



## The Influence of Investment Decisions, Dividend Policies, and Financing Decisions on Company Value in Manufacturing Companies Listed on the Indonesia Stock Exchange (IDX)

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### ABSTRACT

This study aims to analyze and examine the effect of investment decisions, dividend policies, and financing decisions on company value in manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the period 2018–2024. The population in this study consisted of 228 manufacturing companies, with a sampling technique using purposive sampling, resulting in 38 sample companies with a total of 266 observations over seven years of observation. The type of data used was secondary data. The analysis technique used multiple linear regression analysis with classical assumption tests, t-tests, F-tests, and the coefficient of determination ( $R^2$ ). The results show that simultaneously, investment decisions, dividend policies, and financing decisions have a significant effect on company value. Partially, investment decisions have a negative effect on company value, while dividend policies and financing decisions have a positive effect on company value in manufacturing companies listed on the IDX.

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## 1. INTRODUCTION

Globalization and liberalization have driven rapid transformation in the manufacturing industry, affecting the production, distribution, and consumption systems of goods and services. In Indonesia, the manufacturing sector shows dynamic growth and contributes significantly to Gross Domestic Product (GDP), making it the center of national economic development [1]. However, increasing competition in the global market requires companies to strengthen management fundamentals to remain competitive. Investors now consider the fundamental potential of a business more carefully when selecting companies for investment, so companies that fail to adapt to global dynamics risk experiencing declining business volume and bankruptcy [2]. Therefore, a company's value is greatly influenced by its ability to innovate and adapt to face global challenges [3].

Company value is a key aspect sought by investors and is the primary objective of establishing a company, where value maximization, often measured through stock prices, is an indicator of success [4]. However, stock prices are vulnerable to economic fluctuations and market uncertainty. Currently, the Indonesian manufacturing sector is facing a worrying situation with a significant performance contraction. This is indicated by the decline in the manufacturing Purchasing Managers' Index (PMI) to 49.3 in July 2024, marking the first contraction after 34 months of expansion. This decline is exacerbated by the national economic slowdown and the difficulties of subsectors such as textiles in competing with imported products, which has caused industrial utility to plummet. This adverse condition, which has the potential to trigger layoffs, threatens company value by reducing investor confidence, reducing potential earnings, and negatively impacting market valuations [5]. In line with the decline in industrial performance, the growth of the manufacturing industry production index also shows a trend that affects the overall condition of this sector. The following is a graph of the growth of the manufacturing industry production index:

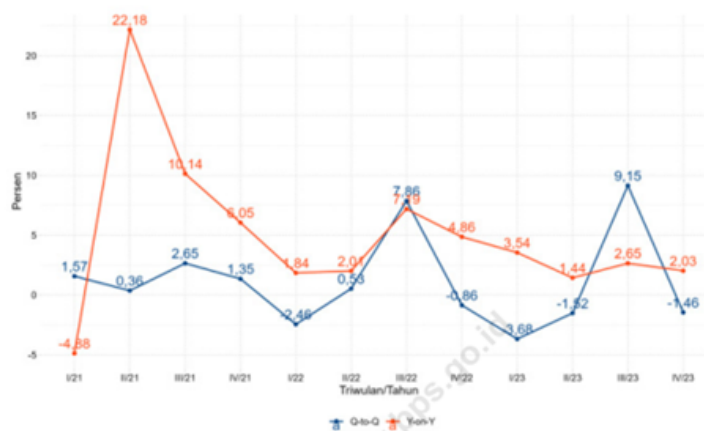


Figure 1. Manufacturing Industry Production Index Growth y-on-y and q-to-q  
Source: (www.bps.go.id, 2025)

Indonesia's manufacturing sector experienced a significant growth slowdown in 2023, a concern given its role as the backbone of the economy. Despite a post-pandemic *year-on-year* (*y-o-y*) growth surge (reaching 22.18% in the second quarter of 2021), this trend failed to be sustained. Data shows that the *y-o-y growth rate* slowed drastically in 2023, peaking at only 3.54% (Q1) and 2.65% (Q3). This phenomenon raises concerns because these growth figures have not yet surpassed pre-pandemic levels (2019). This situation creates a striking gap: the performance slowdown occurred amidst a rapid increase in investment realization of 19.8% compared to 2022 [ 6] . This indicates that incoming investment has not been effective in optimizing capacity and maximizing production performance.

The instability of manufacturing sector growth reflects the challenges in maintaining production momentum and responding to rigid market demand. This stagnation and suboptimal production capacity negatively impacts company value; if companies fail to innovate and adapt, they risk losing investor confidence, leading to a decline in valuation in the capital market [7]. The high and low value of a company is influenced by several key factors, namely investment decisions, dividend policies, and financing decisions [8]. Therefore, managers play a crucial role in making appropriate financial decisions through these three supporting factors to support success in increasing company value. Below are the average values of several financial performance indicators, such as company value as proxied by price to book value (PBV), investment decisions as measured using the fixed asset to total asset (FATA) indicator, dividend policy as proxied by the dividend payout ratio (DPR), and financing decisions as proxied by the debt to equity ratio (DER) in manufacturing companies listed on the Indonesia Stock Exchange during the period 2018-2024:

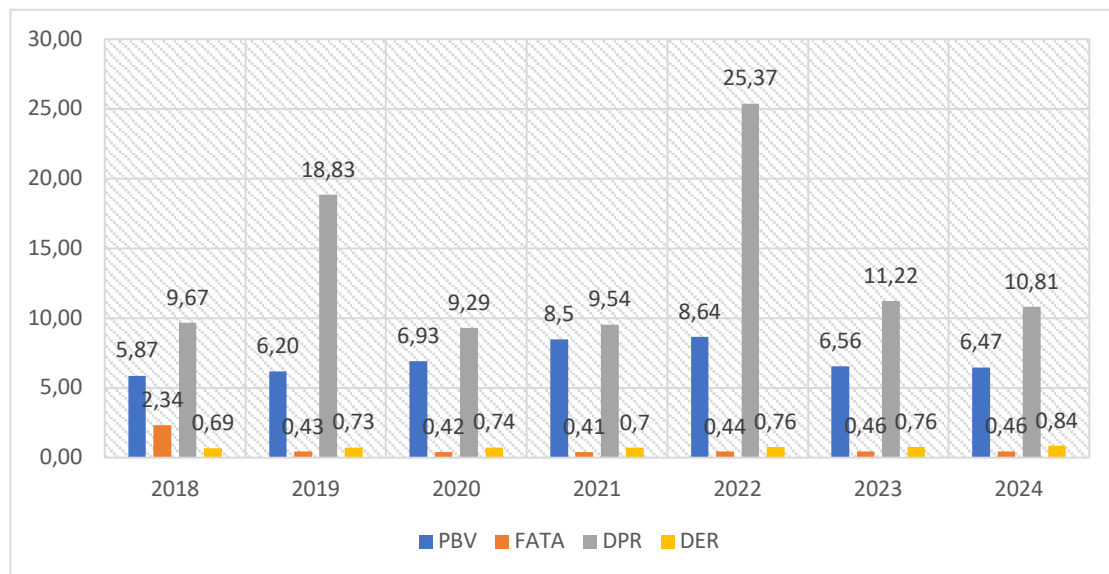


Figure 2. PBV, FATA, DPR, and DER 2018-2024

The financial performance of manufacturing companies (2018–2024) exhibits a significant fluctuation pattern that impacts Firm Value (PBV). PBV reflects high post-pandemic market optimism (peaking at 8.64 in 2022), but experiences a sharp decline in 2023 and 2024 (to 6.47), indicating weakening investor confidence and a potential increase in the risk of agency conflicts. In the Investment Decision (FATA) aspect, the ratio has moved very low and stable (ranging from 0.41–0.46 since 2020), reflecting a conservative policy that, according to Agency Theory, reduces the chance of *over-investment* but limits long-term growth potential. Conversely, Dividend Policy (DPR) shows the most extreme fluctuation, soaring drastically to 25.37 in 2022, far exceeding net income as management attempts to mitigate agency conflicts by reducing *free cash flow* controlled by managers. However, this surge risks disrupting liquidity and reducing expansion funds. Meanwhile, the Debt to Equity Ratio (DER) fluctuates but shows a trend of increasing debt at the end of the period (reaching 0.84 in 2024). This increase in DER serves as a managerial discipline mechanism, but if not matched by profit growth, it can increase financial risk and contribute to depressing the company's value.

In an effort to maximize company value, the role of managers is crucial in making three basic financial decisions. First, Investment Decisions focus on the allocation of funds to assets expected to generate profits in the future, where the more prospective investment opportunities, the greater the impact on increasing company value [9]. Second, Dividend Policy determines whether profits will be distributed as dividends or retained for investment capital. A good dividend policy reflects the company's ability to distribute profits, which can increase company value; conversely, an inappropriate decision can lower stock prices [10]. Third, Financing Decisions are related to determining optimal internal or external funding sources. This capital structure is very important because it directly affects the company's financial position and value [11]. The use of debt can increase stock value, but too much debt can increase business risk and reduce investor confidence, so good decision making is key to supporting the company's financial condition and value [12].

A literature review reveals a significant gap in results regarding the influence of three key financial decisions on firm value, creating a clear research gap. Regarding Investment Decisions, most studies find a positive influence because they reflect growth prospects that attract investors [13]. However, this finding is contradicted by studies that show a negative or no influence [8]. A similar contradictory pattern occurs for Dividend Policy (DPR); although some studies find a positive influence, the majority find a negative (or no) influence, often because investors prioritize long-term capital gains. Finally, Financing Decisions (DER) are also divided: some find a positive influence, others a negative

one [14]. Suhendar & Paramita's study was due to concerns about excessive debt, while others found no influence [15]. This massive variation in results indicates that the effectiveness of financial policies is highly dependent on the company context, industry, or time period of the study, thus validating the need for further research.

## 2. METHOD

This study adopts a quantitative design to test the hypothesis regarding the influence of investment decisions (*Fixed Asset to Total Asset* - FATA), dividend policy (*Dividend Payout Ratio* - DPR), and financing decisions (*Debt to Equity Ratio* - DER) on company value (*Price Book Value* - PBV) in manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period 2018–2024 [16]. The research chronology begins with the acquisition of secondary data in the form of annual reports and financial statements, collected using the documentation method from the official IDX website, which are then tabulated systematically [17]. The study population includes 228 manufacturing companies, from which 38 sample companies (resulting in 266 observation data) were selected using a purposive sampling technique based on the criteria of being registered and consistently distributing dividends during the observation period [18]. After the data were collected, the analysis procedure began with Descriptive Statistics, followed by the Classical Assumption Test to ensure the accuracy of the regression model. The assumption tests include: Normality Test (using Kolmogorov-Smirnov *exact test Monte Carlo*), Multicollinearity Test (based on VIF < 10 and Tolerance > 0.1), Heteroscedasticity Test (with Glejser Test, significance > 0.05), and Autocorrelation Test (using Durbin-Watson test) [16]. If the classical assumptions are met, multiple linear regression analysis is continued as the main testing method with a mathematical model:  $PBV = \alpha + \beta_1 (FATA) + \beta_2 (DPR) + \beta_3 (DER) + \varepsilon$ . The dependent variable (firm value) is measured by Price Book Value (PBV), while the independent variables are measured by Fixed Asset to Total Asset (FATA) for investment decisions, Dividend Payout Ratio (DPR) for dividend policy, and Debt to Equity Ratio (DER) for financing decisions. The final stage of the analysis procedure is hypothesis testing, which involves the F Statistical Test for simultaneous effects and the t Statistical Test for partial effects, as well as the Coefficient of Determination (R<sup>2</sup>) to measure the explanatory power of the model [16].

## 3. RESULTS AND DISCUSSION

### 3.1 Descriptive Statistical Analysis

Descriptive statistics are useful for identifying the characteristics of data, based on the mean, maximum, and minimum values of research variables. The results of descriptive statistical tests on 266 research samples are as follows:

Table 1. Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Standard Deviation
FATA	266	.04	70.44	.7098	4.29606
DPR	266	-22.25	646.75	13.5340	54.44567
DER	266	.01	6.47	.7458	.70719
PBV	266	.01	70.36	7.0242	12.58206
Valid N (listwise)	266				

Source: SPSS data processing, 2025

The descriptive statistics results show the following data:

1. The Average Investment Decision Asset (FATA) of 0.7098 (71%) indicates that this industry is dominated by capital-intensive companies. Significant data variation (Std. Dev. 4.29606), ranging from a minimum of 0.04 to a maximum of 70.44, indicates a range from high asset flexibility to a very dense

asset structure. A high FATA value, according to agency theory, can limit misuse of funds by management because assets are embedded in productive investments.

2. Furthermore, Dividend Policy (DPR) has a moderate average of 13.5340%, reflecting efforts to balance internal growth needs and shareholder satisfaction.. However, the DPR shows extreme variation (Std. Dev. 54.44567), ranging from a negative minimum (-22.15) when dividends are distributed despite losses to maintain trust to a maximum of 646.75. A very high DPR value serves as a mechanism to limit managers' free cash flow, suppressing agency conflicts.

3. The Financing Decision Ratio (DER) averaged 0.7458, indicating that most firms balance debt and equity. While this average is moderate, there are significant policy differences (Std. Dev. 0.70719), ranging from a minimum of 0.01 (extremely cautious) to a maximum of 6.47 (aggressive strategy). Within an agency framework, appropriate debt use serves as a disciplining mechanism for management through creditor pressure, increasing efficiency.

4. Finally, the Firm Value (PBV) averaged 7.0242, indicating that the market generally values manufacturing companies above their book value. This assessment varied widely (Std. Dev. 12.58206), ranging from negative perceptions (min. 0.01) to very high market optimism (max. 70.36). This extreme diversity indicates that market perception is strongly influenced by variations in performance, business prospects, and strategies of each entity in managing these three financial policies.

### 3.2 Classical Assumption Test

#### 3.2.1 Normality Test

This normality test aims to determine whether the independent and dependent variables in the regression model are normally distributed. In this study, the Kolmogorov-Smirnov (KS) statistical test was used to determine whether the residual data from the research sample is normally distributed.

Table 2. Kolmogorov-Smirnov (KS) Test

		Unstandardized Residual
N		260
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Standard Deviation	1.58839358
Most Extreme Differences	Absolute	.052
	Positive	.033
	Negative	-.052
Test Statistics		.052
Asymp. Sig. (2-tailed)		.080 <sup>c</sup>

Source: SPSS data processing, 2025

Based on the results of the normality test in the table above using the One-Sample Kolmogorov-Smirnov Test, the Asymp. Sig. (2-tailed) value was obtained at 0.080. Since the significance value of  $0.080 > 0.05$ , it can be concluded that the data is normally distributed.

#### 3.2.2 Heteroscedasticity Test

The heteroscedasticity test aims to examine the regression model for differences *in variance* between residuals from one observation to another. The results of the heteroscedasticity test are presented in the following table:

Table 3. Glejser Test

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1	(Constant)	1,136	.091		12,418	.000
	FATA	.018	.014	.078	1,250	.213
	DPR	.001	.001	.036	.577	.564
	DER	.115	.086	.083	1,338	.182

Source: SPSS data processing, 2025

Based on the table above, the heteroscedasticity test carried out using the Glejser test shows the following results:

- Fixed Asset to Total Asset (FATA)* has a significance value of  $0.213 > 0.05$ . This indicates that changes in FATA do not cause inequality in residual *variance*, thus it can be concluded that FATA does not experience heteroscedasticity problems.
- The Dividend Payout Ratio (DPR)* has a significant value of  $0.564 > 0.05$ . This indicates that changes in the DPR do not cause inequality in residual *variance*, thus concluding that the DPR does not experience heteroscedasticity.
- The Debt to Equity Ratio (DER)* has a significance value of  $0.182 > 0.05$ . This indicates that changes in DER do not cause inequality in residual *variance*, thus concluding that DER does not experience heteroscedasticity.

### 3.2.3 Multicollinearity Test

This multicollinearity test aims to determine whether there is a correlation between the independent variables in the regression model. Multicollinearity can be seen from the *tolerance* and *variance inflation factor (VIF)* values. If the *tolerance value* is  $\geq 0.10$  and the VIF value is  $\leq 10$ , the regression model is free from multicollinearity. The results of the multicollinearity test can be seen in the following table:

Table 4. Multicollinearity Test

Model	Collinearity Statistics		
	Tolerance	VIF	
1	LN_X1	.949	1,053
	LN_X2	.949	1,054
	LN_X3	.999	1,001

Source: SPSS data processing, 2025

Based on the table above, it can be seen that the *tolerance* and VIF values for each research variable are as follows:

- Tolerance* value for the variable LN\_X1 (FATA) is  $0.949 \geq 0.10$ , and the VIF value of  $1.053 \leq 10$ , so that the variable LN\_X1 (FATA) is declared to have no symptoms of multicollinearity.
- Tolerance* value for the variable LN\_X2 (DPR) is  $0.949 \geq 0.10$ , and the VIF value of  $1.054 \leq 10$ , so that the variable LN\_X2 (DPR) is declared to have no symptoms of multicollinearity.
- Tolerance* value for the variable LN\_X3 (DER) is  $0.999 \geq 0.10$ , and the VIF value is  $1.001 \leq 10$ , so that the LN\_X3 (DER) variable is declared to have no symptoms of multicollinearity.

### 3.2.4 Autocorrelation Test

The autocorrelation test aims to determine whether there is a correlation between the nuisance error in period  $t$  and the nuisance error in period  $t-1$  (previously) in a linear regression model. This study uses the *Durbin-Watson (DW)* test. The results of the autocorrelation test can be seen in the following table:

Table 5. Autocorrelation Test

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Standard Error of the Estimate	Durbin-Watson
1	.829 <sup>a</sup>	.688	.684	7.06955	1,524

Source: SPSS data processing, 2025

Based on the table above, the Durbin-Watson (DW) value is 1,524. This value will then be compared with the Durbin-Watson table value where the number  $n = 266$  and the number of independent variables  $k = 3$  with a significance level of 0.05, the DL value = 1,730 and the DU value = 1,790 are obtained. Therefore, it is concluded that  $DW < DL$  or  $1,524 < 1,730$ , meaning that autocorrelation occurs. Therefore, to prove that this study does not experience autocorrelation, further analysis is needed using *Durbin's Two-Step Method*. *Durbin's Two-Step Method* is a method used for improvement when a regression model is found to have autocorrelation. The results of the autocorrelation test using *Durbin's Two-Step Method* are as follows:

Table 6. Durbin's Two-Step Method Autocorrelation Test

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Standard Error of the Estimate	Durbin-Watson
1	.341 <sup>a</sup>	.116	.105	.98130	2,116

Source: SPSS data processing, 2025

Based on the results of the table above, the new DW figure is 2.116. This value will be compared with the Durbin-Watson table value where the number of  $N = 254$  and the number of independent variables  $k = 3$  with a significance level of 0.05, the DL value = 1.730 and the DU value = 1.790 are obtained, while the value  $(4-DL) 4-1.730 = 2.27$  and the value  $(4-DU) 4-1.790 = 2.21$ . So the DU value (1.790) is smaller than the Durbin-Watson value (2.116), and the Durbin-Watson value is smaller than the 4-DU value (2.21). The conclusion is  $1.790 < 2.116 < 2.21$ , so there is no autocorrelation in investment decisions, dividend policies and financing decisions on company value.

### 3.3 Hypothesis Testing

#### 3.3.1 Model Feasibility Test (F Test) Regression

The F-test is used to determine whether the independent variables simultaneously have a significant effect on the dependent variable, thus declaring the regression model appropriate. If the significance value is  $< 0.05$ , the regression model is considered appropriate, and the independent variables simultaneously influence the dependent variable. Conversely, if the significance value is  $> 0.05$ , the model is not suitable for use. In this study, the F-test is important to ensure that investment decisions, dividend policy, and financing decisions simultaneously influence firm value, in accordance with the agency theory framework. The results of the F-statistical test can be seen in the following table:

Table 7. Model Feasibility Test (F Test)

ANOVA <sup>a</sup>						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28857.308	3	9619.103	192,465	.000 <sup>b</sup>
	Residual	13094.364	262	49,978		
	Total	41951.672	265			

Source: Data processing, SPSS 2025

Based on the results of the F-statistic test presented in Table 4.7 above, it can be seen that the significance value of 0.000 is smaller than the significance limit of 0.05. This means that simultaneously or jointly, Investment Decisions, Dividend Policy, and Financing Decisions influence Company Value.

**3.3.2 Statistical t-test (Partial significance test)**

The t-statistic test is used to determine the extent of the individual (partial) influence of each independent variable (investment decision, dividend policy, and financing decision) on the dependent variable (firm value). The test criteria are: If the probability value (sig.) < 0.05 or tcount > ttable, then the independent variable has a partial significant influence on firm value; conversely, if the probability value > 0.05 or tcount < ttable, then the influence is considered insignificant:

Table 8. Statistical t test

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4,261	.645		6,607	.000
	FATA	-1,337	.060	-.774	-22,401	.000
	DPR	.023	.008	.101	2,915	.004
	DER	4,556	.615	.256	7,412	.000

Source: Data processing, SPSS 2025

**Regression model equation:**

$$PBV : 4.261 + 1.337 (FATA) + 0.023 (DPR) + 4.556 (DER) + \epsilon \dots \dots \dots (1)$$

- $\alpha$  = Constant
- $\beta_1, \beta_2, \beta_3$  = Regression Coefficients
- PBV = Company Value
- FATA = Investment Decision
- DPR = Dividend Policy
- DER = Funding Decision
- $\epsilon$  = Error

Based on the results of the t-statistic test presented in table 4.8 above, it can be seen that:

- a. The FATA variable has a significance value of 0.000 (<0.05), indicating a negative and significant impact on firm value. A regression coefficient of -1.337 means that every 1-unit increase in FATA will decrease the Firm Value (PBV) by 1.337. This result is consistent with agency theory; the greater the proportion of fixed assets, the less financial flexibility a company has and the potential to increase depreciation costs, ultimately depressing the company's market value.
- b. The DPR variable has a significance value of 0.004 (<0.05), indicating a positive and significant influence on firm value. A regression coefficient of 0.023 indicates that every 1-unit increase in DPR will increase Firm Value by 0.023. This result is consistent with agency theory, where higher dividend distributions are considered a signal of good financial performance and stable prospects. Furthermore, a high DPR can mitigate agency conflicts by limiting free cash flow that could potentially be misused by management.
- c. The DER variable has a significance value of 0.000 (<0.05), indicating a positive and significant influence on firm value. The regression coefficient of \$4.556 means that every 1 unit increase in DER will increase Firm Value by 4.556. These results indicate that proportional and controlled debt use can increase firm value. This finding aligns with agency theory, where debt use acts as a management

discipline mechanism, forcing managers to be more efficient and ultimately strengthening investor confidence and increasing firm value.

### 3.3.3 Coefficient of Determination ( $R^2$ )

The coefficient of determination ( $R^2$ ) essentially measures the model's ability to explain the variation in the dependent variable. The determination value is between zero and one. A small  $R^2$  value means the independent variables' ability to explain the variation in the dependent variable is very limited.

Table 9. Determination Coefficient Test

Model Summary				
Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	.829 <sup>a</sup>	.688	.684	7.06955

Source: SPSS data processing, 2025

Based on the data above, the *Adjusted R Square value* is 0.684. This means that 68.4% of the variation in firm value can be explained by the three independent variables in this study: investment decisions (FATA), dividend policy (DPR), and financing decisions (DER). In other words, this research model has strong explanatory power for changes in firm value. Meanwhile, the remaining 31.6% is explained by factors outside the research model.

## 3.4 Discussion of Research Results

### 3.4.1 The Influence of Investment Decisions, Dividend Policy and Financing Decisions on Company Value

The results of the F Statistical Test indicate that the variables of investment decisions, dividend policies, and financing decisions have a simultaneous (joint) and significant effect on company value. This is confirmed by a significance value of 0.000, which is much smaller than  $\alpha=0.05$ , so that the first hypothesis (H1) is accepted. This finding emphasizes that company value is formed through a combination of integrated strategic decisions, not just from one financial aspect alone [8]. Functionally, investment decisions create added value through the allocation of funds to profitable projects [9] financing decisions select efficient sources of funds; and dividend policies balance distributed profits and retained earnings to support future growth [17]. Implications of Agency Theory and Comparison of Results From the perspective of Agency Theory, the simultaneous influence of these three policies serves as a mechanism for controlling conflicts of interest between managers and shareholders. Appropriate investment decisions minimize the risk of overinvestment; dividend policies limit free cash flow that can be misused by managers [18] while debt (leverage) from financing decisions encourages managerial discipline due to payment obligations [19]. The results of this study are consistent with previous studies [20]. However, conflicting research emphasizes that the effectiveness of these three financial policies in increasing company value is highly dependent on the stability of the industry and the economic environmental conditions faced by the company [21].

### 3.4.2 The Influence of Investment Decisions on Company Value

The results of the t-statistic test for the investment decision variable (Fixed Asset to Total Asset - FATA) show a significant negative effect on company value, confirmed by a significance value of 0.000 (less than  $\alpha=0.05$ ), so that the hypothesis (H2) is accepted. This finding indicates that increasing the proportion of fixed assets actually decreases company value, because the addition of these assets has not been managed efficiently to create added value [22]. This condition is consistent with Agency Theory, where overinvestment in unproductive fixed assets can trigger agency problems, namely

managers using company funds for inefficient expansion [23]. This inefficiency increases depreciation expenses and operational costs, which ultimately depresses financial performance and reduces investor attractiveness [24]. This negative result is in line with several studies but contrasts with findings that show a positive or no effect, confirming that in the manufacturing sector, the risk of overinvestment is more dominant than the potential for value creation [8].

### 3.4.3 The Effect of Dividend Policy on Company Value

Based on the results of the t-statistic test calculation of the dividend policy variable proxied by the t-statistic test results for the dividend policy variable (Dividend Payout Ratio - DPR) shows a significant positive effect on company value, confirmed by a significance value of 0.004 (smaller than  $\alpha = 0.05$ ), so that the hypothesis (H3) is accepted. This finding means that the greater the dividends distributed, the higher the company value [25]. A high dividend policy indicates healthy financial performance and the company's ability to balance shareholder interests with internal funding needs [26]. Furthermore, this finding is in line with Agency Theory, where large dividend distributions function as an effective control mechanism. By reducing free cash flow controlled by managers, the room for unproductive expenditures is limited, encouraging managers to be more disciplined and focus on creating value for shareholders. Although this result is consistent with several studies, the contradiction with studies that found a negative or no effect shows that the effectiveness of DPR is greatly influenced by investor preferences for cash dividends versus capital gains.

### 3.4.4 The Influence of Financing Decisions on Company Value

The results of the t-statistic test for the funding decision variable (*Debt to Equity Ratio* - DER) show a significant positive effect on firm value, confirmed by a significance value of 0.000 (less than  $\alpha=0.05$ ), so that hypothesis (H4) is accepted. This finding means that increasing the proportion of debt, as long as it is within optimal limits, can actually increase firm value [15]. The use of proportional *leverage* is seen as an efficient strategy to expand business capacity, increase profitability, and maximize returns for shareholders [14]. In Agency Theory, debt functions as a strong disciplinary mechanism, where interest and principal payment obligations limit managers' *free cash flow* and reduce opportunistic behavior, thereby encouraging efficient capital management [14]. This positive result is in line with several studies, but the contradiction with studies that found a negative or no effect shows the importance of an optimal capital structure so that debt remains a disciplinary mechanism and does not actually increase the risk of bankruptcy which reduces investor confidence.

## 4. CONCLUSION

This study aims to examine the influence of investment decisions (FATA), dividend policy (DPR), and financing decisions (DER) on firm value (PBV) in 38 manufacturing companies listed on the Indonesia Stock Exchange (IDX) during 2018–2024. The results of multiple linear regression analysis indicate that simultaneously, investment decisions, dividend policy, and financing decisions significantly influence firm value, meaning these three factors are important in determining market valuation of manufacturing companies. Meanwhile, partial results (t-test) indicate differences in influence: Investment decisions (FATA) have a negative and significant effect on firm value, implying that excessive fixed assets reduce flexibility and depress value. Conversely, Dividend Policy (DPR) and Financing Decisions (DER) both have a positive and significant effect on firm value, supporting the theory that proportional dividend distribution can reduce agency conflicts, and controlled debt use can function as a management discipline mechanism, thereby increasing investor confidence and the company's market value.

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