The Effect of Funding Decisions, Dividend Policy, Profitability, and Corporate Social Responsibility on Company Value

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Abstract: This study aims to analyze and examine Funding Decisions, Dividend Policy, Profitability, and Corporate Social Responsibility on Company Value. This research is quantitative research by processing research data using statistics. Quantitative data is obtained by using secondary data in the form of financial reports and company annual reports. This research is proven by testing the hypothesis using statistical analysis methods with multiple linear regression analysis assisted by using the SPSS application. The population in this study are companies in the food and beverage industry that are listed on the Indonesia Stock Exchange (IDX) in the 2019-2021 period. The sampling technique in this study used a purposive sampling method,

Keywords: Funding Decisions, Dividend Policy, Profitability, Corporate Social Responsibility, Company Value

1. Introduction

Technological developments and globalization affect the condition of the world economy. This can lead to competition between companies and thus encourage companies to innovate to survive in competition between companies. Companies that are currently developing are companies engaged in the food and beverage industrybecause as the population increases, the need for food and beverages also increases. Companies engaged in the food and beverage industry need supporting factors to maintain company performance so that company goals can be achieved. Companies that stand in their activities must have many goals. According to the theory of the company, the main goal of the company is to increase the value of the company, according to Salvatore (2005) maximizing firm value means maximizing shareholder wealth. Even if the company has other goals in running its business, being able to maximize share prices is a very important goal to achieve (Brigham & Houston, 2015: 7).

The value of the company is not only about the profit earned by the company but also a reflection of the total assets of the company. The value of the company can also be reflected by the stock price. Firm value is very important because it reflects the performance of a company. Sartono (2010: 487) states that company value is the selling value of a company as an ongoing business. Having excess sales value over liquidation value is the value of the organization that runs the company. In addition, an increase in stock prices can affect the value of the company in front of investors.

The size of the value of a company can be influenced by many factors. These factors are often used by investors to assess the performance of a company in carrying out its business related to increasing the value of the company. These factors are the first funding decisions. A funding decisions is a decision regarding the source of funding obtained by the company for the implementation of operational activities or activities of the company. When making funding decisions, managers are faced with a choice. This choice includes, whether the source of funds to be used comes from internal or external companies. Internal funding sources can be in the form of retained earnings while external funding sources can be in the form of debt or the issuance of new shares.

The second factor is dividend policy, which is a policy regarding company decisions regarding how the profits generated by the company will be distributed to shareholders as dividends or retained as retained earnings which are used to finance the company's investment in the future. The policy on the amount of dividends to be distributed to shareholders has a big influence on investors in their intention to invest in the company. Meanwhile, retained earnings as a source of capital to finance company development, the better the management of company financing originating from retained earnings, the stronger the company's financial position. These retained earnings are then converted into investments by the company and used to finance the company's future operations.

The third factor is profitability, which is the profit generated by the company in one period. When a company can generate large profits, it can indicate that the company's performance and prospects are very good. It can also provide a positive signal to investors to attractattention of investors to increase demand for shares and to increase stock prices where stock prices are a reflection of the value of the company. That way, the company is required to get maximum profit. In addition, the main goal of establishing a company is to achieve maximum profit.

The next factor is corporate social responsibility (CSR), which is a factor that influences company valuebecause corporate social responsibility (CSR) is a form of corporate social responsibility that will give a good image to the community. The more publication information about corporate social responsibility, the it brings more value to the company. The community will judge that the company is not only pursuing profits but also cares about the community or the company's external partners.

2. LiteratureReview and Hypothesis

2.1 Agency Theory

Agency theory describes the relationship between company owners as principals and management as agents. This agency relationship can cause problems when the stakeholders have different goals, the owner wants to increase wealth, while the manager also wants to increase the manager's welfare (Wibowo, 2017). Agency conflicts that arise between parties who have different interests and objectives can complicate and hinder companies in achieving positive performance to generate value for the company.

2.2 Signal Theory

The signal theory discusses the encouragement of companies to provide information to external parties. This encouragement was due to the occurrence of information asymmetry between management and external parties. To reduce information asymmetry, companies must disclose the information they have, both at the level of financial information and non-financial information. Firm value can be increased by reducing asymmetric information, and by providing signals to external parties in the form of reliable financial report information to minimize uncertainty about the company's future growth prospects. According to Jogiyanto (2010) information published as an announcement will provide a signal for investors in making investment decisions. At the time the information was published,

2.3 The value of the company

According to Sartono (2010: 487), the value of the company is the selling value of the company that is running, and the excess value of liquidation is the value of the organization that runs the company. According to Husnan and Pudjiastuti (2012: 7) company value is the price that buyers will pay if the company is sold, so the value of a company is the selling price of a company according to investors which is reflected in the company's stock price. The value of the company is important because it relates to the conditions achieved by the company after going through a series of process activities for several years, namely since the company was founded until now. Firm value can be measured by the valuation ratio. According to Sudana (2011: 23), the valuation ratio is the ratio associated with evaluating the performance of company shares that have been traded on the capital market.

2.4 Funding Decisions

Funding decisions can also be understood as structural decisions of the company's capital. The company's capital structure is a decisions component including short-term debt, long-term debt, and equity. Options that can be taken by companies include sources of funds used from internal or external sources of the company. Funding used in the form of debt is greater than available funding from internal sources, so the company's risk will arise in terms of financial liquidity will also be high. High debt funding increases the value of the company even higher. So, if the funding decisions is increased by one unit, then the value of the company will also increase. From the theoretical basis and experimental research results, the following research hypotheses can be formed. Based on the description above,
H1: Funding decisions affect the value of the company.

2.5 Dividend Policy

Dividend policy is the distribution of profits to shareholders by companies in return for their willingness to invest their assets in the company. The profits shared by the company determine the level of shareholder welfare, this is part of the company's goals. The company distributes dividends to investors regularly so that it will increase the value of the company, and vice versa. If the company does not pay dividends as agreed or contracted by the shareholders, it will reduce the value of the company in the eyes of investors. Based on the description above, the formulation of the first hypothesis of this study is as follows:
H2: Dividend policy affects the value of the company.

2.6 Profitability

Profitability is the company's ability to generate profits when running the company's business. The better the company's profitability, the better the company's performance, meaning that the company's prospects will be

better in the future. In the future, it means that the company's value will be better in the eyes of investors. The higher the company's profitability ratio, the more likely the company distributes dividends. Of course, this can encourage investors to invest in the company so that the company's value increases. Based on the description above, the formulation of the first hypothesis of this study is as follows:
H3: Profitability affects the value of the company.

2.7 Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a company or business world's commitment to contribute to sustainable economic development by paying attention to corporate social responsibility with an emphasis on the balance between economic, social, and environmental aspects. Disclosure of Corporate Social Responsibility (CSR) aims to provide the necessary information to stakeholders. The company hopes that stakeholders will provide supportso that the company's image and performance will increase. With an increase in company performance, investors will be interested in investing in the company. The effect is that the company's stock price will increase, an increase in stock prices can affect the value of the company. Based on the description above, the formulation of the first hypothesis of this study is as follows:
H4: Corporate Social Responsibility affects the value of the company.

3. Methodology and Procedures

3.1 Research Design

This research isquantitative research by processing research data using statistics. Quantitative data was obtained using secondary data in the form of financial reports and annual reports of companies in the food and beverage industry that are listed on the Indonesia Stock Exchange (IDX) in the 2019-2021 period. This research is proven by testing the hypothesis using statistical analysis methods with multiple linear regression analysis assisted by using the SPSS application.

3.2 Population and Sample

The population used in this study are companies in the food and beverage industry that are listed on the Indonesia Stock Exchange (IDX) in the 2019-2021 period. Research data was obtained through the websitewww.idx.co.idand the official website of the related company. The sampling technique for determining the sample to be used in this study used a purposive sampling technique. The criteria used in determining the sample in this study are:

1. Companies in the food and beverage industry that are listed on the Indonesia Stock Exchange (IDX) in the 2019-2021 period.
2. Companies in the food and beverage industry that are listed on the Indonesia Stock Exchange (IDX) have complete financial data and present it in rupiah for the 2019-2021 period.
3. Companies in the food and beverage industry that are listed on the Indonesia Stock Exchange (IDX) continuously distribute dividends in the 2019-2021 period.
4. Companies in the food and beverage industry that are listed on the Indonesia Stock Exchange (IDX) generate positive profits in the 2019-2021 period.

The companies that met these criteria and became the sample in this study were 13 companies in the food and beverage industry. These companies include Budi Starch and Sweetener Tbk, Wilmar Cahaya Indonesia Tbk, Delta Djakarta Tbk, Garuda Food Putra Putri Jaya Tbk, Buyung Poetra Sembada Tbk, Indofood CBP Sukses Makmur Tbk, Indofood Sukses Makmur Tbk, Multi Bintang Indonesia Tbk, Mayora Indah Tbk, Nippon Indosari Corpindo Tbk, Sekar Laut Tbk, Tunas Baru Lampung Tbk, and Ultra Jaya Milk Industry.

Table 1 Variable Measurement

Variable	Indicator	Source
The value of the company	$PBV = \dfrac{\text{Share Price}}{\text{Book value}}$	Husnan & Pudhiastuti (2006:258)
Funding Decision	$DER = \dfrac{\text{Total Debt}}{\text{Total Equity}}$	Cashmere (2014:157)
Dividend Policy	$DPR = \dfrac{\text{Dividend per Share}}{\text{Earnings per Share}} \times 100\%$	Hanafi (2009:86)
Profitability	$ROE = \dfrac{\text{Net Profit After Tax}}{\text{Total Equity}} \times 100\%$	Cashmere (2014:204)
Corporate Social Responsibility	$CSRDI = \dfrac{\sum Xij}{Nj}$	Lela Nurlaela (2019:21)

3.3 Data Analysis Method

The analysis used in processing the research data is multiple linear regression analysis. Multiple linear regression analysis is a regression model that involves more than one independent variable. Multiple linear regression analysis was carried out to find out the direction and how much influence the independent variables have on the dependent variable (Ghozali, 2018). The regression equation in this study:

$$NP = \alpha + \beta 1 KP + \beta 2 KD + \beta 3 P + \beta 4 CSR + ei$$

Information:
NP	: The value of the company
α	: Constant
ei	: Error
β	: Independent variable studied
KP	: Funding Decisions
KD	: Dividend Policy
P	: Profitability
CSR	: Corporate Social Responsibility

4. Result and Discussion

4.1 Descriptive Statistical Analysis

Table 2 Descriptive Statistical Test Results

	N	Minimum	Maximum	Means	std. Deviation
Funding Decisions	39	0.17	2.30	0.8774	0.57944
Dividend Policy	39	0.06	3.49	0.5918	0.67458
Profitability	39	0.02	1.05	0.1708	0.17312
Corporate Social Responsibility	39	0.04	0.43	0.2210	0.10637
The value of the company	39	0.34	28.50	4.0533	5.19754
Valid N (listwise)	39				

Source: processed secondary data, 2023

The descriptive statistical analysis presented above shows that:
1. The minimum value of the funding decisions variable is 0.17, the maximum value is 2.30. The mean is 0.8774 and the standard deviation is 0.57944.
2. The dividend policy variable has a minimum value of 0.06 and a maximum value of 3.49. The mean is 0.5918 and the standard deviation is 0.67458.
3. The minimum value of the profitability variable is 0.02, the maximum value is 1.05. The mean is 0.1708 and the standard deviation is 0.17312.
4. The minimum value of the corporate social responsibility variable is 0.04, the maximum value is 0.43. The average is 0.2210 and the standard deviation is 0.10637.
5. The firm value variable has a minimum value of 0.34 and a maximum value of 28.50. The mean is 4.0533 and the standard deviation is 5.19754.

4.2 Classic Assumption Test
4.2.1 Normality Test

Table 3 Normality Test Results

N		39
Normal Parameters, b	Means	0.0000000
	std. Deviation	2.30197686
Most Extreme Differences	absolute	0.107
	Positive	0.103
	Negative	-0.107
Test Statistics		0.107
asymp. Sig. (2-tailed)		0.200c,d

Source: processed secondary data, 2023

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Based on the table presented above it can be seen that Asymp. Sig. (2-tailed) of 0.200 (0.200 > 0.05),so that according to the information presented it is known that the assumption of normality in the regression model has been fulfilled.

4.2.2 Multicollinearity Test

Table 4 Multicollinearity Test Results

Variable	tolerance	VIF	Information
Funding Decisions	0931	1,074	No multicollinearity occurs
Dividend Policy	0.930	1,076	No multicollinearity occurs
Profitability	0.901	1110	No multicollinearity occurs
Corporate Social Responsibility	0.946	1,057	No multicollinearity occurs

Source: processed secondary data, 2023

Based on the table presented above, it can be seen that the tolerance value is greater than 0.1 and the VIF value is less than 10, so it can be concluded thatin the test there are no symptoms of multicollinearity.

4.2.3 Heteroscedasticity Test

Table 5 Heteroscedasticity Test Results

	Significant	Information
Funding Decisions	0.924	No heteroscedasticity occurs
Dividend Policy	0.743	No heteroscedasticity occurs
Profitability	0.270	No heteroscedasticity occurs
Corporate Social Responsibility	0.647	No heteroscedasticity occurs

Source: processed secondary data, 2023

Based on the table presented above it can be seen thatthe significance value of all independent variables has shown a value of more than 0.05, so it can be concluded that there are no symptoms of heteroscedasticity.

4.2.4 Autocorrelation Test

Table 6 Autocorrelation Test Results

Model	R	std. Error of the Estimate	Durbin-Watson
1	0.691a	0.77428	0.597

Source: processed secondary data, 2023

Based on the table presented above it can be seenthat the Durbin-Watson (DW) value is 0.597, so it can be concluded that this value has passed the autocorrelation test because the DW number is between -2 to +2.

4.3 Hypothesis Test
4.3.1 Multiple Linear Regression Analysis Test

Table 7. Multiple Linear Regression Analysis Test Results

	B	t	Sig.
(Constant)	0.288	0.843	0.405
Funding Decisions	-0.448	-1,993	0.054
Dividend Policy	0.318	1,646	0.109
Profitability	3,348	4,380	0.000
Corporate Social Responsibility	1,077	0887	0.381

Source: processed secondary data, 2023

Based on the results of multiple linear analysis in the table above, using the following regression equation:

$$NP = \alpha + \beta_1 KP + \beta_2 KD + \beta_3 P + \beta_4 CSR + ei$$

1. The constant value is 0.288, so it can be concluded that if the variables of funding decisions, dividend policy, profitability, and corporate social responsibility are constant then the average value of the company is 0.288.

2. The value of the regression equation for the funding decisions variable shows a negative relationship that is equal to -0.448, so it can be seen that if the funding decisions variable increases, the dependent variable firm value will decrease.
3. The value of the regression equation shows a positive value on the dividend policy variable, which is equal to 0.318, so if the dividend policy increases by one unit, the dependent variable increases the value of the company by 0.318.
4. The profitability variable shows a positive value of 3,348, so if profitability increases by one unit, the dependent variable increases the value of the company by 3,348.
5. The corporate social responsibility variable shows a positive value of 1.077, which means that if corporate social responsibility increases by one unit, the dependent variable of firm value will also increase by 1.077.

4.3.2 F Test

Table 8 F Test Results

	Sum of Squares	dF	MeanSquare	F	Sig.
Regression	18,598	4	4,649	7,755	0.000b
residual	20,383	34	0.600		
Total	38,981	38			

Source: processed secondary data, 2023

Based on the table presented above, it can be seen that the F value is 7,755 with a significance value of 0,000. Because the significance is less than 0.05, it can be concluded that the variables of ss, dividend policy, profitability, and corporate social responsibility simultaneously or jointlyinfluence firm value.

4.3.3 Test of the Coefficient of Determination

Table 9 Test Results for the Coefficient of Determination

	R	R Square	Adjusted R Square	std. Error of the Estimate
1	0.691a	0.477	0.416	0.77428

Source: processed secondary data, 2023

Based on the table presented above, it can be seen that the magnitude of the coefficient of determination or adjusted R^2 is 0.416, this indicates that 41.6% of the firm's valuecompanies in the food and beverage industry listed on the Indonesia Stock Exchange (IDX) in the 2019-2021 period can be influenced by funding decisions, dividend policies, profitability, and corporate social responsibility. While 58.4% is influenced by other variables that are not analyzed in this hypothesis test.

4.3.4 T Test

Table 10 T test results

	Q	Significant	Information
Funding Decisions	-1,993	0.054	H1 Rejected
Dividend Policy	1,646	0.109	H2 Rejected
Profitability	4,380	0.000	H3 Accepted
Corporate Social Responsibility	0887	0.381	H4 Rejected

Source: processed secondary data, 2023

Based on the table presented above it can be concluded that:
1. The Effect of Funding Decisions on Firm Value
   The results of the funding decisions test show a t value of -1.993 with a significance value of 0.054 > 0.05, this indicates that the funding decisionsdoes notaffect firm value (H1 is rejected).
2. The Effect of Dividend Policy on Firm Value
   The results of the dividend policy test show a t value of 1.646 with a significance value of 0.109 > 0.05, this indicates that the dividend policy does notaffect firm value (H2 is rejected).
3. Effect of Profitability on Firm Value
   The results of the profitability test show a t-value of 4,380 with a significance value of 0,000 <0.05, this indicates that profitability affects firm value (H3 is accepted).
4. Corporate Social Responsibility towards Corporate Values

The results of the corporate social responsibility test show a t value of 0.887 with a significance value of 0.381 > 0.05, this indicates that corporate social responsibility does notaffect firm value (H4 is rejected).

5. Conclusion
Based on the results of the analysis and discussion in the previous chapter, the following conclusions can be drawn:
1. Funding decisions have no effect on firm valuecompanies in the food and beverage industry that are listed on the Indonesia Stock Exchange (IDX) in the 2019-2021 period. This shows that funding decisions are not a significant factor in determining the occurrence of firmvalue.
2. Dividend policy does not affect company value in companies in the food and beverage industry that are listed on the Indonesia Stock Exchange (IDX) in the 2019-2021 period. This shows that dividend policy is not a significant factor in determining the occurrence of firm value.
3. Profitability affects company value in companies in the food and beverage industry that are listed on the Indonesia Stock Exchange (IDX) in the 2019-2021 period. This shows that profitability is a significant factor in determining the occurrence of firm value.
4. Corporate social responsibility has no effect on company value in companies in the food and beverage industry that are listed on the Indonesia Stock Exchange (IDX) in the 2019-2021 period. This shows that corporate social responsibility is not a significant factor in determining the occurrence of company value.

Limitations
1. The study only used four variables, so the independent variables used to explain the dependent variable were 41.6% and the remaining 58.4% were explained by other variables outside this research model.
2. The period in this study is only limited to the short-term period, namely 2019-2021, so it is still lacking in providing maximum results.

Suggestions
1. For future researchers, in conducting research with other samples, as well as adding independent variables that have not been studied so that the research results have broader generalizations.
2. For future researchers to increase the observation period in the long term,to provide maximum results.

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