INFLUENCE OF DIVIDEND POLICY, INVESTMENT DECISION, STRUCTURE CAPITAL, AND COMPANY SIZE, ON COMPANY VALUE

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Abstract

The company is an organization that aims to gain profits or company profits continuously. This study aims to analyze the effect of dividend policy, investment decisions, capital structure, and company size on the value of manufacturing companies in the consumer goods sector listed on the Indonesia Stock Exchange for the 2017-2021 period. In this research, this company used a purposive sampling technique with samples obtained by 75 companies in the consumer goods industry sector that were listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period. In testing the hypothesis in this study, partial and simultaneous results can be obtained. The partial results in the research that has been done are that only the Capital Structure variable has an effect on Firm Value. As for the simultaneous results, the dividend policy, investment decisions, capital structure, and company size variables affect the company value variable in manufacturing companies in the consumer goods sector on the Indonesia Stock Exchange for the 2017-2021 period.

Keywords: Dividend Policy, Investment Decision, Capital Structure, Company Size and Company Value

INTRODUCTION

The company is an organization that stands to carry out activities continuously so that it can achieve company goals, namely obtaining company profits or profits[1]. Achievement for management when a company has succeeded in achieving its goals. One of the tasks of company managers is to maximize the value of the company[2][3]. Company value is the share price on the stock market that investors will pay to own a company. In addition, the value of the company can be seen how the development of financial performance in a company can be derived from financial reports and used as financial information for a company[4][5][6].

Firm value can be influenced by a company's dividend policy. Dividend policy is a policy that relates to the decision whether the profits earned by the company are distributed or held as retained earnings and used as the company's investment capital. Companies are considered to have good performance when they can generate a lot of profits which will increase stock prices and can reflect the value of the company. Not a few investors who like it when a company distributes dividends. The higher the level of dividends distributed by the company to shareholders, the company is considered to have good performance[7]. Investment decisions can also affect the value of the company. Investment decisions are decisions outside of financial decisions which are decisions taken by a manager in allocating funds to various types of assets such as current assets, fixed assets, and other assets owned by a company[8]. Companies with good capital structure are

companies that are able to increase the value of the company. The capital structure is said to be optimal if there is a balance between saving on taxes and using debt which can cause difficulty costs. Company size is a group of large-scale companies, medium-scale companies and small-scale companies. Company size shows the total assets owned by a company. Companies that have a high number of assets mean that there are relatively more and relatively stable companies to gain profits compared to those with a small number of assets. A company with a large scale can make it easier to get funding sources because it can attract investors' views to invest and is estimated as a high value to the company.

Issuer Code	Year	Dividend Policy	Investment Decision	Capital Structure	Company Size
UNVR	2017	0,947682382	60,89131626	2,654551524	30,57052229
	2018	0,768781658	38,14501342	1,752950397	30,64296472
	2019	1,243360566	43,34736448	2,909487033	30,65870597
	2020	1,033162952	39,14302936	3,159023998	30,65313394
	2021	1,099815427	27,2303699	3,412715802	30,57906055
MYOR	2017	0,287888403	27,6921226	1,028167978	30,33344551
	2018	0,342918165	33,27576265	1,059305218	30,49844868
	2019	0,317937116	22,4748651	0,923033718	30,57745383
	2020	0,319688808	28,87855567	0,754651695	30,61556607
	2021	0,960034551	37,66289394	0,753309702	30,62262755
SKLT	2017	0,135317172	33,07753104	1,068747528	40,99442173
	2018	0,136184743	32,42493879	1,202872661	41,15523471
	2019	0,124489239	24,74415745	1,079082743	41,21187908
	2020	0,021930721	25,42339158	0,901595652	41,19017131
	2021	0,110323447	19,77649947	0,640945293	41,32901451

Table 1. Phenomenon Research

From the data above it can be seen at PT. Unilever Tbk. The 2017 dividend policy data found was IDR 0.947682382 and there was a decrease in 2018 to IDR 0.768781658. Meanwhile, the company size data in 2017 amounted to IDR 30.57052229, which increased in 2018 to IDR 30.64296472. From the phenomenon table it can be seen that if the dividend policy decreases, the size of the company will increase.

At PT. Mayora Indah Tbk. Shows dividend policy data for 2020 of IDR 0.319688808 and will increase in 2021 to IDR 0.960034551. Whereas in 2020 the capital structure data was IDR 0.754651695 and it decreased in 2021 amounting to IDR 0.753309702. From the phenomenon table it can be seen that if the dividend policy increases, the capital structure will decrease.

At PT. Sea Bulk Tbk. shows investment decision data for 2020 of IDR 25.42339158 and decreased in 2021 of IDR 19.77649947. Meanwhile, the company size data for 2020 was IDR 41.19017131 and it increased in 2021 to IDR 41.32901451. From the table above, it can be seen that if investment decisions decrease, the size of the company will increase.

RESEARCH METHODS

This research was conducted using a quantitative approach method. Quantitative approach method is a method used to examine the relationship between variables as measured by numbers.

No	Criteria	Number of Companies
1.	Manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2017-2021	51
2.	Companies whose financial statements were not obtained during 2017-2021	(26)
3.	Companies that do not pay dividends in the 2017-2021 study	(10)
4.	The number of companies that are sampled is	15
5.	Year of observation	5
6.	**Number of Monitoring Samples for 5 Years**	**75**

Table 2. Sampling Criteria

The operational definition is an effort made to examine the extent to which a variable is related to another factor.

The data analysis model in this study is multiple linear regression analysis. Multiple linear analysis aims to determine variable (X) to variable (Y). In addition, it is also used to test the truth of the hypotheses proposed in this study, the model of which is as follows:

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4 + e$$

Information:
Y : Company value
a : Constant
b : Regression coefficient
X_1 : Dividend policy
X_2 : Investment decision
X_3 : Capital structure
X_4 : Company size
E : Tolerable error rate (5%)

Whether Y is linearly related to X1, X2, X3, and X4. The F-test tests b1, b2, b3, b4, and b5 equal to zero, or:
● Ho : b1 = b2 = b3 = b4 = b5 = 0 (Dividend policy, investment decisions, capital structure and company size have no significant effect on the value of consumer goods companies on the Indonesia Stock Exchange in 2017-2021).
● Ha : b1 ≠ b2 ≠ b3 ≠ b4 ≠ b5 ≠ 0 (Dividend policy, investment decisions, capital structure and company size have a
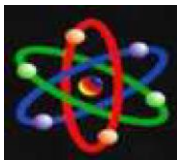
significant effect on the value of consumer goods companies on the Indonesia Stock Exchange in 2017-2021).

RESULTS AND DISCUSSION

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Dividend Policy	75	.0219307	8.0296566	.744005216	1.1059916540
Investment Decision	75	4.6117780	1155.6242440	58.231056890	174.9126885457
Capital Structure	75	.0149870	3.4127158	.717016298	.6945081221
Company Size	75	26.8898969	32.8203949	29.675876163	1.6020647196
Valid N (listwise)	75				

Table 3. Descriptive statistics

The table above is descriptive statistical data from financial reports with a sample of 75 obtained from the sampling criteria for consumer goods manufacturing companies on the Indonesia Stock Exchange (IDX). it can be concluded as follows:

1. The dividend policy variable (X1) obtained a minimum value of 0.0219307 at PT. Sekar Laut Tbk, maximum value 8.0296566 at PT. Chitose International Tbk, the average value is 0.744005216, and the standard deviation is 1.1059916540.
2. The investment decision variable (X2) obtained a minimum value of 4.6117780 at PT. Wilmar Cahaya Indonesia Tbk, maximum value of 1155.6242440 at PT. Kimia Farma Tbk, and an average value of 58.231056890 with a standard deviation of 174.9126885457.
3. The capital structure variable (X3) obtained a minimum value of 0.0149870 at PT. Herbal Medicine

and Pharmaceutical Industry Sido Muncul Tbk and the maximum value is 3.4127158 at PT. Unilever Indonesia Tbk, and obtained an average value of 0.717016298 with a standard deviation of 0.6945081221.

4. The company size variable (X4) obtained a minimum value of 26.8898969 at PT. Chitose International Tbk and the maximum value is 32.8203949 at PT. Indofood Sukses Makmur Tbk, and obtained an average value of 29.675876163 with a standard deviation of 1.0620647196.

There are two (2) methods used to test whether the residuals are normally distributed, as follows:

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		75
Normal Parameters[a,b]	Mean	0E-7
	Std. Deviation	9.34274368
Most Extreme Differences	Absolute	.120
	Positive	.120
	Negative	-.072
Kolmogorov-Smirnov Z		1.036
Asymp. Sig. (2-tailed)		.233
a. Test distribution is Normal.		
b. Calculated from data.		

Table 4. Normality Test

The statistical test used is the non-parametric Kolmogrov-Smirnov (K-S) statistical test. Based on the results in table 3.2, it is known that the significance value is $1.036 > 0.05$. So it can be said that this research has fulfilled the normality test assumptions.
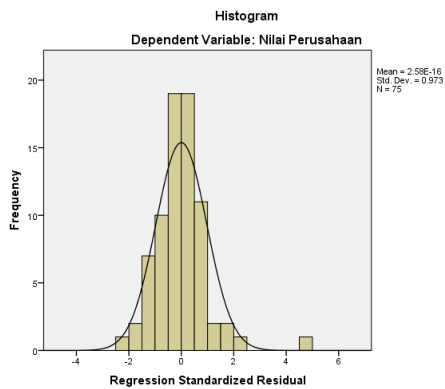
Figure 1. Histogram Normality Test

From the results of the SPSS data processing shown in Figure 3.1, it can be seen that the histogram graph is symmetrical because it does not slant to the left or right and the results of the data distribution follow a bell-shaped curve. So it can be said that the data is normally distributed.
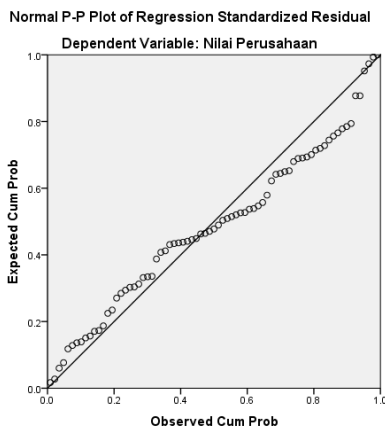

Figure 2. P-P Plot Normality Test

From the picture above is the result of the normality test of the Probability Plot where you can see the picture shows the spread of the dots following the diagonal line. So we can conclude, the data is normally distributed. The test used to test autocorrelation in this study is the Durbin-

Watson Test (DW Test). In the table, the Durbin-Watson (dW) result is 2.068 and in the Durbin-Watson (DW Test) table, the Durbin Upper (dU) value is 1.739. Based on the criteria in the Durbin-Watson test $1.739 < 2.086 < 4 - 1.739$ so that $1.739 < 2.086 < 2.261$. So it can be interpreted that there is no autocorrelation in the data results from the research that has been done.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.454^a	.206	.161	5.7786122683	2.068

Table 5. Autocorrelation Test

The heteroscedasticity test aims to test whether the regression model experiences residual variance uncertainty from one study to another. There are several ways to detect the presence or absence of heteroscedasticity, namely by looking at the scatterplot graph and by looking at the Glejser test results.
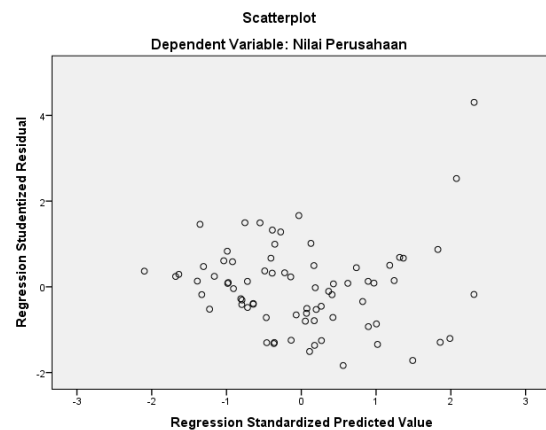

Figure 3. Scatterplot Graph Results

Based on the scatterplot graph above, it shows that the data is spread out and does not have a clear pattern. So it can be concluded that heteroscedasticity testing in

the study did not occur symptoms of heteroscedasticity.

$$Y = 5.713 + 2.316\ X1 - 0.20X2 + 15.552X3 - 0.353X4 + e$$

From the multiple linear equations, the research hypothesis can be described below:

1. The constant (a) of 5.713 states that if the dividend policy, investment decisions, capital structure, and company size are constant and have a value of 0, the company's value will increase by 5.713.

2. The regression coefficient on the dividend policy variable has a value of 2.316. If the dividend policy regression coefficient increases by 1 percent, the value of the dividend policy will increase by 2.316 to firm value.

3. The regression coefficient on the investment decision variable has a value of -0.020 if the regression coefficient value of the investment decision has decreased by 1 percent, the value of the investment decision is -0.020 to company value.

4. The capital structure coefficient has a value of 15.552. If the capital structure regression coefficient increases by 1 percent, the capital structure value is 15.552 to company value.

5. The regression coefficient on the firm size variable has a value of 0-.353. There is a positive value that occurs in the regression coefficient of firm size which results in an increase in value of 0-.353 on firm value.

The coefficient of determination is used to test how well the regression model fits the research. Judging from the test results above, the value at Adjusted R Square is 0.161 or **16.1%,** the dependent variable above the independent variable used. While the remaining **83.9%** is explained by other independent variables that were studied in the study.

ANOVAª

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8432.348	4	2108.087	22.846	.000ᵇ
	Residual	6459.228	70	92.275		
	Total	14891.576	74			

Table 5. Simultaneous Significance Test Results (F-Test)

In testing the F partial test, it produces an Fcount value of 22.846 and a Ftable of 2.503. So, the results of the F partial test obtained a calculated value of 22.846 > 2.503 and a significant value of 0.000 <0.05. This means that the independent variables, namely dividend policy, investment decisions, capital structure, and firm size simultaneously influence the dependent variable, namely firm value.

Table size = (alpha/2 ; n-k-1) = (0.05/2 ; 75-4) = (0.025 ; 70) = 1.99444. By comparing the results partially the size of the table, then:

1. Based on the results of the partial test (t-test) for dividend policy on firm value, the tcount is 1.663 and the ttable is 1.99444. This means that tcount < ttable with a significant value of 0.101 > 0.05. So the dividend policy does not significantly influence the firm value.

2. Based on the results of the partial test (t-test) for investment decisions on firm value is a tcount of -2.265 and a ttable value of 1.99444. This means tcount <ttable with a significant value of 0.027 <0.05. So the investment decision has a negative but significant effect on firm value.

3. Based on the results of the partial test (t-test) for capital structure on firm value, the tcount is 9.070 and the ttable is 1.99444. This means that tcount > ttable with a significant value of 0.000 <0.05. Then the capital structure has a significant positive effect on firm value.

4. Based on the results of the partial test (t-test) for company size on firm value is a tcount of -0.474 and a ttable value of 1.99444. This means that tcount < ttable with a significant value of 0.637 > 0.05. So company size has no significant effect on firm value.

CONCLUSION

a) Dividend Policy has no significant effect on Firm Value in Manufacturing Companies in the Consumer Goods Sector on the Indonesia Stock Exchange for the 2017-2021 period.

b) Investment Decisions have a negative but significant effect on Firm Value in Manufacturing Companies in the Consumer Goods Sector on the Indonesia Stock Exchange for the 2017-2021 period.

c) Capital Structure has a significant positive effect on Firm Value in Manufacturing Companies in the Consumer Goods Sector on the Indonesia Stock Exchange for the 2017-2021 period.

d) Company size has no significant effect on company value in manufacturing companies in the consumer goods sector on the Indonesia Stock Exchange for the 2017-2021 period.

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