

TIJDESSA, Vol 2 (No2), 2021, Page 30-50
p-ISSN: 2581-2904, e-ISSN: 2581-2912
DOI: 10.26418/tijdessa.v1i1.41451

TANJUNGPURA INTERNATIONAL JOURNAL ON DYNAMICS ECONOMIC, SOCIAL SCIENCES AND AGRIBUSINESS

<http://tijdessa.untan.ac.id/>

Macro Variable and Investment Decisions Effect on Company Value

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Abstract : Firm value is an investor's perception of a company, which is often associated with stock prices. A high share price indicates a high company value and a low share price indicates a low company value. Firm value is the price that prospective buyers are willing to pay if the company is sold. In other words, the value of the company that is formed through the stock market value indicator, is strongly influenced by investment opportunities, where investment opportunities provide a signal about the company's growth in the future, thereby increasing stock prices as an indicator of company value (signaling theory). The population in this study are companies listed on the IDX on Kompas 100 for the 2015-2019 period. The results of joint or simultaneous hypothesis testing show that there is a relationship between interest rates, exchange rates, economic growth, financial performance, funding decisions and investment decisions on firm value. Partial test results have a negative and insignificant effect on interest rates on firm value, which provides a relationship that when interest rates decrease, firm value will increase.

Keywords: Firm Value, Macro Variable, Investment Decision

Introduction

The dynamics of the global economy revolves around three main problems that have occurred since 2015 namely the weak world economy, low commodity prices and high financial market certainty. With these problems, one of them has an impact on the company. The company strives to the maximum in order to develop and survive. In addition, companies must be able to fix and regulate their performance in order to maintain their existence. Therefore, it is necessary to have a continuous financial flow process and record it in financial statements consisting of a balance sheet and profit and loss account so as not to go bankrupt because of these problems and provide a positive value for the value of the company.

Firm value is an investor's perception of a company, which is often associated with stock prices. A high share price indicates a high company value and a low share price indicates a low company value. According to (Mishra & Kapil, 2017), firm value is the price that prospective buyers are willing to pay if the company is sold. In other words, the value of the company that is formed through the stock market value indicator, is strongly influenced by investment opportunities, where investment opportunities provide a signal about the company's growth in the future, thereby increasing stock prices as an indicator of company value (signaling theory).

The market reaction is indicated by a change in the trading volume of the company's shares. When the information is announced and all market participants have received the information, market participants will interpret and analyze the information as a good signal (good news) or a bad signal (bad news). Signaling theory also explains the reasons why companies provide financial statement information to external parties. Until now, the global economy has made market competition increasingly sharp, carried out by large and small companies. Competition makes companies improve financial performance so that goals are achieved, especially to achieve company value. The value of the company describes how well or not management manages its wealth. High company value can increase the prosperity for shareholders, so it can affect investors' perception of the company. Every company is required to be able to process important functions in the company effectively and efficiently so that the company can be superior. This is a separate problem for the company because it involves the fulfillment of the necessary funds.

In addition, the value of the company is the result of the company's performance in a period. The better the financial performance of a company, the easier it is to attract investors to invest their funds in the company. The main purpose of the company is to increase the value of the company through increasing the prosperity of the owners or shareholders (Brigham and Houston, 2009). Increasing the value of the company is a long-term goal, namely by improving the company's performance so that the share price is pushed up and ultimately

affects the value of the company. Optimizing the value of the company which is the company's goal can be achieved through the implementation of the financial management function, where one decision taken will affect other financial decisions and have an impact on company value (Elson et al., 2007; Kang et al., 2010)

Interest rates, exchange rates, and economic growth are all macroeconomic issues. Microeconomic issues including financial performance, funding decisions, and investment decisions also influence firm value. As a result, some of these elements must be taken into account while developing and achieving strong performance management in order for a firm to achieve good corporate value in terms of profits and developments. The ratio used to compare the performance of the stock market price against its book value, Price to Book Value (PBV), is used to determine the value of a company. PBV also demonstrates the extent to which a corporation may build firm value in relation to the amount of capital spent (Gosal et al., 2018; Książak, 2016; Lidyah et al., 2019) Based on previous research, the results are inconsistent when it comes to determining which factors are important in determining the value of a company's stock. Aside from that, there are conflicting research results, either between research or financial theory studies in general. Interest rates, exchange rates, economic growth, financial performance as proxied by return on assets (ROE), funding decisions proxied by total debt ratio (TDR), investment decisions proxied by growth in fixed assets (PAT), investment decisions is a company that is part of this research.

Literature Review

The company is an organization that combines shared resources to produce goods and services (Oktari et al., 2018). According to the theory of the firm, the main purpose of the company is to maximize the wealth or value of the company. Firm value is the price that prospective buyers are willing to pay if the company is sold. The value of the company in the perception of investors is the level of success of the company related to its share price. The stock price used generally refers to the closing price (closing price), and is the price that occurs when the stock is traded on the stock exchange. High stock prices make the value of the company also high, and increase market confidence in the company's current performance and the company's prospects in the future.

The company's valuation ratio is directly related to the goal of maximizing company value and shareholder wealth. The company's valuation ratio used is the market value ratio which consists of 3 kinds of ratios, namely price earnings ratio, price/cash flow ratio and price to book value ratio. Price earnings ratio is the ratio of price per share to earnings per share. Each value in this ratio indicates how much rupiah must be paid by investors to pay each rupiah of reported profit. Price/cash flow ratio is the price per share divided by the cash flow per

share. Meanwhile, Price to book value ratio is a ratio that shows the relationship between the company's stock market price and the company's book value (Lidyah et al., 2019). The PBV ratio measures the extent to which the company's ability to create value relative to the amount of capital invested and calculates the share price divided by the amount of equity (AlQadasi & Abidin, 2018). The higher the share price, the more successful the company is at creating shareholder value. The success of the company in creating this value gives hope to shareholders in the form of greater profits.

PBV is defined as the market price of a share divided by its book value (BV) (Gosal et al., 2018). PBV is also used to measure the value of a stock. The higher the PBV, the more expensive the stock price. PBV also shows how far the company is able to create corporate value. Companies that run well generally have a PBV above 1, which indicates a market value that is higher than its book value. The higher the PBV, the higher the stock return. The higher the stock return will increase the company's income thereby increasing the company's ability to distribute dividends. In general (Sustrianah, 2020; Widyatmaka, 2012)

PBV is a ratio that has been widely used in various securities analysis. This PBV ratio is defined as a comparison of the market value of a stock (stock' market value) to its own book value (company) so that we can measure the level of stock prices whether over value or under value (Brigham, 2006). The calculation is done by dividing the stock price in a certain quarter by the quarterly book value per share. The lower the PBV value of a stock, the stock is categorized as undervalued, which is very good for deciding long-term investments. This low PBV value must be caused by the decline in stock prices, so that the stock price is below its book value or actual value. However, a low PBV value can also indicate a decline in the quality and fundamental performance of the issuer concerned. Therefore, we must compare the PBV value with the PBV of the sector concerned. If the difference is too far from the PBV of the industry, it should be analyzed more deeply (Mishra & Kapil, 2017).

In addition, PBV also gives a signal to investors whether the price we pay or invest in the company is too high or not if it is assumed that the company suddenly goes bankrupt. If you go bankrupt, you have to pay debts first, then the remaining assets are distributed to shareholders. There is a weakness in this financial ratio, where the value of equity is directly affected by the company's retained earnings which are accumulated from the profit/loss in the income statement. So the main concept of PBV is market capitalization divided by book value. Book value can be on the basis of the whole company or per share only. This ratio clearly compares market value to company value based on financial statements. So it shows that the higher the PBV value means excessive market perception of the company value and vice versa, the lower PBV, in other words it also means a signal of good investment opportunity in the long term (Pratama, 2016).

Methods

Research Form

Based on the nature of scientific explanation, this research is an associative research. Associative can be defined as research that aims to explain the relationship of two or more variables that are causal (casualality) (Wijaya, 2013). In addition, this type of research uses quantitative research, where research aims to determine the influence between variables.

Place and time of research

This research was carried out in researching Non-Banking Companies listed on the IDX on Kompas 100 in 2015-2019 with a research time of 2020.

Data

The data used in this research is secondary data. "Secondary data is data provided or obtained by researchers indirectly using intermediary media or in other words through other people or through documents recorded by other parties" (Sugiyono, 2017). Secondary data is usually in the form of evidence, records, and historical reports arranged in published and unpublished archives (documentary data) obtained from the object of research (company). The secondary data needed in this study is the annual financial report for the 2015-2019 period.

Population and Sample

Population

The population is a generalization area consisting of objects or subjects that have certain qualities and characteristics determined by researchers to be studied and then drawn conclusions (Sugiyono, 2017: 363). The population in this study are companies listed on the IDX on Kompas 100 for the 2015-2019 period.

Sample

The sample is part of the population (Sugiyono, 2017: 363). The sampling technique in this study used purposive sampling. "Purposive sampling is sampling with certain considerations" (Sugiyono, 2017:367). The sample in this study is 53 non-bank companies. The sample selection is 51 companies because of the total population of companies in Kompas 100 only use non-bank companies (92) minus 41 companies that are not fixed or experience in and out during the 2015-2019 period.

Research Variables and Operational Definitions

Research variable

Research variables are everything that becomes the object of observation in research. Research variables are basically everything in any form determined by the researcher to be studied so that information is obtained about it, then conclusions are drawn (Sugiyono, 2017). The variables used in this study are:

Independent variable (independent)

is a variable that affects or is the cause of the change and the emergence of the dependent variable (Sugiyono, 2017). The independent variables in this study are (1) Interest Rate (X1), (2) Exchange Rate (X2), (3) Economic Growth (X3) (4) Financial Performance (ROE) (X4), (5) Funding Decision (TDR) (X5) and (6) Investment Decision (Fixed Assets Growth) (X6).

Dependent variable (dependent)

is a variable that is influenced or becomes a result because of the independent variable (Sugiyono, 2017). The dependent variable in this study is Firm Value (PBV) (Y).

Technical Analysis Tool

The data analysis technique used in this research is panel data regression analysis. Multiple linear regression analysis can be used to obtain an overview of the effect of the independent variable on the dependent variable. The data used in this study is panel data. Panel data (pooled data) or also called longitudinal data is a combination of cross section data and time series data. Cross section data is data collected at one time against many individuals, while time series is data collected from time to time against an individual. The data processing technique in this study was carried out using a parametric statistical tool, namely Eviews10. Eviews provides tools for data analysis, regression, and forecasting. Eviews can be used for scientific data analysis and evaluation, financial analysis, macroeconomic forecasting, simulation, sales forecasting, and cost analysis. The regression model used in this study is expressed in the following equation:

$$Y_{it} = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \beta_5 X_{5it} + \beta_6 X_{6it} + \epsilon_{it}$$

Information:

Y : Firm Value (PBV)

i : Company
t : time (year)
: Constant
1, 2, $\beta_3, \beta_4, \beta_5$: Coefficient of regression equation predictor (beta) X1-X5
X1 : Interest Rate Variable
X2 : Exchange Rate Variable
X3 : Variable Economic Growth
X4 : Financial Performance Variable (ROE)
X5 : Funding Decision Variable (TDR)
X6 : Investment Decision Variable (Fixed Asset Growth)
: Error term(residual) or error

Descriptive statistics

Descriptive statistical analysis is a statistic used to analyze data by describing or describing the data that has been collected as it is without the intention of making generally accepted conclusions or generalizations (Sugiyono, 2017). The descriptive statistics used in this study are the average (mean), maximum, minimum, and standard deviation values.

Panel Data Estimation Method

According to Gujarati (2010) there are three methods used to estimate panel data, namely:

Model Pooled Least Square (Common Effect)

This model is known as Common Effect estimation, which is a technique that only combines time series and cross section data. This model only combines the two data without looking at the differences between time and individuals so it can be said that this model is the same as the OLS (Ordinary Least Square) method because it uses ordinary small squares. In this approach, it only assumes that the behavior of the data between spaces is the same in various time periods. In several panel data studies, this model is often never used as the main estimate because the nature of this model does not distinguish the behavior of the data so that it allows bias, but this model is used as a comparison from the selection of other models. The simplest regression for panel data estimation.

Fixed Effect Approach Model (Fixed Effect)

This model approach is also called the Least Square Dummy Variable or Covariance Model. In the Fixed Effect method, estimation can be done without weighting (no weighted) or Least Square Dummy Variable (LSDV) and with weighting (cross section weight) or General Least Square (GLS). The purpose of weighting is to reduce heterogeneity between cross section units. The use of this model is appropriate to see changes in data behavior from each variable so that the data is more dynamic in data interpretation.

Random Effect Approach Model (Random Effect)

In the random effect model (Random Effect). parameters that differ between regions and over time are included in the error. Because of this, the random effects model is also called the error component model. By using these random effects model. then it can save the use of degrees of freedom and not reduce the number as is done in the fixed effect model. This implies that the parameters which are the estimation results will become more efficient. The decision to use a fixed or random effect model is determined by using the Hausman test with the condition that if the probability generated is significant with alpha, the Fixed Effect method can be used, but if on the contrary, you can choose the best one between the Fixed Effect model and the Random Effect.

Model Significance Test

This test was conducted to see which model was the most appropriate to be used in research when viewed from the three panel data models described previously.

Chow test

Chow test is a test to determine the most appropriate common effect or Fixed Effect model used in estimating panel data. The hypotheses in the chow test are:

H0 : Common Effect Model or Pooled OLS

H1 : Fixed Effect Model

The basis for rejecting the above hypothesis is to compare the calculation of the F-statistics with the F-table. The comparison is used if the calculated F result is greater ($>$) than the F-table, then H0 is rejected, which means that the most appropriate model to use is the Fixed effect Model. Vice versa, if the F-count is smaller than ($<$) F-table, then H0 is accepted and the model used is the common effect model.

The calculation of F statistic is obtained from the Chow test with the formula:

$$F = \frac{((SSE_1 - SSE_2) / ((n-1)))}{((SSE_1) / ((nt-n-k)))}$$

Where:

SSE1 : Sum Square Error of Common Effect Model

SSE2 : Sum Square Error of Fixed Effect Model

n : number of samples (cross section)

nt : number of cross sections x number of time series

k : number of independent variables (free)

While F table can be obtained from:

$$F\text{-table} = (\alpha; df(n-1, nt-n-k))$$

Where:

α : The level of significance used (alpha)

n : number of samples (Cross Section)

nt : number of cross sections x number of time series

k : number of independent variables (free)

Hausman test

This test was conducted to select the best model between fixed effect or random effect models. This test has been developed to choose whether to use Fixed Effect or Random Effect. The Hausman test uses the H test statistic that follows a chi-square distribution with degrees of freedom (db) equal to the number of independent variables. The decision to use a fixed or random effect model is determined by looking at the value of the random cross section on the probability if it is more than 0.05, then it can be concluded that the random effects model is more appropriate to use but if the probability value of the random cross section is less than 0.05 then the fixed effect is more appropriate to use in the test results. hasuman. Provisions if the probability value of Chi Square where H0 is accepted if the probability value is greater than 0.05. On the other hand, if the probability value is less than 0.05, then H1 is accepted. The hypotheses in the Hausman test are:

H0: The random effect model is better than the fixed effect model.

H1: The fixed effect model is better than the random effect model.

Classic Assumption Test

Before the data is analyzed in the multiple linear regression model above, it is necessary to test some classical assumptions. Classical assumption test is a test of violations of classical assumptions which is usually done by observing the pattern of residual values. For example, seen from its spread and fluctuations. Residual (ϵ) is observed because it is considered a representation of Y variance that cannot be explained by the proposed model. Therefore, if there is a violation of the assumptions. then it will be shown by the movement pattern. Classical assumption test in this study, which consists of normality test, multicollinearity test and heteroscedasticity test (Sugiyono, 2014).

Normality test

This test is to see whether the data is normally distributed or not. Distribution is a distribution whose shape follows the Gaussian function, in the sense that it is shaped like a bell (bell), and is symmetrical. Multiple regression analysis requires that the residual population is normally distributed. If the test is less than the real level ($\alpha = 0.05$) it means that the data is not normally distributed, but if it is more than the real level ($\alpha = 0.05$) then the data distribution is normal.

Multicollinearity test

According to Ajija et al (2011) multicollinearity means that there is a perfect or definite linear relationship between some or all of the variables that explain the regression model. If this happens, the influence of the independent variable on the dependent variable will be low even though the overall F value of the model looks high. This will result in the coefficient failing to reject H0 even though the role of the variable is actually important, this is a problem that arises when there is multicollinearity. The probability of this multicollinearity will be greater in line with the increase in the number of independent variables. One way to test the existence of multicollinearity according to Ghazali (2013: 83), if the value is not more than 0.90 then the independent variable is multicollinearity.

Heteroscedasticity test

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from one observation to another. Heteroscedasticity can also occur when the effect of the independent variable on the dependent variable is different in two different sample groups. A good regression model is one that does not occur heteroscedasticity. The method used is the statistical analysis method using the Glejser Test. If in the Glejser test the value of Obs*R-squared is less than the level of significance ($\alpha = 0.05$), it means that there is heteroscedasticity, but if the value of Obs*R-squared is more than the level of significance ($\alpha = 0.05$), then there is no heteroscedasticity in the model (Dr. Wahidmurni, 2017)

Hypothesis test

The accuracy of the sample regression function in estimating the actual value can be measured. At least it can be measured from the value of the F statistic, and the value of the t statistic and the value of the coefficient of determination.

F Uji test

The F test is used to see how the influence of all the independent variables (independent) together on the dependent variable (dependent). In this study, it will be seen how the independent variable affects the dependent variable. The test criteria are as follows:

$H_0 : \beta_1 = \beta_2 = 0$ means that there is no significant effect between all independent variables on the dependent variable.

$H_a : \beta_1 \neq \beta_2 \neq 0$ means that there is a significant influence between all independent variables on the dependent variable.

Decision making criteria:

If $F_{\text{count}} \leq F_{\text{table}}$ then H_0 is accepted. H_a is rejected or if probability 0.05 then H_0 is accepted, H_a is rejected.

If $F_{\text{count}} > F_{\text{table}}$ then H_a is accepted. H_0 is rejected or if the probability is < 0.05 then H_0 is rejected. H_a accepted.

Partial Test (t test)

The t-statistic test is used to test the partial effect of the independent variables on the dependent variable or this test is carried out to test the level of significance of each independent variable in influencing the dependent variable. To see the effect of each of these independent variables, a two-way t-test was performed (Gujarati, 2003). In addition, this test can test the partial effect of other variables outside of the independent and dependent variables, such as supporting variables that affect the dependent variable. Statistical t-test was conducted to test the significance of the independent variable on the dependent variable individually, this was done by comparing t-count with t-table at a significant level of 5%.

T-test formula:

$$t\text{-count} = (b_i - \beta) / S_{b_i}$$

Information:

b_i = coefficient of the i-th independent variable

The test criteria are as follows:

$H_0 : \beta_1 = \beta_2 = 0$ means that there is no significant effect of the independent variable on the dependent variable, or other variables on the dependent variable.

$H_a : \beta_1 \neq \beta_2 \neq 0$ means that there is a significant effect of the independent variable on the dependent variable, as well as other variables on the dependent variable.

Decision making criteria:

If $t\text{-count} < t\text{-table}$ then H_0 is accepted, H_a is rejected or if probability > 0.05 then H_0 is accepted, H_a is rejected.

If $t\text{-count} > t\text{-table}$ then H_a is accepted, H_0 is rejected or if probability < 0.05 then H_0 is rejected, H_a is accepted.

Coefficient of Determination Test (R^2 Test)

A model has advantages and disadvantages when applied to different problems. To measure the goodness of a model (goodness of fit) the coefficient of determination (R^2) is used. The coefficient of determination (R^2) is a number that gives the proportion or percentage of the total variation in the dependent variable (Y) which is explained by the independent variable (X) (Gujarati, 2003).

Result and Discussion

Tabel 1. **Test cross-section random effects**

Tabel 2. **Descriptive Statistics**

Variable	Mean	Median	Maximum	Minimum	Std. Dev.
Interest Rate	5.68	5.63	7.50	4.56	1.00
Exchange Rate	13,832	13,795	14,481	13,436	365.36
Economic Growth	5.02	5.03	5.17	4.79	0.13
Financial Performance	16.19	11.40	160.99	-90.84	24.73
Funding Decision	48.90	46.94	189.77	12.64	22.50
Investment Decision	12.93	7.12	321.16	-76.98	32.80
Company Value	209.81	153.79	914.08	-27.21	169.06

Based on table 2 above, it can be concluded that descriptive statistics with a sample of 51 companies, the interest rate variable has the smallest value (minimum) of 4.56 and the largest value (maximum) of 7.50. The average interest rate is 5.68. The standard deviation of interest rates is 1.00 (below the average), meaning that interest rates have a low level of variation in data. The exchange rate variable has the smallest (minimum) value of 13,436 and the largest (maximum) value of 14,481. The average exchange rate is 13,832.20. The standard deviation

of the exchange rate is 365.36 (below the average), meaning that the exchange rate has a low level of data variation.

The economic growth variable has the smallest (minimum) value of 4.79 and the largest (maximum) value of 5.17. The average economic growth is 5.02. The standard deviation value of economic growth is 0.13 (below the average), meaning that economic growth has a low level of data variation.

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.00	6.00	1.00

The financial performance variable as proxied by return on equity (ROE) has the smallest (minimum) value of -90.84 and the largest (maximum) value of 160.99. The average ROE owned by 51 companies is 16.19, this shows that every Rp. 1 of the company's equity can generate Rp. 16.19 of profit. The standard deviation value of ROE is 24.73 (above the average), meaning that ROE has a high level of data variation.

The funding decision variable which is proxied by the total debt ratio (TDR) has the smallest (minimum) value of 12.64 and the largest (maximum) value of 189.77. The average TDR owned by 51 companies is 48.90, this shows that every Rp. 1 company's assets can finance Rp. 48.90 of the company's liabilities. The standard deviation of the TDR is 22.50 (below the average), meaning that the TDR has a low level of data variation.

The investment decision variable which is proxied by fixed asset growth (PAT) has the smallest (minimum) value of -76.98 and the largest (maximum) value of 321.16. The average PAT owned by 51 companies is 12.93. The standard deviation value of PAT is 32.80 (above the average), meaning that PAT has a high level of data variation. Firm value variable which is proxied by price to book value (PBV) has the smallest (minimum) value of -27.21 and the largest (maximum) value of 914.08. The average PBV owned by 51 companies is 209.81, this shows that to get one share, a sacrifice of Rp 209.81 is needed. The standard deviation of the PBV is 169.06 (below the average), meaning that the PBV has a low level of data variation.

Tests to determine the most appropriate common effect or Fixed Effect model used in estimating panel data. The results of the Chow test can be seen in the table below:

Tabel 3. Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	7.16	-50198.00	0.00
Cross-section Chi-square	263.25	50.00	0.00

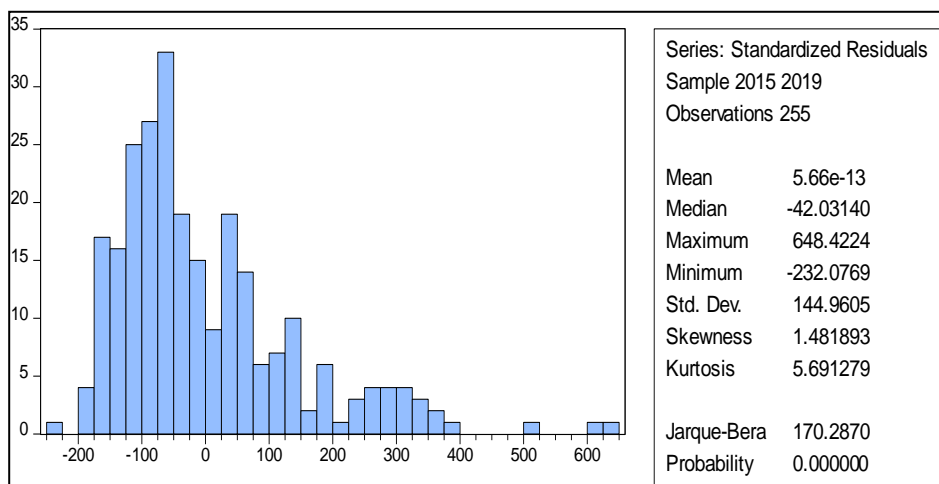
In the table above, it can be seen that the value of the chi-square cross section at a probability of 0.00 is less than 0.05, so it can be concluded that the fixed effect model is more appropriate to use than the common effect in the Chow test. This test was conducted to select the best model between fixed effect or random effect models. The results of the Hausman test can be seen in the table below:

In the table above, it can be seen that the random cross section value with a probability of 1.00 is more than 0.05, so it can be concluded that the random effect model is more appropriate to use than the fixed effect in the Hasuman test.

Normality test

The normality test is intended to test whether the standardized residual value in the regression model is normally distributed or not. The normality of the data was tested using Jarque-Bera statistics on Unstandardized residuals with a significant level of 5%. Based on this test, the data will be said to be normal if the value of sig. Jarque-Bera is greater than = 0.05. The following are the results of the normality test from this research data:

Figure 1. Uji normalitas



The results of the normality test based on Figure 1., show that the value of sig. Jarque-Bera for the above model when the number of samples is 255 is 0.000 smaller than $\alpha = 0.05$ so the data is not normally distributed. If there are a lot of observation data, then the assumption of residual normality can be ignored. According to (Dr. Wahidmurni, 2017), the central limit theorem states that the sampling distribution curve (for a sample size of 30 or more) will center on the population parameter values and will have all the properties of a normal distribution. So if the normality test shows that the one used in this study tends to be abnormal, the Central Limit Theorem assumption can be used, i.e. if the number of observations is large enough ($n > 30$) then the assumption of normality can be ignored.

Tabel 4. Multicollinearity Testing

Variable	Interest Rate	Exchange Rate	Economic Growth	Financial Performance	Funding Decision	Investment Decision
Interest Rate	1.00	-0.08	-0.91	-0.03	0.06	0.22
Exchange Rate	-0.08	1.00	0.39	-0.05	-0.01	0.11
Economic Growth	-0.91	0.39	1.00	0.01	-0.06	-0.17
Financial Performance	-0.03	-0.05	0.01	1.00	0.15	-0.06
Funding Decision	0.06	-0.01	-0.06	0.15	1.00	0.07
Investment Decision	0.22	0.11	-0.17	-0.06	0.07	1.00

Based on table 4., it can be concluded that the multicollinearity test on the model shows that the value of each variable in this study is less than 0.90, meaning that the data is free from multicollinearity.

Tabel 5. Heteredasticity Testing

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	(40.32)	32.10	(1.26)	0.21
Interest Rate	(0.72)	1.43	(0.50)	0.62
Exchange Rate	5.42	4.41	1.23	0.22
Economic Growth	(6.82)	10.17	(0.67)	0.50
Financial Performance	0.06	0.08	0.72	0.47
Funding Decision	(0.10)	0.18	(0.54)	0.59
Investment Decision	0.02	0.07	0.25	0.81

The results of the heteroscedasticity test based on table 5 show that all the independent variables in this study have no statistically significant influence on the dependent variable. This is because, the significance value of each independent variable is greater than $= 0.05$, which means that the independent variable has no significant effect on the absolute standardized residual. Therefore, it can be concluded that the regression model in this study does not have heteroscedasticity.

The Effect of Interest Rates on Firm Value

The results of the analysis show the beta coefficient value -23.69. The findings in this study indicate the direction of the negative coefficient which provides a relationship that when interest rates decrease, the value of the company will increase. The negative effect of interest rates is in accordance with the theory expressed by (Siallagan & Machfoedz, 2006) and (Datuk, 2014) which states that macroeconomic factors, such as the rate of inflation growth, interest rates and fluctuations in currency exchange rates (exchange rate) have been empirically proven. have an influence on capital market conditions in several countries.

The phenomenon of this relationship can occur due to global economic conditions that are experiencing a slowdown starting to have an impact on the Indonesian economy, this can be seen from the declining trend of company value (PBV) from 2015 to 2019. So even though the BI rate has been lowered, the company's performance has not been able to recovered due to the company's sales level was experiencing a decline.

The significance value found in this study is 0.26 which indicates that interest rates have no significant effect on firm value. It does not affect interest rates on firm value because management does not respond to capital structure adjustments that can affect company profits. This can be seen from table 6.:

Table 6. Average Interest Rate, Capital Structure and Firm Value in 2015-2019

Year	Interest Rate (%)	Company Value	Capital Structure (%)	
			Equity	Liability
2015	7.50	2.17	42	58
2016	5.67	2.06	44	56
2017	4.56	2.35	48	52
2018	5.06	2.04	47	53
2019	5.63	1.88	47	53

Table 6 shows the decline in interest rates from 2015 to 2017. The decrease in interest rates can be used by the company to increase profits from the use of capital sourced from debt. However, the table above shows that the company does not increase the use of capital from debt. It can be seen in 2015 that capital sourced from debt 58% decreased to 52% in 2017. Even the increase in interest rates from 2017 to 2019 was followed by an increase in capital from debt. From these problems the impact of reducing the company's profit so that investor interest decreases which in turn lowers the stock price which reflects the value of the company during the study period.

Table 7. Average Exchange Rate and Net Profit of the Company in 2015-2019

Year	Exchange Rate	Net Profit
2015	13,795	3,388,598
2016	13,436	4,625,182
2017	13,548	4,685,617
2018	14,481	4,749,052
2019	13,901	4,296,651

Table 7 shows that the company is not too sensitive to the exchange rate that occurs. Although there was an increase (depreciation) in the exchange rate in 2018, the company's profits did not decrease. The products produced still provide an increase in company profits, so it does not reduce sales volume and profits. In addition, the company may use raw

materials sourced from within the country, not imported goods. The results of this study support the results of (Tornyeva & Wereko, 2012) which found that the exchange rate had no effect on firm value.

The Effect of Economic Growth on Firm Value

The results of the analysis show the value of the beta coefficient -200.82. The findings in this study indicate the direction of the negative coefficient which gives the effect that when economic growth decreases, the value of the company increases. The significance value found in this study is 0.27 which indicates that economic growth has no significant effect on firm value. An increase in the economic growth of a country indicates an increase in the welfare of the people in that country. An increase in people's welfare will encourage people to consume goods and services so as to expand investment in the real sector. The development of investment in the real sector is not always followed by an increase in investment in the capital market. Another factor that needs to be considered is the distribution of social welfare. Increased economic growth does not necessarily increase the income per capita of each individual so that investment in the capital market is not affected by an increase in economic growth. In addition, the economic growth target that is not achieved indicates that people's purchasing power is still limited to certain needs.

Table 8. The Company's Average Equity and Net Profit for the Year 2015-2019.

Year	Equity	Net Profit
2015	17,613,038	3,388,598
2016	19,810,751	4,625,182
2017	21,670,101	4,685,617
2018	23,369,322	4,749,052
2019	24,216,001	4,296,651

Table 8 shows an increase in equity from 2015 to 2019 which was followed by an increase in net income, although there was a decrease in net profit in 2019 but it did not significantly reduce financial performance. The increase in equity can be used by the company to increase the company's profit so that the company's financial performance is in good condition, thus

investors will be interested in investing capital and in the end can increase the value of the company.

The significance value in this study is 0.00 less than 0.05 which indicates that financial performance has a significant effect on firm value. The significance of the financial performance as proxied by ROE to firm value is because investors assume that the overall average equity owned by the company is able to be used to generate corporate profits. With an average of 16.19, it shows that 16.19 equity can be used to generate future company profits in the eyes of investors.

Conclusion

Based on the results of the research obtained and the discussion that has been carried out regarding interest rates, exchange rates, economic growth, financial performance, funding decisions and investment decisions on company value in companies that are members of Kompas 100 on the Indonesia Stock Exchange in 2015 – 2019 it can be concluded as following, the results of joint or simultaneous hypothesis testing show that there is a relationship between interest rates, exchange rates, economic growth, financial performance, funding decisions and investment decisions on firm value. Partial test results have a negative and insignificant effect on interest rates on firm value, which provides a relationship that when interest rates decrease, firm value will increase.

The partial test results have a positive and insignificant effect on the exchange rate on the firm value, which gives the effect that when the exchange rate increases, the firm value will increase. The partial test results have a negative and insignificant effect of economic growth on firm value, which gives the effect that when economic growth declines, firm value increases. The partial test results have a positive and significant effect on financial performance on firm value, which provides a relationship that when financial performance increases, firm value will increase. The partial test results have a negative and significant influence on funding decisions on firm value, which provides a relationship that when funding decisions decrease, firm value will increase. Partial test results have a positive and insignificant effect on interest rates on firm value, when investment decisions increase, firm value will increase. The results of the coefficient of determination test show that 14% of firm value can be explained by variables of interest rates, exchange rates, economic growth, financial performance, funding decisions and investment decisions, while the remaining 86% is explained by other variables not examined.

This research was conducted with some limitations of the study which with these limitations can affect the results of the study. The limitations of this research are this study only uses 6 independent variables, namely interest rates, exchange rates, economic growth (GDP), financial performance (ROE), funding decisions (TDR) and investment decisions (PAT).

While there are many other factors that can affect the value of the company, so this research does not cover all the factors that affect the value of the company. This research is only limited to non-banking companies that are members of Kompas 100 on the Indonesia Stock Exchange (IDX), the time period used is only five years, namely 2015 to 2019.

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