



Funding Source Choices and Investment Decisions at the Enterprise Value Level: Empirical Study on Islamic Companies in Indonesia

Riskin Hidayat ^{1,a)}, Sri Hermuningsih ^{2,b)}, Adi Wijaya ^{3,c)}, Renyarosari Bano Seran ^{4,d)}
and Atikah Raid Khorunisa ^{5,e)}

^{1,2,3,4,5} Department Master of Management, Economics Faculty, Universitas Sarjanawiyata
Tamansiswa
Jl. Kusumanegara No. 157 Yogyakarta, Indonesia

^{a)} correspondence author: riskin.hidayat@ustjogja.ac.id

^{b)} hermunngsih@ustjogja.ac.id

^{c)} adiwijaya2711@gmail.com

^{d)} renyaseran8@gmail.com

^{e)} roidkhoirunnisasa@gmail.com

Abstract: *Our research analyzes how liquidity, debt policy and investment decisions affect companies with high and low firm value. The sample of this research is companies included in the Jakarta Islamic Index on the IDX with a total sample of 17 companies and a total of 170 observations. The results showed a significant positive effect of liquidity on firm value in the sample as a whole and in companies with low value, while liquidity has a negative and insignificant effect on companies with high value. This suggests that low value firms tend to use liquidity or internal funding to increase their value. Research results also show that debt has an insignificant positive effect on firm value in all samples and debt has an insignificant negative effect on low value firms. On the other hand, debt has a significant positive effect on low-value firms. This indicates that companies with high value tend to use debt to increase firm value. In another study, this research also found that investment decision has a significant positive effect on firm value.*

Keywords: *liquidity, debt policy, investment decision, low and high firm value*

1 Introduction

The Islamic finance industry in Indonesia has significantly advanced from 2014 to 2023, with the value of Islamic companies increasing due to economic growth, social factors, and supportive government policies [1]. These sharia-compliant companies are attracting domestic and international investors due to their stable performance. Key factors influencing their value include profitability, liquidity, and Shariah compliance [2], [3]. To enhance company value and stakeholder prosperity, investors evaluate indicators such as stock price, stock return, earnings per share (EPS), price-earnings ratio (PER), Tobin's Q, and price-to-book value (PBV). While systematic risks from external macroeconomic factors exist, they can be mitigated [4]. Internal factors, including liquidity, profitability, debt policy [5], and investment decisions [6], also affect company value. Adequate liquidity is vital for meeting short-term obligations [7] and enhances operational efficiency [8].

Firms with higher liquid assets, such as cash and receivables, are better positioned to meet obligations, which boosts investor confidence and potential company value.

Studies by [9], [10], and [11] confirm that liquidity positively impacts firm value. However, [12], [13], [14], and [15] report a significant negative effect, noting that excessive free cash flow can lead to managerial conflicts [16]. Increasing debt can enhance firm value by curbing managerial opportunism, thus reducing agency costs [16]. Debtholders also monitor management activities, which can lower agency costs [17], [18]. While higher debt can boost expected returns, it also raises risk [7]. A higher Debt to Equity Ratio (DER) indicates greater reliance on external capital, which may burden the company [19], [20]. Although indebtedness can increase stock prices, excessive debt can diminish firm value. [21] suggest that while high debt ratios can enhance firm value, they also increase bankruptcy risk. [22] and [23] found negative effects of debt on firm value, while [24] and [25] reported positive effects.

Investment decisions by management significantly influence firm value, aiming to enhance net worth and share value [26]. Diverse investment options can improve investor welfare [27] and facilitate risk-return comparisons [28], [29]. Capital investment decisions must consider future expenses and long-term commitments to enhance shareholder value [30]. [31] links firm value to investment decisions, with [32] and [6] finding positive impacts, while [33] and [34] report negative effects. These findings highlight existing research gaps regarding the effects of liquidity, debt policy, and investment decisions on firm value across varying company valuations, warranting further investigation

2 Literature Review

Agency theory addresses conflicts of interest between managers (agents) and company owners (principals), viewing a firm as a series of agreements between management and shareholders. Managers often prioritize personal profit over shareholder interests, misusing their authority [16]. This agency relationship involves principals delegating decision-making authority to agents, necessitating monitoring and incentives to align goals. Monitoring, such as audits and decision limits, incurs agency costs and risks if managers act selfishly. Agency problems arise when managers own less than 100% of company shares, leading them to favor personal interests in financing decisions. This separation between management and ownership allows managers to avoid consequences for poor decisions, often resulting in excessive personal expenditures [16]. Managers may prefer internal capital for financing to minimize investor oversight. Ideally, they should invest in positive net present value (NPV) projects and distribute free cash flow as dividends; however, they often favor low-risk projects and retain free cash flow instead of distributing it to shareholders.

Maximizing profit or firm value is a common stakeholder goal, but it is often hindered by overlooked production processes and contractual relationships. Traditional economic analyses treat firms as "black boxes," neglecting legal structure, debt proportions, and manager compensation. A focus on contractual relationships, framed by agency theory, is crucial for addressing these issues [35]. To mitigate manager misconduct risks towards outside investors, [35] suggests two strategies: 1) external monitoring by investors and 2) self-limiting actions by managers (bonding). While these strategies can enhance firm value, they also incur costs that may detract from it. Total agency costs include: 1) contract costs between principals and agents; 2) monitoring costs incurred by principals; 3) bonding costs shouldered by managers; and 4) residual losses.

Signaling theory explains how better-informed parties, such as company leadership, communicate signals to less-informed parties, like investors, to influence their

perceptions and decisions. According to [36], this theory reflects shareholders' expectations regarding a company's future value. Management shares information with investors to help differentiate between positive and negative prospects, with public reports playing a crucial role in guiding investment decisions and serving internal interests, highlighting the importance of disclosures in the signaling process.

2.1 Relationship between Liquidity and Company Value

Liquidity refers to a company's ability to meet short-term expenses [37] and is essential for financial stability, indicating its capacity to fulfill obligations promptly [38]. Highly liquid companies are viewed positively by investors, which boosts their confidence in purchasing shares and enhances overall value. According to agency theory, [16] suggest that managers prefer to use internally generated funds, such as cash flow, to invest and increase firm value while minimizing external oversight. However, unutilized free cash flow may lead to personal misuse by managers, highlighting the need for strategic cash flow management to enhance company value.

Research by [39], [40], [41], [11], and [42] indicates that liquidity positively impacts company value. Higher liquidity levels reduce bankruptcy risk and increase investor confidence, allowing firms to swiftly capitalize on investment opportunities without relying on external funding, ultimately boosting profitability and firm value. Empirical studies show that companies with higher liquidity ratios tend to achieve greater market value, reflecting lower risk perceptions and better long-term growth potential [43], [44]. Based on the description above, the hypothesis proposed is:

H1a: Liquidity has a positive effect on company value.

H1b: Liquidity has a positive effect on companies with low value.

H1c: Liquidity has a positive effect on companies with high value. .

2.2 Relationship between Debt Policy and Company Value

Debt policy is closely linked to agency costs, as management may not always act in shareholders' best interests [16]. One way to mitigate these costs is by increasing debt levels, which can enhance firm value. Debt policy involves financing operations through external sources, such as loans, with some companies viewing debt as safer than issuing new equity. [45] found that an aggressive debt policy can boost company value, especially in stable industries.

Optimizing capital structure is essential for determining the ideal debt-to-equity ratio, and regular monitoring of financial performance and regulatory compliance is necessary. An effective debt policy supports growth and enhances shareholder value [46]. The primary goals of debt policy include raising capital for investments, increasing returns on equity, and managing interest payment risks [47]. Consequently, debt can reduce agency costs and facilitate profitable investments. [38] state that using debt can raise a company's value by increasing equity market prices, while reducing debt can lower it. [21] argue that appropriate debt ratios can enhance firm value, but excessive debt raises insolvency risk. The tax-deductibility of interest provides benefits, though these may be offset by insolvency costs and tax disparities between equity and debt income. Thus, corporations should utilize debt to minimize capital costs.

Well-performing companies may signal strength by maintaining high debt levels, while poorly performing firms may hesitate to incur debt due to bankruptcy risks [48]. While [21] and [16] indicate a positive relationship between debt and firm value, [22]

found a negative effect in some cases. Directors must evaluate cost-effective financing sources carefully. Thus, the second hypothesis of this study is:

H2a: Debt policy has a significant positive effect on firm value.

H2b: Debt policy has a significant positive effect on companies with low value.

H2c: Debt policy has a significant positive effect on companies with high value..

2.3 Relationship between Investment Decisions and Company Value

Investing involves delaying current spending to achieve greater future consumption values, with optimal investment decisions maximizing expected utility by weighing the benefits of delayed consumption [49]. Investment choices significantly impact company value, as sound decisions can enhance profit through efficient asset utilization, thereby boosting investor confidence [31]. This study focuses on capital expenditures for fixed assets—such as property, premises, and machinery—intended for expansion, replacement, or renewal, and aimed at achieving long-term benefits [38]. [50] stress the importance of evaluating investment decisions based on risk and expected returns, with risk-adjusted returns enhancing company value and shareholder welfare. Before committing to fixed asset investments, companies must analyze alignment with their goals, considering benefits, estimated costs, and risks to assess feasibility. Studies by [51], [52], [53], [54], and [55] confirm that investment decisions positively affect firm value.

Investment decisions involve allocating resources to enhance future company value. Effective investments can boost revenue, asset value, competitiveness, and mitigate risks associated with economic fluctuations. Properly made investment decisions increase profitability potential and signal positive performance to investors, thereby enhancing interest and firm value [53]. Based on the description above, so the third hypothesis is:

H3a: Investment decisions have a positive effect on company value.

H3b: Investment decisions have a positive effect on companies with low value.

H3c: Investment decisions have a positive effect on companies with high value.

3 Research Methodology

This research utilizes panel data, focusing on companies listed on the Indonesia Stock Exchange, specifically those included in the Jakarta Islamic Index (JII). The study analyzes financial statements from 2014 to 2023, sourced from the Stock Exchange and the Indonesian Capital Market Directory (ICMD). The sample criteria include companies listed on the IDX that consistently published their financial statements during this period.

The independent variables in this analysis are liquidity (measured by cash flow), debt policy (measured by the debt-to-equity ratio, or DER), and investment decisions (measured by net capital expenditures). Cash flow is calculated as net income plus depreciation and/or amortization, divided by fixed assets. DER is determined by total debt divided by total equity, while investment is assessed through changes in fixed assets divided by total fixed assets, which include land, buildings, equipment, and supplies. This division by fixed assets controls for differences in company scale. The dependent variable, firm value, is measured using the price-to-book value (PBV) ratio. According to [36], PBV compares stock price to book value per share, with higher PBV indicating greater shareholder prosperity and achievement of company goals. PBV is calculated as the market value of shares divided by book value. The data analysis

employs panel data linear regression with a common effect model, structured around three regression equations.

$$PBV_{it} = \beta_0 + \beta_1 CF_{it} + \beta_2 DER_{it} + \beta_3 INV_{it} + \varepsilon_{it} \quad (1)$$

$$PBVLOW_{it} = \beta_0 + \beta_1 CF_{it} + \beta_2 DER_{it} + \beta_3 INV_{it} + \varepsilon_{it} \quad (2)$$

$$PBVHIGH_{it} = \beta_0 + \beta_1 CF_{it} + \beta_2 DER_{it} + \beta_3 INV_{it} + \varepsilon_{it} \quad (3)$$

In this study, PBV (price to book value) serves as a proxy for firm value for the entire sample; PBVLOW represents firm value for samples with PBV below the average; and PBVHIGH for samples with PBV above the average. CF (cash flow) is a proxy to the liquidity of the independent variable; DER (debt to equity ratio) represents the debt policy; INV measures the investment decision; β is the coefficient of slope; while ε represents the error term.

4 Analysis And Discussion

The selection criteria for the sample are companies that belong to the Jakartan Islamic Index which are listed in Indonesia Stock Exchange and consistently publish its financial reports starting from 2014 - 2023, a sample of 17 Companies was collected for ten years with a total of 170 Observation. The Company is categorized based on the value of the company: companies with PBV below the average of 2.621 are considered to have low value, while those above the average are considered to have high value. The result of the classification shows 88 companies with low grades and 82 companies with high value. A statistical description of the study variables of the sample companies can be seen in Table 1 below.

Table 1. Descriptive Statistics of Low and High Firms Value

Variable	<i>Low</i>				<i>High</i>				<i>Full</i>			
	Min	Max	Mean	SD	Min	Max	Mean	SD	Min	Max	Mean	SD
PBV	1,023	2,455	1,774	0.479	2,629	5,491	3,549	0.721	1,015	6,380	2,656	1.251
CF	1,032	2,784	1,715	0.477	1.101	2,953	2,095	0.457	1,027	3,183	1,887	0.618
DER	0.162	2,460	0.856	0.456	0.142	2,476	1.214	0.607	0.177	2,781	0.862	0.554
INV	0.112	0.616	0.237	0.137	0.121	0.971	0.421	0.217	0.112	0.975	0.372	0.265
N	88				82				170			

Note :

PBV (market value divided by book value) is used as the dependent variable, while CF (cash flow divided by fixed assets), DER (total debt divided by total equity), and INV (investment divided by fixed assets) function as independent variables.

The results of data analysis for all company samples, as well as for the categories of companies with low and high values, can be seen in Table 2.

Table 2. The Result of Testing Hypothesis

Variabl e	Total Sample		Low Firm Value		High Firm Value		Descriptio n
	Coefficien t	P value	Coefficien t	P value	Coefficien t	P value	

CF	0.588	0.000** *	0.549	0.001** *	0.112	0.812	H1a,b,c accepted
DER	0.176	0.297	- 0.117	0.303	0.355	0.096*	H2a,b accepted
INV	0.649	0.024**	0.990	0.031**	1,345	0.034* *	H2c is not accepted
Constant	-0.082			0.972		2.365	

Note:

*) Significant at 10% level; **) Significant at 5% level; ***) Significant at 1% level
CF (cash flow divided by fixed assets) is the proxy of liquidity, *DER* (total debt divided by total equity) is the proxy of debt policy and *INV* (investment divided by fixed assets) are independent variables.

Table 3 indicates that liquidity positively affects firm value overall and in low-valued companies, with higher liquidity levels correlating with increased value. This supports findings by [56], [57], [58], [59], [60], and [61]. Companies in the Jakarta Islamic Index (JII) effectively meet immediate financial obligations, thereby enhancing investor confidence. This aligns with agency theory, which suggests that companies should use internal funding, like cash flow, to reduce managerial misallocation [16]. However, liquidity has an insignificant effect on high-value companies, indicating a greater reliance on external financing [62], [63], [64].

The results also show that debt policy significantly impacts firm value, although JII companies do not utilize it optimally. According to [16], debt can reduce free cash flow and limit managerial opportunism, which could otherwise erode value. Free cash flow, defined as cash available after funding positive net present value projects [65], is vital for distributing returns to investors [66]. While [21] assert that debt ratios can enhance firm value, excessive debt increases bankruptcy risks. A high debt-to-equity ratio (*DER*) indicates a strong investment plan [25]. Research by [67] and [68] confirms a positive effect of debt policy on firm value, while [69] and [70] report negative effects. Studies by [71] and [72] find no impact. Overall, this study supports findings from [21], [16], [48], [5], and [25], highlighting that high-value firms effectively leverage debt, while low-value firms prefer internal funding.

Investment decisions by JII companies positively influence firm value, consistent with [31] assertion that such decisions drive value. Effective investments signal potential growth and profitability [73]. These decisions are categorized into short-term (Current Assets to Total Assets ratio) and long-term (Fixed Assets to Total Assets ratio) [74]. Manufacturing firms typically invest more in fixed assets, while service firms focus on current assets, seeking high returns with minimized risks. The sampled JII companies make appropriate investments in fixed assets, positively impacting firm value, aligning with findings from [52], [75], [53], [54], [76], [77], and [6], demonstrating effective capitalization on investment opportunities to enhance value.

5 Conclusion

The data analysis leads to several conclusions. First, liquidity significantly and positively affects firm value across all JII samples and in low-valued companies, indicating that higher liquidity correlates with increased company value. Low-valued companies tend to utilize liquidity more, especially through cash flow, while high-valued companies use less cash flow, resulting in minimal value increases. Second, debt policy has a positive but insignificant effect on overall firm value, suggesting that JII

companies have not optimally utilized debt. High-valued companies tend to leverage more debt to enhance value, whereas low-valued companies rely more on internal funding. Finally, investment decisions significantly positively impact firm value, both overall and in low- and high-value companies, indicating that JII companies are making effective investment choices to boost their value.

6 Limitations

The limitations and suggestions in this study are as follows: first, the number of sample companies is limited, which is only 17 companies in the Jakarta Islamic Index during 2011–2015, resulting in 85 observations. Further research should use more companies, including non-financial companies, and extend the research period to increase the number of observations. Secondly, the variable independent variables in this study are limited to three variables. It is recommended that future research add relevant Independent Variables, such as Dividend Policy, Company Size, and Sales Growth, as well as consider adding control variables.

7 Acknowledgments

This research is fully supported and facilitated by Sarjanawiyata Tamansiswa University in 2024

Reference

1. Ojk, “Otoritas Jasa Keuangan.” [Online]. Available: <https://www.ojk.go.id>
2. A. S. Alarussi And S. M. Alhaderi, “Factors Affecting Profitability In Malaysia,” *Journal Of Economic Studies*, Vol. 45, No. 3, Pp. 456–472, 2018.
3. M. Ali And C. H. Puah, “The Internal Determinants Of Bank Profitability And Stability,” *Management Research Review*, Vol. 42, No. 1, Pp. 95–113, 2021.
4. Z. Bodie, A. Kane, And J. M. Marcus, *Investment*, 7th Ed. New York: Mc Graw Hill, 2008.
5. V. M. González, “Leverage And Corporate Performance: International Evidence,” *International Review Of Economics And Finance*, Vol. 25, Pp. 169–184, Jan. 2013, Doi: 10.1016/J.Iref.2012.07.005.
6. R. Abreu, “From Accounting To Firm Value,” *Procedia Economics And Finance*, Vol. 39, Pp. 685–692, 2016, Doi: 10.1016/S2212-5671(16)30290-8.
7. E. F. Brigham And J. F. Houston, *Fundamentals Of Financial Management*. Cengage Learning, 2012.
8. T. Tica, B. Vuković, K. Peštović, And I. Medved, “Profitability Determinants Of Serbian Joint-Stock Companies,” *Economic Horizons*, Vol. 25, No. 3, Pp. 245–260, Sep. 2023, Doi: 10.5937/Ekonhor2303245t.
9. K. F. Waitherero, S. Muchina, And S. Macharia, “The Role Of Liquidity Risk In Augmenting Firm Value: Lessons From Savings And Credit Cooperatives In Kenya,” *International Journal Of Financial, Accounting, And Management*, Vol. 2, No. 4, Pp. 295–304, Mar. 2021, Doi: 10.35912/Ijfam.V2i4.340.
10. N. I. Shamsi, Dr. S. M. Quader, And Dr. M. N. Abdullah, “Investigating The Relationship Between Stock Liquidity And Firm Value,” *Business Perspective Review*, Vol. 4, No. 2, Pp. 16–31, Aug. 2022, Doi: 10.38157/Bpr.V4i2.450.
11. M. B. Nyamekye, G. C. Agbemabiase, Z. Bukari, And S. K. Ackon, “Liquidity, Leverage And Firm Value Nexus Of Banks Listed On The Ghana

- Stock Exchange: A Panel Granger Causality Analysis,” *Journal Of Applied Business And Economics*, Vol. 26, No. 3, Jul. 2024, Doi: 10.33423/Jabe.V26i3.7100.
12. L. Nguyen, T. Khanh Phuong Tan, And T. Ha Nguyen, “Determinants Of Firm Value: An Empirical Study Of Listed Trading Companies In Vietnam,” *Journal Of Asian Finance*, Vol. 8, No. 6, Pp. 809–0817, 2021, Doi: 10.13106/Jafeb.2021.Vol8.No6.0809.
 13. M. Marjohan, H. Supratikta, And H. Hasanah, “Analysis Of The Effect Of Liquidity, Profitability, And Debt To Equity Ratio (Der) On Firm Value In Mining Companies Listed On The Indonesia Stock Exchange,” *Applied Information System And Management (Aism)*, Vol. 6, No. 2, Pp. 113–119, Sep. 2023, Doi: 10.15408/Aism.V6i2.34423.
 14. S. Stefanie And Y. Yanti, “The Impact Of Liquidity, Profitability, And Leverage On Firm Value With Dividend Policy As Moderating Variable,” *International Journal Of Application On Economics And Business*, Vol. 1, No. 3, Pp. 899–910, Aug. 2023, Doi: 10.24912/Ijaeb.V1i3.899-910.
 15. D. P. Astuti, B. Mahmudi, And A. S. Mulyani, “The Mediating Role Of Capital Structure In The Impact Of Profitability And Liquidity On Firm Value,” *Indonesian Journal Of Innovation Multidisipliner Research*, Vol. 2, 2024.
 16. M. C. Jensen And W. H. Meckling, “Theory Of The Firm: Managerial Behavior, Agency Costs And Ownership Structure,” *J Financ Econ*, Vol. 3, Pp. 305–360, 1976.
 17. M. Harris And A. Raviv, “Capital Structure And The Informational Role Of Debt,” *J Finance*, Vol. 45, No. 2, Pp. 321–349, 1990.
 18. R. G. Rajan, “Insiders And Outsiders: The Choice Between Informed And Arm’s-Length Debt,” *J Finance*, Vol. 47, No. 4, Pp. 1367–1400, 1992.
 19. D. Nurhikmawaty, I., And M. Widiyanti, “The Effect Of Debt To Equity Ratio And Return On Equity On Stock Return With Dividend Policy As Intervening Variables In Subsectors Property And Real Estate On Bei,” *Open Journal Of Business And Management*, Vol. 08, No. 05, Pp. 2148–2161, 2020, Doi: 10.4236/Ojbm.2020.85131.
 20. L. D. Iryani, W. Yadiati, E. M. Soepardi, And I. Triyuwono, “Measuring The Managerial Performance Of Islamic Banking Using The Concept Of Pentuple Bottom Line,” *International Journal Of Innovation, Creativity And Change.*, Vol. 6, No. 9, 2019, [Online]. Available: www.ijicc.net
 21. F. Modigliani And M. H. Miller, “The Cost Of Capital, Corporation Finance And The Theory Of Investment,” *Am Econ Rev*, Pp. 261–297, 1958.
 22. Jufrizen And Q. Asfa, “Pengaruh Profitabilitas Dan Kebijakan Hutang Terhadap Nilai Perusahaan Pada Perusahaan Farmasi Yang Terdaftar Di Bursa Efek Indonesia Periode 2010-2013,” *Jurnal Kajian Manajemen Bisnis*, Vol. 4, No. 2, 2015.
 23. Rudiyanto And P. Putriani, “The Asia Pacific Journal Of Management Studies Pengaruh Return On Equity (Roe), Debt To Equity Ratio (Der) Terhadap Price To Book Value (Npm) Pada Perusahaan Sub Sektor Farmasi Yang Terdaftar Di Bursa Efek Indonesia (Bei) Rudiyanto * Puput Putriani**,” *The Asia Pacific Journal Of Management*, No. 3, 2017.
 24. A. Suraya And T. M. Dona, “Sekuritas ‘Pengaruh Debt To Equity Ratio Dan Return On Equity Terhadap Price To Book Value Ratio Pada Pt Ciputra

- Development Tbk' Articles Information Abstract Jurnal Sekuritas," *Jurnal Sekuritas (Saham, Ekonomi, Keuangan Dan Investasi*, Vol. 3, No. 2, P. 166, 2020.
25. A. Nuraini And D. P. M. Amelia, "Analysis Of The Impact Of Profitability And Debt Policy On Company Value In Food And Beverage Sub-Sector Manufacturing Companies Listed On The Indonesia Stock Exchange For The 2015–2019 Period," In *1st Virtual Workshop On Writing Scientific Article For International Publication Indexed Scopus*, Sciendo, 2022, Pp. 434–439. Doi: 10.2478/9788366675827-076.
 26. N. I. Mirza, Q. A. Malik, And C. K. Mahmood, "The Value Of Board Diversity In The Relationship Of Corporate Governance And Investment Decisions Of Pakistani Firms," *Journal Of Open Innovation: Technology, Market, And Complexity*, Vol. 6, No. 4, Pp. 1–16, Dec. 2020, Doi: 10.3390/Joitmc6040146.
 27. E. Bikas And E. Glinskytė, "Financial Factors Determining The Investment Behavior Of Lithuanian Business Companies," *Economies*, Vol. 9, No. 2, Jun. 2021, Doi: 10.3390/Economies9020045.
 28. S. Patil And V. Bagodi, "A Study Of Factors Affecting Investment Decisions In India: The Kano Way," *Asia Pacific Management Review*, Vol. 26, No. 4, Pp. 197–214, Dec. 2021, Doi: 10.1016/J.Apmrv.2021.02.004.
 29. C. C. Guderian, J. A. Posth, And L. Grob, "Investment Decisions And Passive Portfolio Construction Utilizing Patent Analytics: A Multi-Case Study On Covid-19 Treatment Technologies," *Quarterly Review Of Economics And Finance*, Vol. 92, Pp. 66–87, Dec. 2023, Doi: 10.1016/J.Qref.2023.08.002.
 30. J. B. B. Pea-Assounga, H. Yao, G. Mulindwa Bahizire, P. D. R. Bambi, And J. D. Nima Ngapey, "Effect Of Financial Innovation And Stakeholders' Satisfaction On Investment Decisions: Does Internet Security Matter?," *Heliyon*, Vol. 10, No. 6, Mar. 2024, Doi: 10.1016/J.Heliyon.2024.E27242.
 31. E. F. Fama, "The Empirical Relationship Between The Dividend And Investment Decisions Of Firm," *Am Econ Rev*, Vol. 64, Pp. 304–318, 1974.
 32. N. Aktas, E. Croci, And D. Petmezas, "Is Working Capital Management Value-Enhancing? Evidence From Firm Performance And Investments," *Journal Of Corporate Finance*, Vol. 30, No. 1, Pp. 98–113, Feb. 2015, Doi: 10.1016/J.Jcorpfin.2014.12.008.
 33. J. Suteja, A. Gunardi, E. S. Alghifari, A. A. Susiadi, A. S. Yulianti, And A. Lestari, "Investment Decision And Firm Value: Moderating Effects Of Corporate Social Responsibility And Profitability Of Non-Financial Sector Companies On The Indonesia Stock Exchange," *Journal Of Risk And Financial Management*, Vol. 16, No. 1, Jan. 2023, Doi: 10.3390/Jrfm16010040.
 34. A. Afşar And E. Karaçayır, "Effect Of Investment And Financing Decisions On Firm Value; Example Of Bist Industrial Index," *Usak University Journal Of Social Sciences*, No. 2, Pp. 13–24, 2020.
 35. M. C. Jensen, *A Theory Of The Firm*, 2nd Ed. London: Harvard University Press, 2003.
 36. E. F. Brigham And J. F. Houston, *Dasar-Dasar Manajemen Keuangan*, 11th Ed. Jakarta: Salemba Empat, 2014.
 37. W. A. Sanyaolu, T. T. Siyanbola, And H. B. Makinde, "Determinants Of The Nonperforming Loans Of Nigerian Deposit Money Banks," *Economic*

- Horizons*, Vol. 22, No. 1, Pp. 29–42, Jan. 2020, Doi: 10.5937/Ekonhor2001031s.
38. E. F. Brigham And M. C. Ehrhardt, *Financial Management: Theory & Practice*. Cengage Learning, 2013.
 39. J. I. Confidence And R. Igoniderigha, “Liquidity And Firm Value,” *Journal Of Accounting And Financial Management*, Vol. 9, No. 5, Pp. 120–135, Sep. 2023, Doi: 10.56201/Jafm.V9.No5.2023.Pg120.135.
 40. T. Mukherjee, S. R. Dutta, And S. S. Sen, “Stock Liquidity And Firm Value: The Mediating Role Of Capital Structure,” *Colombo Business Journal*, Vol. 14, No. 2, Pp. 57–98, Dec. 2023, Doi: 10.4038/Cbj.V14i2.158.
 41. L. Xu, C. Xue, And J. Zhang, “The Impact Of Investor Sentiment On Stock Liquidity Of Listed Companies In China,” *Investment Management And Financial Innovations*, Vol. 21, No. 2, Pp. 1–14, Apr. 2024, Doi: 10.21511/Imfi.21(2).2024.01.
 42. Y. M. Ceunfin, D. Zuhroh, And Sihwahjoeni, “Analysis Of The Effect Of Leverage, Company Size And Liquidity On Firm Value With Return On Asset As An Intervening Variable In Healthcare Companies Listed On The Indonesia Stock Exchange For The 2019-2022 Period,” *International Journal Of Research In Social Science And Humanities*, Vol. 05, No. 07, Pp. 182–196, 2024, Doi: 10.47505/Ijrss.2024.7.16.
 43. J. Chen, “Liquidity Management And Corporate Value: A Review Of Theories And Evidence,” *Journal Of Financial Studies*, Vol. 45, No. 2, Pp. 145–160, 2018.
 44. S. A. Ross, *Corporate Finance*. Mcgraw-Hill Education, 2019.
 45. Q. Chen, Z. Liu, Zhao Gangquan, And W. Liu, “Numerical Analysis Of Drag Reduction Of Hydrofoil Appendage For High-Speed Ship,” *中国舰船研究*, Vol. 17, No. 3, Pp. 1–10, 2022.
 46. Mujino And A. Wijaya, “The Effect Of Dividend Policy, Debt Policy, Profitability, Asset Structure, And Company Size On The Value Of Manufacturing Companies Listed On The Indonesia Stock Exchange 2013-2019,” *Business And Accounting Research (Ijebar) Peer Reviewed-International Journal*, Vol. 5, 2021, [Online]. Available: <https://Jurnal.Stie-Aas.Ac.Id/Index.Php/Ijebar>
 47. Z. Zainuddin, O. Andaresta Mananohas, And O. R. Akindutire, “The Effect Of Debt Policies, Profitability, Managerial Ownership Structure, And Liquidity On Dividend Policy,” *The Indonesian Journal Of Accounting Research*, Vol. 23, No. 03, Sep. 2020, Doi: 10.33312/Ijar.483.
 48. S. A. Ross, “The Economic Theory Of Agency: The Principal’s Problem,” *American Economic Review*, Vol. 63, No. 2, Pp. 39–134, 1973.
 49. E. F. Fama And M. H. Miller, *The Theory Of Finance*. Llinois: Dryden Press, 1972.
 50. G. Liu And C. Zhang, “Economic Policy Uncertainty And Firms’ Investment And Financing Decisions In China,” *China Economic Review*, Vol. 63, Oct. 2020, Doi: 10.1016/J.Chieco.2019.02.007.
 51. A. A. Sitorus, R. J. Panjaitan, W. Lilia, And T. Indria, “Influence Of Dividend Policy, Investment Decision, Structure Capital, And Company Size, On Company Value,” *Jurnal Ipteks Terapan*, Vol. 17, No. 1, 2023, Doi: 10.22216/Jit.V17i1.

52. F. Munawaroh And A. Munandar, "Investment Decisions' Impact On Corporate Value: Analyzing Profitability, Leverage, Company Size, And Age Moderation Effects," *International Journal Of Social Science And Business*, Vol. 8, No. 1, 2024, Doi: 10.23887/Ijssb.V8i1.73628.
53. C. Sherine, H. Wiyanto, And H. Budiono, "The Effect Of Investment Decision, Funding Decision, And Profitability On The Firm Value Of Consumer Goods Industry Registered In Indonesia Stock Exchange During 2017-2020," *Advances In Economics, Business And Management Research*, 2022, [Online]. Available: [Www.Idx.Co.Id](http://www.idx.co.id)
54. B. P. Bhattarai, "Determinants Of Firm Value In Commercial Banks Of Nepal," *The International Journal Of Business & Management*, Vol. 8, No. 8, Aug. 2020, Doi: 10.24940/Theijbm/2020/V8/I8/Bm2008-021.
55. A. C. Kaindam, E. Suryani, And I. Wawan, "The Antecedent Of Profitability Concerning Investment Decisions On Firm Value Through Capital Structure In Large Companies At Indonesia," *International Conference On Sustainability In Technological, Environmental, Law, Management, Social And Economic Matters*, Oct. 2023, Doi: 10.4108/Eai.4-11-2022.2329714.
56. J. D. Van Heerden And P. Van Rensburg, "The Impact Of Liquidity On The Cross Section Of Equity Returns On The Johannesburg Securities Exchange," *Economics, Management, And Financial Markets*, Vol. 11, No. 2, Pp. 59–86, 2016.
57. N. Marpaung, I. Yahya, And I. Sadalia, "The Effect Of Liquidity, Profitability, Capital Structure, Asset Growth, And Firm Size On The Firm Value With Dividend Policy As A Moderating Variable In Food And Beverage Sub-Sector Of Manufacturing Companies Listed On The Indonesia Stock Exchange," *International Journal Of Research And Review*, Vol. 9, No. 7, Pp. 268–282, Jul. 2022, Doi: 10.52403/Ijrr.20220731.
58. D. Sopian And D. A. Rohiati, "The Effect Of Liquidity, Leverage And Profitability On Company Value," *Management, Economics And Social Sciences. Ijamesc, Pt. Zillzell Media Prima*, Vol. 1, No. 5, 2023.
59. B. Chakraborty And Md. Y. H. Maruf, "Are Liquidity, Dividend Policy, Leverage, And Profitability The Determinants Of Firm Value: Evidence From The Listed Firms?," *Copernican Journal Of Finance & Accounting*, Vol. 12, No. 1, Pp. 47–63, Dec. 2023, Doi: 10.12775/Cjfa.2023.003.
60. D. P. B. Aji, A. Kushermanto, And I. R. Alisa, "The Effect Of Liquidity On Firm Value: Research And Development Intensity As Moderating Variable," *Business, Accounting, And Knowledge Journal*, Vol. 1, No. 1, Pp. 1–12, 2024, Doi: 10.31941/Batik.V2i01.
61. A. Novian Yosafat, A. Sumiati, And A. Fauzi, "Pengaruh Likuiditas Dan Profitabilitas Terhadap Nilai Perusahaan Dengan Corporate Social Responsibility Sebagai Variabel Moderasi Pada Perusahaan Manufaktur Yang Terdaftar Di Bei," *Konfrensi Ilmiah Akuntansi*, 2023.
62. A. V. Chioma, N. E. Okoye, A. J. Chidume, And O. G. Nnenna, "African Journal Of Accounting And Financial Research Assessing The Effect Of Capital Adequacy Risk And Liquidity Risk Management On Firm Value Of Deposit Money Banks In Nigeria," *African Journal Of Accounting And Financial Research*, Vol. 4, No. 1, P. 33, 2021, [Online]. Available: [Www.Abjournals.Org](http://www.abjournals.org)

63. Y. Pratama, A. Putri, And F. Ekonomi Dan Bisnis, "The Influence Of Liquidity, Leverage, And Profitability On Firm Value Of Indonesian Pharmaceutical Companies: The Moderating Role Of Dividend Policy," *International Conference On Social Science Humanities Arts (Incosha)*, Pp. 7–8, 2023.
64. W. Yulianson And R. T. Hastuti, "The Effect Of Firm Size, Leverage, And Liquidity On Company Value," *International Journal Of Application On Economics And Business (Ijaeb)*, Vol. 2, No. 1, Pp. 2987–1972, 2024, Doi: 10.24912/Ijaeb.V2i1.3249-3258.
65. R. P. Indahningrum And R. Handayani, "Pengaruh Kepemilikan Manajerial, Kepemilikan Institusional, Dividen, Pertumbuhan Perusahaan, Free Cash Flow Dan Profitabilitas Terhadap Kebijakan Hutang Perusahaan," *Jurnal Bisnis Dan Akuntansi*, Vol. 11, No. 3, Pp. 189–207, 2009.
66. E. F. Brigham And J. F. Houston, *Manajemen Keuangan*, 2nd Ed. Jakarta: Erlangga, 2001.
67. B. Sudiyatno And E. Puspitasari, "Tobin's Q Dan Altman Z-Score Sebagai Indikator Pengukuran Kinerja Perusahaan," *Kajian Akuntansi*, Vol. 2, Pp. 9–21, 2010.
68. A. Afzal And A. Rohman, "Pengaruh Keputusan Investasi, Keputusan Pendanaan, Dan Kebijakan Deviden Terhadap Nilai Perusahaan," *Diponegoro Journal Of Accounting*, Vol. 1, No. 2, P. 09, 2012.
69. A. Chowdhury And S. P. Chowdhury, "Impact Of Capital Structure On Firm's Value: Evidence From Bangladesh," *Impact Of Capital Structure On Firm's Value: Evidence From Bangladesh*, Vol. 3, No. 3, Pp. 111–122, 2010, [Online]. Available: [Www.Pieb.Cz](http://www.Pieb.Cz)
70. J. Benardi, "Pengaruh Cash Flow Terhadap Leverage Dan Investasi Serta Dampaknya Terhadap Nilai Perusahaan," *Jurnal Ekonomi Dan Kewirausahaan*, Vol. 10, Pp. 93–108, 2010.
71. S. Sofyaningsih And P. Hardiningsih, "Struktur Kepemilikan, Kebijakan Dividen, Kebijakan Utang Dan Nilai Perusahaan Ownership Structure, Dividend Policyand Debtpolicy And Firmvalue," *Dinamika Keuangan Dan Perbankan*, Vol. 3, No. 1, Pp. 68–87, 2011.
72. D. K. Wardani And S. Hermuningsih, "Pengaruh Struktur Kepemilikan Terhadap Nilai Perusahaan Dengan Kinerja Keuangan Dan Kebijakan Hutang Sebagai Variabel Intervening," *Jurnal Siasat Bisnis*, Vol. 15, No. 1, 2011.
73. E. S. Alghifari, A. Gunardi, J. Suteja, I. K. Nisa, And Z. Amarananda, "Investment Decisions Of Energy Sector Companies On The Indonesia Stock Exchange: Theory And Evidence," *International Journal Of Energy Economics And Policy*, Vol. 12, No. 6, Pp. 73–79, Nov. 2022, Doi: 10.32479/Ijeep.13642.
74. N. Nurlela, S. Sulastri, U. H. Aj, And A. Hanafi, "The Influence Of Investment Decisions And Financing Decisions On Firm Value With Profitability As Intervening Variables(Empirical Study On Companies Listed In Indonesian Sharia Stock Index)," *International Journal Of Multicultural And Multireligious Understanding*, Vol. 6, No. 2, P. 447, May 2019, Doi: 10.18415/Ijmmu.V6i2.758.
75. K. Ardillah And T. Thenia, "Corporate Social Responsibility, Investment Decisions, And Managerial Ownership On Value Of The Company : Evidence

- From Indonesia,” *Ilomata International Journal Of Tax And Accounting*, Vol. 2, No. 4, Pp. 268–285, Oct. 2021, Doi: 10.52728/Ijtc.V2i4.341.
76. M. Minanari And A. Rahayu, “The Effect Of Profit Management, Good Corporate Governance Mechanism, And Investment Decisions On Firm Value,” *Advances In Economics, Business And Management Research*, Vol. 120, 2020.
77. E. F. Alias, H. Malini, And R. Maghribi, “Macro Variable And Investment Decisions Effect On Company Value,” *Tanjungpura International Journal On Dynamics Economics, Social Sciences And Agribusiness 30 Tijdessa*, Vol. 2, No. 2, Pp. 30–50, 2021, Doi: 10.26418/Tijdessa.V1i1.41451.

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

