

Influence of Investment Decisions and Financial Decisions on Company Value based MBVE as a Moderating Variable To Mining Companies Listed in IDX Year 2008-2014

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Abstract: Stock prices volatile moves in the stock market is a matter that needs to be considered by a financial manager, because it is a must-know information for investors, especially investors who invest in the mining sector. That investors make a profit then he should be able to predict the movement of stock indices and see opportunities in investing. Based on the objectives and the formulation of this research. Subjects of this study consisted of 23 (twenty three) mining company in Indonesia which has the financial statements Year 2011-2014. Where that becomes the independent variable in research that investment decisions and funding decisions, while the dependent variable is the value of the company and Market to Book Value of Equity (MBVE) as moderation. Data analysis technique used is multiple linear regression with the help of computer software tools views 8. influence test results obtained in the research for the investment decisions and funding decisions on the value of the company based MBVE as a moderating variable is not significant either before (0.16 %) or no moderation MBVE (1.13%).

1 INTRODUCTION

The weakening of the economy, especially the world oil price which resulted in global financial instability, is a threat to the capital market that supports the development of the economy & world. Particularly sectoral industry is the mining sector. This is seen in the movement of Composite Stock Price Index (CSPI) from year to year for approximately seven (7) years.

Mining industry has decreased in the year 2011 and continues to decline until the year 2016 now to reach 10.10%. There are 41 companies incorporated in the mining industry sector. Where all companies compete to obtain the best performance that implicates in the expected results. Investment decision is one of the financial decisions that can be used to increase the investment opportunity set (IOS) based on price (MBVE). The higher the ratio of MBVE ratio the higher the value of the company. Based on the description of the phenomenon and the existing data, the authors are interested to conduct research with the title "Impact of Decision and Investment, Decision Funding Value Company Based on MBVE as Moderating (Study on Companies in Mining Sector Listing in Indonesia Stock Exchange Year 2011-2014). This research is intended to reveal information on how big the influence of investment decisions, funding decisions on the value of companies moderated by MBVE.

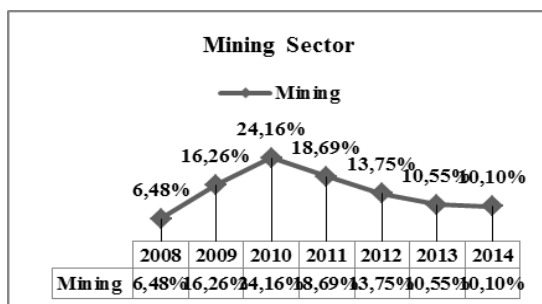


Figure 1: Value of Sectoral Mining Stock Price Listed in BEI Year 2011-2014.

2 LITERATURE REVIEW

Grand theory of this research is financial management is to maximize shareholder wealth which means maximize stock value, it is expressed by Brigham & Houston (2013: 4) .. According to Irham fahmi (2014: 19) there are several theories that can be used in the development of financial management science, one of which is the Signal Theory (Signaling Theory). Middle theory used in this penenlitian is a financial decision. Furthermore, applied theory used in this research is company value. The results of his research conclude that the IOS which is proxied by MBVE has a significant effect on firm value. & Nbsp; . Based on the results of Hidayat's research (2010: 467) investment decisions can be seen by calculating the difference in assets last year with the current year compared to assets of the current year. The applied equations are as follows:

$$\text{Total assets growth} = \frac{\text{fixed assets}_t - \text{fixed assets}_{t-1}}{\text{fixed assets}_t}$$

The result of using the formula only to reflect the change in the amount of the company's fixed assets from the previous year. Where in its calculations only include the company's capital in fixed assets excluding securities or securities. According to Gaver and Gaver (1993) IOS is the value of a company whose size depends on future management-defined expenditures, which are currently investment choices expected to generate substantial returns. IOS is unobservable, requiring a proxy that can be associated with other variables within the company.

3 METHODS

The design of causality in this study aims to determine the effect of investment decisions and funding decisions on the value of companies based on MBVE as a moderating variable in the mining sector companies listed on the Stock Exchange in 2011-2014. Operational variables in this study has three variables to be studied, namely as follows; Variable free investment decision and funding decision. Dependent variable (Y) Company Value. Moderating Variables (X3) Market to book value of equity (MBVE) Population in this study is a mining sector companies listed on the BEI in 2011-2014 as many as 41 companies. The calculation of the number of samples taken from the number of

population is calculated through the criteria of research samples are as many as 23 companies.

4 RESULTS AND DISCUSSION

Based on research on the influence of investment decision and funding decision to firm value based on MBVE as moderating variable has been obtained the theoretical findings: The influence of investment decisions Theories and concepts are in line with the theory (Fama and French, 1998) stating that company value is determined by investment decisions. Because the value of the company is determined by the investment decision. So it can be interpreted that the importance of investment decisions, to achieve corporate goals, namely maximizing shareholder wealth that can be generated from corporate investment activities. Investment decisions concerning the decision of the allocation of funds either funding from within the company or vice versa that funds from outside the company. The influence of funding decisions The funding decision theory used in this study refers to thinking According to Husnan & Pudjiastuti (2012: 260) funding decision is about the decision about how much debt the company uses, in what form the debt and the capital it self will be with drawn, and when the company will get the funds.

The influence of company value The theory of corporate value in this study refers According to Husnan and Pudjiastuti (2012: 6), the value of the company is the price that is willing to be paid by the prospective buyer (Investor) shares of the company at the time the shares are sold. This ratio is calculated by the equation by dividing the market price per share by the book value per share. The equations are as follows;

$$PBV = \frac{\text{Market Price Per Share}}{\text{Book Value Per Share}}$$

The effect of Market to book value of equity (MBVE) The MBVE theory in this study refers to opinion (Yovani Gunawan, 2015: 7) states that the ratio of market value of equity to book value (MBVE) can reflect the existence of IOS for a company.

5 CONCLUSIONS

Based on the results of research that has been implemented based on can be concluded as follows: The influence of investment decisions on the value

of the company in the mining sector is the increase of one value of the investment decision will result in one for the value of the company. Which has the highest average value of investment decisions and the value of the company that is in Year 2014. Funding decisions on the value of companies in the mining sector listed on the Stock Exchange Year 2011-2014 in the can that has the biggest decree decision is in 2012. But the value of the company at that time was in a weak position. Market to book value of equity (MBVE) to the value of companies in the branches listed on the Stock Exchange in 2011-2014 which has the largest MBVE results that exist in 2011 which means that the increase in the value of MBVE does not affect the value of a company.

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