

## ABSTRACT

*Each company would have the primary goal to increase the firm value that can maximize shareholders wealth. Increasing the value of the company can be done through the implementation of financial policies that consists of investment policy, funding policy and dividend policy. Therefore, the implementation of these policies should be made with caution and appropriate, given any financial policies will affect other financial policies. This study aimed to analyze the effect of financial policy on firm value.*

*Financial policies used in this study is the investment policy proxied by the Property, Plant, and Equipment to Book Value Assets (PPE / BVA), the funding policy proxied by Debt to Equity Ratio (DER), and the dividend policy proxied by Dividend Yield Ratio (DYR). This study aims to provide empirical evidence about the effect of financial policies on firm value proxied by Enterprise Value (EV).*

*The population in this study is the entire telecommunications sector company listed in Indonesia Stock Exchange period 2010 - 2015. The sample selection technique in this study using purposive sampling technique and produce three companies within six years in order to obtain 18 data were observed. The research method used descriptive statistics with panel data regression analysis technique.*

*The result of data processing showed that simultaneously the investment policy, funding policy and dividend policy have significant effect on the firm value with the adjusted coefficient of determination for 98.0868%. Meanwhile, partially, investment policy, funding policy, and dividend policy has significant effect on the firm value with a negative direction.*

*Based on this research, telecommunications sector companies should optimize the investment in long-term assets which are directly related to the operational activities of the company. In addition, the telecommunications sector company should also limit or reduce the amount of external funding. Instead of increase the external funding, the unpaid dividend can be used as a source of internal funding to enhance firm value by reinvesting on long-term assets and favorable projects.*

*Keywords : Financial Policies, Investment, Funding, Dividend, Firm Value*