

The Influence of Debt Policy, Dividend Policy, and Investment Decisions on Company Value on the IDX

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Abstract—Manufacturing companies in the food and beverage subsector listed on the Indonesia Stock Exchange in 2018-2021 faced various problems. The crisis that occurred in 2018 was caused by the depreciation of the rupiah exchange rate against foreign currencies (US dollars) which resulted in production costs increasing. This research aims to determine debt policy, dividend policy and decision making. An investment in company value. The population in this study is the number of manufacturing companies in the food and beverage subsector listed on the Indonesia Stock Exchange in 2018-2021, with a total of 30 companies. Quantitative data was obtained by studying documents in the financial statements and annual reports of sample companies. The results of the research show that debt policy has a significant negative effect on company value, dividend policy does not have a significant effect on company value, and investment decisions have a positive effect on company value.

Keywords— Debt Policy, Dividend Policy, Investment Decisions, Company Value.

I. INTRODUCTION

Companies have short-term and long-term goals, personal goals, and organizational goals. One of the goals of an organization is to maximize profits. The maximum profits obtained can function as a function for the running of the organization and the prosperity of all stakeholders including shareholders, as well as increasing company value. Share prices can reflect the value of a company. Company value is the price a buyer is willing to pay if the company is sold. Company value is an investor's picture of the company's past performance and future prospects, and an increase in share prices will increase the company's value (Agustin, 2016; Widiastari dan Yasa, 2018).

This research uses manufacturing companies in the food and beverage subsector as research locations. Manufacturing companies are companies that sell their products through a continuous production process. One example of long-term funding source is from investor stock investments. As explained above, companies consider investments that affect company value by looking at their debt policy, dividends and investment decisions. Researchers use manufacturing companies in the food and beverage subsector because these stocks are most resistant to currency or economic crises compared to other industries, because some food and beverage products remain in demand regardless of whether there is a crisis.

Based on the observed phenomena, during 2018-2021, manufacturing companies listed on the IDX in the food and beverage subsector experienced various obstacles. In 2018,

companies in the food and beverage subsector experienced a crisis due to the weakening of the rupiah exchange rate against foreign currencies (USD). As a result, financing is increasing, especially in terms of raw materials and the overall world economic situation. This has caused many foreign investors to leave the Indonesian commodity market by investing their expertise and technology to the detriment of the Indonesian people. Overall, 2018 was a tough year for the economy. There are still several inconsistent and inefficient regulatory devices that make investors or business owners reluctant to invest their money. Production growth is currently slowing, demand failed to increase significantly, and export sales declined throughout the year. In the third quarter of 2018, foreign direct investment fell by more than 20% year-on-year (Warta Indonesia, 2019).

In 2019, it is clear that Covid-19 was not only affect public health, but also the economics of countries. Even now, the world economy is under immense pressure from the virus. The world economy of Indonesia, the United States, Japan, South Korea, Hong Kong, the European Union, Singapore and several countries experienced negative economic growth in the first and second quarters of 2020. The Covid-19 pandemic has had negative impacts ranging from health to social problems and continues to affect the country's economy.

Apart from that, in 2020, the conditions of the PSBB community made it difficult to carry out activities, and as a result, almost all incomes in the world sector fell sharply. In the midst of uncertain global economic conditions, many countries are pushing for the 2019 APBN to be expanded in size and have a counter-cyclical nature so that it can play a strategic role in maintaining macroeconomic stability, maintaining the momentum of domestic economic growth, and encouraging the rate of economic growth. Regarding the number of food and beverage manufacturing shares traded on the IDX during the 2018-2021 period, it also appears to have decreased every year. The percentage decrease in the number of shares traded was 11.96%, with ALTO seeing the largest decrease in the number of shares at 100%. Apart from the drop, it turns out there is another volatile company, namely ALTO, which experienced the highest gain in 2019, from 5,000 to 167,611,500 (3352,130%), but fell to 100% in 2020. DLTA recorded the second highest increase in share sales in 2020, from 464,500 shares to 30,643,530 shares (6495.16%).

Investors consider the state of the company and the value of the shares when making investment decisions. Investors analyze stock prices to decide whether to buy or sell their shares. Investors tend to buy additional shares when share

prices fall if the company is in a good reputation, but if the company signals that it is not profitable, investors can sell the shares and the issuer is obliged to buy the shares back from investors (Ayuningtyas, 2020).

Several researchers have previously conducted studies on corporate value debt policy, dividend policy, and investment decisions. Debt policy is a company policy regarding the extent to which a company uses debt financing (Hertina et al., 2019). Seeing the research gap as explained above, the researcher considers it necessary to conduct research with the title "The Influence of Debt Policy, Dividend Policy and Investment Decisions on Company Value in Food and Beverage Subsector Manufacturing Companies Listed on the Indonesia Stock Exchange 2018-2021".

II. LITERATURE REVIEW

The value of the company

According to Sudana (2011:8), company value is defined as the present value of the flow of income or cash that is expected to be received in the future. Beside that, Harmono (2015:235) said that company value is the company's performance which is determined by the share price which is formed by demand and supply in the capital market which reflects the public's assessment of the company's performance. Based on the understanding above, it can be concluded that company value is the total value of debt and equity owned by the company.

Debt Policy

Brigham and Houston (2017:78) Debt policy is a policy regarding decisions taken by a company to carry out its operations using financial debt.

Dividend Policy

Dividend policy is the practice that management follows in making dividend payout decisions or, in other words, the size and pattern of cash distributions over time to shareholder (Lease et al., 2000)

Based on Darmawan (2019:12), the company's net profits can be distributed to shareholders as dividends or owned to fund company investments. Retained earnings are one of the fastest and cheapest alternative sources of funding to fund company growth, dividends on the other hand are cash flows set aside for shareholders (Darmawan, 2019:12).

Investment decision

Investment decisions are expected to generate income from the investment that will cover the costs incurred. This is because the profits reported in financial reports are not necessarily in cash (Jesilia and Purwaningsih, 2020:159).

III. RESEARCH METHODS

This research aims to determine the influence of debt policy, dividend policy and investment decisions on company value. The population in this research is the number of food and beverage subsector manufacturing companies registered on the IDX in 2018 - 2021 with a total of 30 companies. Determining the sample size using the purposive sampling

method resulted in 10 companies with a 4 years observation period, so the number of samples obtained is 40 samples. Quantitative data was obtained by conducting documentation studies from the financial reports and annual reports of sample companies and the analysis technique used is multiple linear regression.

IV. RESULTS AND DISCUSSION

Data testing in this study used multiple linear regression techniques which were processed using Statistical Package for the Social Sciences (SPSS) software. Multiple linear regression analysis is an analytical technique used to determine whether there is an influence between independent variables, as seen in the table below.

TABLE 1. Multiple Linear Regression Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2,654	,693	-.464	3,831	,001
X1	-1,063	,333	-.134	-3,195	,003
X2	-.429	,446	,406	-.962	,344
X3	,062	,023		2,729	,011

Based on table 1, the multiple regression model formed in this research is as follows:

$$Y = 2.654 - 1.063X1 - 0.429X2 + 0.062X3 + e$$

This model has the following interpretation:

- A constant value of 2.654 means that if there were no debt policy, dividend policy, and investment decisions, the company would be worth 2.654.
- The regression coefficient value of the debt policy variable is -1.063, meaning that if the debt policy value increases by 1%, the company value will decrease by 1.063%, and conversely, if the debt policy value decreases by 1%, the company value will increase by 1.063%.
- The regression coefficient value of the dividend policy variable is -0.429, meaning that if the dividend policy value increases by 1%, the company value will decrease by 0.429%, and conversely, if the dividend policy value decreases by 1%, the company value will increase by 0.429%.
- The regression coefficient value of the investment decision variable is 0.062, meaning that if the investment decision value increases by 1%, the company value will increase by 0.062%, and conversely, if the investment decision value decreases by 1%, the company value will decrease by 0.062%.

Discussion

Based on the results of the research analysis carried out, the following discussion can be made:

The Effect of Debt Policy on Company Value

Based on the results of the t-test that has been carried out, it appears that debt policy has a negative impact on the company value of manufacturing companies listed on the Indonesia Stock Exchange during the 2018-2021 period. Therefore, the first hypothesis proposed in this study is accepted. This means that the level of debt policy affects the

value of a company. If a company's debt increases, the company value will decrease. At the same time, if the company's debt is reduced or reduced, the value of the company increases. This is because companies with low levels of debt are more trusted by investors. Investors tend to invest in companies with lower debt.

The Effect of Dividend Policy on Company Value

Based on the results of the t test carried out, it shows that the partial dividend policy has no effect on the company value of manufacturing companies in the food and beverage subsector listed on the Indonesia Stock Exchange during the 2018-2021 period. The second hypothesis proposed in this research was rejected. This can illustrate that the dividend payout ratio is in the form of a breakdown and does not affect shareholder profits. An increase in dividend value is not always followed by an increase in company value. According to the findings, some companies do not pay dividends to improve their capital structure without increasing debt. Some companies that pay dividends also need to pay dividends in advance.

The Influence of Investment Decisions on Company Value

Based on the results of the t-test carried out, it appears that several investment decisions have a positive effect on the company value of manufacturing companies in the food and beverage subsector listed on the Indonesia Stock Exchange during the 2018-2021 period. Thus, the third hypothesis proposed in this research is accepted. This shows that investment decisions made by companies can increase investor confidence. A low price per share (undervalued) will be purchased en masse by investors who believe that the shares will increase in value.

The market signals investors to buy undervalued shares from issuers that are considered promising. Therefore, investment decisions have a positive impact on company value. This research is supported by research by Jesilia and Purwaningsih (2020), Suardhana et al (2020), which found that investment decisions have a positive impact on company value.

V. CONCLUSIONS

Based on the results of data analysis and discussion, the research conclusions obtained are as follows:

1. Debt Policy has a negative effect on Company Value in Food and Beverage Subsector Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2018-2021 period. This means that the higher the company's debt

level, the lower the company value; Vice versa, the lower the company's debt level, the higher the company value.

2. Dividend Policy has no effect on the company value of food and beverage subsector manufacturing companies listed on the Indonesia Stock Exchange for the 2018-2021 period. This means that the dividend policy adopted by the company does not affect the increase in company value.
3. Investment decision has a positive effect on Company Value in Food and Beverage Subsector Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2018-2021 period. This means that the more investors invest, the higher the company value. If investment decreases, the company value decreases. Thus, the rise and fall of investment decisions can influence the rise and fall of company value.

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