



THE INFLUENCE OF DIVIDEND POLICY, INVESTMENT DECISIONS AND FUNDING DECISIONS ON THE VALUE OF INFRASTRUCTURE, UTILITIES & TRANSPORTATION COMPANIES LISTED ON THE IDX FOR THE 2019-2021 PERIOD

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ABSTRACT

The company as an economic entity has short term and long term goals, in the short term the company aims to generate maximum profits and the long term goal is to increase the value of the company. The Covid-19 pandemic in Indonesia affected the business management of a company in the infrastructure, utilities and transportation sector, which experienced a decline in company performance. Company value as measured by Price Book Value (PBV) for the infrastructure, utilities and transportation sectors has fluctuated from 2019 – 2021. Internal factors include dividend policy, investment decisions and funding decisions. To determine the effect of dividend policy, investment decisions and funding decisions on firm value is the aim of this study. This type of research is a quantitative approach. This study uses secondary data taken through the IDX data website. Sampling method used is purposive sampling. The sample used in this research is 13 companies consisting of the infrastructure, utilities and transportation sectors which are listed on the Indonesia Stock Exchange for the 2019-2021 period. The data analysis technique uses multiple linear regression analysis with the SPSS 25 program. Based on the results of the study, it shows that the dividend policy variable has no effect on firm value, investment decisions have a positive and significant effect on firm value and funding decisions have a significant negative effect on firm value.

1. INTRODUCTION

The current business development is very rapid, this can be seen from the emergence of competing companies that have strong competitive advantages. With various existing advantages, a successful business strategy will increase profits and reduce the risk of failure in the future. The company has short term goals such as obtaining maximum profit and in the long term the company wants to increase the value of the company. Firm value can be seen from the company's ability to distribute dividends to shareholders. Some companies do not pay dividends to support their operational activities, this is because they want to reinvest the profits earned by the company. If the company pays low dividends, then the company's stock price tends to be low (Yuniati & Hartono, 2023). Dividend policy is a decision about whether to share profits or hold them for investment in the future. There needs to be consideration for the continuity of the company because dividends are not only invested but are used to pay debts.

The Covid-19 pandemic in Indonesia has had a real impact on all aspects of people's lives, including in business management, almost all of the company's businesses have experienced a downturn except for pharmaceuticals, social activities, health, information and communication. According to BPS data, it was recorded that 82.85% of companies experienced a decrease in income, while 14.6% of companies still received the same income as before the pandemic. 6 business sectors that experienced a decline were the accommodation and food and beverage business sectors, other services, transportation and warehousing, construction, processing industry, and trade.

In 2020 the government issued regulations regarding Large-Scale Social Restrictions (PSBB) to break the spread of the covid-19 chain, this is very important for the IDX, one of the affected sectors, namely the infrastructure, utilities and transportation sectors due to a decrease in community mobility is a factor in decreasing performance company. Company value as measured by PBV for companies in the infrastructure, utilities and transportation sectors has fluctuated from 2019-2021. Some of the internal factors that influence are dividend policy, investment decisions and funding decisions. Investment decisions are actions taken by companies related to the assets being managed. This action has a direct impact on the return on

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investment and the company's cash flow in the coming period. (Maimunah & Hilal, 2018). The funding decision is an action related to the company's financial structure, and includes a combination of company funding between the use of debt and capital. Optimal capital structure can contribute to increasing the profits earned by the company (Gatot Nazir Ahmad et al., 2020).

Previous research has conducted studies on the effect of dividend policy, investment decisions and funding decisions on firm value. However, there are differences of opinion between the results obtained. As research conducted by Sartini & Purbawangsa (2014) revealed that dividend policy has a significant positive effect, in contrast to findings (Kurnia, 2019) which argue that dividend policy has no effect on firm value. On the other hand, the findings made by Pamungkas & Puspaningsih (2013) state that investment decisions have a positive influence, this is inversely proportional to the research of Pirstina & Khairunnisa (2019) which states that investment decisions have no effect on firm value. The purpose of this study is to empirically examine the effect of dividend policy, investment decisions and funding decisions on the value of companies in the infrastructure, utilities and transportation sectors on the Indonesia Stock Exchange. Theoretically expected benefits can add to empirical evidence in the field of financial management. From a practical point of view, it is hoped that this research will contribute to reveal the factors that influence firm value. Making the company able to maintain business continuity and build the trust of potential investors.

2. METHODS

This research design applies a quantitative approach. The source of the data taken in this study is the financial reports of companies in the infrastructure, utilities and transportation sectors published by the IDX for the 2019-2021 period. The population in this study were 79 service companies in the infrastructure, utilities and transportation sectors for the 2019-2021 period which were listed on the Indonesia Stock Exchange. A purposive sampling technique was used in the sampling method in this study, so that there were 13 companies that met the criteria in this study. To analyze the data, several techniques were used including descriptive statistics, classic assumption test consisting of normality test, heteroscedasticity test, autocorrelation test, multicollinearity test, and multiple linear regression analysis, F-count model suitability test, coefficient of determination (Adjusted R²) and test t (partial test) using SPSS 25 software. The documentation method is used in this study by taking data related to the research object.

3. RESULTS AND DISCUSSIONS

Results

Classic assumption test

Normality test

The normality test is used to evaluate whether the independent variables and the dependent variable in the regression model are normal or not. The normality test was carried out by the Kolmogorov-Smirnov test.

Table 1 Normality Test Results

One-Sample Kolmogorov-Smirnov Test	
	Unstandardized Residual
N	39
Normal Parameters ^{a,b}	Mean
	.0000000
	Std. Deviation
	147,12189038
Most Extreme Differences	Absolute
	.104
	Positive
	.104
	Negative
	-.068
Test Statistic	.104
Asymp. Sig. (2-tailed)	.200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

The results of the normality test above obtained a residual value of 0.200 which is greater than the value of 0.05. Based on the results of the Kolmogorov Smirnov test, which means that the data in the study are normally distributed.

Autocorrelation Test

There is autocorrelation because the observational data are sequential in related time ranges. This test can be carried out using the Durbin-Watson method with the rejection criterion if the Asymp. Sig. (2-tailed) is less than 0.5, then H_0 is rejected, or indicates that the residual data is not random (Azizah et al., 2021).

Table 2 Autocorrelation Test Result

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.464 ^a	.215	.148	149,86552	1,926

a. Predictors: (Constant), DER, DPR, PER

b. Dependent Variable: PBV

In the table above, it can be seen that $k=3$; $n=39$; $d=1.926$; $dL=1.3283$; $dU=1.6575$. It can be concluded that $1.6575 < 1.926 < 2.3425$ or $dU < d < 4-dU$ so that it can be stated that the regression model does not have autocorrelation.

Multicollinearity Test

The multicollinearity test is used to fulfill the requirements for testing multiple linear regression analysis. The purpose of this test is to find out whether or not there is a relationship between the independent variables. If the tolerance value exceeds 0.1 and the VIF value is below 10, then there is no multicollinearity between the independent variables.

Table 3 Multicollinearity Test Results

Coefficients^a			
Model	Collinearity Statistics		
	Tolerance	VIF	
1	(Constant)		
	DPR	.982	1,018
	PER	.977	1,024
	DER	.964	1,038

a. Dependent Variable: PBV

The multicollinearity test of the Dividend Policy variable (X1) obtained a tolerance value of $0.982 > 0.10$ and a VIF value of $1.018 < 10.00$. Then the investment decision (X2) obtained a tolerance value of $0.977 > 0.10$ and a VIF value of $1.024 < 10.00$ and a funding decision (X3) obtained a tolerance value of $0.964 > 0.10$ and a VIF value of $1.038 < 10.00$. It can be seen that the three independent variables do not have a multicollinearity symptom.

Heteroscedasticity Test

This test aims to determine the equality of variants. If the sig value is > 0.05 , there is no heteroscedasticity, thus it can be concluded that there are unequal variances for all regression models (Keputusan et al., 2022).

Table 4 Heteroscedasticity Test Results

Coefficients^a

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients		
1	(Constant)	10,936	5,353		2,043	,049
	LnX1	-,281	,239	-,198	-1,176	,248
	LnX2	,486	,560	,144	,868	,391
	LnX3	-,493	,373	-,226	-1,324	,194

a. Dependent Variable: Lnei2

Based on the data table above, it is known that the significance value of the variable X1 (DPR) is 0.248, meaning that there is no heteroscedasticity. In variable X2 (PER) a significance value of 0.391 indicates no heteroscedasticity. Meanwhile, the variable X3 (DER) has a significance value of 0.194 indicating that there is no heteroscedasticity.

Multiple Regression Analysis

Heteroscedasticity Test

This test aims to determine the equality of variants. If the sig value is > 0.05, there is no heteroscedasticity, thus it can be concluded that there are unequal variances for all regression models (Keputusan et al., 2022). Based on the data table above, it is known that the significance value of the variable X1 (DPR) is 0.248, meaning that there is no heteroscedasticity. In variable X2 (PER) a significance value of 0.391 indicates no heteroscedasticity. Meanwhile, the variable X3 (DER) has a significance value of 0.194 indicating that there is no heteroscedasticity.

Multiple Regression Analysis

$$Y = 192,487 + 0,004 X_1 + 0,039 X_2 - 0,019 X_3 + e$$

From the above equation it can be concluded that:

The results of the regression test above indicate that the constant value is 192.487. That is, when the independent variables such as dividend policy, investment decisions and funding decisions do not change or have a value (0), then the value of the company will have a magnitude of 192.487

The regression coefficient test is 0.004 for the dividend policy variable (X1). This reflects the effect of these variables on firm value, which means that every 1 unit increase in the X1 variable will result in an increase of 0.004 in firm value.

The regression coefficient for the investment decision variable (X2) has a value of 0.039 which indicates a positive influence. That is, if the PER variable increases by 1 unit, then the firm value also increases by 0.039. The results of testing the regression coefficient for the financing decision variable have a value of (-0.019) which indicates that each reduction of one unit in the DER variable will cause a decrease of (-0.019) in firm value.

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Table 5 Test Results t

Coefficients^a

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients		
1	(Constant)	192,487	67,968		2,832	,008
	DPR	,004	,009	,061	,405	,688
	PER	,039	,016	,357	2,359	,024
	DER	-,019	,009	-,342	-2,242	,031

a. Dependent Variable: PBV

Hypothesis Testing 1

Effect of Dividend Policy (X1) on Firm Value (Y)

The results obtained at t count 0.405 < 2.022 (t-table). The significance value of 0.688 > 0.05 means that there is no partial effect of dividend policy on firm value.

Hypothesis Testing 2

Effect of Investment Decision (X2) on Firm Value (Y)

The results on t-count $2.359 > 2.022$ (t-table) and a significance of $0.024 < 0.05$ means that investment decisions partially affect firm value.

Hypothesis Testing 3

Effect of Funding Decision (X3) on Firm Value (Y)

and the t-value is $-2.242 > 2.022$ (t-table) and a significance value of $0.031 < 0.05$ means that partially funding decisions affect firm value.

Simultaneous F Test

The F test is conducted to determine how the independent variables, namely dividend policy, investment decisions and funding decisions as a whole affect the value of the company.

The following are the results of the F test below:

Table 6 Simultaneous F Test Results**ANOVA^a**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	215724,894	3	71908,298	3,202	,035 ^b
	Residual	786088,542	35	22459,673		
	Total	1001813,436	38			

a. Dependent Variable: PBV

b. Predictors: (Constant), DER, DPR, PER

Fourth Hypothesis Testing (H4)

The results of the table above show a significance level of $0.035 < 0.05$ f count $3.202 > 2.85$ f table means H4 is accepted which means Dividend Policy, Investment Decisions and Funding Decisions have a simultaneous effect on Firm Value.

Analysis of the Coefficient of Determination (R²)

Table 7 Test Results for the Coefficient of Determination**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,464 ^a	,215	,148	149,86552

a. Predictors: (Constant), DER, DPR, PER

The coefficient of determination (R²) obtained is 21.5% which is explained in this variable and 78.5% is explained by factors other than this research.

Discussion

The research was conducted with the aim of knowing the effect of dividend policy, investment decisions and funding decisions on the value of companies in the infrastructure, utilities and transportation sectors listed on the Indonesia Stock Exchange in the 2019-2021 period. The following discussion is

explained below: Effect of dividend policy on firm value Based on the results of the research described above, it shows that the dividend policy obtained a significance value of 0.688, this indicates a figure of more than 0.05, it can be said that the dividend policy does not affect company value in the infrastructure, utilities and transportation sectors on the IDX for the 2019-2021 period. In line with the theory of Modigliani and Miller (1958), that the company's earning power determines the value of the company, not from dividend payments. This view adheres to the belief that the allure of a company to generate profits can attract investors. The increase in stock prices is the impact of increased investor interest, which in turn can increase the value of the company. The research results are supported by (Aulia Rahma et al., 2022) stating that dividend policy does not affect firm value. In accordance with the dividend irrelevance theory, that the company's value is not determined by the distribution of dividends but is determined by the company's ability to earn profit or income.

The influence of investment decisions on firm value

Based on the findings in this study, showing the results of a significance value of 0.024 which is less than 0.05, it can be concluded that the investment decision (PER) has a positive effect on firm value. The opinion of Uri Ben-Zion (1984) states that investment decisions are taken with the aim of achieving a maximization of company value through investment activities known as "investment opportunity sets" with the aim of generating value in the future and are considered of high value by investors. This is supported by research (Nelwan & Tulung, 2018) which states that investment decisions affect company value.

Effect of funding decisions on firm value

The results showed that funding decisions had an effect on firm value, a significance value of 0.031 was obtained, which was lower than 0.05. This is in line with the trade off theory which states that the optimal capital structure can be determined by balancing the use of debt and the cost benefits derived from using debt, but only at a certain point. Then after a certain point has been reached, the use of debt can actually reduce the value of the company because the benefits obtained from debt are not comparable to the increased costs due to financial problems that arise (financial distress). This is supported by research (Sari & Wahidahwati, 2018) that funding decisions have a significant negative effect.

4. CONCLUSION

Based on the results of the study it can be concluded that the dividend policy (DPR) partially has no effect on firm value, this is evidenced by the regression coefficient value of 0.688, which has a meaning greater than the expected significance level of 0.05. This has a positive and significant influence on firm value, as evidenced by the results of the regression coefficient obtained at 0.024, which is smaller than the 0.05 significance level. There is a significant effect of funding decisions on firm value, this is evidenced by the results of a regression coefficient of 0.031 which is smaller than the expected significance level of 0.05. Simultaneously, there is an influence between dividend policy (DPR), investment decisions (PER) and funding decisions (DER) on firm value (PBV). $.85 < 3.202$ on F count. *International Journal of Management and Business Economics*, (IJMEBE) Vol. xx, No. xx, 2022, pp. xx-yy 3.

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