

# THE EFFECT OF PERFORMANCE ON CAPITAL INVESTMENT DECISIONS

## (Case Study on Micro, Small and Medium Enterprises Assisted by the West Java Chamber of Commerce and Industry in Bandung)

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### ABSTRACT

*This study aims to determine the effect of performance on capital investment decisions, in Micro, Small and Medium Enterprises (MSMEs) assisted by the West Java Chamber of Commerce and Industry (Kadin Jabar) in Bandung. The research method applied is in the form of a descriptive analytical survey method, while the sample used is 32 MSME respondents. The variables studied from each respondent are performance and capital investment decisions. The type of data collected is primary data. The results of the study identify that performance does not have a significant effect on capital investment decisions. The object of this research is the sample of respondents used which is still limited to SMEs assisted by the West Java Chamber of Commerce in Bandung, therefore it is necessary to do further research based on more varied sampling with a longer duration, so that generalizable results are obtained.*

**Keywords:** *performance, capital investment decisions; company*

### Introduction

Investment is the biggest problem in the MSME environment (Micro, Small and Medium Enterprises), how not, because talking about investment issues means talking about business establishment issues to business development, because every entrepreneur definitely wants a decent and stable business in the future, because thus will be able to improve the standard or standard of living, at least maintain the business that has been running, so that it does not experience a decline in the future. In the current state of the COVID-19 pandemic, where there is difficulty in economic contraction, but fortunately the government has managed to contain the inflation rate, so that inflationary pressures in general conditions that were previously feared to occur, can actually be avoided, because if inflation is high, then the investment is sufficient for entrepreneurs. will be able to act as a buffer to secure the operating profit that has been achieved, will not decrease due to high inflation, but with inflation that is successfully controlled by the current government, it will be able to reduce the level of risk of entrepreneurs from possible losses that will drain the profits and assets of entrepreneurs, which are in poor condition. is currently difficult to achieve. Investment problems are a big problem because successfully investing can actually reduce the tax burden, because in the current pandemic conditions the government provides relaxation and incentives in paying taxes, so that success in

collecting investments, the government provides many facilities in the form of incentives and other contributions that will save spending in tax matters. As it is known, that in order to make it easier to invest, it is necessary to know the driving factors, so that if there is a disturbance in the driving factors for investing, it will certainly make it difficult for entrepreneurs to make the right decisions in collecting investment capital. business activities, besides increasing efficiency in terms of production costs and operating expenses, other things that are no less important in terms of managing and increasing company profits in order to strengthen the company's equity level, entrepreneurs must be literate and understand technology that can be utilized in the scale of production, so as to increase the power of the company. competitive because it has a competitive price level, so that it can increase the company's profit amidst the declining purchasing power of consumers due to limited contact and interaction, so all opportunities must be sought so that in turn it can increase the company's profit level.

Many companies fail to balance the planned profit with the reality that occurs, even though the risk that must be borne by entrepreneurs is not small during this pandemic, so efforts to strengthen profit achievement risk the readiness of entrepreneurs to create good performance. , is to look for options for distributing the profits that have been obtained to be allocated to business sectors or businesses that will provide other opportunities, besides the company's main business, that choice is certainly not easy but must be thought by entrepreneurs from now on, so that when the main business they are involved in, they will experience With the current disruption, there is the possibility of other income that will increase the company's profits and equity, so that no matter how big or small a company is, it must have a draft income portfolio, which of course has been adjusted to the company's conditions, meaning that it does not reduce significantly. This is significant for the main capital currently being undertaken, for example money market and capital market instruments, both in the form of deposits and stocks and bonds, because in addition to generating profits from buying and selling shares and bonds, it also provides hope for dividend income, of course this increase in income will improve cash flow conditions, both operational activities, financing activities, and even increase to other capital collection investment activities, with good performance it is expected that capital investment decisions will have an impact on increasing the company's assets, which circulates to increase the potential for profit management. The decision to invest, of course, requires the commitment of the owner, because without it it is impossible to promote an increase in investment, which can be the other way around, therefore a commitment is needed in order to maintain the stability of its performance in order to produce various important decisions in collecting business capital investment, this commitment includes controlling consumption that is high. if this is successful, then the accumulation of capital in a more productive manner will be maintained, because it is in line with [1]. According to [2] adding that to obtain investment, management processes need to be carried out, firstly in investing, it is necessary to set targets in advance so that they can focus and be able to place targets on what they will invest in the portfolio, in accordance with what is stated therein, second, must prepared a set of policies, which prepared how funds are obtained and how they are used, both from stocks, bonds and others, so that the company's needs for funds can be provided properly, in implementing these policies must be carried out with great care, in order to avoid various unwanted risks including difficulties in withdrawing capital back, thirdly preparing in the strategy of compiling a portfolio. To carry out all investment decisions to raise venture capital, good performance is required.

The company's performance appears both from the internal and external sides, according to [3], internal factors are in the form of human resources, then accounting and financial reporting, manufacturing elements, sales factors, as for external elements there are technology, government regulations, various social and economic

factors. economy, as well as the role of related institutions. Signs of successful performance can be observed from business success, for example the company's turnover has grown quite well, the competence of human resources has also increased, profits have increased, market share and prospects have increased. The success of internal performance will also be beneficial for the career development of human resources, manufacturing which is increasingly showing improvement, including product innovation, competency skills of its human resources, the public's view of the company growing a good image, a more reliable marketing and sales team with sufficient experience. , increased customer loyalty loyalty. Negative internal factors must be avoided because performance will be poor, capital investment will be difficult to collect, human resources are still low in competence, technology is not controlled optimally, location selection is less strategic, because according to (Zimmerer, 2008), internal factors that characterize performance must be considered. especially regarding the problem areas of business functions, both marketing, accounting and finance, operations, and system-based information, these factors will be useful for the company, especially as a fundamental basis in rebuilding goals and strategies in order to gather strength in overcoming various weaknesses and shortcomings. in the organizational structure, while external factors, including adjustments through the ability to consider both the conditions and the company's main competencies in determining the direction and objectives, can control the company to determine the direction and planned actions, sharper in seeing opportunities in line With this it was also stated by David, 2009 in [4], that internal factors in performance must pay attention to elements including four aspects, namely human resources, finance, technical and operational, market and marketing. Regarding external factors, the reference is complemented by [5], that external factors will color, even the positive ones will become a facilitator to achieve company goals, where the structure within the organization and internal processes within the company, where the external element consists of three sub categories that are closely related to each other, even in addition to being related they can also influence each other, namely the first remote environment, namely the remote environment including ecology, economy, technology, social, and politics, secondly the industrial environment, namely the industrial environment in the form of potential consumers, entry barriers, potential vendors, product options in the form of substitutes, competitive competition; and third, the operational environment is the operating environment in the form of the labor market, vendors, competitors, credit facility providers, customers. It is these performance factors that have positive and negative nuances that attract the author to conduct research to the extent of their influence on the major problems of MSMEs in efforts to raise corporate capital.

The problem of MSME capital investment is depicted mostly on the demographic map of the MSMEs assisted by the West Java Chamber of Commerce where out of 107 entrepreneurs, only 7.5% of postgraduate graduates consist of various undergraduate graduates as much as 49%, while the remaining 43.5% consists of various multi-disciplinary study programs. Then the interesting thing is that 22.4% of MSMEs just started their business in 2017, the other 77.6% in the following years, which of course is still at the stage of starting to grow and grow, not yet enjoying the peak period of business. This results in the performance of MSMEs still not reaching their glory, even at the extreme, they are still premature, precisely at an early age, which of course, the performance measure is still far from the average success of MSMEs throughout the archipelago. still relying on external non-profit funding of the company, this will result in management complications, especially earnings management, where MSMEs are heavily involved in financial technology, in the form of business units engaged in network financing, which adds to the fatality that many of these mushrooming fintechs are illegal, not registered with official institutions

such as the OJK, as a result, let alone to collect investments In terms of capital, existing funds are eroded a lot to pay the stifling interest expense, so that this obstacle to raising capital from external parties has hampered the performance of MSMEs. From the rough survey data on MSMEs, it can be seen that the biggest performance constraint is the lack of mastery of digital marketing by 31%, the next is the problem of external funds, including those involved in illegal finrech, including the mastery of compiling financial reports which is the main requirement in external bank funding of 24%. , lack of Mastering application systems in production, especially manufacturing by 13%, human resources who have not been equipped with competency certificates by 9%,

Next, it does not have business standards including legality, halal certificates, intellectual property rights of 8% so that it does not speak in the national and even international economic stage, competition constraints in seizing the market are a logical consequence of the previous constraints of 4%, not yet mastered by good management by 4%. So there are still 4% obstacles to innovate, and have not mastered technology both digital and operational by 3%, as illustrated.;

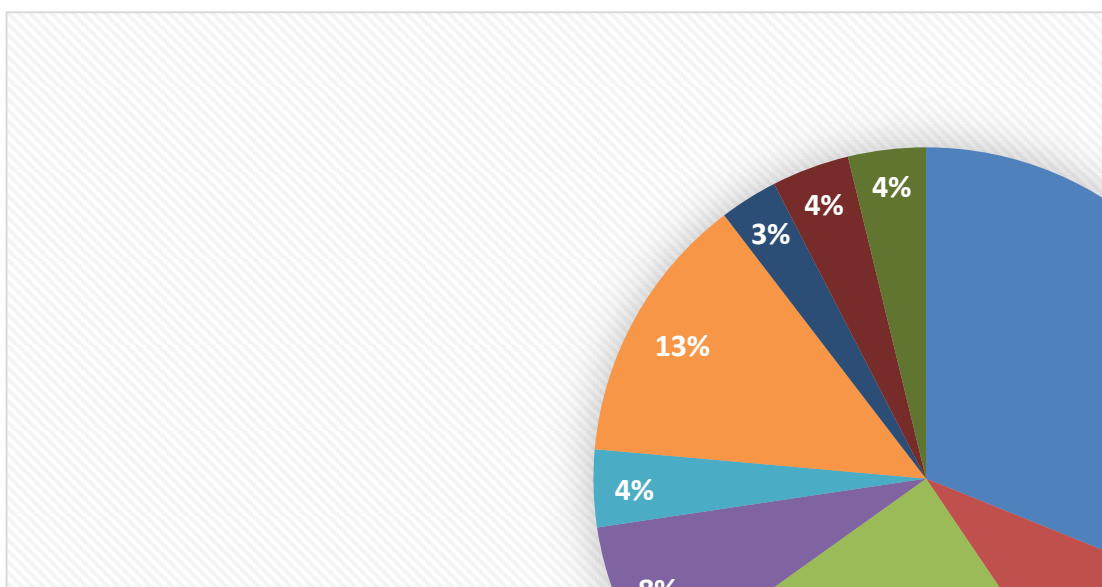


Figure Map of the MSME Problems Sampael at the West Java Chamber of Commerce

The performance of the sample MSMEs at the West Java Chamber of Commerce and Industry has partially performed by paying attention to internal and external factors, or a combination of both, in a SWOT (Strength, Weaknesses, Opportunity, Treatment) analysis, where internal factors are strengths and weaknesses, and external factors are opportunities and constraints. In fact, the operations of MSMEs assisted by the West Java Chamber of Commerce in the current pandemic conditions mostly have to work from home (Wfh), so that understanding and ability to apply digital technology in the 4.0 generation era continues to be a concern and MSME efforts both through training and other community efforts, such as business online digital garage sale marketing, telemarketing, webinars, and other community potential enhancements. MSME performance in managing human resources, including the preparation of financial reports based on bankable EMKM (Micro, Small, and Medium Entities) standards, as well as digital technology developed to form entrepreneurial centers through online garage sales in a community.

The crisis that hit especially MSMEs happened when Indonesia was hit by the 1998 financial market monetary crisis, then in 2008 there was a global financial capital market crisis, currently there is a crisis due to the Covid-19 pandemic. Usually

MSMEs are very persistent and quite resilient in facing the previous crisis, but now MSMEs are actually the sector that is most affected, due to limited space and time to interact directly with buyers, even though MSMEs are the backbone of the community and national economy, so the government continues to try to prevent MSMEs. perish, the condition of the economy stretches because the new normal provides wisdom for MSMEs to continue to improve themselves in the era of global competition which is completely digitalist. National economic growth in the first quarter of 2020 was recorded at 2.97%, thus the government has prepared strategic options for central health, basic needs, by taking strict, fast, and adaptive prevention in the form of restructuring capital investment loans, increasing the People's Business Credit (KUR) scheme. , relaxation of taxes, and export-import for sectors with high risk of economic destruction and unemployment. If the sector is included in the high-risk group, because it is most seriously affected by the pandemic, restless because of a drag in turnover, samples of MSMEs taken are in the form of pulse sellers, hawkers, food stalls, to traders who usually sell in the market. Capital investments with dangerous cash flows are on the verge of collapse, critical and potential losses. Suthapa (2008) stated that the problem of adequacy of the proportion of capital includes general problems in the scope of Micro, Small, and Medium Enterprises. Many are fatally entangled in illegal fintech. In fact, this performance is very much needed to boost efforts to raise capital investment, so that many MSMEs are currently starting to attend training and consultations regarding the preparation of bankable financial reports with SAK EMKM standards (Financial Accounting Standards for Micro, Small and Medium Entities).

In the regulation of MSMEs in **Law 20/2008**, in general the map of MSMEs in Indonesia is divided into. Micro Enterprises, in the form of individual productive businesses and/or individual business entities, with a maximum net asset of Rp. 50,000,000.00 (fifty million rupiah) non-land and building for business premises; or a maximum turnover of Rp. 300,000,000.00 (three hundred million rupiah), while Small Business net assets are in the range between. 50,000,000.00 (fifty million rupiah) to Rp. 500,000,000.00 (five hundred million rupiah) also non-land and building for business premises; or turnover between Rp. 300,000,000.00 (three hundred million rupiah) to Rp.2,500,000,000.00 (two billion five hundred million rupiah), then there is a Medium Enterprise, also in the form of a productive economic business that stands alone by an individual or a non-subsidiary business entity or a branch of a company or indirect direct share with Small Business or Large Business, with net assets between Rp. 500,000,000.00 (five hundred million rupiah) a maximum of Rp. 10,000,000,000.00 (ten billion rupiah) as well as non-land and business premises; or turnover between Rp. 2,500,000,000.00 (two billion five hundred million rupiah) up to Rp. 50,000,000,000.00 (fifty billion rupiah). It is reinforced by the opinion of Warsono (2009), that accurate accounting and financial reporting is to use applicable accounting standards, as a condition of credit for entrepreneurs. The government therefore urges MSMEs to encourage precise cost-cutting, by reducing costs on all sides, to become merchants with low-cost digital marketing strategies such as blogging, content on social media, and other online marketing, always connected to a network of associations and consumers. In particular, the Ministry of Cooperatives and SMEs serves MSMEs and cooperatives in Indonesia with 8 programs, in the form of a stimulus of Rp. 2 trillion for the procurement of materials and products, Social movement for Stalls through social distancing, collaborating with 9 SOEs for Food Clusters that supply goods to sell online in their environment, Providing relaxation and subsidies for credit interest, Restructuring cooperative loans through LPDB KUMKM, MSMEs supported as masks suppliers , hand sanitizers and Personal Protective Equipment (PPE) in various regions, Entering the micro sector as recipients of pre-employment cards for daily workers, as well as Direct Cash Assistance (BLT) and other assistance / subsidies affected by the COVID-19 pandemic, relaxation of Pph 21, Import PPh , Pph 25 and VAT refunds. It is hoped

that the presence of the state to help MSMEs will be able to improve the performance of MSMEs so that they can have the ability to raise capital. The performance of the sample MSMEs at the West Java Chamber of Commerce and Industry has partially performed by paying attention to internal and external factors, or a combination of both, in a SWOT (Strength, Weaknesses, Opportunity, Treatment) analysis, where internal factors are strengths and weaknesses, and external factors are opportunities and constraints. In fact, the operations of MSMEs assisted by the West Java Chamber of Commerce in the current pandemic conditions mostly have to work from home (Wfh), so that understanding and ability to apply digital technology in the 4.0 generation era continues to be a concern and MSME efforts both through training and other community efforts, such as business online digital garage sale marketing, telemarketing, webinars, and other community potential enhancements. MSME performance in managing human resources, including the preparation of financial reports based on bankable EMKM (Micro, Small, and Medium Entities) standards, as well as digital technology developed to form entrepreneurial centers through online garage sales in a community.

On the basis of the description above, the researcher intends to carry out a research study with the title "**The Effect of Performance on Capital Investment Decisions (Case Study on MSMEs assisted by the West Java Chamber of Commerce in the city of Bandung)**"

### **Restricting the problem**

On the basis of the problems above, the problems that can be identified can be described, namely:

1. The demographic map of MSMEs is still in the marginal stage, those who are involved in the MSME scene that are sampled at the West Java Chamber of Commerce do not have a long business period, with a background of human resource conditions that do not have competency standards and a high level of majoring, with various product constraints marketing, market, production and other management functions.
2. In the midst of the COVID-19 pandemic, some MSMEs carry out their business in a work from home (Wfh) manner with minimal digital marketing knowledge and financial reports that have not used an applicable system, major obstacles are still being carried out amid the slump in capital investment.
3. Most MSMEs are slumped and entangled in illegal fintech which is mushrooming in this country, although OJK has made many efforts to eradicate this illegal practice, so that profit management developed by MSMEs is constrained. become the main obstacle for MSMEs to invest.
4. The limitation of making the right decisions both in collecting and contributing capital investment, due to this low performance, is the main obstacle for MSMEs in doing business.
5. The survey conducted is still limited to SMEs assisted by the West Java Chamber of Commerce in Bandung. This study uses primary data and distributes questionnaires to SMEs assisted by Kadin Jabar Bandung, in order to know how respondents respond to performance and capital investment decisions.

### **Formulation of the problem**

Based on the identification of the problems above, the following problems can be formulated:

1. The extent of the response to the performance of SMEs assisted by the West Java Chamber of Commerce in Bandung.
2. The extent to which the response to the capital investment decisions of MSMEs fostered by the West Java Chamber of Commerce in Bandung.

3. How big is the influence of performance on capital investment decisions of MSMEs fostered by the West Java Chamber of Commerce in Bandung.

## **LITERATURE REVIEW**

### **Basic theory**

The company's performance according to [6], is the success of the company as a whole in achieving strategic goals that have been set through strategic initiatives of choice, while performance according to [7]. is defined as the company's ability to achieve its goals through the use of resources efficiently and effectively and describes how far a company achieves its results after being compared with previous performance, previous performance and the performance of other organizations benchmarking, as well as to how far to achieve the goals and targets that have been set, while according to [8], performance is a description of the level of achievement of the implementation of an activity/policy program in realizing the goals, objectives, mission and vision of the organization contained in the formulation of an organization's strategic scheme (strategic planning). Thus indicators of performance include various internal and external elements, for internal elements including human resources, sales which are growth, and of course the extent to which the company can record profits, as well as other factors in the form of the company environment, as [9] argue. it also includes accounting and finance, manufacturing, while external elements include aspects of technology, government regulations, socio-economic factors and the presence of other institutions involved, from here it will be seen whether their performance is successful or not, taking into account various sales achievements, human resource competencies, market control, as well as achievements in recording profits, as well as the success of production and innovation, this success is a positive internal factor for various functions within the company such as sales, production, operations, to financial accounting, which will have benefits for the achievement of the company's goals, objectives and missions, thereby increasing skills and knowledge, creating organizational strengthening and avoiding variou

Weak nesses, so as to create a positive image from the community, because of the achievements in the field of sales that create a customer image so as to increase their loyalty, which must be considered is failure factor or negative factor, because it will hinder the company's goals, such as eroding capital, low employee competence, obsolete technology, and failure to find a strategic location, as stated [10] and [11]. This is reinforced by [12], internal factors include human, financial, technical and operational resources, as well as markets and marketing. In line with that, according to [12] there are three external elements where there is a relationship and namely the remote environment or remote environment, the industrial environment or industrial environment, and the operational environment or operating environment, it is further explained that the success of external factors will have an impact on the environment. organizational structure and internal mechanisms of its business, such as how to determine direction and action plans. External factors will affect the organizational structure and internal processes of the company. This opinion is reinforced by ([13] which states that, the existence of positive elements from the external will be able to encourage the company in its efforts to achieve its goals, from the opportunities that exist in the external environment, the company can see what factors can affect the achievement of company goals. , so that it can control, adjust, and even consider sharing core competencies.

The term performance is generally conveyed [14], is to describe part or all of the company's activities at a certain time. And according to [15], performance measurement achieves performance improvement as well as organizational goals

and strategies for achieving the vision in a systematic and integrated manner, according to [15], that positive performance measures Has characteristics related to company goals, focuses on the balance of attention between the short and long term, provides an overview of management's core activities, is closely related to employee actions, is easy to understand by employees, is used to evaluate employees, the measurement is logical and easy, consistent and regular. The purpose of measuring the company's performance was also conveyed by [16], namely achieving certainty about the understanding of its officers and the use of measures in achievement, achievement schemes can be agreed upon, can be used in monitoring and evaluating performance between the model with which it is implemented, the implementation agreement in appreciation and sanction objectively from the measurement of implementation achievement that has been measured, becomes a subordinate communication instrument and, identifies customer satisfaction, ensures the existence of an activity process, there is certainty of objective decision making, . provide a signal that improvements have been made, and detect company problems.

Thus, performance can be used to measure the extent to which the company's achievements have been implemented, including in the process of raising capital investment. And an entrepreneur has motivation in making investments, including getting a better standard of living in the future, because it is wise if people try to get an increase in the life they live, at least there is an effort to maintain risk in maintaining profits and income, encouragement to save taxes, which is to encourage the growth of investment in the community through the provision of tax facilities to people who invest in certain fields. So [17] said that the definition of investment is a commitment to how to manage resources to be allocated in order to obtain a return in the future, and based on, that is how to invest one or more of the expected ownership of assets. earn a return in the future. Furthermore, according to [18] investment compensation for consumption to productive assets at a certain period. And according to [18], investment is a step. setting investment targets, focusing on decisions or placing targets for those to be invested, then making investment policy schemes from stocks, bonds or others carefully to avoid the bad possibility of failure to withdraw funds, and finally choosing a portfolio strategy.

According to [19],. elements that support investment decisions are the return, or profit due to the investment, as well as the risk, due to losses caused by not achieving the expected return, in fact MSMEs that expect high returns are faced with preparing a high risk as well, taking into account opportunity costs. with the risk of decreasing consumer purchasing power. So that the investment decision presented by [19], is how the strategy is to place a number of funds in an investment portfolio in order to get a return, according to [20], that investment decisions are the most important compared to funding decisions and dividend policies, which have direct implications for profitability. and cash flow, while according to [21] investment decisions are the most important which have an impact on the total quantity of assets,

According to the results of [22], entitled EFFECT OF FINANCIAL PERFORMANCE ON STOCK INVESTMENT RISK IN MANUFACTURING COMPANIES, Journal of Accounting Science and Research, Vol 8 No 9 (2019), that financial performance proxied as DER has a negative and significant effect on stock investment risk, Study from [23], entitled The Effect of Financial Performance and Investment Decisions on Firm Value With Dividend Policy as an Intervening Variable Vol 2, No 2 (2019), Indexed JEKPEND (Journal of Economics and Education), that performance finance has a negative and significant effect on firm value and investment decisions. From the research of [24], entitled The Effect of Financial Performance on Investment in Fixed Assets CASE STUDY AT PT UNILEVER INDONESIA TBK AND PT MANDOM INDONESIA TBK, Unity Management Scientific Journal Vol. 1 No. 3, 2013 pp. 263-272 STIE Unit ISSN 2337 – 7860, that financial performance proxied as ROI and TATO have a simultaneous



and significant effect on investment in fixed assets. Based on the results of research by [24] entitled ANALYSIS OF THE EFFECT OF MSME PERFORMANCE, TRUST AND RISK PERCEPTIONS ON INVESTMENT INTENTION IN MSMEs THROUGH THE EQUITY CROWDFUNDING PLATFORM IN INDONESIA, - Volume 9, Diponegoro Journal, Number 2, 2020 Journal of , Number 2, Year 2020 Management, that the performance of MSMEs has a positive and significant effect on investment intentions. From various previous studies, there are similarities, namely performance has an effect on capital investment decisions.

### Framework

Based on the concept and background of the problem, there is a framework of thought, as follows:

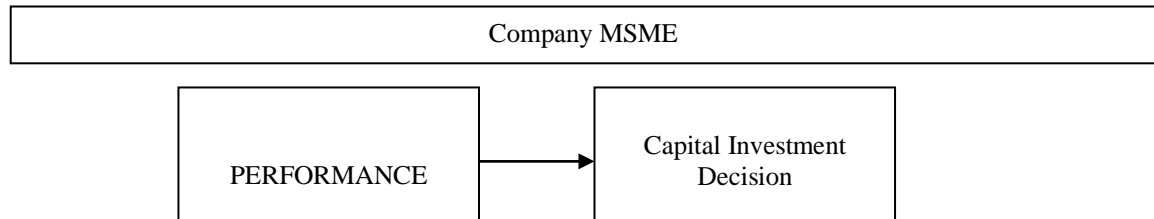


Figure 2. Framework

### Hypothesis

Based on this framework, the following hypotheses are formulated:

H1: Performance has an effect on capital investment decisions

### Implementation Method

#### Object of research

Sampling was 32 respondents in the form of SMEs assisted by the West Java Chamber of Commerce in Bandung while the sampling method applied was a purposive sampling technique.

Data analysis technique

#### Descriptive Analysis Test

The quantitative approach used in this research is a survey method, while the questionnaire applied from primary data uses the Lickert scale, while the respondents' responses are tabulated. The description used is the independent variable performance and the dependent variable is the capital investment decision,

From [25] it is explained that exogenous variables will affect endogenous variables, can be positive and can be negative. This means that every independent variable is sure to be followed by the dependent variable, for every rise and fall of the independent variable. And according to [26], that the dependent variable is a variable that is under the influence of other variables, so in other words the main variable is suitable for research material.

Then the variables that appear will be processed in operational research variables, which consist of the main variables, definitions or concepts, dimensions, indicators and measurement scales. The operational details of the variables are as follows:

Table 1

Operationalization of Variables

Variable	Concept	Dimension	Indicator	Scale
Performance (X)	[8] [3, 14, 18, 24]	Success	Business improvement	Ordinal
		Achievement	HR competency improvement	Ordinal
		External factors	Customer loyalty	Ordinal
		Company benefits	Company image	Ordinal
		Anticipate failure remote environment,	Reduction of capital potential	Ordinal
		remote environment, industrial environment,	Remote environment	Ordinal
		industrial environment, operating environment	Industrial Environment	Ordinal
		operating environment	Operational Environment	Ordinal
		Company overview	Performance improvement	Ordinal
		performance improvement	Growth	Ordinal
Capital Investment Decision (Y)	[10, 12, 14, 16, 17]	Return risk	Manage resources	Ordinal
		Planting	Risk of declining purchasing power	Ordinal
		Consumer avoidance	Choice of planting instruments	Ordinal
		Investment target	Selection of productive asset investment	Ordinal
		Planting	Target target placement	Ordinal
		target	Investment policy scheme	Ordinal
		investment target	Risk of failure to withdraw funds	Ordinal
			Portfolio strategy selection	Ordinal
			Investment from portfolio	Ordinal
			Overview of profitability and cash flow	Ordinal
	As quantity setup			

*Diola: dari berbagai sumber*

**Data Collection and Processing Techniques**

Data obtained from field research (field research), and library research (library research), while the data used Lickert scale, with each level of response, strongly agree (5), agree (4), undecided (3), disagree (2), strongly disagree (1)

**Data Testing Method**

**Validity test**

Spearman rank validity test using correlation in ordinal measurement scale

**Reliability test**

Reliability test is used so that it can be determined that the measurement results remain consistent, when repeated measurements are made with the same variables.

This test uses the Spearman Brown technique of split-half, to determine the reliability coefficient, which also uses the Spearman Brown formula.

### ***Descriptive Analysis Test***

In order to obtain responses, this test is carried out via surveys, or distributing questionnaires to obtain company perceptions of the West Java Chamber of Commerce and Industry and others, using the capital investment decision variables and performance.

### **Classic assumption test**

Performed by Normality Test, Multicollinearity Test, Heteroscedasticity Test, and Auto Correlation Test.

### **Data analysis technique**

The analysis used consists of two types, namely: (1) descriptive analysis through qualitative variables and (2) quantitative analysis with path coefficients, as well as determination that measures how much influence the independent variable has on the dependent variable. The verification method utilizes path analysis. With the use of a combination of analytical techniques, of course, it is desirable to obtain an integrated generalization between

Performance with capital investment decisions and performance. The author distributes a questionnaire about respondents' opinions on this research, which consists of 10 statement items for the performance variable and 11 statement items for the capital investment decision variable, each statement is given 5 alternative answers to choose from.

Hypothesis Test (t test) to get an idea, how is the influence of the independent variable on the dependent individually (partial).

### **Coefficient of Determination Test**

Coefficient is a value that describes how much influence the independent variable partially has on the dependent variable. With values between 0 to 1 (0% - 100%), the values that appear in the range close to one, the greater the influence of the independent variable.

## ***THE RESULTS ACHIEVED***

### **Object of research**

In this study, a survey was conducted on company respondents at West Java Chamber of Commerce and others in Bandung, by taking a sample of 32 respondents.

### **Descriptive Analysis Test**

The research locus was carried out in Bandung, MSME respondents assisted by the West Java Chamber of Commerce and Industry in Bandung, through a request for responses to the surveyor by distributing questionnaires to determine the perception of respondents of MSMEs assisted by the West Java Chamber of Commerce in Bandung, while the variables used were performance and capital investment decisions.

Table 2

## Descriptive Analysis Test

	N	Range Statistic	Minimum Statistic	Maximum Statistic	Sum Statistic	Mean		Std. Dev Statistic	Variance Statistic	Skewness		Kurtosis	
						Statistic	Std. Error			Statistic	Std. Error	Statistic	Std. Error
RespX	32	2	3	5	132	4.13	.063	.359	.129	-.009	.414	-.355	.809
RespY	32	1	3	5	131	4.11	.052	.297	.088	-.053	.414	-.347	.809
Valid N (listwise)	32												

The output table display above shows the number of responses (N) there are 32, of these 32 respondents the smallest (minimum) is 3 and the largest (maximum) is 5. The range value is the difference between the minimum and maximum, i.e. for performance response is 2, Capital investment decision response is 1 and the Summ value for the performance response is 132, the capital investment decision response is 131. The average value of 32 responses and or the Mean of the performance response is 4.13, the capital investment decision response is 4.11 and Standard. Deviation of performance response is 0.359, response of capital investment decisions is 0.297.

**Classic assumption test**

Performed by Normality Test, Multicollinearity Test, Heteroscedasticity Test, and Auto Correlation Test.

**Normality test**

The output table display above shows the number of responses (N) there are 32, of these 32 respondents the smallest (minimum) is 3 and the largest (maximum) is 5. The range value is the difference between the minimum and maximum, i.e. for performance response is 2, Capital investment decision response is 1 and the Summ value for the performance response is 132, the capital investment decision response is 131. The average value of 32 responses and or the Mean of the performance response is 4.13, the capital investment decision response is 4.11 and Standard. Deviation of performance response is 0.359, response of capital investment decisions is 0.297.

Table 3

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		32
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	.29518552
Most Extreme Differences	Absolute	.079
	Positive	.078
	Negative	-.079
Test Statistic		.079
Asymp. Sig. (2-tailed)		.200 <sup>c,d</sup>
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Based on the data above is the result of the calculation of the Kolmogorov-Smirnov test for the residual value, showing a significance value of more than 0.05, which is 0.200, which means that the residual value is normally distributed.

Table 4

Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	4.451	.623		7.142	.000		
	RespX	-.084	.150	-.101	-.557	.582	1.000	1.000

a. Dependent Variable: RespY

Based on the data above, the results of VIF (Variance Inflation Factors) show the value of the variable is smaller than 10 and the Tolerance result shows a value of 1,000 > 0.10.

Table 5

Heteroscedasticity Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	-.122	.362		-.337	.739					
	RespX	.086	.087	.178	.988	.331	.178	.178	.178	1.000	1.000

a. Dependent Variable: Abs\_RES

Based on the results above, the significance value for Resp X is 0.331. the significance value of X is more than 0.05 which means it is free from heteroscedasticity.

Table 6

Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.101a	.010	-.023	.300	2.733

a. Predictors: (Constant), RespX  
b. Dependent Variable: RespY

Based on the data above, there is a Durbin Watson value of 2,733, which will then be compared with the DW table with the number of observations (n) = 32 and the number of independent variables (k) = 1 and a significance level of 5%, so the value of dL = 1.373 and the value of dU = 1.502 and the value of DW = 2.733 which means that it is above the value of dL = 1.3733), meaning that the water can be autistic > 1.373 correlation. .

Table 7

Hypothesis Test Output (X against Y)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.451	.623		7.142	.000
	RespX	-.084	.150	-.101	-.557	.582

a. Dependent Variable: RespY

Based on the output above, interpret it as follows:

### T test for variable X

Based on the results of the analysis of the t-test table shows that the performance variable has a significance value of ( $0.582 > 0.05$ ), which means that the performance is not significant to capital investment decisions, besides that it is also seen that t count is smaller than the t table, namely ( $-0.557 < 2.042$ ). It means that performance on capital investment decisions has no effect.

### Coefficient of Determination Test

Based on the output above, interpret it as follows:

### T test for variable X

Based on the results of the analysis of the t-test table shows that the performance variable has a significance value of ( $0.582 > 0.05$ ), which means that the performance is not significant to capital investment decisions, besides that it is also seen that t count is smaller than the t table, namely ( $-0.557 < 2.042$ ). It means that performance on capital investment decisions has no effect.

### Coefficient of Determination Test

Table 8

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.101a	.010	-.023	.300
a. Predictors: (Constant), RespX				

Based on the table above, it can be seen that the value of R Square is 0.010. This shows that 1% variation in the dependent variable, namely capital investment decisions can be explained by performance variations. While the remaining 99% is explained by other factors outside the research capital. The t-test used in this study describes the level of significance of the influence of each independent variable on the dependent variable. The hypotheses used in this study are:

So Reject H1 and accept H0, because  $t_{count} < t_{table}$

### CONCLUSION

Conclusions from research on the effect of internal control on capital investment decisions are as follows:

1. Performance variable in good response, where SMEs assisted by the West Java Chamber of Commerce in Bandung realize that performance has a role in maintaining the sustainability of the company...
2. The capital investment decision variable is also at a good level, which describes the response of MSMEs fostered by the West Java Chamber of Commerce in Bandung, to the need for effective decision-making to maintain its business destruction.
3. Performance has no significant effect on capital investment decisions. This shows that the important role of poorly understood performance will contribute to capital investment decisions of MSMEs fostered by the West Java Chamber of Commerce in Bandung. Even capital investment decisions cannot

be explained by performance, so it is necessary to conduct research that takes into account other variables outside the research.

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