, management signals to investors that they do not want to exaggerate the company's performance and are committed to producing high-quality financial reports. This is expected to increase investor confidence in the company and encourage an increase in stock prices.

Investment Decisions

Investment decisions taken by a company have significant implications for the company's overall financial performance. The right investment decisions can increase the company's value, strengthen the company's competitive position, and provide sustainable advantages in the industry. Conversely, bad investment decisions can result in major financial losses and threaten the company's survival. Therefore, companies need to have a systematic investment decision-making mechanism based on strong analysis (Sartono, 2001).

Funding Decisions

Funding decision making is a complex and multidimensional process in corporate financial management. This decision not only involves selecting the right source of funds, but also includes careful consideration of the amount of funds needed, the funding period, and the costs associated with various funding options. In addition, funding decisions must also consider their impact on the company's capital structure, namely the proportion between equity and debt. This decision-making process is often faced with various obstacles and uncertainties, so it requires in-depth analysis and careful consideration from management.

Dividend Policy

Dividend policy and investment decisions have a mutually influencing relationship. The decision to pay dividends will reduce the funds available for investment, which can

hinder the company's growth. Conversely, the decision to retain profits and reinvest them can increase the company's growth but can reduce dividend payments to shareholders. Therefore, companies need to balance these two interests in formulating an optimal dividend policy (Husnan, 2012).

RESEARCH METHOD

Quantitative methods are used in this study to examine how the independent variables of investment decisions (X1), financing decisions (X2), and dividend policies (X3) correlate with the dependent variable—firm value. This study covers 51 companies in the consumer goods industry listed on the Indonesia Stock Exchange from 2018 to 2022. They meet certain criteria. The annual reports, published on the Indonesia Stock Exchange website (idx.co.id), contain information on investment decisions, financing decisions, dividend policies, and firm value. These data are collected from these reports. The influence of independent variables on firm value is measured through multiple linear regression data analysis and classical assumption tests for model validity. The results of the analysis are interpreted to determine how far the three variables affect firm value. This helps management make financial decisions.

Sample to be used as a research object, a portion of a larger group (population) is taken. According to Sugiyono (2009), it is expected that the characteristics of the sample will be comparable to the population as a whole so that the research results from the sample can be generalized to the population. The selection of samples in this study was carried out using the purposive sampling method, which means that the selection of samples was carried out based on specific standards and procedures. The characteristics of the companies used as samples in this study are:

1. **Manufacturing company**: Companies that produce consumer goods and are listed on the stock exchange.
2. **Complete Financial Report**: Presenting complete financial reports in Rupiah currency from 2018 to 2022.
3. **Profit is Positive**: Recorded net profit in its report for the period 2018–2022.

4. **Consistent Dividends**: Consistently distribute dividends to its shareholders from 2018–2022.

Thus, this study focuses on manufacturing companies that are financially stable and active in dividend payments.

RESULTS AND DISCUSSION

Descriptive Statistical Test

Descriptive statistics, as defined by Ghozali (2005), is a methodological tool in statistics that functions to present a comprehensive and accurate picture of the characteristics of a data set. Descriptive statistics allow researchers to describe complex information in a simpler and more understandable form by using calculations and analysis of statistical measures such as mean, median, mode, standard deviation, variation, and extreme values. Thus, descriptive statistics not only present raw data but also provide initial interpretations that are important for understanding the phenomena being studied. Test results of descriptive statistics are shown as follows:

Table 1.
Results of Descriptive Statistics
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
X1.PER	100	2.23	38023.45	430.6667	3800.36906
X2.DER	100	.19	1437.13	235.9347	315.83028
X3.DPR	100	.00	1204.21	46.0277	153.84423
Y.PBV	100	.30	12204.79	494.8989	1626.37633
Valid N (listwise)	100				

Based on Table 1, the following is a statistical summary that describes the average value, deviation, highest and lowest values, and the distribution form of each variable studied, as follows:

a. The results of the PER analysis show that there is a very large difference in the valuation of the sample companies. The very wide range of PER values, from 2.23 to 38,023.45, with a standard deviation of 38,000.369, indicates that other factors besides earnings per share greatly affect the stock prices of these companies.
b. The results of the DER analysis show that most of the sample companies have high debt levels, with an average of 235.93. This condition indicates that these companies are highly

dependent on external funding, which has the potential to increase financial risk if not managed properly.

c. Analysis of the DPR of 100 samples shows that there is no consistent pattern in the dividend policies of these companies. DPR values vary significantly, ranging from those that do not distribute dividends at all to those that distribute more than 100% of their net income, with an average of 46.27 and a standard deviation of 153.8.
d. Analysis of the price-to-book value (PBV) ratio of 100 samples shows very extreme variations, with the lowest value being 0.30 and the highest reaching 12,204.79. This indicates a very significant difference in the market valuation of the book value of the sample companies.

Classical Assumption Test

The classical assumption test, an important step in regression analysis, is conducted to ensure that the model built meets the basic assumptions underlying the method. In this study, multicollinearity and heteroscedasticity tests have been conducted to evaluate whether there is a multicollinearity problem between independent variables and whether the variance of the error term is constant. Although the normality test is one of the classical assumptions, in this case, with the number of observations reaching 100 data, the normality test was not carried out. This is in line with the opinion of Ajija et al. (2011) who stated that for a large enough sample, the sampling distribution of the error term can be assumed to be normal based on the central limit theorem.

Heteroscedasticity Test

According to (Ghozali, 2018), To ensure that the results of the regression model are accurate and reliable, classical assumption tests must be carried out, including heteroscedasticity tests. Heteroscedasticity occurs when the variance of the residual data is not constant. If there is heteroscedasticity, the estimation of the parameters of the regression model becomes ineffective, which can lead to decision-making errors. Researchers can look at the residual scatterplot graph to find it. There may be no heteroscedasticity problem if the data points are randomly distributed. Thus, the resulting regression model can be used to perform valid statistical inference.

The Glejser method is one of the statistical techniques that can be used to identify heteroscedasticity in a regression model. By comparing the significance values generated from the Glejser test with a 5% confidence level, we can conclude whether the variance of the residuals is constant or not. If the significance value is greater than 5%, then the null hypothesis (no heteroscedasticity) cannot be rejected (Ghozali, 2018). The results of the heteroscedasticity test are shown as follows.

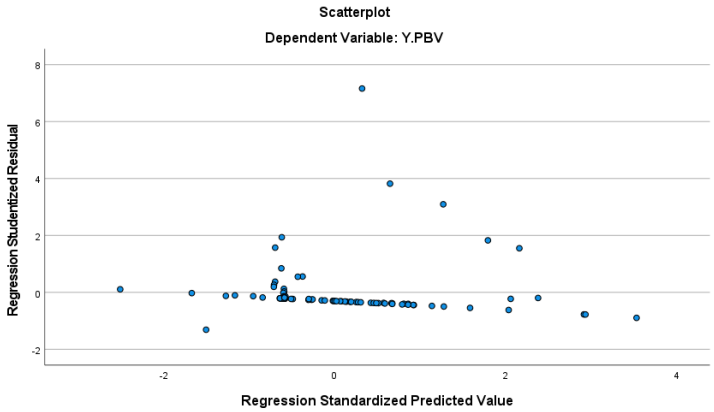

Figure 1.
Heteroscedasticity Test Results

Table 2.
Heteroscedasticity Test
Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	566,571	181,257		3.126	.002
	X1.PER	-.011	.037	-.030	-.299	.766
	X2.DER	1,050	.442	.236	2.375	.020
	X3.DPR	-.746	.905	-.082	-.824	.412

a. Dependent Variable: ABS_RES

Based on observations of the data visualization in Figure 1 and Table 2, there is an inconsistent pattern in the distribution of residuals, which indicates the possibility of heteroscedasticity. The results of the Glejser test which showed a significance value of more than 0.05 for all independent variables further strengthen this suspicion. The presence of heteroscedasticity in the regression model has serious implications because it can cause the estimator to be inefficient and produce wider confidence intervals, thereby reducing the

reliability of statistical inference. According to (Ghozali, 2015) To overcome the problem of heteroscedasticity which can cause the results of the regression model estimation to be inefficient, one step that can be taken is to eliminate outlier data which is the main cause of heteroscedasticity. After data deletion, outlier then the following results are obtained.

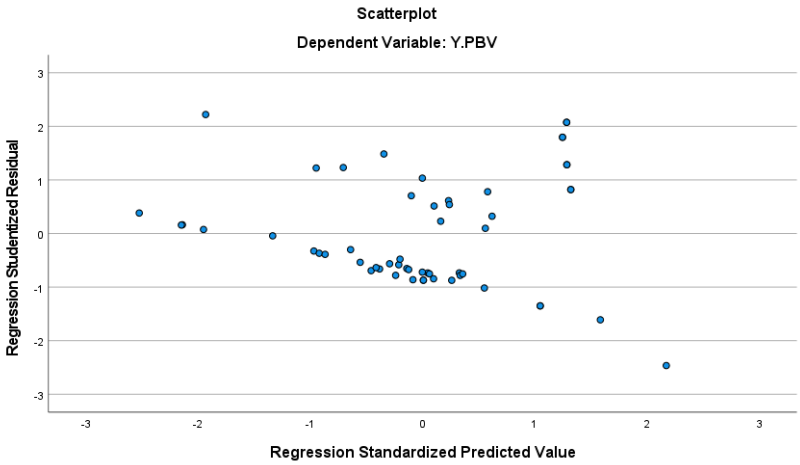

Figure 2.
Heteroscedasticity Test Stage 2

Figure 2 shows that previous efforts to overcome heteroscedasticity have not been fully successful. Therefore, additional steps need to be taken to overcome this problem, such as trying different data transformations or using a more robust regression model. According to (Ghozali, 2015) To correct violations of classical assumptions, data transformation is carried out. The goal is to obtain data that meets the classical assumptions so that the resulting regression model is more valid. The results of the data transformation are shown as follows.

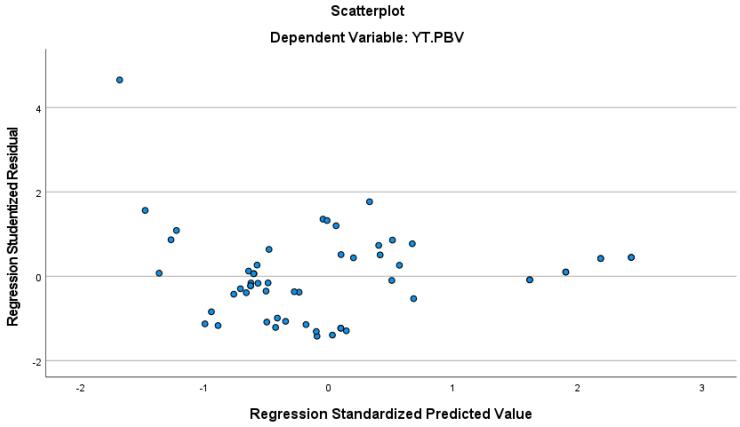

Figure 3.
Heteroscedasticity Test Results

Based on the visualization in Figure 3, it can be observed that the data points are randomly distributed around the zero line on the Y-axis. This random distribution pattern indicates that the heteroscedasticity problem has been successfully overcome.

Multicollinearity Test

According to Ghozali (2018:107), the multicollinearity test is used to see if there are independent variables that are too strongly related to each other in our model. We can see this from the tolerance and VIF values. If both values meet the requirements, it means there is no multicollinearity problem. The results of the multicollinearity test are shown as follows.

Table 3.
Multicollinearity Test Results
Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	39,775	1,700		23,400	.000		
	X1T.PER	-.659	.078	-.584	-8,493	.000	.553	1,809
	X2T.DER	-.039	.004	-.495	-9.405	.000	.945	1,058
	X3T.DPR	-.413	.107	-.267	-3.858	.000	.545	1,836

a. Dependent Variable: YT.PBV

As shown in Table 3, all tolerance values for the PER, DER, and DPR variables are greater than 0.1. Likewise, with the VIF values, all are below 10. This means that there are no independent variables that are too strongly related to each other in our model.

Test of Coefficient of Determination

According to (Ghozali, 2018) The coefficient of determination (R^2) is a statistic used to measure how well a regression model can explain variation in the dependent variable. The R^2 value ranges from 0 to 1, where the closer it is to 1, the greater the proportion of variation in the dependent variable that can be explained by the independent variables in the model. In other words, it shows how accurate the model is in predicting the value of the dependent variable. Conversely, an R^2 value close to 0 indicates that the model is unable to explain variation in the dependent variable, and the independent variables do not have a strong relationship with the dependent variable. However, it is important to remember that a high R^2 value does not always guarantee good model quality. There are other factors to consider, such as the statistical significance of the regression coefficient and the fulfillment of the classical assumptions of regression. The results of the determination coefficient test will be presented as follows.

Table 4.
Results of the Determination Coefficient Test
Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.929a	.864	.856	6.26907

a. Predictors: (Constant), X3T.DPR, X2T.DER, X1T.PER
b. Dependent Variable: YT.PBV

The good level of fit between the regression model and the empirical data is indicated by the R-squared value of 0.864. In short, 86.4% of the variation in company value can be explained by the independent variables PER, DER, and DPR as a whole. The last 13.6% variation, which cannot be explained by the model, may be influenced by other factors beyond the scope of the model, such as macroeconomic conditions, changes in government policy, or company-specific factors not covered in this study.

Hypothesis Testing

In this study, the t-test is used as a statistical tool to test the hypothesis regarding the partial effect of each independent variable on the dependent variable. Through the t-test, we can test whether the regression coefficient for each independent variable is significantly different from zero. If the regression coefficient is statistically significant, then it can be concluded that the independent variable has a significant effect on the dependent variable, by controlling for the effect of other independent variables. The basic principle of the t-test is to assume that other independent variables are constant or do not change when the effect of a particular independent variable is being tested. This helps ensure that the observed effect truly belongs to the independent variable being evaluated without distortion by other independent variables. The results of the t-test will be shown as follows.

Table 5.
t-Test Results
Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	39,775	1,700		23,400	.000
	X1T.PER	-.659	.078	-.584	-8,493	.000
	X2T.DER	-.039	.004	-.495	-9.405	.000
	X3T.DPR	-.413	.107	-.267	-3.858	.000

a. Dependent Variable: YT.PBV

Data analysis in Table 5 shows that the three proposed research hypotheses are successfully supported by empirical data. This means that the independent variables H1, H2, and H3 significantly affect firm value. However, the direction of the influence is opposite to the initial hypothesis, which is negative. This finding indicates that an increase in the value of these independent variables is actually associated with a decrease in firm value. This counter-intuitive result requires further study to identify the mechanism underlying the negative relationship between these variables and firm value. The influence of each variable in this study has been explained in detail. The investment decision variable (X1) has a significance value of 0.000, which is less than 0.05. As a result, the null hypothesis (H1) is rejected, indicating that investment decisions do not affect firm value. Furthermore, for the financing decision variable (X2), the significance value is also 0.000, which is less than 0.05. Likewise, the null hypothesis (H2) is rejected, indicating that financing decisions do not affect firm value. Finally, in the dividend policy variable (X3), the significance value reaches 0.000, which is also smaller than 0.05. Thus, the null hypothesis (H3) is rejected, meaning that dividend policy does not affect firm value. All of these results indicate that no independent variables have a significant influence on firm value in the context of this study.

The Influence of Investment Decisions (PER) on Company Value (PBV)

The decision taken by a company to finance certain assets with the expectation of generating profits in the future is known as an investment decision (Nahdiroh, 2013). This decision relates to the effective allocation of funds, both from internal and external sources, for various types of investments (Sartono, 2001:6).

Investment decisions play a crucial role in a company's growth strategy, as with proper resource allocation, companies can increase production capacity, develop innovation, and expand market share. In addition, careful investment decisions can help companies optimize profits and reduce future financial risks. Through a planned approach, companies can not only maximize the value of their assets but also increase their competitiveness in the industry.

Based on the test results shown in Figure 4.5, the t value shows that the significance for investment decisions (X1) is -0.000, which is less than 0.05, so the null hypothesis (H1) is rejected. Thus, the investment decision variable (X1) does not have a positive effect on the

value of the company. This result illustrates that the more precise the company is in making investment decisions, this can result in a decrease in the value of the company. The value of the company as reflected through the stock market value indicator is greatly influenced by various investment opportunities, but the value of the company is significantly determined by investment decisions. The test results show that the negative impact of investment decisions can reduce the value of the company. This phenomenon occurs because a high price-earnings ratio does not always reflect the health of the company or its good growth. Therefore, if the price-earnings ratio is higher, it can reduce the value of the company in the eyes of investors.

Inappropriate investment decisions can have negative consequences for the company's value. Investors tend to pay more attention to real financial performance indicators rather than relying solely on high ratios. Thus, companies need to conduct in-depth analysis before making investment decisions, ensuring that every step taken is in line with long-term strategies and reflects sustainable growth potential. In addition, transparency in financial reports and clear communication with shareholders is also very important to build trust and create a positive perception of the company's value in the market.

The results of this study are in line with the Pecking Order Theory, which states that companies tend to make funding decisions based on a priority order, starting from internal to external revenues. This funding process begins with funds from retained earnings, then moves to debt, and finally to the issuance of new equity, which means utilizing the lowest-cost funding sources first (Myers and Majluf, 1984). However, in this context, investment decisions taken by manufacturing companies in the goods and consumer sectors are still not optimal. As a result, the investment policies implemented actually contribute to a decrease in the company's value. In addition, this finding contradicts the signaling theory, which explains that investment spending should provide a positive signal regarding the company's future growth so that it can increase stock prices as one indicator of the company's value. On the contrary, the results of this study indicate that the investment made provides a negative signal to the company's value.

Financing decisions that follow the Pecking Order Theory can give companies a competitive advantage in managing the cost of capital, but only if the investment decisions

taken are based on careful analysis. If the company does not seriously consider the impact of the investment on its financial performance, then even the cheapest source of funds will not produce the expected results. Therefore, management needs to ensure that each investment is made carefully, with a focus on creating long-term value, and not just relying on the positive signals that are usually associated with investment spending. With the right approach, companies can maximize growth potential and minimize the risk of a decline in value in the market.

The results of this study are consistent with the findings of Tridewi (2016), which show that investment decisions have a negative impact on company value. Company value, as measured by the stock market value indicator, is greatly influenced by various investment opportunities available. The process of selecting profitable project alternatives is governed by investment decisions, which in turn can provide investors with an overview of the company's prospects. Therefore, the higher the level of investment decisions taken, the lower the company value reflected. Conversely, the level of investment made by the company must be analyzed from various perspectives so that the results obtained are in line with expectations and are able to increase the company's value. Thus, proper analysis of investment decisions is important to ensure that investment policies do not harm the company's value.

Companies need to conduct a thorough evaluation of each investment decision, so as not to only focus on potential short-term profits, but also to consider its impact on the company's overall value. By adopting a more strategic approach to decision-making, including risk analysis and profit projections, companies can ensure that the investments made are truly in line with their long-term goals. In addition, stakeholder involvement and transparency in the decision-making process can increase investor confidence, thereby strengthening the company's value in the market.

The Influence of Funding Decisions (DER) on Company Value

Financing decisions, also known as capital structure policies, require managers to find sources of funds and determine the number of funds to be used to finance the company's investments and operations to maximize the company's value as reflected in the stock price. This funding can come from outside the company, such as debt and bonds, or from within,

such as equity and retained earnings. The goal is to achieve an optimal capital structure, which can help maximize the overall value of the company (Fenander and Raharja, 2018).

Based on the test results, the t value shown in Figure 4.5 shows that the significance value for the funding decision (X2) is 0.000, which is smaller than 0.05, so the null hypothesis (H2) is rejected. This shows that the funding decision (X2) has a significant negative effect on firm value. This finding indicates that a high level of funding can reduce firm value, because companies tend to rely too much on debt to finance their operations, which leads to an increase in debt levels. High debt can reduce investor confidence and hinder company growth. In addition, the amount of debt also forces companies to allocate most of their income to pay interest and debt installments, thereby reducing the availability of funds for business development and long-term investment.

The results of this study are in line with the Trade-off Theory, which explains that the use of debt not only provides benefits but also carries risks. The benefits of using debt lie in tax savings because debt interest payments can be used to reduce tax liabilities. However, on the other hand, debt can also incur bankruptcy costs, which include legal costs and distress prices. The risk of bankruptcy will increase along with the increasing amount of debt used by the company. With the increasing possibility of bankruptcy and the increasing associated costs, companies tend to be reluctant to take on large amounts of debt.

A study by Myers and Majluf (1984) supports the Trade-off Theory by showing that companies should consider both the tax benefits of debt and the risk of bankruptcy that may arise. Other studies also reveal that overly indebted companies are at risk of facing liquidity problems, which can hinder their long-term growth (Kraus and Litzenberger, 1973). Therefore, companies need to find a balance between utilizing debt to increase firm value and managing the risks associated with high debt usage. The results of this study are in line with research conducted by (Bahrun et al., 2020) and (Ringgo, et.al, 2023) which prove that funding decisions have a negative and significant effect on company value.

The Influence of Dividend Policy (DPR) on Company Value

Dividend policy is related to how the company uses the profits that are the rights of shareholders. The profit can basically be allocated to be distributed as dividends or retained for reinvestment. Therefore, it is important to determine when the profit should be distributed

and when it should be retained, while still considering the main objective of the company, which is to increase the value of the company. (Husnan, 2012). If the company decides to distribute profits as dividends, this will reduce retained earnings, which in turn will reduce the total internal funding sources. Conversely, if the company chooses to retain the profits earned, the accumulation of internal funds will increase.

Based on the test results, the t value in Figure 4.5 shows that the level of significance of dividend policy (X3) is 0.000, which is smaller than 0.05, so the null hypothesis (H3) is rejected. This means that the dividend policy variable (X3) has a significant negative effect on firm value. The effect of dividend policy on firm value indicates that increasing dividends paid to shareholders will actually reduce the value of the firm. This is due to the fact that the higher the level of dividends distributed, the less retained earnings, which can ultimately inhibit revenue growth and stock prices, thereby inhibiting the development of the company. This study supports the argument that dividend policy can have a significant impact on firm value. As expressed by Lintner (1956), a consistent and transparent dividend policy is often expected by investors, but the decision to distribute profits as dividends can reduce the funds available for reinvestment. In addition, research by Fama and French (2001) shows that companies with higher dividend policies tend to experience slower growth, because they focus more on profit distribution than on reinvestment for expansion. This shows that the balance between dividend payments and profit reinvestment is very important to maximize the value of the company.

This explanation is in line with the Trade-off Theory, which states that the use of debt not only brings benefits but also consequences that need to be considered. The benefits of using debt mainly come from tax savings, where interest payments are tax deductible. In addition, taxes imposed on dividends and capital gains make investors tend to prefer capital gains over dividends because this option allows them to postpone tax payment obligations. This study supports the findings of Yunitasari and Ilhamsyah (2017), which show that dividend policy has a negative impact on firm value. This can be seen from the fact that dividend policy can inhibit revenue growth and stock prices, which in turn can reduce the value of companies in the manufacturing consumer goods sector.

Previous research has shown that excessive dividend policy can divert resources that should be used for investment and expansion, thus inhibiting the company's growth potential. Thus, the decision to distribute excessive dividends can result in a reduction in retained earnings, which are essential for financing future projects and increasing the company's competitiveness in the market.

CONCLUSION

The purpose of this study is to study how dividend policy, financing, and investment decisions impact firm value. The focus of this study is the number of manufacturing companies engaged in the consumer goods sector listed on the Indonesia Stock Exchange. From 2018 to 2022, this study took a sample of 20 companies from the total number of companies. The results of various tests show that these variables do not affect the value of the company in this study. Investment Decisions (X1) do not affect firm value, Funding Decisions (X2) do not affect firm value, and Dividend Policy (X3) does not affect firm value.

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