

ABSTRACT

Nagian Toni, NPM: 149010059, The Effect of a Investment Decisions, Capital Structure, Dividend Policy, and Company Size on Financial Performance and The Implication on Value of a Company (Empiric Study on Public Companies at The Indonesian Stock Exchange), mentored by Prof. Dr. H. Azhar Affandi, SE., M.Sc as the Promotor and Dr. H. Atang Hermawan, SE., MSIE.,Ak as the Co-Promotor.

The objective of this research is to get an understanding on the effect of a investment decisions, capital structure, dividend policy, and company size on financial performance and the implication on value of a company using Structural Equation Model (SEM). It is expected that this model will give more comprehensive analysis on the effect of the investment decisions, capital structure, dividend policy and company size on financial performance at public companies, which includes the direct or indirect effect on one variable against the others variables. Its also meant to give on understanding, the implication of financial performance on value of public companies at the Indonesian Stock Exchange in 2011-2014. This analysis was based on target population of 446 companies and the samples of 315 public companies at Indonesian Stock Exchange, with following findings.

The investment decision, capital structures, dividend policy and company size gave a direct effect on the value of the companies, respectively 2,34%, 5,06%, 4,62% and 9,49%. Indirectly, the investment decision effected the financial performance 7,82%, and then indirectly capital structure effected the financial performance 11,86%, dividend policy effected the financial performance 12,96%, and company size effected the financial performance 12,59%. Total effect of investment decisions, capital structure, dividend policy and company size on financial performance respectively 10,16%, 16,92%, 17,58% and 22,08%. The aggregate effect of investment decision, capital structure, dividend policy and company size were 66,73% on financial performance. Out of the four variables, the company sixe had more dominant effect on financial performance. This research also provides an indications that financial performance has effected value of a company decision was 76,1%. The investment decisions, capital structure, dividend policy and company size has a direct and indirect positive effect on each others.

If examined by Signaling Theory and Agency Theory, then the result of research will support both theory. Apparently, every financial decisions which was decided by the company provides an indications about the prospective

value of company in the future. The positive effect of the dividend policy towards the financing decision gave an indications on the effect of the management to minimize conflict between the management and the owners. This effort was done by increasing dividend and involving third party as creditors.

The theoretical finding on this research can be developed to make an investment decisions, capital structure, dividend policy and company size at public company. In other words, the four variables will have some means of effect on financial performance compare with other factors. Then, financial performance becomes main factor that should be concerned by investors, share holders and also management of company in order to increase value of a company and to invest at capital market.

Keywords : Investment decisisions, capital structure, dividend policy, company size, financial performance and value of a company.