

THE INFLUENCE OF INTELLECTUAL CAPITAL AND INVESTMENT DECISION ON FIRM VALUE

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ABSTRACT

This study aims to determine the influence of intellectual capital and investment decision on firm value. This type of research is correlational, aimed at proving whether there is a relationship between variables as found in previous studies. The population includes all consumer non-cyclicals companies listed on the Indonesia Stock Exchange for the period from 2013 to 2022. The sampling technique used is Purposive Sampling. The population data consists of 290 data, and a sample of 130 data was obtained. The data analysis method used is multiple linear regression analysis. The results of the data analysis show that intellectual capital has a positive effect on firm value, and investment decision has a positive effect on firm value. The adjusted R-Square value of 0.1204 indicates that the ability of independent variables to explain the variation in dependent variables is 12.04%, and the remaining 87.6% is explained by other variables outside the research model.

KEYWORDS Intellectual Capital, Investment Decision, Firm value



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INTRODUCTION

The increase in firm value always attracts the attention of scientists and managers because it is highly valuable for businesses in the current era of globalization, where all innovations, technology-based businesses, and business competition are advancing rapidly. The firm value can be used to measure the prosperity of shareholders. Investors assess companies based on stock market prices, so the company's value can grow significantly as an achievement of the company's long-term goals (Yohana & Suhendah, 2023). Firm value can bring prosperity to owners or shareholders when stock prices rise. The higher the stock value, the higher the welfare of shareholders (Revinka, 2021).

The increase in fuel prices has an impact on several sectors. One of them is the consumer non-cyclicals sector, which is still in the phase of economic recovery.

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The COVID-19 pandemic has to face the condition of rising fuel prices, which will affect the logistics side, resulting in increased operational costs (Ramadhani, 2022). In other words, after the increase in fuel prices, there will be an impact on the increase in production costs, and with the increase in production costs, the prices of consumer non-cyclicals sector goods (primary goods) will automatically increase. The impact of this increase will cause people to consider many factors when purchasing necessities, based on the amount and quantity obtained in spending for their primary consumption needs according to their income.

Stocks of primary consumer goods also recorded poor performance in 2021. Looking at the IDX Sector Consumer Non-Cyclicals, it recorded minus 16.48% year to date (ytd) until December 20, 2021. Large capitalized stocks that are members of this sector index also showed similar performance. During the same period, PT Unilever Indonesia Tbk (UNVR) shares fell 43.67% YTD to Rp 4,140 per share, PT HM Sampoerna Tbk (HMSP) fell 35.97% to Rp 970, PT Mayora Indah Tbk (MYOR) fell 30.93% to Rp 2,010, and PT Gudang Garam Tbk (GGRM) corrected 24.28% to Rp 31,100 per share. Over the last five trading days, this index also continued to correct by 0.16%. The same goes for the four stocks mentioned above. However, typically, primary consumer goods stocks record positive performance in December. For example, in the first nine months of 2021, Unilever Indonesia's net profit fell by 19.52% annually to Rp 4.37 trillion. Similarly, HMSP's net profit plummeted by 19.68% year on year to Rp 5.55 trillion (Kontan.co.id). Government policies will impact the performance of the consumer non-cyclicals sector, where there will be increases in excise taxes on cigarettes or sugary drinks. The increase in crude palm oil (CPO) prices, which is a raw material for fast-moving consumer goods (FMCG) industries, poses a challenge for companies such as Unilever or Mayora (Qolbiyati et al., 2022).

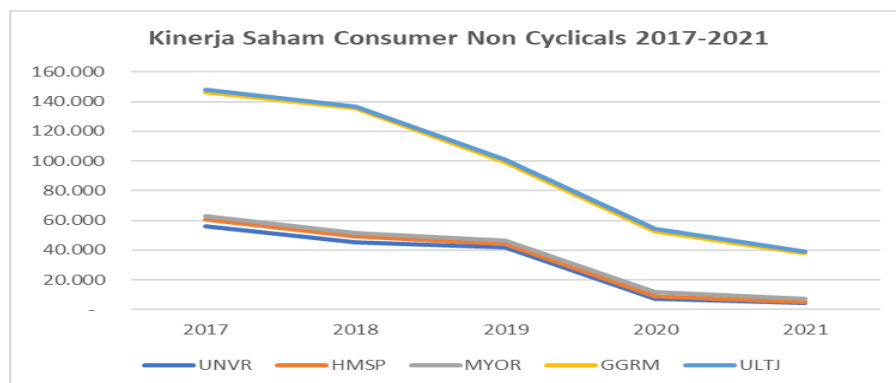


Figure 1.

Based on the phenomena described, it can be concluded that internal factors influencing firm value include intellectual capital and investment decision. These factors are often used by prospective investors to assess a company's capabilities, and increasing firm value means maximizing shareholder wealth (Mulyasari & Murwaningsari, 2019).

Intangible assets, namely intellectual capital, have been considered increasingly significant in the knowledge economy. The term "intellectual capital" was first published in 1969 by John Kenneth Galbraith; since then, the development and existence of IC have been considered significant for company performance and sustainability (Yao et al., 2019). Intellectual capital is included in intangible assets. These assets consist of knowledge, skills, and values contributed by the company's workforce, human capital, internal company structure, internal capital, as well as connections and networks owned by the company (external capital). Previous researchers have conducted studies on the influence of Intellectual Capital on firm value with different variables. According to (Sawitri & Wahyuni, 2021) and (Rivandi & Septiano, 2021), the intellectual capital variable has a positive and significant effect on firm value. Companies that demonstrate good intellectual capital, which can be seen from the company's attention to employees, will increase value added. On the other hand, research conducted by (Christiana & Ardila, 2020), found that Intellectual Capital does not affect firm value. This is because companies have not been able to efficiently manage intellectual wealth, so the market still tends to underestimate intellectual capital.

Investment decision is the most important part of increasing company growth, improving the ability to pay dividends, and thus increasing firm value (Kawuryan & Puryandani, 2023). The purpose of investment decision is to achieve high returns with certain risks. According to the research of (Astakoni & Wardita, 2020) dan (Laksono, 2021), the investment decision variable has a positive and significant effect on firm value. Companies that increase investment in company assets or expand will have higher value. Meanwhile, research conducted by (Amin et al., 2023) dan (Wafiyudin et al., 2020) showed different results, namely that investment decision do not affect firm value.

The existence of a research gap can be concluded that the influence of intellectual capital, investment decision, and firm value has not consistently yielded results over time. This motivates researchers to empirically test whether intellectual capital and investment decision influence firm value and increase market confidence, thus enhancing firm value. Based on the background of this research, the researcher is interested in conducting a study entitled "The Influence of Intellectual Capital and Investment Decision on Firm value". The researcher hopes to contribute to consumer non-cyclicals companies as a material for analyzing company conditions and decision-making, as well as adding to the reference list for future research.

Literature Review

Signaling Theory

Signaling Theory, first proposed by (Spence, 1978), suggests that signals or cues received by investors from management regarding relevant information are beneficial for investors. These signals or cues reflect the company's condition, which is valuable for the recipient (investor). Subsequently, Signaling Theory was developed by (Ross, 1977), stating that company executives, having better information about their company, are motivated to convey this information to potential investors to increase the company's stock price. Regarding investment decision, it can provide a positive signal for future company growth, thus increasing stock

prices as an indicator of firm value (Tambunan et al., 2019). Based on appropriate investment decision, optimal performance can be achieved, thus providing a positive signal to investors to invest in the company.

Resource-Based Theory

Resource-Based Theory, initially presented by (Wernerfelt, 1984) in his pioneering article titled "A Resources-based view of the firm," discusses company resources that can be leveraged for competitive advantage and lead to good long-term performance. This theory discusses the resources possessed by the company and how the company can manage and utilize these resources. Company resources can create added value for the company in seizing opportunities and facing threats, thus giving the company a competitive advantage different from other companies to dominate the market. With the Resource-Based Theory approach, it can be concluded that companies with Intellectual Capital and good corporate policies will influence company performance and create value for firm value, thus enhancing the company's competitive advantage.

Firm value

Firm value reflects the success of a company in managing its resources for investors (Oktabrina & Inggawati, 2022). It is a perception of investors regarding the condition of a company closely related to the company's stock price. The firm value that has gone public is reflected in the company's stock market price. For companies that have not gone public, the company's value will be realized when the company is sold. The market price of the company's stock formed between buyers and sellers during transactions is called the company's market value because the stock market price is considered a reflection of the company's true asset value (Anggraini, 2020).

Intellectual Capital

Intellectual capital is a set of intangible assets (resources, capabilities, and competencies) that drive organizational performance and value creation (Dewayanto, 2019). Intellectual capital is all knowledge that adds value and a source of competitive advantage for a company in wealth creation processes (Yao et al., 2019). Intellectual capital can generally be divided into three categories: customer capital or relational capital, structural capital or organizational capital, and human capital. Customer capital refers to good and harmonious relationships between the company and its partners, including loyal customers, quality suppliers, good relationships between the company and the government, and good relationships between the company and society. Human capital reflects something that can produce the best solutions based on the company's knowledge in adding value to the company.

Investment Decision

Investment decision involve selecting the best option from several available options under interrelated conditions in the investment decision-making process. Investment decision are made to increase firm value and maintain the company's existence. The larger the number of investors in the capital market, the more investment decision are made in the form of selected decision combinations, investment size, and investment time (Rahma, 2023). Investment decision involve actions to expend funds at present with the expectation of obtaining greater cash flows in the future, thus planning the company's growth more systematically (Noviyanti et al., 2017). Investment decision are one of the decision that financial managers must make to allocate available funds to generate profits in the future (Arizki et al., 2019).

Research Framework

The theoretical framework helps to explain the relationship between independent and dependent variables. The following is the theoretical framework developed in this study.

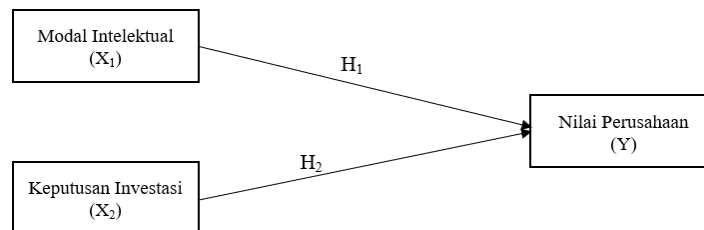


Figure 2. Research Framework

The Influence of Intellectual Capital on Firm value

(Susanti et al., 2020),(Xu & Liu, 2020), and (Lukman, 2020) stated that Intellectual Capital has a significant influence on Firm value. Companies that demonstrate good intellectual capital can be seen from the company's attention to employees, which will increase value added. The increase in value added will enhance the company's performance, thus increasing its value. This is in line with the Resource-Based Theory, as intellectual capital meets the criteria as a unique resource capable of leading the company to achieve competitive advantage and create value added for the company. The importance of managing intellectual capital owned by the company must be realized by every company. If a company can maximize its resources, it will have added value, thus improving intellectual capital performance (Lukman, 2020). Therefore, the hypothesis can be formulated as follows:
 H1: Intellectual Capital has a positive influence on Firm value.

The Influence of Investment Decision on Firm value

Information regarding investment decision, as seen from the total assets of the current year compared to the total assets of the previous year, meets the needs of investors because the average total assets of companies in the last year are lower than the total assets of the previous year (Rajagukguk et al., 2019). Furthermore, (Tambunan et al., 2019) stated that if a company invests in the company for better operational purposes, it will impact the company's profit, which will increase. Investment decision has a positive effect on firm value. This indicates that investment

decision, proxied by total asset growth (TAG) that increases, will increase the company's value (Bon & Hartoko, 2022). This is in line with Signaling Theory (Spence, 1978), which states that investment decision made by companies will provide positive signals about future company growth, thus increasing stock prices in the capital market, which is an indicator of firm value. The positive impact of investment on firm value is because the investment expenditures made by the company provide signals, especially to investors and creditors, that the company will grow in the future. Therefore, the hypothesis can be formulated as follows:

H2: Investment Decision has a positive influence on Firm value.

RESEARCH METHOD

Research Design

This study is a correlational research aimed at proving whether there is a correlation between variables as per previous studies. The independent variables in this research are intellectual capital and investment decision. The dependent variable in this research is firm value. The sample used in this study consists of non-cyclical consumer companies listed on the Indonesia Stock Exchange (IDX) that publish financial statements and annual reports for the period from 2013 to 2022. The data analysis technique used is multiple linear regression analysis with the assistance of Eviews software.

Firm value

According to the research by (Murwaningsari & Rachmawati, 2023), Tobin's Q is calculated by dividing the market price by the book value, where the book value is calculated first by dividing total equity by total outstanding shares. Tobin's Q ratio measures the value of the company obtained from the combination of tangible and intangible assets and indicates investors' expectations regarding the rate of return from their investments in the future. The formula used is as follows (Murwaningsari & Rachmawati, 2023):

$$\text{Tobins' } Q = \frac{\text{MVE} + \text{Total Book Value of Liabilities}}{\text{Total Book Value os Asset}}$$

Intellectual Capital

Intellectual capital, often referred to as intangible value, includes the value of knowledge, skills, ideas, business training of company employees, which are not listed on the company's balance sheet. One instrument to measure intellectual capital is the Value Added Intellectual Coefficient (VAIC) developed by Alen Pulic, a professor at the University of Zagreb and Graz. The VAIC indicator is a performance measurement of companies that measures the effectiveness of key resources in the company. The VAIC method relies on the concept of value added as a performance measure relative to Intellectual Capital. Intellectual capital is measured through Modified VAIC, referring to (Rachmawati, 2020):

Human Capital Efficiency (HCE)

$$HCE = \frac{VA}{HC}$$

Investment Decision

Investment decision made by companies will provide positive signals about future company growth, thus increasing stock prices in the capital market, which is an indicator of firm value (Bon & Hartoko, 2022). Decision regarding the allocation of funds from within and outside the company to various forms of investment (Arsyada, 2020). Investment Decision are investments realized in the increase of assets contained in the balance sheet (already recognized based on applicable financial accounting standards). Investment decision are measured by comparing current assets (current and/or fixed assets) with past assets, with the formula as follows (Bon & Hartoko, 2022):

$$TAG = \frac{\text{Total asset}_t - \text{Total asset}_{t-1}}{\text{Total asset}_{t-1}}$$

Data Collection Procedure

Data collection for this research was conducted in two ways: literature study and documentary study. Literature study involves collecting literature data such as journals and scientific articles relevant to the variables under study. Documentary study is conducted secondarily by obtaining data through the official website of the Indonesia Stock Exchange (www.idx.co.id) and the company's official website by downloading reports related to the variables and observation periods.

Data Analysis Method

Multiple linear regression analysis is a linear relationship between two or more independent variables (intellectual capital and investment decision) with the dependent variable (firm value). The model equation for multiple linear regression is formulated as follows:

Hipotesis 1, 2

$$FV = \alpha + \beta_1IC + \beta_2KI + \varepsilon$$

Information:

FV	= <i>Firm Value</i>
IC	= <i>Intellectual Capital</i>
KI	= <i>Investment Decision</i>
E	= <i>Error</i>

RESULT AND DISCUSSION

Data Description

Data Description This study uses secondary data obtained from financial reports and annual reports published through the Indonesia Stock Exchange (IDX) website. The population used in this study is non-cyclical consumer companies listed on the Indonesia Stock Exchange (IDX) that publish financial statements and annual reports for the period from 2013 to 2022. The sampling method used is purposive sampling. From the results of sample selection using purposive sampling method during the observation period. A summary of the sample selection procedure can be seen as follows:

Table 1. Sampling with Purposive Sampling Technique

No	Sampling Determination Criteria	Total
1	Non-cyclical consumer companies listed on the Indonesia Stock Exchange (IDX) that publish financial reports and annual reports for the period under investigation from 2013 to 2022;	54
2	Non-cyclical consumer companies that incurred losses during the period 2013-2022;	25
4	Total number of companies that meet the sample criteria	29
5	Number of processed company data (29 X 10)	290
<i>Outlier Data</i>		160
Number of samples studied from 2013-2022		130

Source: Data processed

Based on the established criteria, the number of observed samples obtained is 130.

Descriptive Statistics

Descriptive statistics are used to describe the state of the data to draw quantitative conclusions in a research hypothesis. The results of descriptive statistical tests will be shown in table 2 as follows

Table 2. Descriptive Statistics

	FV	IC	KI
Mean	2.084444	2.862503	0.117342
Maximum	7.237830	8.685840	0.722210
Minimum	0.634700	-6.573600	-0.160620
Std. Dev.	1.210628	2.709887	0.133886
Observations	130	130	130

Source: Data processed

Based on table 2, it shows that the number of samples used in this study is 130 data. The variables tested are two independent variables and one dependent variable. The two independent variables are intellectual capital and investment decision. The dependent variable to be tested is firm value. Firm value (FV) has a

minimum value of 0.634700 which occurred at PT Budi Starch & Sweetener Tbk in 2013 and a maximum value of 7.237830 obtained by PT Delta Djakarta Tbk in 2013. The mean and standard deviation values of firm value are 2.084444 and 1.210628 respectively. Intellectual capital (IC) has a minimum value of -6.573600 obtained by PT Sekar Bumi Tbk in 2019 and a maximum value of 8.685840 by PT Wilmar Cahaya Indonesia Tbk in 2016. The mean and standard deviation values of intellectual capital are 2.862503 and 2.709887 respectively. Investment decision (KI) has a minimum value of -0.160620 obtained by PT Wilmar Cahaya Indonesia Tbk in 2018 and a maximum value obtained by PT Sekar Bumi Tbk in 2013 at 0.722210. The mean and standard deviation values are 0.117342 and 0.133886 respectively.

Panel Data Model Analysis

Chow Test

The Chow test is conducted to determine the most appropriate model among Common Effect Model, Fixed Effect Model, or Random Effect Model which will be used for panel data analysis. The results of the Chow test are as follows:

Table 3. Chow Test Results

Effect Test	Statistic	d.f	Prob
Cross-section F	51.533048	(12,115)	0.0000
Cross-section Chi-Square	240.858080	12	0.0000

Source: Data with Eviews Version 12

The Chow test results in Table 3 show that the probability of the cross-section Chi-square is 0.0000 below the value of 0.05, meaning that H0 is rejected and H1 is accepted. Therefore, it can be concluded that based on the results of the Chow test, the appropriate model is the fixed effect model, followed by the Hausman test.

Hausman test

The Hausman test is conducted to determine the most appropriate model between the Fixed Effect Model or Random Effect Model which will be used to test the panel data. Here are the results of the Hausman test that has been conducted.

Table 4. Hausman Test Results

Test Summary	Chi sq. Statistic	Chi s.q. d.f	Prob.
Cross-section random	0.229803	2	0.8915

Source: Data with Eviews Version 12

The results from the table 4 above show that the probability of the Cross-section random is 0.8915, meaning that H1 is rejected and H0 is accepted. Therefore, it can be concluded that based on the results of the Hausman test, the appropriate model is the random effect model, thus requiring a Lagrange multiplier test to determine the most suitable model between the random effect model or the common effect model to be used.

Lagrange Multiplier test

The Lagrange Multiplier test is conducted to determine whether to use the Random Effect Model (REM) or Common Effect Model (CEM). The decision-making is based on whether the Breusch Pagan probability value exceeds 0.05, then choose CEM. Conversely, if the Breusch-Pagan probability value is less than 0.05, then choose REM.

Table 5. Lagrange Multiplier Test Results

Test Hypothesis	Cross-section
Breusch-Pagan	396.1998 (0.0000)

Source: Data with Eviews Version 12

The output of the Lagrange Multiplier (LM) test is shown in table 5. The BP probability value is 0.0000, which is smaller than 0.05, so choose the Random Effect Model (REM).

Classical Assumption Test

Normality Test

The normality test aims to test whether the regression model of the dependent variable and the independent variable is normally distributed or not. Jarque-fallow is a statistical test to determine whether data is normally distributed or not.

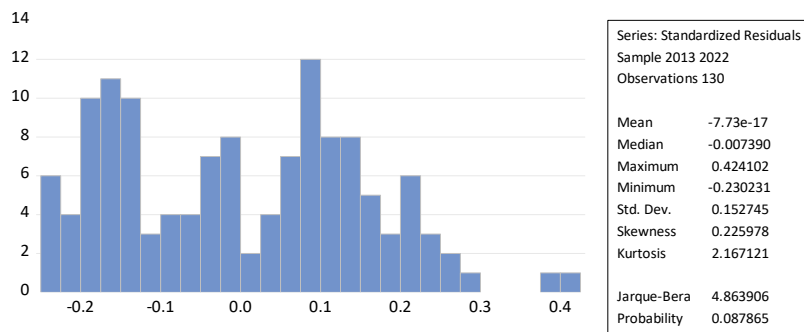


Figure 3. Normality Test Results

In figure 3 can be seen Jarque-fallow of 4.863906 with a probability value of 0.087865. The acquisition of this value is known to be greater than the significance rate ($0.087865 > 0.05$), so it is concluded that the model in this study is normally distributed.

Multicollinearity Test

The multicollinearity test aims to examine the correlation between independent variables. A good regression model is one where there is no correlation among independent variables. Multicollinearity test can be seen from the value of Variance Inflation Factor (VIF). The criterion used is that the VIF value should be less than 10.

Table 6. Multicollinearity Test Results

Variable	VIF	Conclusion
IC	2.130573	No Multicollinearity
KI	1.854543	No Multicollinearity

Source: Data with Eviews Version 12

The test results show that all variables have VIF values less than 10. This means that there is no correlation among the independent variables in the research model.

Heteroskedasticity Test

The heteroskedasticity test used in this study is the Glejser test. The heteroskedasticity test is conducted to see if there is inequality in the variance of residuals from one observation to another.

Table 7. Heteroskedasticity Test Results

Variable	Prob.	Conclusion
IC	0.2702	No heteroskedasticity
KI	0.8340	No heteroskedasticity

Source: Data with Eviews Version 12

The test results show that all variables have significant values greater than 0.05. This means that there is no heteroskedasticity in the research model.

Multiple Linear Regression Analysis

Multiple linear regression analysis is used to measure the relationship between independent variables and dependent variables to distinguish between the two variables in the research. A quantitative approach is used in this research.

$$FV = 0.409951 + 0.012969IC + 0.264034KI + \varepsilon$$

From the equation above, it can be explained that the constant of 0.409951 indicates that if the independent variables of intellectual capital and investment decision are zero, then the dependent variable, which is the company's value, will increase by 0.409951.

Model Feasibility Test

Coefficient of Determination Test

The coefficient of determination test is used to measure how much the dependent variable can be explained by the independent variable.

Table 8. Coefficient of Determination Test Results

Model	R-squared	Adjusted R-squared
Multiple Regression Model	0.134078	0.120441

Source: Data with Eviews Version 12

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Based on the coefficient of determination values in the table above, it can be seen that in this study the R-squared value is 0.134078 and the Adjusted R-Squared value is 0.120441. This indicates that the ability of independent variables, namely intellectual capital and investment decision, can explain the variation in the dependent variable by 12.04%, while the remaining 87.96% is explained by other variables not included in the regression model.

F Test (Simultaneous Significance Test)

The F-statistic test essentially indicates whether all independent variables included in the model have a simultaneous effect on the dependent variable:

Table 9. F Test Results (Simultaneous Significance Test)

<i>F-Statistic</i>	9.832217
<i>Prob(F-statistic)</i>	0.000107

Dependent Variable: Firm Value

Source: Data with Eviews Version 12

Based on the table 9 above, the calculated F-value is 9.832217 with a probability (Prob F-statistic) of 0.000107. From this probability value, it can be concluded that intellectual capital and investment decision has a simultaneous effect on firm value. Since the F-test result in this study is significant, the t-test can be conducted.

Hypothesis Testing

Partial test is conducted to test the influence of independent variables on dependent variables partially. The t-test results can be seen in the following table:

Tabel 10 t Test Results (Partial Significance Test)

Variable	Prediction Direction	Coefficient	t-Statistic	Sig	Conclusion
IC	+	0.012969	3.058427	0.0027	H ₁ accepted
KI	+	0.264034	2.028013	0.0447	H ₂ accepted

Source: Data with Eviews Version 12

From table 1.10, it can be explained that intellectual capital, measured by significant results in a positive direction, is consistent with the hypothesis in this study. The obtained sig value is 0.0027, where this value is smaller than the significance value (0.05), namely $0.0027 < 0.05$. This means that intellectual capital has a positive effect on firm value. Based on these results, it is concluded that the first hypothesis is accepted. Investment decision, which are measured, show significant results with firm value, with a sig value of 0.0447, smaller than the significance value of 0.05, namely $0.0000 < 0.05$ with a positive direction of the relationship. This means that investment decision has a positive effect on firm value. Based on these results, it is concluded that the second hypothesis is accepted.

Discussion of Research Results

The Influence of Intellectual Capital on Firm Value

The first hypothesis in this study aimed to examine whether there is an influence of intellectual capital on firm value. Based on the results of the study, it was found that intellectual capital has a positive effect on firm value, thus, this study successfully proves and accepts the initial hypothesis. Consistent with research conducted by (Natsir and Bangun, 2021), (Mulyasari and Murwaningsari, 2019), and (Anggraini et al., 2020), which state that intellectual capital has a positive effect on firm value. The Resource-Based Theory states that intellectual capital meets the criteria as a unique resource capable of leading companies to achieve competitive advantages, thus creating value-added for the company. The importance of managing the intellectual capital owned by the company must be realized by every company. If a company can maximize its resources, then the company will have added value, thus improving the performance of intellectual capital (Hendro Lukman, 2020).

The Influence of Investment Decision on Firm Value

The second hypothesis in this study aimed to examine whether there is an influence of investment decision on firm value. Based on the results of the study, it was found that investment decision has a positive effect on firm value, thus, this study successfully proves and accepts the initial hypothesis. Consistent with research conducted by (Hairudin et al., 2022), (Tambunan et al., 2019), (Oktiwiati and Nurhayati, 2020), and (Komala et al., 2021), which state that investment decision has a positive effect on firm value. Signalling theory (Spence, 1978) states that investment decision made by companies will provide a positive signal about the future growth of the company, thus increasing stock prices in the capital market, which is an indicator of firm value. The positive effect of investment on firm value is because the investment expenditures made by the company provide signals, especially to investors and creditors, that the company will grow in the future. Investment decision can provide profitable returns, thereby increasing the profits enjoyed by shareholders (Pandiangan & Murwaningsari, 2020), and this will certainly increase/boost the firm's value (Ayuningtyas et al., 2020). Information about investment decision seen from the total assets in the current year compared to the total assets in the previous year meets the needs of investors because the average total assets of the company in the last year are lower than the total assets in the previous year (Rajagukguk et al., 2019).

CONCLUSION

Based on the results of the research conducted to determine the influence of intellectual capital and investment decision on firm value, the following conclusions are drawn: 1. Intellectual capital has a positive effect on firm value. 2. Investment decision has a positive effect on firm value.

In the preparation of this research, it is inevitable to encounter limitations that can be considered for further research so that the model and results obtained can be improved. The limitations encountered in this study include having a relatively high number of outlier data, which is 160 data.

The Influence of Intellectual Capital and Investment Decisions on Company Value

Based on the conclusions and limitations outlined above, several implications can be conveyed to various parties, as follows: Implications for investors: Investors are expected to be able to measure factors that can influence firm value in making investment decision. Based on the results of this research, investors can consider a company's intellectual capital as a measure when investing because a company with optimal intellectual capital provides good prospects for company progress, thus investors also have the opportunity to get a high return on their investment.

Implications for the government: Based on this research, intellectual capital can increase the value of a company. The government should make "knowledge" a capital in the current economy. Companies that make "knowledge" as capital will be able to survive in the long run because the current value of the company is driven by its intellectual capital management. In the knowledge economy, competitive advantages are based on knowledge, innovation, and technology. The government should improve the quality of human resources in education (formal and informal), provide education on the importance of technology, and provide training related to the introduction of useful and successful technology. Human resources with knowledge are a competitive advantage for a company, and with higher allocation of funds for intellectual capital, the value of the company can be increased.

Implications for companies: Companies must make appropriate investments to gain future profits so that the value of the company will increase. The implication for investors is that investors will invest their capital in companies with appropriate investments, as it indicates good company performance and hopes to receive a high return.

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