

The Effect of Investment Decisions, Funding Decisions, Operational Decisions on Value of the Firm through Financial Distress as Intervening and Good Corporate Governance (GCG) as Moderating

Adelia Putri Rachmadani¹, Tri Ratnawati¹, Ida Ayu Sri Brahmayanti¹

¹University of 17 August 1945 Surabaya, Indonesia

e-Mail: adeliafitri@untag-sby.ac.id¹, triratnawati@untag-sby.ac.id¹, brahmayanti@untag-sby.ac.id¹

Correspondence Authors: Adelia Putri Rachmadani (adeliafitri@untag-sby.ac.id)

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ABSTRACT

This research focuses on companies engaged in manufacturing because manufacturing companies are one of the important things for economic growth in Indonesia. Indonesian manufacturing companies are currently not diversified and only export relatively few types of products. This study aims to prove and analyze the relationship between investment decisions, funding decisions, operational decisions, financial distress, GCG on firm value. The sample in this study namely manufacturing company engaged in the industrial sector listed on the Indonesia Stock Exchange (IDX) with a financial reporting period of 3 years, period 2019 to 2021. Tests were carried out using SmartPLS with an analysis of the outer model test and the inner model test. The research results show that operational decisions have a significant effect on financial distress, operational decisions have a significant effect on firm value and Good Corporate Governance (GCG) on firm value has a significant effect. The relationship of other variables shows no significant results on financial distress and firm value.

Keywords: Investment Decisions, Funding Decisions, Operational Decisions, Value of the Firm, Financial Distress, Good Corporate Governance (GCG)

INTRODUCTION

The phenomena of the Covid - 19 Pandemic caused the Company in 2019 - 2020 to be affected by financial performance which greatly affected the results of financial reports, and financial difficulties (Financial Distress) appeared. Financial Distress or Financial Distress is a company's financial condition that is in trouble, crisis or unhealthy that occurred before the company went bankrupt. Financial Distress occurs when a company fails or is no longer able to fulfill debtor obligations due to a shortage and insufficient funds to run or continue its business.

The development of the manufacturing industry in Indonesia continues to show increasing progress towards the end of 2020 when compared to the beginning of the pandemic. This can be seen from the results of the Manufacturing PMI index in November 2020 which reached 50.6, moving up from the achievement in October of 47.8. Seeing the increasing numbers which tend to be relatively better is a positive thing, but this is still considered too

early. The manufacturing industry is said to have an adequate level of resistance if it is able to consistently stay above the 50 Manufacturing PMI level.



Figure 1. Graph of the 2018 - 2020 Manufacturing Company Stock Distribution Rate

The phenomena on of Financial Distress has caused the Coordinating Minister (Menko) for the Economy to highlight the many cases of applications for Postponement of Debt Payment Obligations (PKPU) and Bankruptcy to worry about the occurrence of moral hazard in filing PKPU because the requirements are easy.

PKPU has indeed experienced an increase, especially in the Central Jakarta, Surabaya and Semarang District Courts. Since the beginning of the year, the Central Jakarta District Court has received 331 cases related to PKPU. Years 2020, 440 PKPU cases were received, a sharp increase compared to 2019 (280) and 2018 (193).

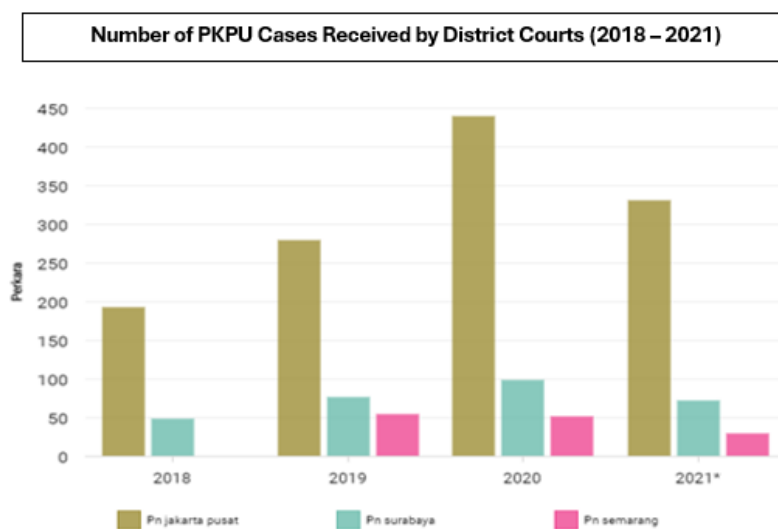
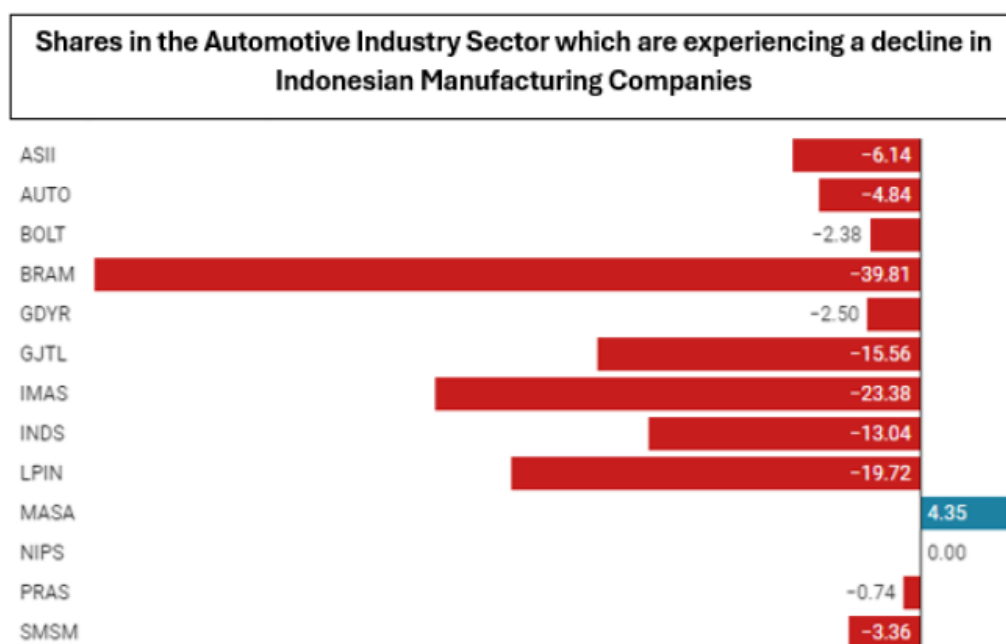


Figure 2. Number of Companies Applying for PKPU

Companies experiencing financial distress are taking steps by asking OJK to extend the time until 2025 for companies to carry out credit reconstruction. This step can ease the burden on entrepreneurs because the business world needs more time to organize their business in the midst of the Covid-19 pandemic.



Figures In Percentages, Data Since The Beginning Of The Year (Ytd)
Chart : Research team CNBC Indonesia. Source : Indonesia Stock Exchange

Figure 3. Manufacturing Company Shares are Declining

One example of a company experiencing financial distress is PT Astra International Tbk. PT Astra International Tbk recorded a decline in the company's financial performance due to the co-19 pandemic. The Astra Group's business and financial performance was significantly impacted by the COVID-19 pandemic, especially in the second quarter. It was recorded that the Astra Group's consolidated net income in the first semester of 2020 was IDR 89.8 trillion. This achievement decreased by 23 percent compared to the same period last year which amounted to IDR 116.18 trillion.

This research focuses on companies engaged in manufacturing because manufacturing companies are one of the important things for economic growth in Indonesia. Indonesia's manufacturing sector is currently not diversified and only exports relatively few types of products. Indonesia's main exports are unprocessed natural resources and simple manufactured goods, in sharp contrast to the complex, high-value products exported by developed economies, such as machinery, chemicals, or electronics. Indonesian companies are already connected to global value chains, but mostly only as suppliers of natural resources. In addition, the share of manufacturing employment in overall employment is lower today than in high-income Asian economies decades ago.

RESEARCH PURPOSES

The purpose of this research is to prove and analyze as a relationship Effect of Investment Decisions on Financial Distress, Effects of Investment Decisions on Firm Value, Effects of Funding Decisions on Financial Distress, Effects of Funding Decisions on Firm Value, Effects of Operational Decisions on Financial Distress, Effects of Operational Decisions on Firm Value, Effects of Financial Distress on Firm Value, Influence Financial Distress on Company Value with Good Corporate Governance (GCG) as Moderating, Effect of Investment Decisions on Firm Value through Financial Distress as Intervening, Effect of Funding Decisions on Firm Value through Financial Distress as Intervening, Effect of Operational Decisions on Company Value through Financial Distress as Intervening.

Theoretical Basis

Financial Management

The application of proper financial principles and the effective and efficient implementation of financial functions greatly support the achievement of the company's goal of maximizing firm value. According to (Ross, Westerfield, and Jordan, 2005) explains that in order to know corporate finance, there are several questions that must be asked to provide a comprehensive picture of corporate finance. The aim of the company is to create value for the owners (shareholders). In other words, the goal of the company and its managers should be to maximize shareholder value. This value is reflected in the framework of the company's simple balance sheet model.

Agency Theory

Agency theory according to (Jensen & Meckling, 1979) as an agency relationship between principal and agent. The relationship is a contract when the agent is assigned by the principal to perform a service on behalf of the principal. The duties assigned by the principal involve delegating authority to the agent to make decisions. Different interests in agency theory discuss the existence of an agency relationship, namely a relationship regarding the separation between ownership and management by managers (Jensen & Meckling, 1979).

Signaling Theory

Signaling theory was developed by Ross in 1977 which explains the encouragement of companies to provide positive signal information (good news) and negative signals (bad news) to external parties regarding the condition of the company. These signals can be in the form of information contained in financial reports. With this information, it is hoped that it can assist investors in making investment decisions. Signal theory that provides financial information can reduce information asymmetry between management and investors (Sariroh, 2021).

Investment Decision

Investment decisions are decisions taken as an alternative for companies to spend funds outside operational activities which can then provide benefits to the company in the future. The investment decision is a very important factor in the company's financial function, where the higher the investment decision set by the company, the higher the company's chance of obtaining a return or a large rate of return. Investment decisions are calculated using the ratio:

1. Current Asset Growth
2. Fixed Asset Growth
3. Growth of other assets
4. Total assets growth

Funding Decision

Funding decisions according to (Brealey, Myers, & Marcus, 2007) are financing or funding or spending that can be used to show where the source of funds or the origin of funds that finance or finance or finance the assets of a company is. Funding decisions are calculated using the ratio :

1. Short-term Debt Growth
2. Long term debt growth
3. Total debt growth
4. Equity growth

Operational Decisions

Operational decisions are no less important than operational decisions including the use of costs, and the effectiveness of the use of finance for the company's operations. Therefore, referring to this ratio can see how effective the performance of operational management is in using costs for operational activities. In the company's operations, of course, there will be many decisions that need to be made carefully so that the company does not suffer losses and customer satisfaction can be maintained. Operational Decisions are calculated using the ratio :

1. Receivables growth
2. Inventory growth
3. Cash ratio
4. BOPO
5. Working Capital Growth

Financial Distress

The stage where a company's financial condition is declining and is the stage before bankruptcy occurs is the meaning of Financial Distress (Platt & Platt, 2002 in (Sariroh, 2021)). Financial Distress can arise due to influences from within the company (internal) and from outside the company (external). Financial Distress is measured by the liquidity ratio, profitability ratio and leverage ratio :

1. Current Ratio (CR)
2. Quick Ratio (QR)
3. Debt to Assets (DAR)
4. Debt to Equity (DER)
5. Return on Assets (ROA)
6. Return on Equity (ROE)

Good Corporate Governance (GCG)

Corporate governance impacts all aspects of an organization, from leadership communications to strategic decision-making. However, all policies must still involve decisions from the board of directors for the benefit of the company. Business consulting firm PriceWaterhouseCoopers (PwC) refers to corporate governance as “performance matters”, because it provides the framework for a company's operational processes. GCG is measured by the following indicators:

1. Total Board of Commissioners
2. Total Board of Directors
3. Number of Audit Committee
4. Total Managerial Ownership
5. Number of Institutional Ownership

Value of The Firm

According to (Brigham and Erdhardt, 2005:518), firm value is the present value (present value) of future free cash flows at a discount rate according to the weighted average cost of capital. Free cash flow is cash flow available to investors (creditors and owners) after taking into account all expenses for the company's operations and expenses for investment and net current assets. Company Value is measured by the following indicators:

1. Price Book Value (PBV)
2. Book Value (BV)
3. Earning per Share (EPS)
4. Price Earning Ratio (PER)

RESEARCH METHODS

The population in this study are manufacturing companies in the industrial sector which are listed on the Indonesia Stock Exchange (IDX). The sample of this research is a manufacturing company engaged in the industrial sector which is listed on the Indonesia Stock Exchange (IDX) with a 3-year financial reporting period 2019 to 2021.

Research variable

The independent variables in this study are investment decisions (X1), funding decisions (X2), and operational decisions (X3). The dependent variable in this study is Firm Value (Y) and the intervening variable in this study is Financial Distress (Z). This study also uses a moderating variable, namely Good Corporate Governance (M).

Data source

The source of the data in this study is secondary data in the form of financial reports on industrial sector manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period 2019 – 2021.

Data Collection and Data Analysis Techniques

The data collection method used in this study is the method of observation and collection of financial report documents for industrial manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period 2019 – 2021. The data analysis technique uses SmartPLS version 3.0 by producing an Outer Model and Inner Model Test analysis.

RESULTS AND DISCUSSION

This study uses a sample of industrial sector manufacturing companies with financial reports for the period 2019 - 2021 which meet the requirements that complete financial reports for 3 periods and financial reports are calculated in the rupiah currency. The list of manufacturing companies is as follows:

Table 1. List of Manufacturing Companies registered on the IDX

No.	CODE	COMPANY NAME
1	AMFG	PT. Asanimas Flat Glass Tbk
2	ARNA	PT. Arwana Citramulia Tbk
3	CAKK	PT. Cahayaputra Asa Keramik Tbk
4	KIAS	PT. Keramika Indonesia Asosiasi Tbk
5	KOIN	PT. Kokoh Inti Arebama Tbk
6	CCSI	PT. Communication Cable Systems Indonesia Tbk
7	SCCO	PT. Supreme Cable Manufacturing & Commerce Tbk
8	JECC	PT. Jembo Cable Company Tbk
9	KBLI	PT. KMI Wire & Cable Tbk
10	KBLM	PT. Kabelindo Murni Tbk
11	MLPL	PT. Multipolar Tbk
12	ASII	PT. Astra International Tbk
13	BHIT	PT. MNC Asia Holding Tbk
14	BNBR	PT. Bakrie & Brothers Tbk
15	EMTK	PT. Elang Mahkota Teknologi Tbk
16	AMN	PT. Atmindo Tbk
17	APII	PT. Arita Prima Indonesia Tbk
18	ARKA	PT. Arkha Jayanti Persada Tbk
19	ASGR	PT. Astra Graphia Tbk
20	INTA	PT. Intraco Penta Tbk
21	JTPE	PT. Jasuindo Tiga Perkasa Tbk
22	KONI	PT. Perdana Bangun Pusaka Tbk
23	LION	PT. Lion Metal Works Tbk
24	MDRN	PT. Modern Internasional Tbk
25	MFMI	PT. Multifiling Mitra Indonesia Tbk
26	MLIA	PT. Mulia Industrindo Tbk
27	SOSS	PT. Shield On Service Tbk
28	SPTO	PT. Surya Pertiwi Tbk
29	TFAS	PT. Telefast Indonesia Tbk
30	TIRA	PT. Tira Austenite Tbk
31	VOKS	PT. Voksel Electric Tbk

Source : Industrial Classification of PT.BEI Listed Companies as of January 19 2021 Industrial Sector (C)

The list of companies in table 1. is then analyzed using indicators from the Financial Distress variable with the following conditions:

1. Current Ratio < 2 times this amount means that current assets are 2 times the current liabilities (1 rupiah guaranteed by 2 rupiah from current assets)
2. Quick Ratio < 1.6 times this amount means that the company does not need to sell inventory if it wants to pay off current liabilities.
3. DAR > 100% of this amount means that the risk of failure to pay debts to creditors.
4. DER > 100% of this amount means that the risk of failure to pay debts to creditors.
5. ROA and ROE decreased from the previous year, and the value of the increase tended to be less than 5%.

The results of the company analysis using the Financial Distress indicator, it was found that there were several companies that were indicated to be experiencing FD. The list of these companies is as follows:

Table 2. List of Manufacturing Companies that are indicated to be experiencing Financial Distress

No.	CODE	COMPANY NAME
1.	AMFG	PT. Asahimas Flat Glass Tbk
2.	CAKK	PT. Cahayaputra Asa Keramik Tbk
3.	KIAS	PT. Keramika Indonesia Assosiasi Tbk
4.	KOIN	PT. Kokoh Inti Arebama Tbk
5.	CCSI	PT. Communication Cable Systems Indonesia Tbk
6.	SCCO	PT. Supreme Cable Manufacturing & Commerce Tbk
7.	JECC	PT. Jembo Cable Company Tbk
8.	KBLM	PT. Kabelindo Murni Tbk
9.	MLPL	PT. Multipolar Tbk
10.	BHIT	PT. MNC Investama Tbk
11.	BNBR	PT. Bakrie & Brothers Tbk
12.	AMIN	PT. Atmindo Tbk
13.	APII	PT. Arita Prima Indonesia Tbk
14.	ARKA	PT. Arkha Jayanti Persada Tbk.
15.	INTA	PT. Intraco Penta Tbk
16.	LION	PT. Lion Metal Works Tbk
17.	MDRN	PT. Modern Internasional Tbk
18.	TIRA	PT. Tira Austenite Tbk
19.	VOKS	PT. Voksel Electric Tbk
20.	JTPE	PT. Jasuindo Tiga Perkasa Tbk

Source : Industrial Classification of PT.BEI Listed Companies as of January 19 2021 Industrial Sector (C)

Outer Model Test

The results of the Validity and Reliability Tests can be seen in the Outer Model test with the following picture:

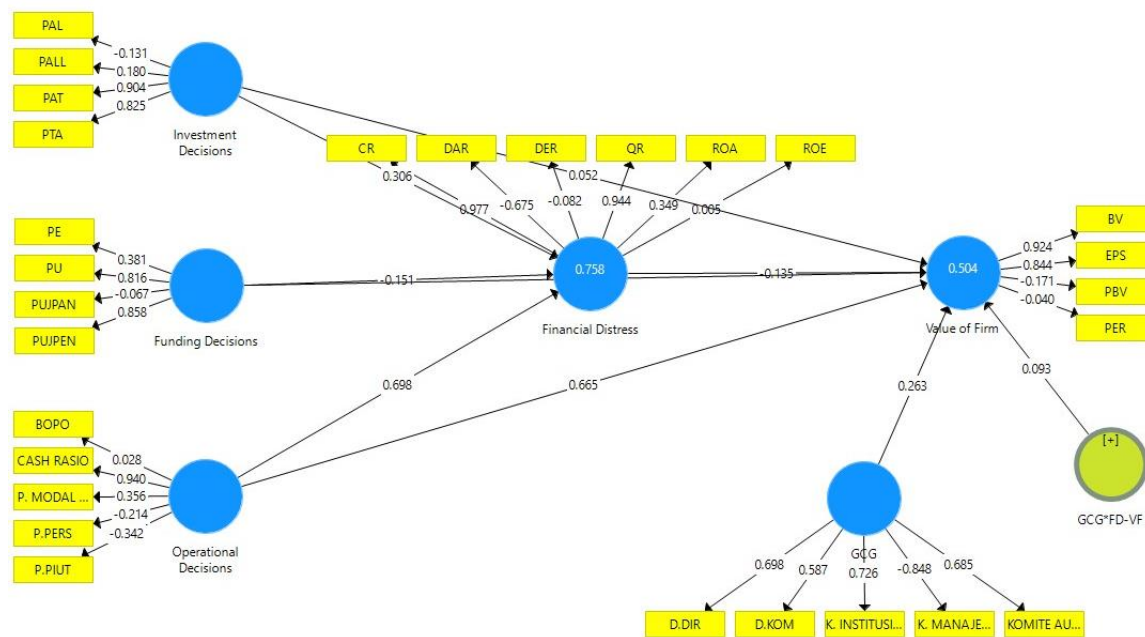


Figure 4. Outer Model Test

Data processing uses SmartPLS 3.0 validity and reliability tests which can be presented with 3 types, namely Cronbach's Alpha, rho_A, Composite reliability and Average Variance Extracted (AVE).

Convergent validity uses the results of outer loading or factor loading values. The indicator is declared to meet convergent validity in the good category if the outer loading value is > 0.7. The outer loading results of each variable are shown in the table below:

Table 3. Convergen Validity

Variable	Indicator	Outer Loading	Results
Investment Decisions (X1)	PAL	-0.131	Invalid
	PAT	0.904	Valid
	PALL	0.180	Invalid
	PTA	0.825	Valid
Funding Decisions (X2)	PUJ PEN	0.858	Valid
	PUJ PAN	-0.067	Invalid
	PU	0.816	Valid
	PE	0.381	Invalid
Operational Decisions (X3)	P.PIUT	-0.342	Invalid
	P.PERS	-0.214	Invalid
	Cash Rasio	0.940	Valid
	BOPO	0.028	Invalid
Financial Distress (Z)	P. MK	0.356	Invalid
	CR	0.977	Valid
	QR	0.944	Valid
	DAR	-0.675	Invalid
	DER	-0.082	Invalid
	ROA	0.349	Invalid
Good Corporate Governance (M)	ROE	0.005	Invalid
	D.KOM	0.587	Invalid
	D.DIR	0.698	Invalid
	K.A	0.685	Invalid
	K.MANJ	-0.848	Invalid
Value of the Firm (Y)	K.INST	0.726	Valid
	EPS	0.844	Valid
	PER	-0.171	Invalid
	BV	0.924	Valid
	PBV	-0.040	Invalid

Source: Processed with SmartPLS 3.0

Based on the results in the table above, it is known that each variable indicator has a variety. An indicator is said to be valid if the indicator has an outer loading value > 0.7 (Ghozali, 2014) with this value, variable indicators can be categorized as valid and invalid. Valid indicators can be used for further analysis.

Discriminant validity can be determined through the method by looking at the average variant extracted (AVE) value for each indicator with a value of > 0.5 as a good model, shown in the table below:

Table 4. Discriminant Validity

Variable	Average Variance Extracted (AVE)
<i>Investment Decisions (X1)</i>	0,764
<i>Funding Decisions (X2)</i>	0,739
<i>Operational Decisions (X3)</i>	1,000
<i>Financial Distress (Z)</i>	0,975
<i>Good Corporate Governance (M)</i>	1,000
<i>Value of the Firm (Y)</i>	0,797

Source: Processed with SmartPLS 3.0

Based on the data presented in the table, it can be seen that the AVE value of all variables shows a value of > 0.5 , thus it can be stated that each variable has good discriminant validity.

Variables can be declared to meet composite reliability if these variables have a composite reliability value with a value of > 0.6 . The test results are shown in the table below:

Table 5. Composite Reliability

Variable	Composite Reliability
<i>Investment Decisions (X1)</i>	0,866
<i>Funding Decisions (X2)</i>	0,850
<i>Operational Decisions (X3)</i>	1,000
<i>Financial Distress (Z)</i>	0,987
<i>Good Corporate Governance (M)</i>	1,000
<i>Value of the Firm (Y)</i>	0,887

Source: Processed with SmartPLS 3.0

Based on the test results it can be seen that the composite reliability value of all research variables is > 0.6 with these results indicating that each variable has fulfilled composite reliability so that it can be concluded that all variables have a high level of reliability.

Table 6. Cronbach's Alpha

Variable	Cronbach's Alpha
<i>Investment Decisions (X1)</i>	0,700
<i>Funding Decisions (X2)</i>	0,647
<i>Operational Decisions (X3)</i>	1,000
<i>Financial Distress (Z)</i>	0,975
<i>Good Corporate Governance (M)</i>	1,000
<i>Value of the Firm (Y)</i>	0,760

Source: Processed with SmartPLS 3.0

<https://ejournal.ipinternasional.com/index.php/ijec>

Based on the test results according to the table above, all variables have a value of > 0.6. It can be concluded that all variables in this study have a high level of reliability.

Based on the results of the data test that has been carried out, the R-Square value is obtained which is explained in the table below:

Table 7. R -Square

Variable	R – Square
Financial Distress (Z)	0,837
Value of the Firm (Y)	0,515

Source: Processed with SmartPLS 3.0

The values in the table above show that the R – Square value for the Firm Value variable yields 0.515. The acquisition of this value can explain that the percentage of the magnitude of the Company's Value can be explained by the variables of investment decisions, funding decisions, operational decisions, Financial Distress and Good Corporate Governance (GCG) of 51.5% and 48.5% is explained by other variables not examined in this research.

The R – Square value of the Financial Distress variable with a result of 0.837 is in accordance with the table above. This value can explain that the percentage of the magnitude of the Financial Distress value can be explained by the variables of investment decisions, funding decisions, operational decisions, company value and Good Corporate Governance (GCG) of 83.7% and 16.3% is explained by other variables not examined in this research.

Inner Model Test

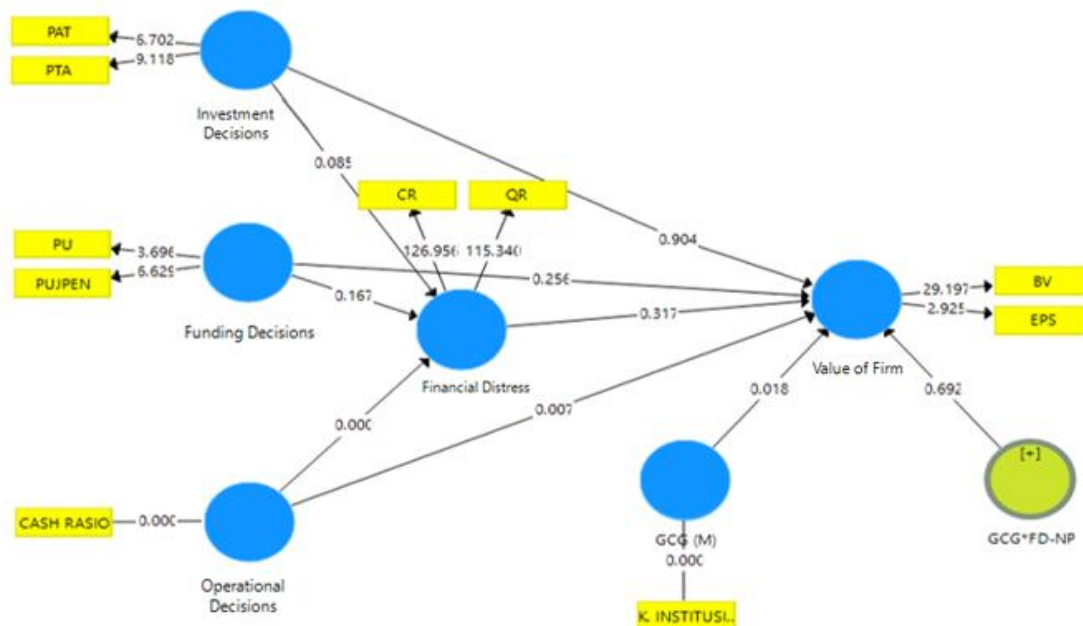


Figure 5. Inner Model Test

Hypothesis testing in this study was carried out by looking at the T-Statistics value and the P-Values. The hypothesis in this study can be declared accepted if the P-Values <0.05. The test results in this study are shown in the table below:

Table 8. Hypothesis Test

Variable	Original (O)	Mean (M)	STDEV	T Values ((O/STDEV))	P - Values	Results
X1 > Z	0,147	0.156	0,085	1,726	0,085	not significant
X1 > Y	0,012	0.003	0,099	0,121	0,904	not significant
X2 > Z	-0.118	-0,126	0,086	1,384	0,167	not significant
X2 > Y	-0,129	-0,120	0,114	1,137	0,256	not significant
X3 > Z	0,827	0.805	0,081	10,196	0,000	Signifikan
X3 > Y	0,826	0,736	0,806	2,697	0,007	Signifikan
Z > Y	-0,256	-0,247	0,256	1,001	0,317	not significant
M > Y	0,216	0,225	0,091	2,376	0,018	Signifikan
GCG*F D-NP	0,089	0,059	0,225	0,396	0,692	not significant

Source: Processed with SmartPLS 3.0

Table 9. Intervening Hypothesis Test

Variable	Original (O)	Mean (M)	STDEV	T Values ((O/STDEV))	P - Values	Results
X1 > Z > Y	-0,038	-0,035	0,045	0,830	0,407	not significant
X2 > Z > Y	0,030	0,031	0,044	0,690	0,491	not significant
X3 > Z > Y	-0,212	-0,199	0,211	1,006	0,315	not significant

Source: Processed with SmartPLS 3.0

Based on the test results in the table above, it can be seen that the 11 hypotheses proposed in the study, only 2 hypotheses were accepted because they had P-Values <0.05. While the 9 hypotheses were rejected because they had influence as indicated by the value of P – Values > 0.05 so it could be concluded that 2 hypotheses were accepted and 9 hypotheses were rejected.

1. The Effect of Investment Decisions on Financial Distress

The test results in the table can be seen that the original sample value (O) is 0.147 with P – Values 0.085 above 0.05 and the T – Statistic value is 1.726 < 1.962 (smaller than 1.96). These results indicate that the effect of investment decisions on Financial Distress is unacceptable and not significant. The growth of fixed assets and total assets is an important indicator in assessing investment decisions. The growth of fixed assets describes the condition of the company in the use of fixed assets (machinery, buildings, land, vehicles, etc.) while the growth of total assets illustrates the higher the growth in total assets, the higher the expected income will be. This makes the company gain the trust of outsiders to the company,

Asset management is not the main factor causing the company to experience financial difficulties. This is in line with the Signal Theory which provides information to external parties regarding the growth conditions of fixed assets and total assets to be reviewed as material for consideration in making an investment. This study supports research from (Pristiana & Istiono, 2020) with the results of investment decisions have no significant

effect on Financial Distress with the conclusion that changes in company policy in investment decisions do not affect changes in the company's financial difficulties. This study does not support the results of research from (Pristiana, 2018) with the results of investment decision research affecting the Financial Distress of manufacturing companies, which means that the better the investment decided by the company, the greater the company's ability to pay its obligations.

2. The Influence of Investment Decisions on Firm Value

The test results in the table can be seen that the original sample value (O) is 0.012 with P – Values 0.904 above 0.05 and the T – Statistic value is $0.121 < 1.962$ (smaller than 1.96). These results indicate that the effect of investment decisions on firm value is unacceptable and not significant. Growth in fixed assets and growth in total assets are not a factor to increase the value of the company, the growth of assets shows that the higher the value of the assets, the more it indicates that the company has not been able to manage assets properly so that it gives a negative signal to investors so that they are not interested in buying the company's shares or making investments. against the company.

These results support research from (Sihwajoeni et al., 2020) that investment decisions have no significant effect on firm value, which means that the level of investment decisions has no impact on firm value. Study (Sri Brahmayanti et al., 2021) And (Gautama et al., 2019) with the results of the study that investment decisions are not significant to firm value with researchers using asset growth as an indicator in this study asset growth is not the main factor for increasing firm value. The relationship between signal theory and asset growth is bad, if the value of asset growth increases, it shows that the company is not able to manage assets properly because the addition of cash is considered by the company to be less able to manage assets properly, causing the profit earned by investors to be less than optimal. This condition gives a negative signal so that investors are not interested in investing. Study (Amaliyah & Herwiyanti, 2020) With the results of the study that the company has not shown maximum profit from the investment made, it causes investors not to view investment decisions as a reference in investing. Asset growth that exceeds the optimal limit causes the company to be burdened with the costs incurred so that the company's profit decreases and causes the company's value to also decrease.

3. The Effect of Funding Decisions on Financial Distress

The test results in the table can be seen that the original sample value (O) is -0.118 with a P-value of 0.167 above 0.05 and a T-statistic value of $1.384 < 1.962$ (smaller than 1.96). These results indicate that the effect of funding decisions on Financial Distress is unacceptable and not significant. Funding decisions show a negative effect on Financial Distress. It can be concluded that companies still experience financial difficulties if stakeholders in the company do not place funds appropriately or it can be indicated by misuse of funds. Decision-making by stakeholders is in line with agency theory, if stakeholders make wrong decisions regarding the use of funding then this will cause agency conflicts. Agency conflicts occur when stakeholders focus on their own interests and are not based on joint decisions. This research does not support the research results (Pristiana, 2018) which states that funding decisions affect Financial Distress, funding decisions have a real impact on changes in the reduction of Financial Distress. The results of this study have not been widely carried out by further researchers.

4. The Effect of Funding Decisions on Firm Value

The test results in the table can be seen that the original sample value (O) is -0.129 with a P-value of 0.256 above 0.05 and a T-statistic value of 1.137 < 1.962 (smaller than 1.96). These results indicate that funding decisions have a negative and insignificant effect. The growth of short-term debt and total debt needs to be considered by a manager even though investors do not analyze debt growth but this needs to be considered, because the higher the debt compared to the company's assets, the more worried the company's condition is. This study supports research (Agung et al., 2021) with the results of research if the funding decision increases the value of the company will remain constant. The higher or lower the debt owned by the company does not affect the value of the company because investors pay more attention to information about the results of using debt as company capital. Research result (Amaliyah & Herwiyanti, 2020) and (Jesilia & Purwaningsih, 2020) increased debt indicates a greater burden and the potential for bankruptcy will also be greater.

5. Effect of Operational Decisions on Financial Distress

The test results in the table can be seen that the original sample value (O) is 0.827 with P – Values 0.000 below 0.05 and a T – Statistic value of 10.196 > 1.962 (greater than 1.96). These results indicate that operational decisions have a positive and significant effect on Financial Distress. It can be concluded that the cause of Financial Distress is continuous loss operationally. If stakeholders continue to experience failure to meet targets, errors in making decisions on the use of funds, the company is threatened with financial distress, both due to failure to carry out operational obligations and failure to satisfy investors. Research on the relationship between operational decisions and financial distress has not been studied by previous researchers.

6. Effect of Operational Decisions on Firm Value

The test results in the table can be seen that the original sample value (O) was 0.826 with P – Values 0.007 below 0.05 and a T – Statistic value of 2.697 > 1.962 (greater than 1.96). These results indicate that operational decisions have a positive and significant effect on firm value. It was concluded that operational decisions are one of the important things in running a company, of course there will be many decisions that need to be made carefully so that the company does not experience losses and customer satisfaction can be maintained. Operational decisions are also very important in determining how much funding is used in the running of the company's operations. Research on the relationship between operational decisions and firm value has not been studied by previous researchers.

7. The Effect of Financial Distress on Firm Value

The test results in the table can be seen that the original sample value (O) is -0.256 with a P-value of 0.317 above 0.05 and a T-statistic value of 1.001 < 1.962 (smaller than 1.96). These results indicate that Financial Distress has a negative and insignificant effect on firm value. This shows that financial difficulties are not the main factor affecting the value of the company. The condition of a company experiencing financial difficulties can be resolved if there is funding from external parties or can be influenced by other things so that it does not directly reduce the value of the company. The results of this study support the research (Pratiwi et al., 2023) which states that Financial Distress has no effect or is not significant on company value. The results of the study show that Financial Distress clearly

has no effect on firm value. This research does not support the research results (Pristiana, 2018) The direction of the influence of Financial Distress on the company value of manufacturing companies is unidirectional, meaning that the higher the company's Financial Distress condition, the higher the company value where this research does not support the theory if the higher the Financial Distress condition, the better the company value.

8. The Effect of Financial Distress on Company Value with Good Corporate Governance (GCG) as moderation

The test results in the table can be seen that the original sample value (O) is 0.089 with P – Values 0.692 above 0.05 and a T – Statistic value of 0.396 < 1.962 (smaller than 1.96). These results indicate that Financial Distress has a negative and insignificant effect on firm value. This explains that the relationship that exists between Good Corporate Governance variables moderates Financial Distress on firm value in the opposite direction. These results support research from (Pratiwi et al., 2023) with the results of Financial Distress research with corporate value moderated by Good Corporate Governance yielding insignificant results. Moderated Financial Distress

However, the results of the research on the direct relationship of Good Corporate Governance (GCG) to company value with the original sample value (O) amounted to 0.218 with P – Values 0.012 below 0.05 and T – Statistics values of 2.564 > 1.962 (greater than 1.96). These results identify that Good Corporate Governance (GCG) has a significant effect on company value. These results support the results of research from (Pratiwi et al., 2023) the relationship that occurs between good corporate governance (GCG) to company value is one direction or not opposite.

9. The Influence of Investment Decisions on Firm Value with Financial Distress as mediation

The test results in the table can be seen that the original sample value (O) is -0.038 with a P-value of 0.407 above 0.05 and a T-statistic value of 0.830 < 1.962 (smaller than 1.96). These results indicate that Financial Distress cannot mediate or indirectly influence investment decisions on firm value. Research on the relationship between investment decisions and firm value with Financial Distress as mediation has not been studied by previous researchers.

10. The Influence of Funding Decisions on Firm Value with Financial Distress as mediation

The test results in the table can be seen that the original sample value (O) is 0.030 with P – Values 0.491 above 0.05 and a T – Statistic value of 0.690 < 1.962 (smaller than 1.96). These results indicate that Financial Distress cannot mediate or indirectly influence funding decisions on firm value. Research on the relationship between funding decisions and firm value with Financial Distress as mediation has not been studied by previous researchers.

11. Effect of Operational Decisions on Firm Value with Financial Distress as mediation

The test results in the table can be seen that the original sample value (O) is -0.212 with a P-Value of 0.315 above 0.05 and a T-Statistic value of 1.006 < 1.962 (smaller than 1.96). These results indicate that Financial Distress cannot mediate or indirectly influence operational decisions on firm value. Research on the relationship between operational

decisions and firm value with Financial Distress as mediation has not been studied by previous researchers.

CONCLUSIONS

Based on the results of the data analysis described above, a conclusion can be drawn as follows: Investment decision has no significant effect on Financial Distress. Investment Decision has no significant effect on Firm Value. Funding decisions have no significant effect on Financial Distress. Funding Decisions have no significant effect on Firm Value. Operational Decisions have a significant effect on Financial Distress, this is an update in this study. Operational Decisions have a significant effect on Firm Value, this is an update in this study. *Financial Distress* no significant effect on Firm Value. *Good Corporate Governance (GCG)* does not moderate the relationship between Financial Distress and Company Value. *Financial Distress* does not mediate the relationship between Investment Decision and Company Value. *Financial Distress* does not mediate the relationship between Funding Decisions and Company Value. *Financial Distress* does not mediate the relationship between Operational Decisions and Company Value.

Suggestions for this research include: The sample in this study can be expanded not only from the scope of industrial sector manufacturing companies. This research was carried out using data for the period 2019 – 2021 where the financial statements are likely to be affected by the Covid – 19 pandemic which can affect various aspects of the company. Variables in further research should be added to other variables, because there are still many variables that can affect firm value that are not discussed in this study.

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