

# The Impact of Investment Decisions, Capital Structure, and Dividend Policy on Company Value with Macroeconomic Factors as Moderating Factors

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## Abstract:

**Purpose of the Study:** The purpose of this study is to examine and analyze the effect of investment decisions on firm value; the effect of capital structure on firm value; the effect of dividend policy on firm value; the effect of macroeconomics on firm value; the effect of macroeconomics on firm value moderating investment decisions on firm value; the effect of macroeconomics on firm value moderating capital structure on firm value; and the effect of macroeconomics on firm value moderating dividend policy on firm value.

**Methodology:** The research sample consists of 50 enterprises with three years' worth of financial statements. September 2021 to January 2022: Research Period Using the SmartPLS 3 program, perform structural equation modeling (SEM) analysis.

**Main Findings:** The study's findings indicate that investment decisions have a positive and significant effect on firm value; capital structure policy has no significant effect on firm value with a negative relationship; dividend policy has a positive and significant effect on firm value; macroeconomics has no significant effect on firm value with a positive relationship direction; macroeconomics has no significant effect on firm value in moderating investment decisions with a positive relationship direction.

**Applications of this Study:** Theoretically, this paper explains how macroeconomic factors serve as a moderator of the relationship between investment decisions, capital structure, dividend policy, and firm value. In practice, capital market participants can use the research findings as a starting point for making stock investment decisions in the capital market, taking into account both macroeconomic and microeconomic factors affecting the country's economy, as well as company microeconomic factors that may have a direct or indirect effect on future company value growth. emerges as a barometer of shareholder welfare.

**Novelty/ Originality of This Study:** This study examines the relationship between microeconomic factors (factors that a firm can control), such as investment decisions, capital structure, and dividend policy, and macroeconomic factors (state fundamentals), as proxied by inflation, interest rates, currency exchange rates, and economic growth as a moderating variable.

**Keywords:** Decision of Investment, Capital Structure, Dividend Policy, Macroeconomics, and Firm Value

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## I. INTRODUCTION

To survive in the market, the corporate sector must be able to control all of its potential, both financial and non-financial. Management must be able to manage financial potential by investing in productive assets that generate the highest possible returns while avoiding losses. According to Irham Fahmi (2012: 2), financial management is responsible for managing corporate finances and then investing them in productive or successful ventures. Empirical microeconomic conditions, referred to as company fundamentals with investment decision factors, are factors that directly or indirectly affect the increase or decrease in firm value, as demonstrated by research conducted by Syahri, Alfi (2020), Murniati (2019), Toni (2019), and Lumapow (2019), while Sihwahjoeni & Maria (2020) discovered that investment decisions have no direct or indirect effect on firm value.

The authors of this study focus on the companies with the highest market capitalization listed on the Indonesia Stock Exchange (IDX) and thus conduct empirical observations of these companies' fundamental conditions, including investment decisions, capital structure, dividend policy, and company value. According to Myers and Majlul in Rizaldi, Putra, and Sarumpaet (2017), investment is the worth of a business whose size is determined by management's future expenses; in this case, the future expenses are investment choices expected to yield profits. the superior one.

Because external parties are not permitted to access the company's investment decisions, a proxy is necessary to view them. One technique used in this study to evaluate management's investment decisions is to look at the growth of total assets (Total Asset Growth). According to observations of the 50 largest companies listed on the Indonesian Stock Exchange over the last three (three) years, they have seen positive average total asset growth, however the movement has slowed, as demonstrated in the following graph:

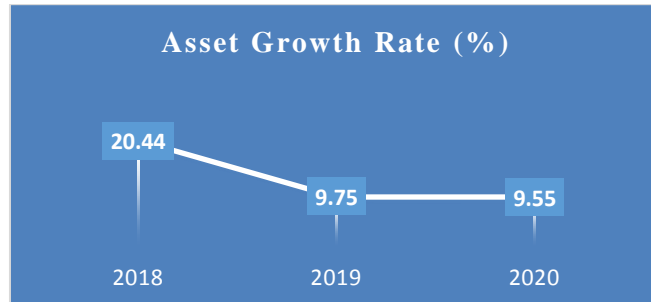


Figure 1 Grafik Rata-Rata Pertumbuhan Asset (%)

The drop in average percentage increase in total assets indicates that, on average, over the last three (three) years, companies with the greatest market capitalization on the Indonesian stock exchange have lowered their investment decisions in current assets or fixed assets.

According to observations of the top 50 businesses on the Indonesia Stock Exchange, the average value of the Debt to Equity Ratio (DER) has continued to rise over the last three years, as illustrated in Figure 2 below:

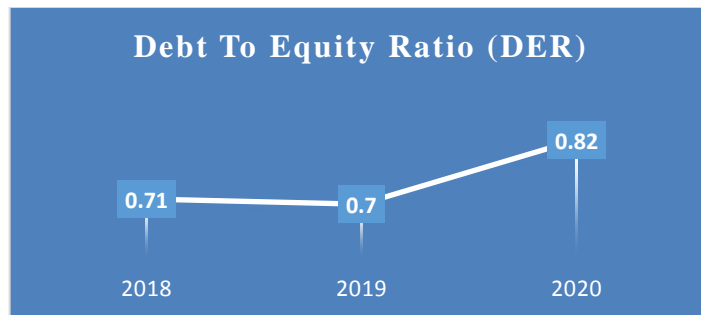


Figure 2 Grafik Rata-Rata Debt To Equity Ratio (DER)

The growth in the average DER ratio is a reflection of the increasing usage of debt by the firms with the greatest market capitalization on the Indonesia Stock Exchange; it also demonstrates that these companies prefer to borrow both short- and long-term. (bond). Meanwhile, based on observations of the 50 (fifty) largest businesses on the Indonesia Stock Exchange over the last three years, with an average dividend per share that swings as indicated in Figure 3 below,

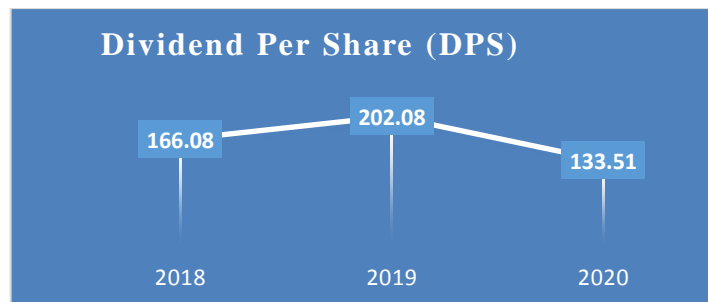
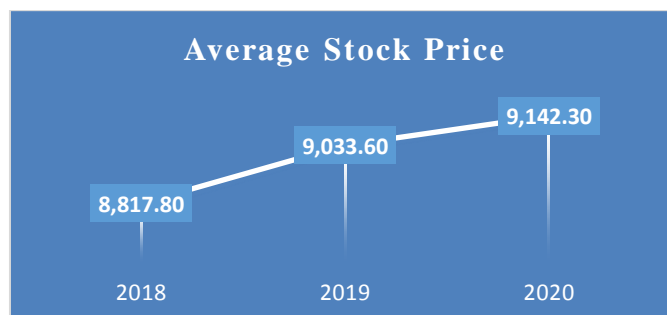


Figure 3 Grafik Rata-Rata Dividend Per Share (DPS)

Figure 3 above shows that on average the companies that have the largest market capitalization on the Indonesia Stock Exchange have a very dynamic dividend policy, which means that the company distributes dividends according to the company's financial condition, the fluctuation of the average Dividend per Share (DPS) shows unstable dividend policy is caused by unstable company earnings.



*Figure 4 Rata-Rata Perkembangan Harga Saham*

The growth in the average share price reflects an increase in public trust in the company, which is influenced directly or indirectly by the management's numerous decisions and policies. This state is also influenced by management's attitude toward dynamic macroeconomic conditions, which are under government control. Macro-fundamental variables, or state fundamentals, are uncontrollable factors, or what is generally referred to as external environmental factors, that exist outside the industrial environment and are therefore uncontrollable by the business. Among the fundamental macroeconomic variables are the following: (1) Political Factors; (2) Technological Factors; (3) Economic Factors; and (4) Social Factors Umar Hussein (2008:75). The authors confine macroeconomic factors to inflation, interest rates, currency exchange rates, and economic growth indicators in their study. The most fundamental rationale for selecting the macroeconomic element is that it is the one that attracts the greatest attention from capital market participants. The factors of inflation, interest rates, exchange rates, and economic growth all have the potential to affect the capital market both directly and indirectly, with changes in inflation, interest rates, exchange rates, and economic growth is directly responded to by the capital market, implying that these factors have the potential to interfere with the fundamental factors affecting a company's decisions and policies, namely investment decisions, capital structure, and d Thus, macroeconomic factors (business policies) operate as moderating factors in this study, modulating the link between microeconomic factors (firm value).

The purpose of this study is to compare the effect of microeconomic factors (factors that a firm can control), such as investment decisions, capital structure, and dividend policy, on firm value to the effect of macroeconomic factors (State Fundamentals), as measured by inflation, interest rates, exchange rates, and growth. As a moderating factor, economics. The fundamental reason is that macroeconomics is a variable that modifies the effect of investment decisions, capital structure, and dividend policy on firm value. Macroeconomics is an uncontrollable factor that can affect every decision and policy made by company management and investors, thereby affecting the stock price or the company's value. Hapsoro and Syahriar's (2021) research demonstrates that a single macroeconomic indicator, economic growth, is capable of moderating the influence of PER and NPM on stock returns. Gitagia and Wamugo's (2020) research indicates that GDP has a strong moderating effect on the link between dividend policies and the value of companies listed on the Nairobi Stock Exchange.

This research is motivated by several previous studies, including those conducted by Gusti et al. (2020); Syahri et al. (2020); Murniati et al. (2019); Sulistiono et Yusna (2019); Stevanus, Ramon, and Ferry Tumiwa (2017); Ha Le Thai Nguyen (2020); Savitri, Gumanti, and Ritonga (2017); Altahtamoun (2015). Additionally, there are a variety of phenomena that occur on the Indonesia Stock Exchange concerning Microeconomic indicators, most notably investment decisions, capital structure policies, and dividends declared by company management in the face of various fluctuations in the development of macroeconomic indicators such as inflation, interest rates, currency exchange rates, and national economic growth. According to the above description, this research focuses on the effect of investment decisions, capital structure, and dividend policy on firm value, with macroeconomic variables serving as moderating variables.

## **II. LITERATURE REVIEW**

**1. Capital Structure Policy**, According to Fabrozzi and Peterson in Inayah & Wijayanto (2018), capital structure is a combination of debt and equity used to finance the company. while according to Sartono (2011), the capital structure is the ratio of the amount of short-term permanent debt, long-term debt, preferred stock, and common stock. Meanwhile, according to Maulana (2016), the capital structure is the composition between the company's debt and the company capital, the company must determine the optimal capital structure in its funding decisions. This optimal capital structure concerns how much of the use of debt and own capital will be used by the company, each company has a different target capital structure. Several empirical studies which say that Capital Structure has a direct or indirect effect on firm value, include research conducted by Gusti et.al., (2020), Sulistiyani and Rivai (2020), Rahayu & Darim (2020), Murniati (2019 ), Toni (2019), Sulistiono and

Yusna (2019), while research conducted by Sudiani and Wiksuana (2018) found that Capital Structure does not affect firm value.

**2. Dividend Policy**, dividends are part of the company's profits which are distributed to investors based on the proportion of share ownership. Dividend policy is related to making decisions to share profits or hold them for reinvestment in the company. In addition, it is also related to decisions on how to determine the number of profits to be distributed to investors, stability of dividend payments, distribution of stock dividends, and repurchase of company shares. dividend policy covers the flow of funds, financial structure, liquidity, and investor behavior. Thus, dividend policy is one of the important decisions concerning efforts to maximize the value of the company Horne, J.C. V., & Wachowichz (2010). Several empirical studies have found that dividend policy has a direct or indirect effect on firm value, including research conducted by Sihwahjoeni & Maria (2020), Dang and Nguyen (2020), Toni (2019), Sulistiono and Yusna (2019), Sudiani and Wiksuana (2018), while research conducted by Permata and Alkaf (2020) found dividend policy had no significant effect on firm value, on the other hand, research conducted by Murniati (2019), Stevanus (2017) found that dividend policy had a negative and significant effect to the value of the company either directly or indirectly.

**3. Company Value**, value is a certain condition or condition which is the result achieved by the company after going through a process of activity within a certain period of trust given by investors. Investors will assess the company by being willing to buy shares based on their perceptions and beliefs at a certain price level. Management achievement is how to increase the value of the company following the expectations of shareholders (investors) so that the welfare of investors can increase, this is the task of a manager as an agent in managing the company. The value of the company is measured by looking at the development of the company's share price, if the share price increases, the value of the company also increases. Firm value is the market value of the stock plus the market value of bonds or long-term debt. The increase in stock prices at the same time indicates an increase in public confidence in the company, so investors are willing to buy shares at a high price in the hope of getting a higher return.

**4. Economic Growth**, according to Sadono S. (2007), explains that economic growth is a long-term macroeconomic problem. This economic growth occurs because every period time people will increase their ability to produce goods and services using available production factors. These production factors include natural production factors that provide materials and labor production factors, which each period will increase due to increasing groups of people entering the workforce. The development of technology in the means of production will increase the ability to produce goods and services, thereby spurring faster economic growth. National economic growth can be measured by the growth of Gross Domestic Product (GDP) by field of business based on constant prices.

### III. METHODOLOGY

In this study, the author uses a quantitative approach, namely research that emphasizes the analysis of numerical data (numbers) which are processed by inferential statistical methods to test research hypotheses and rely on research conclusions on a null probability of rejection of the hypothesis. With quantitative methods will be obtained the significance of the relationship between the variables studied. Research with a quantitative approach emphasizes the analysis of numerical data (numbers) which is then analyzed with appropriate statistical methods. Usually, quantitative research is used in inferential research to test hypotheses. The results of statistical tests can present the significance of the relationship sought. Thus, the direction of the relationship obtained depends on the hypothesis and the results of statistical tests, not scientific logic. Hardani (2020:238)

The research was conducted on the Indonesia Stock Exchange (IDX) through the South Sulawesi Representative Office, which is located at Jalan Andi Pangeran Pettarani No. 9 Sinri Jala Village, Panakkukang District, Makassar City. This research was carried out for a period of 5 (five) months starting from September 2021 to January 2022. The type of data used in this study is secondary data, namely data obtained indirectly or data that has been collected and published in general. According to Hardani (2020: 247), Secondary data is obtained indirectly from other people, and offices in the form of reports, profiles, manuals, and libraries. The data sources used in this study are the financial statements of companies listed on the Indonesia Stock Exchange (IDX) which are published and can be accessed from the official website of the Indonesia Stock Exchange, namely: <http://www.idx.co.id>

The population of this study is all companies listed on the Indonesia Stock Exchange, totaling 741 companies (data for September 2021). While the sample of this research is 50 (fifty) companies that have the largest market capitalization in 2018-2020 published by the Indonesia Stock Exchange which was selected based on the following criteria:

- 1) Registered and actively traded on the Indonesia Stock Exchange consecutively during the observation period (2018-2020).
- 2) Never been delisted during the observation period

3) Orderly publish financial reports/annual reports in full according to the data needed in this research during the observation period.

Based on the criteria above, this research is an empirical study on 50 Companies with the Largest Market Capitalization on the Indonesia Stock Exchange. This research data is time-series data in a row for the last 3 years, namely 2018-2020, so the number of samples in this study is 150 samples (50 companies x 3 years = 150 observational data). The following are the names of companies that are included in the list of companies with the largest market capitalization on the Indonesia Stock Exchange which are the samples of this research:

*Table 1 List of Research Sample Companies*

NO	CODE	COMPANY	Market Capitalization 2020 (Milyar Rupiah)
1	BBCA	Bank Central Asia Tbk.	826.226.367,62
2	BBRI	Bank Rakyat Indonesia (Persero) Tbk	509.208.507,42
3	TLKM	Telekomunikasi Indonesia (Persero) Tbk	327.895.936,95
4	BMRI	Bank Mandiri (Persero) Tbk	292.214.999,99
5	UNVR	Unilever Indonesia Tbk	280.402.500,00
6	ASII	Astra Internasional Tbk	243.913.407,67
7	HMSP	H.M. Sampoerna Tbk.	175.058.705,73
8	TPIA	Chandra Asri Petrochemical Tbk	161.839.196,36
9	BBNI	Bank Negara Indonesia (Persero) Tbk	114.003.899,09
10	ICBP	Indofood CBP Sukses Makmur Tbk	111.662.769,10
11	CPIN	Charoen Pokphand Indonesia Tbk	106.996.950,00
12	BRPT	Barito Pacific Tbk	102.727.675,70
13	UNTR	United Tractors Tbk	99.221.594,62
14	BNLI	Bank Permata Tbk	83.842.181,68
15	EMTK	Elang Mahkota Teknologi Tbk	79.015.402,79
16	GGRM	Gudang Garam Tbk	78.887.608,00
17	SMGR	Semen Indonesia Tbk	73.699.136,00
18	SMMA	Sinar Mas Multiartha Tbk	72.591.377,77
19	KLBF	Kalbe Farma Tbk	69.375.180,72
20	MYOR	Mayora Indonesia Tbk	60.592.076,25
21	INDF	Indofood Sukses Makmur Tbk	60.145.921,53
22	INKP	Indah Kiat Pulp & Paper Tbk	57.034.997,16
23	INTP	Indocement Tunggul Prakarsa Tbk	53.285.828,84
24	MDKA	Merdeka Copper Gold Tbk	53.211.147,71
25	MAYA	Bank Mayapada Internasional Tbk	51.745.262,44
26	BYAN	Bayan Resources Tbk	51.583.335,91
27	INCO	Vale Indonesia Tbk	50.675.327,47
28	DNET	Indoritel Makmur Internasional Tbk	49.644.000,00
29	MEGA	Bank Mega Tbk	49.637.795,23
30	TOWR	Sarana Menara Nusantara Tbk	48.974.040,00
31	ANTM	Aneka Tambang Tbk	46.499.529,74
32	ARTO	Bank Arstos Indonesia Tbk	46.215.056,25
33	ADRO	Adaro Energy Tbk	45.739.925,66
34	PGAS	Perusahaan Gas Negara Tbk	40.119.696,06
35	MIKA	Mitra Keluarga Karyasehat Tbk	38.892.534,14
36	AALI	Astra Agro Lestari Tbk	37.351.517,96
37	TBIG	Tower Bersama Infrastructure Tbk	36.930.909,10
38	PWON	Pakuwon Jati Tbk	35.000.000,00
39	SCMA	Surya Citra Media Tbk	33.844.119,08
40	JSMR	Jasa Marga (Persero) Tbk	33.603.943,66
41	AMRT	Sumber Alfaria Trijaya Tbk	33.219.601,36
42	PTBA	Bukit Asam Tbk	32.373.052,49
43	TKIM	Pabrik Kertas Tjiwi Kimia Tbk	30.665.252,16
44	BDMN	Bank Danamon Indonesia Tbk	30.382.066,45
45	ACES	Ace Hardware Indonesia Tbk	29.412.250,00

NO	CODE	COMPANY	Market Capitalization 2020 (Milyar Rupiah)
46	EXCL	XL Axiata Tbk	29.227.414,21
47	BSDE	Bumi Serpong Damai Tbk	28.599.986,25
48	ISAT	Indosat Tbk	27.441.364,18
49	MKPI	Metropolitan Kentjana Tbk	26.549.432,00
50	BNII	Bank Maybank Indonesia Tbk	26.073.672,13

Source Table 1: <https://www.idx.co.id> (idx\_annually-statistic-2018-2020)

The data analysis carried out is a quantitative descriptive analysis. According to Sugiyono (2010), Quantitative Descriptive Research is research with an approach that is expressed by numbers and calculations using statistical methods assisted by the Smart PLS program. In this study, the Moderated Regression Analysis (MRA) method was used to analyze the effect of the moderator variable on the relationship between the independent variable and the dependent variable. Moderated Regression Analysis (MRA) method is a regression model that uses moderator variables. The moderating variable is a variable that will strengthen or weaken the relationship between the independent variable and the dependent variable. The form of the moderated regression analysis (MRA) equation in this study is as follows:

$$Y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4Z + \beta_5x_1 * Z + \beta_6x_2 * Z + \beta_7x_3 * Z + \varepsilon$$

Dimana:

Y = The value of the company

X<sub>1</sub> = Investation decision

X<sub>2</sub> = Capital Structure

X<sub>3</sub> = Dividend Policy

Z = Macroeconomics

X<sub>1</sub>\*Z = Interaction Variables 1

X<sub>2</sub>\*Z = Interaction Variables 2

X<sub>3</sub>\*Z = Interaction Variables 3

ε = Error Term

Based on the theory and research concepts that have been explained in the previous chapter, this subchapter will present operational definitions of variables so that they are easy to understand and do not cause different perceptions. These variables are Investment Decision, Capital Structure, Dividend Policy, Macroeconomics, and Company Value, each of which is defined in the following table:

Table 2 Measurement of Research Variables

No	Variables	Indicators	Measurement	Reference
1	Investment decisions, investment decisions are defined as all current capital expenditures to obtain benefits in the future (Michael Spense, 1973)	1. Total Asset Growth 2. Market to Book Asset Ratio 3. Current Asset to Total Assets Ratio 4. Investement On Fixed Assets Per Total Assets	$TAG \frac{Total\ Asset_t - Total\ Asset_{t-1}}{Total\ Asset_{t-1}} \times 100\%$ $MBAR \frac{(Total\ Asset - Total\ Equity) + (Shared\ Stock \times Stock\ Price)}{Total\ Asset}$ $CATA \frac{Current\ Asset}{Total\ Assets}$ $INV_{it} \frac{Net\ Fixed\ Asset_{it}}{Total\ Asset_{it}}$	1. (Sihwahjoeni & Maria, 2020) 2. (Syahri, Alfi, 2020) 3. (Lumapow, 2019) 4. (Toni, 2019) 5. (Shahwan, 2019)

No	Variables	Indicators	Measurement	Reference
2	Capital Structure Policy, combining corporate funding with long-term debt and equity. (Modigliani & Miller, 1963)	<ol style="list-style-type: none"> <li>1. Debt to Equity Ratio</li> <li>2. Long Term Debt to Equity Ratio</li> <li>3. Debt to Assets Ratio</li> <li>4. Long Term Debt to Assets Ratio</li> </ol>	$DER = \frac{\text{Total Debt}}{\text{Total Equity}}$ $LTDER = \frac{\text{Long Term Debt}}{\text{Total Equity}}$ $DAR = \frac{\text{Total Debt}}{\text{Total Asset}}$ $LDAR = \frac{\text{Long Term Debt}}{\text{Total Asset}}$	<ol style="list-style-type: none"> <li>1. (Syahri, Alfi, 2020)</li> <li>2. (Gusti et al., 2020)</li> <li>3. (Tri Sulistiyani &amp; Rivai, 2020)</li> <li>4. (Ha Le Thai Nguyen, 2020)</li> <li>5. (Toni, 2019)</li> <li>6. (Sudiani &amp; Wiksuana, 2018)</li> <li>7. (Alhani Fumani &amp; moghadam, 2015)</li> </ol>
3	Dividend Policy, determining the percentage of net profit after tax which is distributed as dividends to shareholders. (Modigliani & Miller, 1961)	<ol style="list-style-type: none"> <li>1. Dividend Yield</li> <li>2. Dividend Payout Ratio</li> <li>3. Market to Book</li> </ol>	$DPR = \frac{\frac{\text{Dividend Yield}}{\text{Dividend Per Share}}}{\frac{\text{Market Price Per Share}}{\text{Dividend}}}$ $MBR = \frac{\text{Market Price Per Share}}{\text{Book Value Per Share}}$	<ol style="list-style-type: none"> <li>1. (Toni, 2019)</li> <li>2. (Permata &amp; Alkaf, 2020)</li> <li>3. (Shahwan, 2019)</li> <li>4. (Sulistiono &amp; Yusna, 2019)</li> <li>5. (Kadu &amp; Oluoch, 2018)</li> <li>6. (Savitri et al., 2017)</li> </ol>
4	Company Value, the total market value of debt plus the market value of equity (Shares).	<ol style="list-style-type: none"> <li>1. Price to Book Value (PBV)</li> <li>2. Price Earning Ratio (PER),</li> <li>3. Tobin's Q</li> </ol>	$PBV = \frac{\text{Stock Price}}{\text{Book Value}}$ $PER = \frac{\text{Stock Price}}{\text{Earning Per Share}}$ $\text{Tobin's } Q = \frac{(OS \times P) + (D + I) - CA}{\text{Total Assets}}$	<ol style="list-style-type: none"> <li>1. (Toni, 2019)</li> <li>2. (Stevanus et al., 2017)</li> <li>3. (Mas'ud, 2008)</li> <li>4. (Sudiani &amp; Wiksuana, 2018)</li> <li>5. Dzahabiyya (2020)</li> </ol>
5	Macroeconomics, is the study of the economy in general. (Mankiw, 2003)	<ol style="list-style-type: none"> <li>1. Inlasi</li> <li>2. Suku Bunga</li> <li>3. Kurs</li> <li>4. Pertumbuhan Ekonomi</li> </ol>	<p>Beta Inflasi:  <math>INF = a + \beta_i(SR_i) + e</math></p> <p>Beta Tingkat SB:  <math>TSB = a + \beta_r(SR_i) + e</math></p> <p>Beta Kurs:  <math>KRS = a + \beta_k(SR_i) + e</math></p> <p>Beta Pertumbuhan Ekonomi:  <math>EGR = a + \beta_g(SR_i) + e</math></p>	<ol style="list-style-type: none"> <li>1. (Bambang Sudiyatno, 2010)</li> <li>2. (Asab &amp; Al-tarawneh, 2020)</li> <li>3. (Wijaya, M., Agustinus, W., Mappadang, 2019)</li> </ol>

Source Table 2: Researcher, 2021

IV. RESULT/ FINDINGS

The SEM-PLS approach is used to tackle more complex research problems, such as those using research models with independent and dependent variables, as well as moderating variables in a linear connection. Three independent factors, Investment Decision (X1), Capital Structure (X2), and Dividend Policy (X3), one dependent variable, Firm Value (Y), and one moderating variable, Macroeconomics, are used in this study (Z).

1. Outer Loading

The next stage is to determine the model (outer model) for each variable prior to performing the structural model test. By validating the measurement model, it will be possible to determine which indications are useful for proxying the variables. The analysis performed using SmartPLS 3.0 yielded the following image of the stage 1 model's complete path diagram:

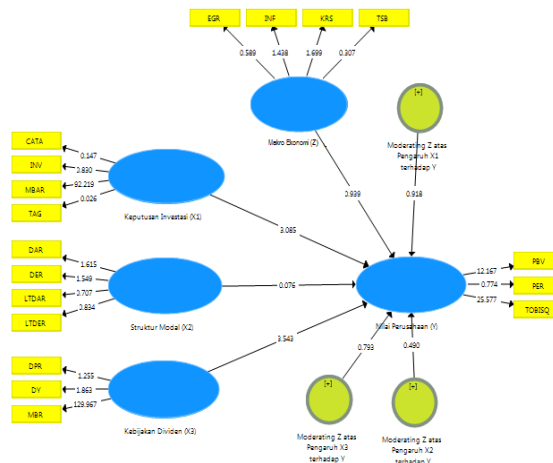


Figure 5 Diagram Jalur Full Model ver 1

Based on the figure above, it shows that there are still indicators or proxies that have a loading factor value ( $\lambda$ ) < 0.5. In detail, these values can be summarized in the table below

Table 3 Outer Loading ver 1

	Macroeconom ic (Z)	Dividend Policy (X3)	Investation decision (X1)	The value of the company (Y)	Capital Structure (X2)
CAT A			-0,019		
DAR					0,894
DER					0,863
DPR		0,160			
DY		0,810			
EGR	0,365				
INF	0,813				
INV			0,810		
KRS	0,989				
LTDA R					0,334
LTDE R					0,390
MBA R			0,997		
MBR		0,995			
PBV				0,853	
PER				-0,113	



	Macroeconom ic (Z)	Dividend Policy (X3)	Investation decision (X1)	The value of the company (Y)	Capital Structure (X2)
<b>TAG</b>			<b>0,005</b>		
<b>TOBI SQ</b>				<b>0,893</b>	
<b>TSB</b>	<b>-0,203</b>				

Source Table 3: Researcher, 2021

According to the data in the table above, there are eight (eight) indicator variables or proxies with a loading factor of 0.5, namely the Investment Decision variable (X1) with the CATA and TAG indicators, the Capital Structure variable (X2) with the LTDER and LTDAR indicators, Dividend Policy Variables (X3) with the DPR indicators, Macroeconomic Moderation Variables (Z) with the EGR and TSB indicators, and Firm Value Variables (Y) with the Due to the requirement that indicators with a loading value of ( ) 0.5 must be dropped (dropout), additional analysis is required. After eliminating (eliminating) indicators that do not fulfill the requirements or have a loading value ( ) 0.5 more than the required value, additional tests are conducted to produce the second output result. The structural equation path diagram is as follows:

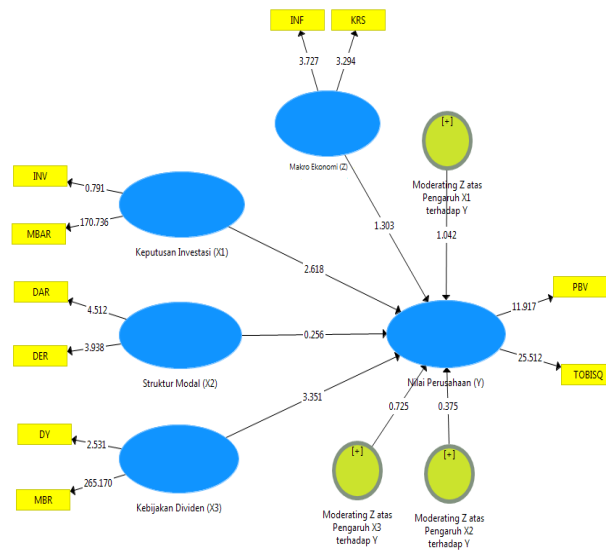


Figure 6 Diagram Jalur Full Model tahap 2 (Uji Lanjutan)

Based on the Full Model Path Diagram stage 2 (Advanced Test) above, it can be seen that all variable indicators have a loading value ( $\lambda$ ) > 0.5, this indicates that all variable indicators are valid and significant. The following is a detailed description of each of the loading factor values in the following table:

Table 4 Outer Loading Ver 2

	Macroeconomics (Z)	Dividend Policy (X3)	Investation decision (X1)	Moderating Z on the Effect of X1 on Y	Moderating Z on the Effect of X2 on Y	Moderating Z on the Effect of X3 on Y	Firm Value (Y)	Capital Structure (X2)
<b>INV</b>			<b>0,817</b>					
<b>MBAR</b>			<b>0,997</b>					
<b>DAR</b>								<b>0,967</b>
<b>DER</b>								<b>0,958</b>
<b>DY</b>		<b>0,811</b>						
<b>MBR</b>		<b>0,997</b>						

	Macroeconomics (Z)	Dividend Policy (X3)	Investation decision (X1)	Moderating Z on the Effect of X1 on Y	Moderating Z on the Effect of X2 on Y	Moderating Z on the Effect of X3 on Y	Firm Value (Y)	Capital Structure (X2)
KRS	0,932							
INF	0,921							
PBV							0,857	
TOBISQ							0,891	
Dividend Policy (X3) * Macroeconomics (Z)						0,883		
Investment Decision (X1) * Macro Economy (Z)				0,872				
Capital Structure (X2) * Macro Economy (Z)					1,016			

Source Table 4: Researcher, 2021

After testing the goodness of the model (Model Fit), then the Construct Reliability and Validity test is carried out as shown in the following table:

Table 5 Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)	Information
Macroeconomic (Z)	0,836	0,839	0,924	0,859	Reliable and Valid
Dividend Policy (X3)	0,897	1,720	0,797	0,718	Reliable and Valid
Investation decision (X1)	0,852	0,732	0,750	0,702	Reliable and Valid
Moderating Z on the Effect of X1 on Y	1,000	1,000	1,000	1,000	Reliable and Valid
Moderating Z on the Effect of X2 on Y	1,000	1,000	1,000	1,000	Reliable and Valid
Moderating Z on the Effect of X3 on Y	1,000	1,000	1,000	1,000	Reliable and Valid
Firm Value (Y)	0,892	0,700	0,866	0,764	Reliable and Valid

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)	Information
Capital Structure (X2)	0,922	0,931	0,962	0,927	Reliable and Valid

Source Table 5: Researcher, 2021

Based on the table above, it shows the construct reliability and validity values of all research variables > 0.5, so it can be said that all variables are declared valid and reliable.

Structural Model Testing is conducted to measure the level of strength of the relationship that occurs between latent variables or constructs based on substantive theory. Each of these structural model tests is carried out as follows: Determination Test (R-Square), The structural model assessment is first carried out an assessment of the R-Square for each endogenous latent variable as the predictive power of the structural model. Testing of the structural model is done by looking at the R-Square value to explain the effect of certain exogenous latent variables on endogenous latent variables. The decision making for the category of the strength of the influence of this study is the R-Square value of 0.75, 0.50 and 0.25. It can be concluded that the model is strong, moderate, and weak. Ghazali, Imam and Latan (2015). The results of the test on the value of determination in this study can be presented in the following table:

Table 6: Value of Coefficient Determination (R-Square)

	R Square	R Square Adjusted
Value of Company (Y)	0,950	0,948

- 1) Based on the table above, the determination value (R-Square) for the latent variable firm value is 0.950 > 0.75 so it can be concluded that the predictive value for the latent variable endogenous firm value in this structural model is included in the strong category.
- 2) After testing the measurement model, then hypothesis testing will be carried out through a structural model, in this test there are 7 (seven) hypotheses to be tested in this study, namely it is suspected that:
  - 1) Investment Decisions affect the Company Value.
  - 2) Capital Structure has an effect on Company Value.
  - 3) Dividend Policy has an effect on Company Value.
  - 4) Macro-economy has an effect on firm value.
  - 5) Macroeconomics influence in moderating investment decisions on firm value.
  - 6) Macroeconomics influence in moderating Capital Structure on firm value.
  - 7) Macroeconomics influence in moderating Dividend Policy on Firm Value.

Table 7: Path Coefficient

Path	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values	Information
Investment Decision (X1) → Firm Value (Y)	0,484	0,502	0,170	2,850	0,005	Significant
Capital Structure (X2) → Firm Value (Y)	-0,010	-0,003	0,039	0,242	0,809	Not significant
Dividend Policy (X3) → Firm Value (Y)	0,576	0,535	0,160	3,602	0,000	Significant
Macro Economy (Z) → Firm Value (Y)	0,038	0,026	0,028	1,341	0,181	Not significant
Moderating Z on the Effect of X1 on Y → Firm Value (Y)	0,205	0,114	0,191	1,073	0,284	Not significant
Moderating Z on the Effect of X2 on Y → Firm Value (Y)	0,013	0,001	0,033	0,383	0,702	Not significant

Path	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values	Information
<b>Moderating Z on the Effect of X3 on Y → Firm Value (Y)</b>	-0,113	-0,078	0,150	0,757	<b>0,449</b>	<b>Not significant</b>

Based on the table above, it can be explained the influence between the independent variables of investment decisions, capital structure, and dividend policy, as well as macroeconomic variables on the dependent variable of firm value, and the effect of macroeconomic variables in moderating the relationship between the independent variable and the dependent variable. Based on the decision-making criteria that refers to the t-test, namely comparing the t-count (t-statistics) with the critical t-value with the assumption: If t-count (t-statistics) > 1.96 or P-value < 0.05, it can be concluded that there is a significant (significant) effect between the independent variables on the dependent variable. On the other hand, if t-count (t-statistics) < 1.96 or P-value > 0.05, it can be concluded that there is no significant (significant) effect between the independent variables on the dependent variable.

## V. CONCLUSION

Based on the Path Coefficient table by taking into account the decision-making criteria mentioned above, it can be described each variable relationship in this study, as follows:

- a. In the path coefficient table above, there is information that the Original Sample value in the relationship between Investment Decisions and Firm Value is 0.484 with a t-statistics value of 2.850 > 1.96 at a p-value level of 0.005 < 0.05, it can be concluded that investment decisions have a positive and significant impact on firm value in companies that have the largest market capitalization on the Indonesia Stock Exchange.
- b. In the path coefficient table above, there is information that the Original Sample value in the relationship between Capital Structure and Firm Value is -0.010 with a t-statistics value of 0.242 < 1.96 at a p-value level of 0.809 > 0, 05, it can be concluded that the capital structure has no significant effect on firm value with a negative relationship in the direction of the company that has the largest market capitalization on the Indonesia Stock Exchange.
- c. In the path coefficient table above, there is information that the Original Sample value in the relationship between Dividend Policy and Firm Value is 0.576 with a t-statistics value of 3.602 > 1.96 at a p-value level of 0.000 < 0.05, it can be concluded that the Dividend Policy has a positive and significant effect on firm value in companies that have the largest market capitalization on the Indonesia Stock Exchange.
- d. In the path coefficient table above, there is information that the Original Sample value in the relationship between Macroeconomics and Firm Value is 0.038 with a t-statistics value of 1.341 < 1.96 at a p-value level of 0.181 > 0.05. , it can be concluded that Macroeconomics does not have a significant effect on firm value with a positive relationship in the direction of the company having the largest market capitalization on the Indonesia Stock Exchange.
- e. In the path coefficient table above, there is information that the Original Sample value on the Macroeconomic Moderation path on the influence of Investment Decisions on Firm Value is 0.205 with a t-statistics value of 1.073 < 1.96 at a p-value level of 0.284 > 0.05, it can be concluded that Macroeconomics has no significant effect in moderating the relationship between Investment Decisions and Firm Value with a positive direction. However, Macroeconomics has the potential to moderate the relationship between investment decisions and firm value in companies with the largest market capitalization on the Indonesia Stock Exchange.
- f. In the path coefficient table above, there is information that the Original Sample value on the Macroeconomic Moderation path on the effect of Capital Structure on Firm Value is 0.013 with a t-statistics value of 0.383 < 1.96 at a p-value level of 0.702 > 0.05, it can be concluded that Macroeconomics has no significant effect in moderating the relationship between Capital Structure and Firm Value in a positive direction. However, Macroeconomics has the potential to moderate the relationship between Capital Structure and firm value in companies with the largest market capitalization on the Indonesia Stock Exchange.
- g. In the path coefficient table above, there is information that the Original Sample value on the Macroeconomic Moderation path on the effect of Dividend Policy on Firm Value is -0.113 with a t-statistics value of 0.757 < 1.96 at the p-value level. of 0.449 > 0.05, it can be concluded that there is no significant effect of Macroeconomics in moderating the relationship between Dividend Policy and Firm Value in a negative direction. However, Macroeconomics has the potential to moderate the relationship

between Dividend Policy and firm value in companies with the largest market capitalization on the Indonesia Stock Exchange.

### **LIMITATION and NEXT RESEARCH**

This study collected observations for a period of three (three) years, from 2018 to 2020, totaling 150 observations. This research focused exclusively on the 50 (fifty) companies with the highest market capitalization on the Indonesian Stock Exchange, without categorizing them by sector. For future research, it is recommended to include independent variables in addition to the Investment Decision, Capital Structure, and Dividend Policy variables, to replace the measurement (proxy) variable with other measurements from this study, and to include intervening variables such as profitability that act as a moderator in the relationship between the independent and dependent variables, such that the role of macroeconomics is limited to moderating the relationship between profitability and. Future research should include a longer observation time than this study did to allow for more observations.

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