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# The Influence of Investment Decisions and Funding Decisions on the Value of Companies with Ownership Structure as Moderated Variables in Manufacturing Companies Listed in Indonesia Stock Exchange (BEI)

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## Abstract

**Introduction:** This study examines the effect of investment decisions and funding decisions on firm value with institutional ownership as a moderating variable. In this study, investment decisions are measured by Current Asset to Total Assets (CATA) and Fixed Assets to Total Assets (FATA) while funding decisions are measured by Debt Equity Ratio (DER), institutional ownership is measured by (INST) and company value is measured by EV / EBITDA. **Purpose:** Analyzing the influence of investment decisions and funding decisions on the company's value in the manufacturing sector listed on the Indonesia Stock Exchange in 2014-2017. **Results:** The results showed that there was a positive and significant effect between CATA and DER on EV / EBITDA, while FATA had no effect on EV / EBITDA. **Conclusions:** The study was conducted on companies listed on the Indonesia Stock Exchange in the period 2014 to 2017. This study used as many as 87 manufacturing companies that met the criteria of sampling. This study was analyzed using multiple regression analysis and interaction tests and study also found that INST can strengthen the relationship between CATA and EV / EBITDA, weaken the relationship of DER and EV / EBITDA, and INST does not moderate the relationship between FATA and EV / EBITDA. The results of this study can be used by investors as a material consideration in terms of investment decisions and funding decisions, especially in manufacturing companies in Indonesia. Investors can choose a company that has good financial decisions and an appropriate portion of institutional ownership.

**Keywords:** Current Asset to Total Assets, Fixed Asset to Total Assets, Debt Equity Ratio, Institutional Ownership, Multiple EVs

## INTRODUCTION

An agency in establishing a company must have a clear purpose. The company's goals include getting maximum profit, wanting to prosper the owner of the company and optimizing the value of the company that can be seen from the price of its shares. Company value reflects the current value of future desired income and indicators for the market in valuing the company as a whole (Kusumadilaga, 2013). Carrying out financial management functions is something that can be done to achieve company goals. The optimal combination of management decisions can optimize the value of the company which will affect the prosperity of shareholders.

The market value of a company's shares plus market value is the value of the company. Where there is an amount of debt from the total equity, it can reflect the value of the company (Fama, 2013). Based on the research of Khalisa Rahmina (2016), there are several factors that can affect the value of the company, so that the corporate ownership structure consists of institutional ownership and managerial ownership. The optimization of company value can be done through the implementation of financial management, where one financial decision taken will affect other financial decisions and the impact on company value (Fama & French, 2018).

The manufacturing industry sector records the investment value of US \$21.6 billion throughout 2017 with a total of 256 projects. Compared with other sectors, the processing industry becomes the largest contributor to the total value of investment entered into Indonesia Seniali US \$42.6 billion or grew 23.7% compared to the previous year. I Gusti Putu Suryawirawan, director general of Resilience and development of international industrial Access (KPAII) of the Ministry of Industry (Kemenperin), delivering the growth of the manufacturing sector experienced a significant increase. This is achieved by the increase in product demand both domestically and globally (Bisnis Indonesia, 2018).

Manufacturing company is a large scale company when compared with other companies so it can do comparisons between companies one with other companies. Manufacturing companies also have stocks that are resistant to economic crises. This is because most of the manufacturing products are still needed, so it is very small likely to suffer losses (Devi,2016).

Decisions that can affect the value of the company are investment decisions and funding decisions, doing investment activities is the hardest decision for corporate management because it will affect the value of the company (Vranakis and Prodromos , 2012) and funding decisions is a very important decision for the company because it concerns the acquisition of funding resources for operational activities and for operational activities and financing the Company's investment activities and to achieve The company's objectives, the principal has handed over the management of his company to the manager. The manager is given power by the shareholders to make decisions to increase the shareholder's wealth (Arby, 2015). This often poses a conflict of interest known as agency theory.

Previous research according to Manurung (2013), the investment decision will impact the company's performance in the long term while management has enormous freedom in the company's cash usage. Realizing this then some researchers try to develop a signaling model where capital investment is a signal that the manager can use indicates that the company has high performance prospects reflected through the value of the company.

The prosperity of shareholders can be reached by maximizing the current value of the company. Maximize the prosperity of shareholders of all shareholders ' profits expected to be gained in the future by maximising the current value. The prosperity of shareholders will increase when its share price increases. If the company performs a speculative investment, there is a tendency for the price to fall because the risk of business is getting bigger. Thus, the higher the stock market price means the prosperity of shareholders is increasing (Brigham and Houston, 2013).

The value of the company is often a reference to the shareholders before they invest in a company because the higher the value of the company, the welfare of the company's owners will be higher (Ansori & Denice, 2012). To obtain a high stock market price is not detached from the decisions taken by shareholder parties especially the

financial decision where Jensen & Mecklin (2016), explained that to maximize the value of the company not only value Equity is to be considered, but also all financial claims such as debts, warrants, and other preferent stocks.

Optimizing the value of the company can be achieved through the implementation of financial management, where a financial decision is taken will influence other financial decisions and impact on the value of the company (Fama & French, 2018). According to Hasnawati (2015), financial management regarding the completion of important decisions taken by the company, an optimal combination of the three will maximize the value of the company, among others, investment decisions and funding decisions and proprietary structures.

The decision that could affect the company's value is one of the investment decisions. Conducting investment activities is the hardest decision for the management of the company because it will affect the value of the company (Vranakis and Prodromos, 2012). The purpose of the investment decision is to gain a large profit with a risk that can be managed in hopes of optimizing the value of the company (Afzal and Abdul, 2012). Investment decisions are decisions that reflect future investments (investment opportunity), namely through the introduction of new products or expansion of old products, equipment replacement or building, research and development, and exploration. The implications for companies are companies must plan to make investment decisions through the introduction of new products or the expansion of old products, equipment replacement or building, research and development and exploration (Husnan, 2012).

Previous research that is in line with this has been done by the researchers, resulting in various differences and equations in the results of research samples. Xun Li and Zhenyu Wu (2018), found the result that there was a significant positive relationship between the research variables on the company's value, while in the Razali Haron (2018) influential investment decisions were not significant between the variables Company's research and value.

Based on research results of researchers J. Christopher Hughen, Peter P. Lung (2017) showed that analysis conducted in his research considers no loss of value impairment between asset value and stock ownership structure against value The company is in its prokable use EV multiple. This is in comparison to the research conducted by Norman Wong (2017) which demonstrates a significant influence between the value of assets and investments as well as the structure of ownership of the value of the fund.

The conditions that have been exposed are the primary consideration of researchers to select the manufacturing sector as a research object. On the Indonesian Stock Exchange (IDX) registered 150 manufacturing companies. Researchers use the Puposive sampling method to focus on 87 manufacturing companies located in IDX. This period of research was conducted between 2014-2017, with the reason that the period is closest to the time of research, availability and completeness of data in this period is also one of the electoral variables Period.

The purpose of this research is to seek empirical evidence by analyzing the influence of investment decisions and funding decisions on the company's value in manufacturing and ownership structures as a moderation variation listed on the Exchange Indonesian securities in 2014-2017.

Table 1. Average investment decisions, funding decisions, ownership structure and company value in the manufacturing sector 2014-2017

Remarks	Year			
	2014	2015	2016	2017
<b>CATA</b>	<b>13.92</b>	<b>13.83</b>	<b>13.55</b>	<b>13.63</b>
<b>FATA</b>	<b>10.32</b>	<b>9.73</b>	<b>8.55</b>	<b>10.06</b>
<b>DER</b>	<b>0.99</b>	<b>1.02</b>	<b>0.95</b>	<b>0.90</b>
<b>KI</b>	<b>0.51</b>	<b>0.71</b>	<b>0.56</b>	<b>0.53</b>
<b>EV/EBITDA</b>	<b>3.58</b>	<b>4.32</b>	<b>3.39</b>	<b>3.73</b>

Source: [www.idx.co.id](http://www.idx.co.id) (Processed by researchers, 2019)

The average investment decision that was proscribed with the Current Asset to Total Asset Ratio (CATA) fluctuated from 2014 to 2017 that there was a decline in investment decisions annually beginning in 2014 to 2016,

however There was an increase in 2017 by 0.59% while the investment decision in Fixed Asset to Total Assets (FATA) had fluctuated from the year 2015 to 2016 and the average funding decision that was proscribed with the Debt Equity Ratio ( DER) showed that the funding decision from 2014 to year 2015 increased 3.03% despite a decline of 6.86% in 2016 and a decrease in the amount of 5.26 in the year 2017. The ownership structure that is proscribed with the percentage of institutional ownership (KI) is also subjected to significant fluctuations and the average data of the company's value is proscribed with Enterprise Value/Earning Before Interest, Tax, Depreciation, and Amortization (EV/EBITDA) in the table above showed that the increase in the year 2015 of 20.39%, then a decline in 2016 as much as 21.34% but there was an increase in the back of the year 2017 of 10.2%.

## 1. THEORITICAL REVIEW

### Signalling Theory

Signal theory is one of the efforts that managers make to maximize the value of the company. The signal theory according to Brigham and Houston (2013) is an action taken by the management of the company that instructs investors on how management views the company's prospects.

The signal theory explains why the company has the urge to provide financial reporting information to external parties. The company's encouragement to provide information because there is an asymmetrical information between the company and outside parties because the company and outside parties because the company knows more about the company and future prospects from the parties (Investor and creditor) (Jusriani, 2013).

This signal theory is also reinforced by the opinions of Ikenbery et al (2017), explaining the signaling theory of breakdown of stocks using asymmetric explanation of information. Management has more information about the company's prospects than the outside parties, i.e. investors. The breakdown of stocks is an effort to attract the attention of investors, giving signals that the company has a good condition. Based on signaling theory, the company's performance is a factor that motivates the company to make stock resolution decisions. This is because the market responds positively to signals where the signals are about the future. Signals given by companies whose past performances are not good will be trusted by the market.

Signal theory is one of the efforts that managers make to maximize the value of the company. The signal theory according to Brigham and Houston (2013) is an action taken by the management of the company that instructs investors on how management views the company's prospects. Companies with profitable prospects will try to avoid the sale of stocks and strive for any new capital needed in other ways, including the use of debts that exceed the target capital structure.

### Agency Theory

Agency Theory is a model used to describe the problem between management and owners. The agency's theory according to Brigham and Houston (2013) is a relationship where managers are empowered by the stockholders.

The main principle of agency theory is that there is a working relationship between the authority of the owner or the shareholder with the agent who is the manager, in the form of cooperation contract (Primasari, 2014). Agency problems arise because there is a conflict of disagreements (interests) between the owner (principle) and the management (Siallagan and Machfoedz, 2016).

Jensen and Meckling (1976) argue that agency relationship is a relationship where the owner of the company entrust the management of the company by another person that is the manager (agent) in accordance with the interests of the owner (principle) with Delegate several decision-making authority to the agent. The manager in running the company has the obligation to manage the company as mandated by the principle of increasing the principal prosperity by increasing the value of the company, in return the manager (agent) will be Bonuses or other compensation.

Management as a manager of the company has more information about the company, know more about internal information, and know the prospects of the company in the future compared to the owner or shareholder, therefore the manager obligation to provide information or signals about the company's condition to the owner (scout, 2017). But the information submitted sometimes does not correspond to the actual company's condition. These conditions are known as unsymmetrical information or information asymmetry. In fact, in carrying out its obligations the manager has another purpose that is concerned with their own interests, making the most profit to improve their welfare, so that in the end Creating a conflict of agency, which is a conflict of interest between the management (agent) with the owner or the principle (Haruman, 2017).

### **Investation decision**

Investment decisions are decisions regarding the investment in the present to get a return or profit in the future.

Investments are expected to provide a higher level of return (internal rate of returns) than the cost of capital, said to be profitable. The higher the profit rate resulting from the company's investment activities, it will increase the stock price of the company. Higher stock prices have an impact on the company's increased value (Fama, 2015).

In determining the investment decision, prospective shareholders as principal see the opportunities that will be obtained from investing in a company. In addition, prospective shareholders will also see the management performance of the company. According to Wahyudi and Pawestri (2016), the value of the company formed through the indicator of the stock market value is strongly influenced by investment opportunities. Investment opportunities are formed from the investor's response to the company's value. This is in accordance with the signal theory stating that investment expenditure gives a positive signal of future friendship growth.

Current Asset to Total Asset Ratio (CATA) reflects the proportion of the company's investments in current assets versus Total assets. To some extent CATA is increasingly higher reflects the better investment decision. The greater the ratio is getting better because it shows the availability of cash, receivables and supplies that are the most liquid current property compared to the total assets owned by the company (Syamsudin, 2017). According to Weston and Brigham (2015) The measurements of this indicator are as follows:

$$\text{CATA} = \frac{\text{Current Assets}}{\text{Total Asset}}$$

Fixed asset to total assets (FATA) is defined as the ratio of fixed assets to total asset. Firdaus (2010), said the fixed assets were assets acquired for use in the company's activities for a period of more than one year, not intended for resale in the company's normal activities, and constitute expenditure A large value or material.

Reviewed from the length of the turnover of fixed assets is an asset that is experiencing the process of turnover in the long term "according to Weston and Brigham (2015) The percentage of fixed assets to total assets was found using the following formula:

$$\text{FATA} = \frac{\text{Fixed Assets}}{\text{Total Asset}}$$

### **Funding Decision**

The funding decision is a decision regarding the source of funds to be used by the company. Funding sources are divided into two, namely internal funding sources and external funding sources. Sources of external funds used by companies are debt and own capital.

The funding that is sourced on the issuance of new stocks and bonds is often referred to as the external funding, while the retained earnings are referred to as internal funding. The funding decision will be related to determining the optimal combination of the use of various sources of funds which can basically be divided into two of them

related to the transfer of Externen because it will lead to the retrieval A decision on the capital structure, i.e. will determine the propri between the long-term debt and its own capital. This will be seen in Debt to Equity Ratio of the Company (Husnan, 2013).

This is equivalent to the theory (Brigham and Houston, 2013) stating that the higher the ratio means that the more effective the use of these fixed assets will increase the value of the company, assuming that cash flows from the decision Fixed operations and cash flows from declining investments caused by the purchase of fixed assets for the addition of fixed assets within the company.

A proxy used to measure funding decisions is to use a Debt to Equity Ratio (DER). This ratio shows the comparison between financing and funding through debt with funding through equity. This ratio is usually used to measure the financial leverage of a company (Brigham and Houston, 2012).

According to Brigham and Houston (2012), DER can be calculated using the following formula:

$$\text{DER} = \frac{\text{Total Hutang}}{\text{Total Ekuitas}}$$

### **Institutional Ownership**

Institutional ownership is the proportion of share ownership by institutional investors. Institutional investors are believed to have the ability to monitor management actions better than individual investors. Institutional as a shareholder is considered capable of detecting errors that occur Jensen and Meckling (2013).

Value is created when a company gives returns to its investors exceeding the cost of capital. Value for corporate investors can be achieved only by donating value to customers (Sudana, 2018). One of the new paradigms that develops in management to deal with the global, competitive and turbulent business environment is with the customer value strategy (Sartono, 2013).

The existence of shareholders such as institutional ownership has an important meaning in monitoring management. The existence of ownership by institutional such as manufacturing companies, insurance, banks, investment firms and ownership by other institutions will drive improved institutional oversight ownership more optimally. The monitoring mechanism will ensure increased prosperity of shareholders. Institutional significance ownership as supervisory agents are emphasized through their considerable investment in the capital market. When institutions are dissatisfied with managerial performance, they will sell their shares to the markets (Abeysekera, I. and Guthrie, J. 2015).

According to Smith (2013), the change of behavior from passive to active can increase managerial accountability so that managers will act more carefully in decision-making. The increased institutional activity ownership in monitoring is due to the fact that the existence of significant stock ownership by institutional ownership has increased their ability to act collectively. At the same time, the cost of getting out of their investments becomes increasingly expensive because the risk of stocks will be sold at a discounted price. This condition will motivate institutional ownership to be more serious in supervising or correcting all managers ' behaviour and extending the investment timeframe. Surveillance mechanisms can be done by placing an expert board that is not financed by the company so that its position is not under the supervision of managers. Thus, an expert board can effectively perform its functions to control all managers ' actions.

Managerial work will encourage management to improve its performance, because they also have a company (Dinar and Widanar, 2015). Ross (2014) stated that the larger the management work in the company then the management will tend to try to improve its performance for shareholders ' interests and for its successful importance. With increased performance it will increase the value of the company.

$$KI = \frac{\text{ownership by institutional}}{\text{Total company}}$$

### Corporate values

The company's main objective is to maximize the value of the firm (Salvatore, 2011). Maximizing the value of the company is very important meaning for a company, because by maximizing the value of the company means also maximizing the prosperity of shareholders who are the main objectives of the company. The value of the company is the price willing to be paid by prospective buyers when the company is sold.

The value is created when the company returns to its investors exceeding the cost of capital. Value for corporate investor can be achieved only by donating value to Customer (Sudana, 2018). One of the new paradigms that thrive in management to deal with the global, competitive and turbulent business environment is with the customer value strategy (Sartono, 2013).

According to Sartono (2013) The value of the company is the selling value of a company as a business that is in operation. The excess selling value above the liquidation value is the value of the management organization that runs the company. The value of the company is very important because with the high value of the company will be participated by the high prosperity of shareholders. The higher the value of the company describing the more prosperous owners. The company's value will be reflected in its stock market price.

According to Christiawan and Tarigan (2017) There are some concepts that explain the value of the company:

Nominal value is the value listed formally in the company's Articles of association. Intrinsic value is the most abstract concept, because it refers to the approximate real value of a stock as a representative of the value of the company. This value relates to a specific condition where a company should be able to consolidate part or all of its assets and billing bills. The liquidation value can only be used for limited use. The value of the book is a corporate value calculated on the basis of accounting concepts. Market value is often called the exchange rate, is the price that is so from the bargain process in the market. Also known as fair market value, i.e.

Maximizing the value of the company is very important meaning for a company, because by maximizing the value of the company means also maximizing the prosperity of shareholders who are the company's objectives. There are several research concepts:

Values are defined for the specific time and period. Value must be specified at a reasonable price And assessments are not influenced by certain buyer groups.

According to Peter P. Lung (2018), Enterprise Value/Earning Before Interest, Tax, Depreciation, and Amortization (EV/EBITDA) assessed the company by looking for market prices from the left side of the company balance, i.e. equity value and debt value, and then Minus the company's cash position, which is intended to find the net value of the debt. EV size is more fair in valuing reasonable prices (Instrinsik stock value) companies. The relevant EV/EBITDA assesses the operational performance of the company compared to PER because of its EBITDA. This measurement with EV/EBITDA is more popular among analysts because it is very suitable compared between Apples to Apples even between Oranges to Apples, as it is suitable compared between one company with another company that has treatment and different accounting systems (Kaplan and Ruback 2014).

$$EV \text{ Multiple} = \frac{\text{Enterprise Value}}{\text{EBITDA}}$$



## 2. RESEARCH METHOD

The types of data used in this study are quantitative data, a data collection method used in this research is to conduct a documentation study conducted by collecting secondary data related to the variables needed for this research data through the Indonesia Stock Exchange website, [www.idx.co.id](http://www.idx.co.id) and the company's official website.

According to the source, the data used in this study is external secondary data, i.e. data that is not directly obtained from the source, but obtained in a form that is collected, processed, and published by other parties outside the Company in question. The data used in this study are the company's publications in the form of financial statements, annual reports and sample company performance summaries during the observation period.

Population is a collection of individuals with predefined characteristics. The company's research population in the manufacturing industry group listed on the Indonesia Stock Exchange in 2014-2017. Samples are part of the amount and characteristics owned by the population (Sugiyono, 2017). In this case the population framework amounted to 150 manufacturing companies and the selection of research samples was based on the purposive sampling method. The criteria used to select samples on this research are as follows.

Table 2. Research Sample Selection Process

No	Criteria	Amount
1.	Manufacturing companies listed on the Indonesia Stock Exchange 2014-2017	150
2.	Manufacturing companies that do not have institutional ownership data from 2014-2017	19
3.	Manufacturing companies which do not have complete reports related to research variable data from 2014-2017	44
<b>Number of Final Samples</b>		<b>87</b>
<b>Observation Year</b>		<b>4</b>
<b>Number of Observations</b>		<b>348</b>

Source: Developed for this research, 2019

Based on the sample selection process above, obtained 87 companies that meet the criteria to be sampled in this study and 348 observations.

This research analyses the influence of investment decisions, funding decisions on the company's value by being examined as a moderation variable in manufacturing companies on the Indonesia Stock Exchange. The variables used in the study were: Investment decision X1 (CATA), X2 (FATA), funding decision X3 (DER), working institutionally Z (KI), and company Y value (EV/EBITDA). The phenomenon occurring in this study can be described through data analysis in the sequence of data gathering, processing data and analyzing data.

The company manufactures as a research agency because the manufacturing company is from a business that is moving in the real sector that has the most number of companies compared from other businesses that are lacte of several industries. Despite the lacte of a wide range of industries, manufacturing companies have similar characteristics. The largest company of liquid manufacturing companies in the number of issuers listed on the Indonesia Stock Exchange in 2014-2017 SKPLBI as many as 150 manufacturing companies.

Independent variables (X) Independent variables are variables that are due to the occurrence or change of dependent variables (Sugiyono: 2013). Independent variables in this study were investment decision variables X1 (CATA), X2 (FATA), funding decision X3 (DER).

Moderation Variables (Z)\_Moderator variables are variables that affect (strengthen or weaken) the relationship between independent variables with the dependent (Sugiyono: 2013). The moderation variables in this study are the institutional ownership of Z (KI).

Dependent variable (Y)\_Dependent variables are variables obtained from the magnitude of the independent variable. According to (Sugiyono: 2013) A bound variable is a variable that is influenced or which is due to the presence of a free variable. The dependent variables in this study are the company's value (EV/EBITDA) registered in the IDX period 2014-2017.

### 3. ANALYSIS METHOD

The data that has been collected in the study, is processed using statistical data processing applications, namely Eviews software use multiple linear regression with descriptive research, normality test analysis, multicollinearity test analysis, heteroskedasticity test analysis, autocorrelation test analysis, multiple regression analysis, coefficient of determination (R<sup>2</sup>), simultaneous regression analysis, individual parameter significant test.

The data analysis methods used in this study use multiple linear regression with the help of Eviews programs. Based on the hypothesis in this study the method of data analysis used is quantitative analysis to calculate or estimate quantitatively from several factors individually – alone or together – equal to variables Related. The functional relationship between a single variable associated with a free variable can be done with multiple linear regression. The method of data analysis in this study uses deskriptive statistics with quantitative data aimed at obtaining a comprehensive picture of the direct or indirect influence between variables in this study.

The classic assumption test in the study used a classical assumption test before testing the hypothesis using multiple regression analyses. Test the classic assumptions to be used in this study include:

#### Normality Test Analysis

Test data normality is performed to determine whether the residual regression model that is researched is distributed normally or not. A good regression Model is that has a normal or close data distribution. This normality test aims to test whether in a variable regression model bonded and free variables have a normal distribution or not. In this study the normality test was done using the Jarque-Bera method where the data was said to be a normal distribution if the value of significance was greater than 0.05.

#### Multicollinearity Test Analysis

Then the assumption of normality was met The multicollinearity test aims to test whether a regression model is found to be correlated between free (independent) variables (Ghozali, 2016). In case of strong correlation, there is a problem with multicollinearity to know the presence or absence of multicollinearity in the regression model can be seen from: oth of these sizes indicate each of the independent variables described by another independent variable. So the low tolerance value equals the high VIF value (due to  $VIF = 1/Tolerance$ ). A commonly used cut off value to indicate the presence of multicollinearity is the value of  $Tolerance \leq 1.10$  or equal to the value of  $VIF \geq 10$ . Each researcher must determine the level of colinearity that can still be tolerated. For example the value tolerance = 0.10 equals the level of colinearity 0.95. Although multicholeinearity can be detected with tolerance and VIF values, we still know which independent variables are correlated. (Ghozali, 2016).

#### Autocorrelation Test Analysis

Autocorrelation can be defined as a correlation between interference variables one with other variable disorders (Ghozali, 2016). The autocorrelation test aims to test whether in a linear regression model there is a correlation between disruptor errors in certain periods with disruptor errors in the previous period. If there is a correlation between disruptor errors, it can be said that in a linear model there is an autocorrelation. The autocorrelation test in this study uses the LM-Test test where there is no autocorrelation if the significance value of Obs \* Square is greater than 0.05.

## Heteroskedasticity Test Analysis

The heteroskedasticity test aims to test whether in a regression model there is a variance inequality of the residual (error) observation to another observation. If the variance of the residual from one observation to another remains, it is called homoskedasticity, and if different is called heteroskedasticity. A good regression Model is that homoskedasticity does not happen heteroskedasticity (Ghozali, 2016) Heteroskedasticity test is done to test regression model in case of variance inequality from the residual of one observation to another observation. If variance occurs differences then it is called Heteroskedasticity and if the variance is fixed then it is called Homoskedasticity. The Heteroskedasticity test in this study used the White test where there is no heterogeneity if the significance value of Obs \* Square is greater than 0.05.

## Regression analysis

Regression analysis is essentially a study of the dependency of dependent variables with one or more independent variables with the aim to estimate and predict the average population or average value of dependent variables based on value Known independent variables (Ghozali,2013).

Moderated Regression Analysis (MRA) or interaction test is a special application of linear multiple regression where the regression equation contains interaction elements (multiplication of two or more independent variables) with the following equation formula (Liana, 2013):

$$Y = \alpha + \beta_1 \text{CATA} + \beta_2 \text{FATA} + \beta_3 \text{DER} + \beta_4 \text{CATA} * \text{KI} + \beta_5 \text{FATA} * \text{KI} + \beta_6 \text{DER} * \text{KI} + \hat{\epsilon}$$

Information:

Y = Company Value

$\alpha$  = Constant

$\beta_1$  = Regression coefficient for CATA

$\beta_2$  = Regression coefficient for FATA

$\beta_3$  = Regression coefficient for DER

$\beta_4$  = Coefficient Regression moderation for CATA \* KI

$\beta_5$  = Coefficient Regression moderation for FATA \* KI

$\beta_6$  = Coefficient Regression moderation for DER \* KI

$\hat{\epsilon}$  = Residual Value

## Research hypothesis Test

Testing the hypothesized variables in this study with a multivariate regression with a level of profitability ( $\alpha = 0.05$ ). This test is performed to determine whether independent variable changes have an effect on dependent variables or not. The hypothesis of this research will be accepted if there is one among the free variables to have an influence on the bound variables (Ghozali,2013).

## Coefficient of determination (R<sup>2</sup>)

Coefficient of determination testing is used to explain how large variations of dependent variables can be described by variations of independent variables. A R<sup>2</sup> value that detects 1 (one) means that its independent variables provide almost all the information needed to predict the variation of an independent variable. The coefficient of determination aims to know the magnitude of the influence of variables independent of dependent variables.

## Statistical test (F)

Test F statistics are used to measure the goodness of fit of a regression equation or to find out if all the free (independent) variables included in the model have a common influence on the dependent variables (Ghozali, 2016). Hypothetical no (Ho) states that all independent variables included in the model do not have a shared effect

on the dependent variables, whereas  $H_0$  states that all independent variables have an influence to dependent variables.

The acceptance criteria and the hypothesis rejection in test F are as follows:

$H_0$  rejected if  $F_{count} < F_{table}$  of  $\alpha = 0.05$ : meaning all free variables simultaneously have no significant effect on the bound variables.  $H_0$  received if  $F_{count} > F_{table}$  Pada  $\alpha = 0.05$ : Meaning all variables are free Simultaneously significant effect on bonded variables.

#### t-statistical test

The T-Statistic test basically shows how much the influence of one individual variable-variables in describing the variation of the dependent variable (Ghozali, 2016). The zero hypothesis ( $H_0$ ) that you want to test is whether a parameter ( $\beta_i$ ) equals zero or the alternative hypothesis ( $H_a$ ) parameter of a variable is not equal to zero.

## 4. RESULT AND ANALYSIS

Table 3. Descriptive Research Variable Data

Variabel	Minimu m	Maximu m	Mean	Std. Dev
CATA	10.4200 0		13.614 63	1.3876 55
FATA	7.05000 0	17.52000 14.93000	11.661 15	1.5211 45
DER	0.02000 0	2.410000 0.980000	0.7702 87	0.5182 36
KI	0.01000 0	3.990000	0.3828 38	0.3859 79
EV/EBIT DA	0.01000 0		1.5893 10	1.1208 60

Source: Secondary data processed in years 2019

There are five research variables: Current Asset to Total Asset (CATA), Fixed Asset to Total Assets (FATA), Debt Equity Ratio (DER), institutional ownership (KI), and EV multiple (EV/EBITDA). The minimum value is the lowest value for each variable, the maximum value is the highest value for each variable in the study, the mean value represents the average value, and the standard deviation for each variable in the study.

Shows that the average CATA of a sample of manufacturing companies observed was 13.61, where the standard deviation of 1.39 means that CATA of total assets has a portion of 13.61% compared to the value of total assets. The minimum value of 10.42 at PT Pabrik Kertas Tjiwi Kimia Tbk in 2015 and a maximum value of 17.52 at PT Surya Toto Indonesia Tbk in 2016. Shows that the average FATA of the sample of manufacturing companies observed was 11.66, where the standard deviation of 1.52 means that FATA of total assets has a portion of 11.66% compared to the total value of assets. The minimum value of 7.05 at PT Asahimasflat Glass Tbk in 2015 and a maximum value of 14.52 at PT Duta Pertiwi Nusantara Tbk in 2014. Shows that the average DER of the sample of manufacturing companies observed was 0.77, where the standard deviation of 0.52 means that the DER to equity (equity) ) has a share of 0.77%, the DER value is above one, companies tend to use debt as a source of corporate funding. The minimum value of 0.02 at PT Pyridam Farma Tbk in 2017 and the maximum value of 2.41 at PT Sri Rejeki Isman Tbk in 2014. Shows that the average KI of the sample of manufacturing companies observed is 0.38, where the standard deviation is 0.39 meaning that ownership of shares by institutions has a portion of 0.38 %. The minimum value of 0.01 at PT Siwani Makmur Tbk in 2014 and the maximum value of 0.98 at PT Mandom Indonesia Tbk 2015. Indicates that the average EV / EBITDA of the sample of manufacturing companies observed

is 1.59, where the standard deviation of 1.12 means that EV / EBITDA has a portion of 1.59% . Minimum value of 0.01 at PT Indo Kordsa Tbk in 2017 and a maximum value of 3.99 at PT Delta Djakarta Tbk in 2014.

### Normality Test Analysis

his normality test aims to test whether in a variable regression model bonded and free variables have a normal distribution or not. In research Anini test normality done using the method Jarque-Bera where the data is said to be distribution normal if the value of significance is greater than 0.05.

Table 4. Normality Test Results

Variabel	Jarque-Bera	Significance	Information
CATA	3,139	0,208	Normal
FATA	4,333	0,114	Normal
DER	1,639	0,440	Normal
EV/EBITDA	5,509	0,064	Normal
KI	5,687	0,058	Normal

Source: Secondary data processed in years 2019

The results of the normality test of each variable indicate the Jarque-fallow significance Jarque-Bera significance is above 0.05 so that it shows that all variables are normally distributed.

It can therefore be said that the data in this research is already a normal distribution. The normality test can also be done using the histogram chart present in the attachment with the result on the histogram chart, indicating the normal distribution pattern is to follow or approach the shape of the bell, so that the regression model meets the normality assumption. The test results of normality based on significance testing and the histogram chart indicate that the data in this study is already under normal distribution.

### Multicollinearity Test Analysis

Multicollinearity tests are performed to see the presence or absence of the correlation between independent variables in testing the model of multiple linear regression. A regression Model is good if there is no high correlation between its free variables, because if there is a correlation then the variables are not orthogonal or there are similarities. This test was conducted to avoid partial influences of each free variable against the bound in the decision making process. This test in regression models can be seen by means of the tolerance value and the value of VIF (Variance Inflation Factor). To view the multicholinerity by using Eviews is to see a value of VIF no more than 10.

Table 5. VIF values

Variabel	VIF	Information
CATA	1.271244	Non Multikolinieritas
FATA	1.048163	Non Multikolinieritas
DER	3.495952	Non Multikolinieritas
CATA*KI	3.550862	Non Multikolinieritas
FATA*KI	1.831542	Non Multikolinieritas
DER*KI	5.435282	Non Multikolinieritas
KI	1.386276	Non Multikolinieritas

Source: Secondary data processed in years 2019

Multicollinearity test results on the independent variables obtained tolerance values on research variables above 0.1 and VIF values below 10 so that it can be said there is no high relationship between the independent variables.

### Heteroskedasticity Test Analysis

The autocorrelation test aims to test whether in a linear regression model there is a correlation between disruptor errors in certain periods with disruptor errors in the previous period. If there is a correlation between disruptor errors, it can be said that in a linear model there is an autocorrelation. The autocorrelation test in this study uses the LM-Test test where there is no autocorrelation if the significance value of Obs \* Square is greater than 0.05.

Table 6. Heteroscedasticity Value

Obs*Rsquared	Significance	Information
32,778	0,3798	Non Heteroskedastisitas

Source: Secondary data processed in years 2019

The above results obtained significance value of Obs \* Rsquared is 0.3798 so the value is greater than 0.05 so there is no heteroscedasticity, so it can be said that the regression model does not contain heteroscedasticity symptoms.

### Autocorrelation Test Analysis

Heteroskedastitas test is done to test regression model in case of variance inequality from the residual of one observation to another observation. If variance occurs differences then it is called Heteroskedastitas and if the variance is fixed then it is called Homoskedastitas. The Heteroskedastitas test in this study used the White test where there is no heterogeneity if the significance value of Obs \* Square is greater than 0.05.

Table 7. Autocorrelation Values

Obs*Rsquared	Significance	Information
3,040	0,2186	Non Autokorelasi

Source: Secondary data processed in years 2019

The above results obtained significance value Obs \* Rsquared that is 0.2186 so that the value is greater than 0.05 so there is no autocorrelation. Therefore, this regression model does not have a correlation between the error of the intruder in a certain period with the error of the intruder in the previous period.

### Multiple Regression Analysis

In this research hypothesis test used includes; partial test (t-test), and test of coefficient of determination (R2). Multiple linear regression models in this research are shown as follows:

#### Coefficient of Determination (R2)

The result of the determination coefficient above is 0.281 which can be said CATA, FATA, DER, CATA \* KI, FATA \* KI, DER \* KI and KI moderation together can influence EBITDA of 28.1%.

Coefficient of determination testing is used to explain how large variations of dependent variables can be described by variations of independent variables. A R2 value that detects 1 (one) means that its independent variables provide almost all the information needed to predict the variation of an independent variable. The coefficient of determination aims to know the magnitude of the influence of variables independent of dependent variables. The resulting coefficient of determination above is 0.281 which can be said that CATA, FATA, DER, CATA \* KI, FATA \* KI, DER \* KI and KI moderation are jointly able to affect EBITDA by 28.1%.

### Simultan Regression Analysis

The calculated F value is 23,638 and the significance is 0,000 so the calculated F value is greater than the F table and the significance is less than 0.05, it can be concluded that there is a simultaneous influence of the variables CATA, FATA, DER, CATA \* KI, FATA \* KI, DER \* KP against EV / EBITDA.

A statistical test of F essentially indicates whether all the independent variables included in the model have an influence together with the dependencies. When analysis using the F test indicates that all independent variables are a significant explanatory of the dependent variables.

Simultaneous testing aims to determine whether there is a co-influence of the variable independent of the dependent variable. There is an influence jointly between independent variables if the value of F counts is greater than F table and significance is smaller than 0.05. The value of F count is 23.638 and the significance of 0.000 so that the value of F count is greater than F table and the significance is smaller than 0.05, it can be concluded that there are simultaneous influences of the variables CATA, FATA, DER, CATA \* KI, FATA \* KI, DER \* KI against EV/EBITDA.

### Individual Parameter Significant Test (Test Statistic t)

T-statistic tests essentially show how far the influence of one independent variable individually in affecting its dependencies variable. T statistical test results can be seen as follows:

Table 8. T Test Results (Partial Test)

Variabel	Koefisien	t count	Significance	Information
CATA	0.324590	5.750867	0.0000	Significant
FATA	0.021494	0.387302	0.6988	Not significant
DER	0.695801	3.588817	0.0004	Significant
CATA*KI	0.207670	2.529766	0.0119	Significant
FATA*KI	-0.147564	-1.472866	0.1417	Not significant
DER*KI	-1.290122	-3.975616	0.0001	Significant
Constanta	-3.665492			
Fcount; Significant = 23,658 ; 0,000				
R Square= 0,2815				

Source: Secondary data processed in years 2019

From the table above, we can get the multiple linear regression equation as follows:

$$\text{EV / EBITDA} = -3,665 + 0,324 \text{ CATA} + 0,021 \text{ FATA} + 0,696 \text{ DER} + 0,208 \text{ CATA} * \text{KI} - 0,148 \text{ FATA} * \text{KI} - 1,290 \text{ DER} * \text{KI}$$

The CATA variable has a value of T count 5.751 and a significance of 0.0000 so that the value significance is smaller than 0.05, so there is a significant partial influence of the CATA variable against EV/EBITDA. This means that CATA has a significant effect on EV/EBITDA. A constantan of -3.665 states that if the independent variable is considered constant, then the company's value (EV/EBITDA) of -3.665.

The FATA variable has a value of T count 0.387 and a significance of 0.6988 so that the value of significance is greater than 0.05, so there is no significant partial influence from the FATA variable against EV/EBITDA. This means that FATA has no significant effect on EV/EBITDA.

The DER variable has a value of T count 3.589 and a significance of 0.0004 so that the value of significance is less than 0.05, so there is a significant partial effect of the DER variable against EV/EBITDA. This means that DER has significant effect on EV/EBITDA.

The CATA \* KI variable has a calculate count value of 2.530 and a significance of 0.0119 so that the value of significance is greater than 0.05, so there is a significant partial effect of the CATA \* KI variable against EBITDA.

The FATA \* KI variable has a value of T-1.473 and a significance of 0.1417 so that the value of significance is greater than 0.05, so there is no significant partial influence of the FATA \* KI variable against EV/EBITDA.

The DER \* KI variables have a count-3.976 value and a significance of 0.00001 so that the value of significance is greater than 0.05, so there is a significant partial effect of the DER \* KI variable against EV/EBITDA.

## 5. CONCLUSION

This research analyzes the influence of investment decisions, funding decisions on the company's value with the ownership structure as a moderation variable in manufacturing companies on the Indonesia Stock Exchange. Based on the research and results of the analysis that has been done, it can be concluded as follows:

1. Current Asset to Total Asset Ratio (CATA) positively affects the value of Company (EV/EBITDA)
2. Fixed Asset to Total Assets (FATA) has no influence on the value of the company (EV/EBITDA)
3. Debt Equity Ratio (DER) has a positive effect on the company's value (EV/EBITDA).
4. Institutional ownership reinforces the relationship between Current Asset to Total Asset Ratio (CATA) and company value (EV/EBITDA)
5. Institutional ownership does not affect the relationship between Fixed Asset to Total Assets (FATA) and company values (EV/EBITDA)
6. Institutional ownership weakens the relationship between Debt Equity Ratio (DER) and company value (EV/EBITDA)
7. CATA, FATA, DER, CATA \* KI, FATA \* KI, DER \* KI and KI moderation are jointly able to affect EV/EBITDA by 28.1%.

This study analyzes the effect of investment decisions, funding decisions on firm value with ownership structure as a moderating variable in manufacturing companies on the Indonesia Stock Exchange. This research period for four years from 2014 to 2017 with a slight sample of 87 companies from 150 manufacturing companies. This research uses a four-year period with a slight sample of 87 companies from 150 manufacturing companies, because there are some companies that do not publish the complete audited financial reports so that Reduction of the samples needed for research.

The results of this research can be beneficial to enrich the concept or theory that supports the development of science on financial management, especially in relation to investment decisions, funding decisions, institutional ownership structures and Corporate values and can mine research references relating to agency theory and signalling theory.

The results of this research are aimed at the company in managing financial policies and decisions that are investment decisions and financial decisions as well as the institutional ownership structure of the company in enhancing the company's value. The company may consider the financial decisions taken and consider the magnitude of the company's institutional ownership to increase the value of the company.

The results of this research is intended for investors to be used as consideration in terms of decision making investing especially in manufacturing companies in Indonesia. Investors can choose companies that carry out mechanisms of management of companies and companies that have good financial decisions according to government and corporate rules.

## 6. SUGGESTION

Based on the discussion and conclusion that has been gained on the influence of investment decisions, the decision to fund the value of the company with the ownership structure as a moderation variable in the manufacturing company on the Indonesia Stock Exchange The author gave the following advice



For investors, it is better to invest capital in companies that have good financial decisions and the appropriate share of institutional ownership. For companies, pay more attention to financial decision making and the share of institutional shares in accordance with applicable regulations and benefit the company. For further researchers develop this research by analyzing other factors and adding to the research period.

For the company, pay more attention to the financial decision making and the portion of the institutional share ownership in accordance with the prevailing rules and profitable companies.

For further researchers develop this research by analyzing other factors that Influence the company's value and can provide a appropriate regarding variables that can moderate and influence the other variables.

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