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Fundamentals of Finance: Finance Management, Investment, Capital Market, and Funding

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Abstract: The purpose of this literature research is expected to build a hypothesis regarding the influence between variables that can later be used for further research in the scope of financial management. The research article Literature Review Fundamental of Finance: Finance Management, investment, Capital Market, and Funding is a scientific literature article in the scope of financial management science. The approach used in this literature review research is descriptive qualitative. The data collection technique is to use literature studies or conduct a review of previous relevant articles. The data used in this descriptive qualitative approach comes from previous research that is relevant to this research and is sourced from academic online media such as Thomson Reuters Journal, Springer, Taylor & Francis, Scopus Emerald, Sage, WoS, National Accredited Journal (SINTA), DOAJ, EBSCO, Google Scholar and digital reference books. The results of this literature review article are: 1) Finance Management plays a role in the Fundamentals of Finance; 2) Investment plays a role in the Fundamentals of Finance; 3) Capital Market plays a role in the Fundamentals of Finance; and 4) Funding plays a role in the Fundamentals of Finance.

Keywords: Fundamental of Finance, Finance Management, Investment, Capital Market, Funding

INTRODUCTION

In the complicated and ever-changing world of finance, financial managers, investors, regulators, and academics all need a solid understanding of the fundamentals. The foundations of finance include essential principles including the time value of money, risk and return, diversification, and market efficiency, which serve as the foundation for sound financial decisions. Although these notions have long been foundational to financial theory, their practical application frequently encounters more complicated problems in the actual world. Global economic developments, market volatility, technological innovation, and regulatory changes all contribute to a dynamic and often unpredictable environment that can have an

impact on a company's financial policies, investment plans, capital market activities, and financing decisions.

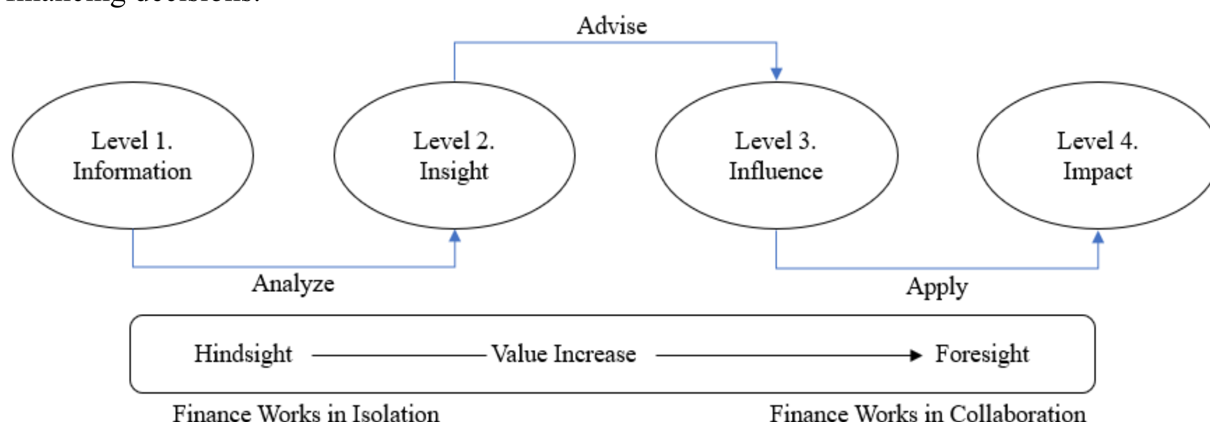

Figure 1. Four Fundamental Finance Activities
Source: Thomas Hood, 2024

Based on Figure 1 above, it is known that in the fundamentals of finance, stage 1 or the initial stage that needs to be done is to obtain as much information as possible or analyze the financial data needed. Then after obtaining sufficient information, it will certainly increase insight into financial fundamentals in the second stage. After providing sufficient information and insight at levels 1 and 2, the next step is to make considerations at level 3. And the last step is implementation or application at level 4, where after levels 1 to 3 are carried out, the last step can make decisions related to fundamental finance.

Financial management, as part of the principles of finance, is in charge of planning, organizing, directing, and controlling an organization's financial activities. This responsibility encompasses financial planning, budgeting, cash management, and risk management. However, financial management is concerned not just with managing present resources, but also with ensuring long-term sustainability and growth. For example, amid uncertain economic situations, capital structure and risk management decisions become crucial since they might have an impact on a company's long-term financial health. Furthermore, the advancement of financial technology, such as fintech and blockchain, creates new challenges and opportunities in financial management, necessitating rapid learning and adaption by professionals in this industry (Marsono et al., 2018).

Investing is also an important part of the basics of finance, as it allows individuals and organizations to allocate funds for future returns. This process entails fundamental and technical research, asset allocation, and consideration of liquidity and risk. However, investing in increasingly integrated and turbulent economies has new obstacles. Market globalization, financial product innovation, and better access to information have boosted investment opportunities while increasing complexity and risk. Investors must constantly evaluate their portfolios and alter their tactics to reflect shifting market and economic situations. Furthermore, with a growing emphasis on socially and environmentally responsible investing, ethical and sustainability concerns are becoming more prominent (Zainal et al., 2019).

Capital markets are crucial for linking investors to investment possibilities, as well as providing liquidity and pricing mechanisms. However, capital markets are vulnerable to significant volatility and uncertainty, which can be impacted by a variety of external factors such as monetary policy, geopolitical conditions, and global economic events. Market efficiency is a key notion here since it represents how well information is supplied and processed in asset pricing. Uncertainty and volatility in capital markets can pose additional risks to investors, who must weigh the requirement for liquidity against possible returns. Furthermore, authorities continue to encounter hurdles in developing an effective regulatory framework to maintain market integrity and safeguard investors (Widjanarko et al., 2022).

Funding is another component of fundamental finance that entails deciding how to obtain and handle finances. This encompasses capital structure, cost of capital, leverage, and

creditworthiness. An effective capital structure is required to reduce capital costs while increasing the company's value. However, this decision is frequently hampered by a variety of circumstances, including market conditions, fiscal policy, and managerial preferences. Furthermore, excessive usage of leverage might raise the danger of insolvency, particularly in turbulent market conditions. The company's creditworthiness is also a big worry, as it impacts its capacity to obtain finance at a fair cost (Widjanarko et al., 2023).

Overall, fundamental finance serves as a valuable framework for financial analysis and decision-making. However, the problems involved in its implementation necessitate a thorough understanding and adaptable techniques. As a result, both practitioners and academics must continue to expand their knowledge and abilities in order to deal with the dynamics and complexities of a rapidly changing financial environment. This is necessary not only to meet individual or organizational financial objectives, but also to secure long-term economic stability and progress.

Based on the background of the problem above, the formulation of the problem is obtained to be used as a hypothesis for further research, including: 1) Does Finance Management play a role in the Fundamental of Finance?; 2) Does Investment play a role in the Fundamental of Finance?; 3) Does Capital Market play a role in the Fundamental of Finance?; and 4) Does Funding play a role in the Fundamental of Finance?.

METHOD

The approach used in this literature review research is descriptive qualitative. Data collection techniques use literature studies or reviewing relevant previous articles. The data used in this descriptive qualitative approach comes from previous research that is relevant to this research and is sourced from academic online media such as Thomson Reuters Journal, Springer, Taylor & Francis, Scopus Emerald, Sage, WoS, Sinta Journal, DOAJ, EBSCO, Google Scholar and digital reference books. A systematic literature review (SLR) is a careful and methodical effort in which all relevant research literature is identified, evaluated, and examined to provide answers to specific research questions. When conducting qualitative analysis, it is important to apply the literature review consistently in accordance with methodological assumptions. Due to its investigative nature, qualitative analysis is mostly conducted for this purpose, (Ali, H., & Limakrisna, 2013);(Susanto et al., 2024).

RESULTS AND DISCUSSION

Results

The following are research findings taking into account the context and problem formulation:

Fundamental of Finance

The fundamentals of finance are the essential concepts that govern an individual, business, or government's financial management. It covers topics including the time value of money, risk and return, diversification, and asset allocation. Understanding these foundations is critical for making investing decisions, managing risk, and developing long-term financial plans. These basics aid in analyzing financial performance, developing investment strategies, and ensuring that financial resources are used efficiently and effectively to meet financial objectives (Faisal et al., 2021).

Dimensions or indicators that include the Fundamental of Finance variables include: 1) Time Value of Money: The principle that money obtained today is more valuable than money acquired later because of its earning ability; 2) Risk and Return: The link between the risk incurred in an investment and the possible expected return; 3) Diversification: An investment strategy that reduces risk by spreading investments across a number of assets; and 4) Market Efficiency: The assumption that asset prices in the market represent all available data (Febrianti et al., 2023).

The Fundamental of Finance variables are relevant to previous research conducted by: (Sari Permata & Alkaf, 2020), (MASRIANDA, 2022), (Nuvitasari & Martiana, 2019).

Financial Management

Financial management is the process of planning, organizing, directing, and controlling an organization's financial activities, including the acquisition and use of its funds. Its major goal is to maximize shareholder wealth over the long term. It entails making choices concerning investments, financing, and dividends. Financial management encompasses risk assessment, financial planning, and financial control and reporting. Efficiency in financial management is critical to a company's financial health and ongoing operations (Purwanti, 2021).

Dimensions or indicators that include the Financial Management variables include: 1) Financial planning is the process of defining financial goals and strategies for achieving them; 2) Budgeting is the practice of allocating financial resources to different activities and demands; 3) Cash Management: Controlling cash inflows and outflows to maintain the company's liquidity; and 4) Risk Management: Identifying, analyzing, and mitigating financial risks (Zainuri & Setiadi, 2023).

Financial Management variables are relevant to previous research conducted by: (Munte & Ompusungu, 2023), (Hasnawi et al., 2023), (Fadoli, 2023).

Investment

Investment is the allocation of resources, usually money, with the goal of producing future profits or income. Investments can take numerous forms, including stocks, bonds, real estate, and education. The goal of investing is to build wealth and meet personal or corporate financial objectives. Investment decisions include risk and return analysis, as well as consideration of the time required to accomplish the desired result. Smart investing necessitates a thorough awareness of the market, dangers, and investment techniques (Haidir, 2019).

Dimensions or indicators that include the Investment variable include: 1) Fundamental Analysis: Assessing an asset's health and worth based on economic, financial, and other aspects; 2) Technical Analysis: Analyzing market price movements to forecast future price direction; 3) Asset Allocation: The process of allocating assets among asset classes in order to manage risk and return; and 4) Liquidity: The ease with which an asset can be turned into cash without altering its market price (Ningsih & Diba, 2018).

The investment variable is relevant to previous research that has been conducted by: (Ernita et al., 2013), (Wardani & Komara, 2018), (Karma, 2019).

Capital Market

Capital markets allow businesses and governments to raise long-term funding by selling stocks or bonds to investors. They play an important role in the economy because they allow investors to allocate cash more efficiently to productive ventures. Capital markets also allow investors to buy and sell securities, facilitating liquidity and price discovery. The stability and openness of capital markets are critical to investor confidence and the general health of the economy (Fauzi et al., 2023).

Dimensions or indicators that include Capital Market variables include: 1) Market Index: An indicator that indicates the overall performance of a group of securities in the capital market; 2) Market Capitalization: The total market value of a company's outstanding shares; 3) Trading Volume: The number of shares or securities traded in a certain time period; and 4) Volatility: A measure of a security's or the market's overall price change (Samudra & Husnah, 2016).

The Capital Market variables are relevant to previous research that has been conducted by: (Yusuf et al., 2021), (Darmawan et al., 2019), (Rambe & Aslami, 2022).

Funding

Funding is the process of getting finances or capital to cover corporate expenses, projects, or investments. Financing sources might be internal, such as retained earnings, or external, such as bank loans, stock offerings, or bond issuance. Financing can be separated into two types: equity and debt. Equity entails selling a company's shares to investors, whereas debt involves borrowing money that must be repaid with interest. Financing decisions must take into

account the cost of capital, risk, and their impact on the company's financial structure and performance (Wahyuni & Amanati, 2019).

Dimensions or indicators that include the Funding variable include: 1) Capital Structure: The combination of debt and stock that a company utilizes to finance its operations; 2) Cost of Capital: The rate of return that a corporation must earn to satisfy investors or creditors; 3) Leverage: Using debt in the capital structure to increase the potential return to equity investors; and 4) Creditworthiness: An evaluation of a company's ability and desire to satisfy its debt obligations (Situmorang et al., 2023).

The funding variable is relevant to previous research that has been conducted by: (Sitanggang, 2023), (Mohamad & Adnan, 2024), (Aripin et al., 2024).

Relevant Previous Research

Based on the above findings and previous research, the research discussion is formulated as follows:

Table 1. Relevant Previous Research Results

No	Author (Year)	Research Results	Similarities with this article	Differences with this article
1.	(Humaira & Sagoro, 2018)	-Financial Management Variables Influence Fundamental of Finance -Financial Attitude Variables Influence Fundamental of Finance -Personality Variables Influence Fundamental of Finance	-This article has similarities in examining the Financial Management variable as an independent variable, and examining the Fundamental of Finance variable as a dependent variable.	-The difference with previous research is in the variables of Financial Attitude and Personality as other Independent variables. -Previous research also has a research object, namely in the UMKM Batik Crafts of Bantul Regency
2.	(Febrianti et al., 2023)	-BI Rate variable affects the Fundamental of Finance in the Jakarta Islamic Index Category on the IDX -Investment variable affects the Fundamental of Finance in the Jakarta Islamic Index Category on the IDX	-This article has similarities in examining the Investment variable as an independent variable, and examining the Fundamental of Finance variable as a dependent variable.	-The difference with previous research is in the BI Rate variable which is another independent variable.
3.	(Faisal et al., 2021)	-Capital Market Variables Play a Role in the Fundamental of Finance on the Jakarta Islamic Index Period 2016-2020 -Stock Return Variables Play a Role in the Fundamental of Finance on the Jakarta Islamic Index Period 2016-2020	-This article has similarities in examining the Capital Market variable as an independent variable, and examining the Fundamental of Finance variable as a dependent variable.	-The difference with previous research is that there is a research object conducted at the Jakarta Islamic Index for the 2016-2020 period.
4.	(Wahyuni & Amanati, 2019)	-Funding variables play a role in the Fundamental of Finance of Companies Listed on the IDX -Dividend variables play a role in the Fundamental of Finance of Companies Listed on the IDX -Firm Value variables play a role in the Fundamental of	-This article has similarities in examining the Funding variable as the independent variable, and examining the Fundamental of Finance variable as the dependent variable.	-The difference with previous research is in the Dividend and Firm Value variables which are the Independent variables, and there are research objects conducted at the IDX.

	Finance of Companies Listed on the IDX	

Discussion

Based on the background of the problem, research objectives, problem formulation, indicators or dimensions, and related previous research, the discussion of this literature research is as follows:

1. The Role of Financial Management in the Fundamentals of Finance

Financial management is critical in implementing the fundamentals of finance in an organization because it provides the framework and tools required to manage and optimize financial assets. Several critical components of financial management, such as financial planning, budgeting, cash management, and risk management, are inextricably linked to fundamental principles in finance, such as the time value of money, risk and reward, diversification, and market efficiency.

Financial planning is the process of determining financial goals, identifying necessary resources, and devising ways to accomplish them. One important part of financial planning is considering the time value of money, which is the idea that money acquired or paid today is worth more than the same amount in the future due to the possibility of earning returns through investing. This idea is used in financial management to calculate the present value of future cash flows, which aids in evaluating investments and selecting high-value projects. Financial planners can use the time value of money to build strategies that optimize the net present value of investments, ensuring that the company meets its long-term financial objectives.

Budgeting is the process of assigning financial resources to various activities and demands. It is an important tool in financial management since it ensures that money are used efficiently and organizational priorities. Budgeting assists management in determining the appropriate allocation of resources to various projects and investments while accounting for potential risks and expected returns. For example, high-return ventures are frequently associated with increased risk. A detailed and realistic budget allows management to set expenditure restrictions, build reserve reserves, and manage the risks associated with unanticipated revenue or expense swings. Budgeting also enables a company to continuously analyze its financial performance, discover deviations from goals, and take remedial action as necessary.

Cash management focuses on controlling cash inflows and outflows to guarantee enough liquidity, allowing the company to satisfy its short-term obligations without disruption. This is connected to market efficiency, as excellent liquidity enables a company to capitalize on market possibilities swiftly and effectively. Furthermore, proper cash management guarantees that money that are not immediately needed can be invested to create returns, so improving resource utilization. Cash management also involves managing liquidity risk, which requires financial managers to strike a balance between keeping enough cash for day-to-day operations and investing surpluses for optimum profit. Cash management decisions include selecting the best time to collect receivables, scheduling debt payments, and maximizing the usage of short-term credit.

Risk management is the process of detecting, assessing, and mitigating risks to an organization's financial performance. In terms of diversification, risk management refers to measures for reducing risk by distributing investments over numerous assets or projects. Diversification is a crucial technique for portfolio risk management since it mitigates the negative impact of a single asset or investment's poor performance. Financial management conducts risk analysis to assess the potential hazards associated with various investments, such as market risk, credit risk, operational risk, and others. With a detailed understanding of the organization's risk profile, management may devise effective risk mitigation techniques, such as using derivatives to hedge against price or exchange rate variations and determining appropriate insurance policies to safeguard vital assets.

Overall, financial management plays a vital role in an organization's ability to effectively implement basic financial concepts. Financial managers can make sound investment

decisions that optimize net present value by taking the time worth of money into account. Management can balance risk and return by carefully budgeting resources to achieve the organization's strategic objectives. Efficient cash management ensures adequate liquidity for day-to-day operations and timely investment possibilities, whereas risk management and diversification assist safeguard the firm from potential losses. This comprehensive approach enables firms to function efficiently, manage risk effectively, and meet long-term financial objectives in a dynamic and frequently uncertain market environment.

2. The Role of Investment in Fundamentals of Finance

Investment is an important part of applying fundamental financial principles because it is one of the key ways that individuals and organizations achieve their financial goals. The four major components of investing fundamental analysis, technical analysis, asset allocation, and liquidity are strongly tied to fundamental finance principles such as the time value of money, risk and reward, diversification, and market efficiency.

Fundamental analysis is a way of determining an asset's underlying worth by looking at economic, financial, and other business-related aspects. It uses a company's financial performance, economic conditions, and industry trends to assess potential returns. In terms of the time value of money, fundamental analysis assists investors in calculating the present value of an investment's predicted future cash flows. Investors can make better investing selections by understanding an asset's intrinsic worth and determining whether it is cheap or overvalued. Furthermore, fundamental analysis aids in determining the risk and return of an investment by providing insight into a company's growth prospects and stability, which influences the possible returns and level of risk an investor faces.

Technical analysis is a technique for predicting the price direction of an asset using past data such as price and trading volume. It is a valuable instrument for analyzing market sentiment and short-term price movements. In terms of market efficiency, technical analysis helps determine if the market is reacting effectively to available information. Market efficiency implies that security prices reflect all available information, but in actuality, there are anomalies that can be exploited via technical analysis. Although technical analysis does not take intrinsic value into account, it can help investors detect market patterns and momentum that could lead to advantageous entry or exit points. It also has an impact on risk and return because it allows investors to determine the best entry and departure points to minimize risk of loss while maximizing potential returns.

Asset allocation is a risk-management approach that involves spreading assets across various asset classes, such as stocks, bonds, and real estate, in order to meet financial objectives. It is strongly related to diversification, which is a fundamental principle in financial theory. Diversification reduces portfolio risk by spreading investments across assets with low correlation to one another. As a result, the value of one asset declines without having a big impact on the entire portfolio. Asset allocation takes into account risk and return by selecting a balanced mix of assets depending on an investor's risk tolerance and investment goals. For example, a more conservative investor may allocate more to bonds, whereas a more aggressive investor may allocate more to stocks due to their higher potential returns. Prudent asset allocation ensures that a portfolio not only meets an investor's risk tolerance but also maximizes predicted returns.

Liquidity is the ease with which assets can be exchanged to cash without impacting market pricing. It is a critical feature of investment management, particularly in terms of market efficiency and time value of money. Liquid assets enable investors to swiftly access funds when necessary, whether to fulfill immediate demands or to capitalize on emerging investment opportunities. Liquid assets typically have tighter bid-ask spreads, resulting in lower transaction costs and more efficient markets. In terms of the time value of money, liquidity enables investors to quickly reallocate resources to other assets with higher returns. However, because of the added security that comes with high liquidity, highly liquid assets may provide lower returns. As a result, investors must assess the trade-off between liquidity and prospective returns when constructing portfolios.

Overall, the role of investing through fundamental analysis, technical analysis, asset allocation, and liquidity is to maximize portfolio management while taking into account the fundamental principles of finance. Fundamental analysis provides a foundation for analyzing an asset's fundamental value and return potential, whereas technical analysis aids in identifying market movements and making short-term decisions. Asset allocation and diversification are important risk-management strategies that ensure a portfolio's risk-return profile is balanced. Finally, liquidity ensures flexibility and efficiency in the access and reallocation of financial resources. By combining all of these elements, investors can create a portfolio that not only fits their risk profile but is also optimized to meet their financial objectives under changing market conditions.

3. The Role of Capital Markets in Fundamentals of Finance

Capital markets are critical to putting fundamental financial principles like the time value of money, risk and return, diversification, and market efficiency into practice. The four primary characteristics of capital markets market index, market capitalization, trading volume, and volatility all play an important role in providing information and a platform for investors to make informed and strategic decisions.

A market index is a metric that measures the overall performance of a collection of securities, such as stocks or bonds, based on specific criteria. Market indices, such as the S&P 500 or IDX Composite, provide an overview of a specific economy or industry and are frequently used as benchmarks for investment portfolios. In terms of the time value of money, market indices assist investors in identifying long-term trends and asset growth potential, allowing them to calculate the present value of future cash flows that may occur from investing in a comparable portfolio. Market indices are very directly tied to risk and return because they reflect market movements as well as systematic risk that investors encounter. As a diversification technique, market indices enable investors to acquire exposure to a whole market or sector with a single investment, lowering a company's individual risk.

Market capitalization is the total market value of a company's outstanding shares, and it is used to determine a company's size and value in the capital markets. In terms of diversification, market capitalization assists investors in allocating their assets among large-, mid-, and small-cap stocks, each with a distinct risk and return profile. Large-cap stocks are more stable and less dangerous, but they may provide lower returns than small-cap companies, which are riskier but possibly more profitable. Furthermore, market size influences market efficiency since large-cap stock markets are more liquid and efficient at reflecting recent information than small-cap stock markets, which are more prone to price inefficiencies and volatility.

Trading volume, or the number of shares or contracts exchanged in a certain time period, is a key indicator of market liquidity. High liquidity enables investors to acquire and sell assets quickly without significantly impacting market prices, which is critical in the context of market efficiency. Liquid markets are more efficient because prices reflect new information faster, lowering the risk of mispricing. Trading volume also influences the time value of money, as high liquidity allows investors to take advantage of potentially higher-returning investment opportunities. Furthermore, trading volume is important in determining risk and return because volume spikes are frequently followed by big price movements, indicating heightened market volatility. Investors utilize volume data to determine the strength or weakness of price fluctuations, which helps them make investment decisions.

Volatility, which quantifies the rate of change in the price of an asset or the entire market, is an essential indication of market risk. Volatility is a risk metric that reflects the probable fluctuation of investment results. Assets or markets with a high level of volatility are more risky, but can have bigger potential profits. Volatility also influences the time value of money, as greater uncertainty about future returns might alter the discount applied to future cash flows. In terms of diversification, volatility is significant because investors can minimize portfolio risk by selecting assets with low or negative correlations, lowering the total impact of excessive price movements. Furthermore, significant volatility can suggest market

inefficiencies, in which prices do not accurately reflect asset value due to market mood, speculation, or asymmetric information.

Overall, the capital market, with its components such as market indices, market capitalization, trading volume, and volatility, serves as a platform and source of vital information for investors making strategic financial decisions. Market indices are useful for benchmarking and providing an overview of market and industry developments. Market capitalization enables appropriate asset allocation based on firm size, which is critical for diversity. Trading volume indicates liquidity and market strength, whereas volatility reveals the risks that investors confront. All of these aspects work together to ensure the capital market runs smoothly, providing liquidity, permitting effective capital allocation, and assisting in fair price discovery. Understanding and analyzing these factors allows investors to better manage their portfolios, maximize profits, and mitigate the dangers involved with capital market investing.

4. The Role of Funding in Fundamentals of Finance

Financing is an important part of financial management that influences how a firm distributes resources to meet its goals. The four primary components of financing capital structure, cost of capital, leverage, and creditworthiness are inextricably linked to fundamental financial principles such as the time value of money, risk and return, diversification, and market efficiency.

Capital structure is the ratio of debt to equity in a company's financing. The time value of money has a significant impact on capital structure decisions, as fixed-rate debt can boost returns if the investment yield exceeds the cost of debt. However, debt raises risk and return since it requires interest and principal payments, which can be burdensome when market conditions are negative. The optimal capital structure maximizes the firm's value by balancing the cost of capital with lower capital and risk. The cost of capital is the cost that a firm must pay to get finances, either through equity or debt. The cost of capital reflects risk and return, as investors and creditors anticipate a return that matches the risk they assume. The time value of money is also important, as a lower cost of capital implies that a company's future cash flows are discounted at a lower rate, enhancing the net present value (NPV) of investment projects. Companies strive to reduce the total cost of capital by optimizing their funding mix, resulting in increased profitability and growth.

Leverage is the use of leverage to finance investments with the expectation of obtaining a higher return than the cost of debt. Leverage raises the potential for risk and return since, while it can boost profits when investments succeed, it also raises the danger of losses if earnings are insufficient to support debt costs. Furthermore, leverage can have an impact on a company's diversification because a heavy reliance on debt limits a company's ability to invest in a wide range of assets or initiatives. As a result, leverage management must be handled carefully to avoid overleverage, which can jeopardize a company's financial viability.

Creditworthiness evaluates a company's ability and willingness to repay debt. Good creditworthiness enables a company to get financing at a lesser cost, which contributes to market efficiency, as it demonstrates investor and creditor confidence in the company's financial stability. Strong creditworthiness also influences risk and return, as companies with high credit ratings are more likely to secure advantageous loan terms, lowering the cost of capital and default risk. Creditworthiness review is a thorough examination of a company's financial statements, financial ratios, and business outlook.

Overall, financing decisions, including capital structure, cost of capital, leverage, and creditworthiness, have a significant impact on how a company manages risk and return, capitalizes on time value of money, and maintains market efficiency. A smart and strategic approach to financing enables a company to establish the best balance of risk and possible return while maintaining long-term viability and growth.

Conceptual Framework

The conceptual framework is determined based on the formulation of the problem, research objectives and previous research that is relevant to the discussion of this literature research:

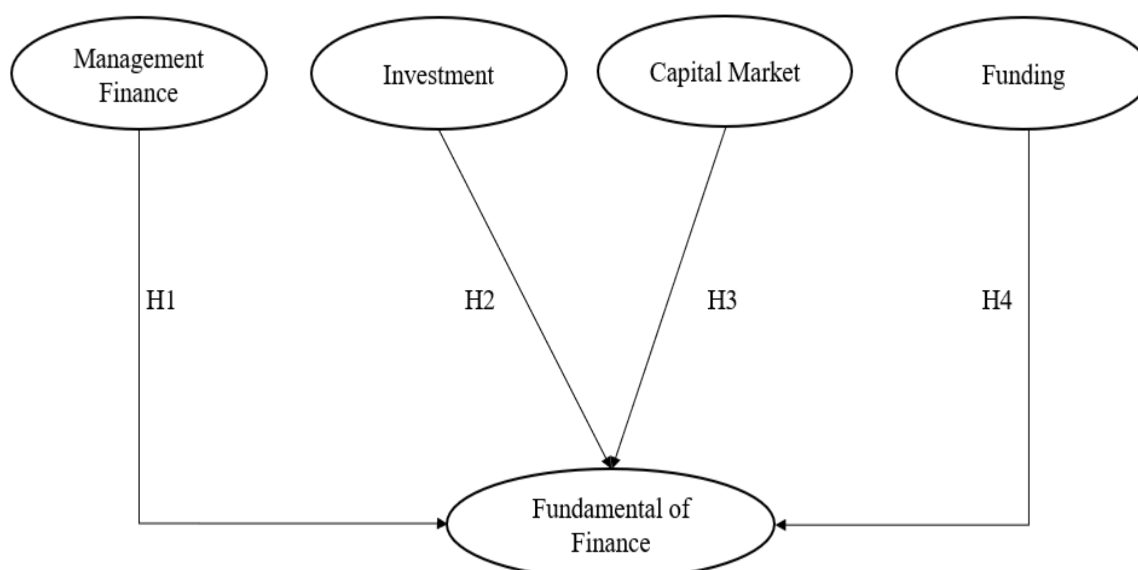

Figure 1. Conceptual Framework

Based on Figure 1 above, Financial Management, Investment, Capital Market and Funding play a role in the Fundamental of Finance. However, in addition to Financial Management, Investment, Capital Market and Funding which play a role in the Fundamental of Finance, there are other variables that influence it, including:

1) Company Performance: (Widodo & Silitonga, 2017), (Silitonga et al., 2017), (Widodo, 2023), (Latuconsina et al., 2019), (Susanto et al., 2023).
2) Technology: (Ali et al., 2024), (Nofrialdi et al., 2023), (Sawitri et al., 2023), (Setyawati et al., 2020).
3) Financial Market: (Romadhon & Fitri, 2020), (Nuvriasari et al., 2018), (Sukmawati & Nurfitriani, 2019).

CONCLUSION

Based on the formulation of the problem, the results and the discussion above, the conclusion of this study is that:

1. Financial Management plays a role in the Fundamental of Finance;
2. Investment plays a role in the Fundamental of Finance;
3. Capital Market plays a role in the Fundamental of Finance; and
4. Funding plays a role in the fundamentals of Finance.

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