

Analysis of Company Value and Financial Performance as Intervening Variables in Property, Real Estate and Building Construction Companies on the Indonesia Stock Exchange

Brillianto Adhie Ramadhani¹, Dhani Ichsanuddin Nur^{1*}

¹ Management Study Program, Faculty of Economics and Business, Universitas Pembangunan Nasional “Veteran” Jawa Timur, Indonesia
e-mail: brilliantrmdhn@gmail.com

* Correspondence author: dhaniin.ma@upnjatim.ac.id

Article history: received May 07, 2024; revised May 14, 2024; accepted May 31, 2024

This article is licensed under a Creative Commons Attribution 4.0 International License



Abstract

This study aims to determine the effect of leverage and investment decisions on company value with financial performance as an intervening variable in property, real estate & building construction sector companies listed on the Indonesia Stock Exchange in 2017-2020. This type of research is associative clause. The population used in this study are property, real estate & building construction companies listed on the Indonesia Stock Exchange in 2017-2020. The type of data used in this study is secondary data and data collection using the documentation method. While taking samples in this study using purposive sampling technique. The research population data totaled 97 companies and obtained a sample of 61 companies so that the research data totaled 204 after going through the outlier test. The data analysis technique used is path analysis. The results of the study show that 1.) Leverage has no effect on firm value; 2.) Investment decisions have an effect on firm value; 3.) Leverage has no effect on firm value through financial performance; 4.) Investment decisions have no effect on firm value through financial performance.

Keywords: Leverage, Investment Decision, Financial Performance, Firm Value.

INTRODUCTION

Sector infrastructure has become wrong in various sectors, which has great potential for the growth of the Indonesian economy. Currently, Indonesia is working to improve the infrastructure sector. This has been demonstrated in infrastructure development which can support economic development Indonesia. The development of *the property, real estate and building construction* sectors will of course attract investor interest due to the increasing trend in land and building prices. *The supply* of land is fixed, while *demand will always increase along with the increase* in population and increasing human needs for housing, offices, shopping centers, etc.

However, with increasing infrastructure development, in 2019 *The property, real estate and building construction* sectors are experiencing stagnation in Indonesia. Growth in the property sector in recent years has been at 3%. In 2019 it was 3.8% . Every company basically has a clear aim of maximizing the value of wealth which can be represented by the increase in share prices. Company value is the market value that can provide the greatest wealth for the holder share when price the shares go on. If market share If the price is high, the value of a company will also increase.

Every company basically clearly aims to maximize value through the wealth of its owners; an example can be represented by the increase in share prices. Company value is the market value that can provide the greatest wealth for the holder share when price the shares go on. If market share If the price is high, the value of a company will also increase . Based on the above phenomenon, the problem of this research is the decline in the value of companies in the property, real estate and building construction sectors listed on the Indonesia Stock Exchange (BEI) in 20 17 - 20 20 . Several

factors that relate to or influence company value include: leverage , investment decisions and financial performance.

Company value can be influenced by the size of *the leverage* generated by the company. *Leverage* can be understood as an estimator of the risk inherent in a company. The use of debt can be interpreted by investors as the company's ability to pay off the company's obligations in the future so that this gets a positive response from the market . In the end, it influences investors' perceptions of company value. *Leverage* can be measured by the Debt to Equity Ratio (DER). Because this ratio measures the proportion of funds originating from debt to finance company assets.

Apart from that, investors also pay attention to the company's investment decisions. Investment decisions are one of the functions of financial management which involves allocating funds both from within and outside the company in various forms of investment decisions with the aim of obtaining profits that are greater than costs and in the future. Investment decisions relate to investing current capital to obtain profits in the future. The higher the investment decision made by the company, the higher the company's opportunity to obtain a large profit or rate of return. Because high investment decisions will be able to influence investors' understanding of the company, thereby increasing demand for the company's shares. Thus, the higher investors' interest in investing in a company, the investment decision will have an impact on increasing the value of the company (Setyowati et al , 2018).

The true value of the company can provide maximum shareholder prosperity if the company's share price increases. Company value is a positive signal for investors, that high company value reflects high shareholding prosperity. The higher the share price, the higher the prosperity of shareholders. Research related to company value shows mixed results. Several studies that have been conducted show a positive relationship between company value and leverage (Utami and Sawitri, 2011).

Based on the background above, a conclusion can be drawn in choosing the title, namely "Analysis of Company Value and Financial Performance as Intervening Variables in Property, Real Estate and Building Construction Companies on the Indonesian Stock Exchange."

Literature Review

Signal Theory (Signaling Theory)

Signaling theory explains how a company should give signals to users of financial reports (external parties). Signaling theory states that investment expenditure provides a positive signal about growth changes in the future, thereby increasing share prices as an indicator of company value (Suroto, 2015)

Leverage

Leverage is defined as a ratio that can estimate the debt situation in a company's finances. *Lverage* is defined as the solvency ratio used to measure the extent where activity company Which financed by debt. Apart from that, the *leverage* ratio is a financial ratio that measures how the company uses funds through debt so that shareholders can see how the company is able to optimize debt . Weston and Copeland (1995) formulate it as follows:

$$\text{Debt to Equity Ratio} = \frac{\text{Total Liabilities}}{\text{Equity}}$$

Investation decision

Decision investment is one of the functions of financial management which involves allocating funds, both funds sourced from within and outside the company, in various forms of investment decisions with the aim of obtaining profits that are greater than the cost of funds in the future. Investation decision Can combined to in investment period short form investment in cash, short-term securities, receivables, and inventories or long-term investment in the form of land, buildings, vehicles, machines, equipment, production, and other fixed assets . Tandelilin (2010) formulates PER as follows:

$$\text{PER} = \frac{\text{Company Share Price}}{\text{Company EPS}}$$

Performance Finance

performance is a work achievement carried out in the financial sector that has achieved an achievement within the company and is reported in the company's financial reports . ROA Which can formulated as follows (Chen et al., 2005):

$$\text{ROA} = \frac{\text{Net profit after tax}}{\text{Total assets}}$$

The value of the company

According to Puspita (2011), company value is investors' view of the company, and this is often related to share prices. What is meant by share price is the price that occurs when shares are traded on the stock market. Based on research by Rasyid (2015), company value can be measured using formula:

$$\text{PBV} = \frac{\text{Market Price per S Share}}{\text{Book value per S share}}$$

Influence Leverage To Mark Company

Signal theory The use of debt can be interpreted by investors as the company's ability to pay off the company's obligations in the future so that this gets a positive response from the market. The company decides Using debt can reduce the cost of tax income because the costs incurred by the company will be used to pay loan interest . Signaling theory has a relationship with the leverage ratio which is proxied by the debt ratio. The higher use of debt indicates the possibility that the company will have difficulty repaying or paying debt The use of debt can be interpreted by investors as the company's ability to pay off the company's obligations in the future so that this gets a positive response from the market

Previous research conducted by Radiman, (2018) showed that the debt to equity ratio had an indirect effect on price to book value in his research.

Influence Investation decision To Mark Company

Signaling theory is closely related to investment decisions in which investment spending provides a positive signal for future company growth, thereby increasing share prices as an indicator of company value (Wahyudi and Pawestri, 2006). This theory shows that investment expenditures made by a company provide a signal, especially to investors and creditors, that the company will grow in the future. Company value is determined solely by investment decisions (Fama, 1978 in Wijaya and Wibawa).

Investment decisions are decisions regarding capital investment in the present to obtain results or profits in the future. The higher the PER ratio of a share, the higher the share price will be compared to the net income per share, which means that investment in the company is also high and shows a signal of growth. future company income. This will be considered good news which will change investors' perceptions of the company's performance so that it can increase share prices which will ultimately affect the value of the company.

The above theory is in line with research conducted by Nisa (2017) which states that company investment decisions have a positive effect on company value.

Influence Leverage Against Mark Companies Through Financial Performance

According to Owolabi and Inyang (2013), the signal theory of the relationship between investment decisions and company value through financial performance with signal theory is if a

company or entity has the right investment decisions and has a good impact on company value. The role of financial performance also determines where good financial performance will have an impact on share prices and company value. The company will provide signals or information to external parties or investors. This signal will help external parties to see the financial condition or financial performance of a company, which will later be used as consideration when investing in company shares.

Previous research conducted by Radiman, (2018) showed that *the debt to equity ratio* had an indirect effect on price to book value in his research. It can be concluded that *Return On Assets* is very influential in mediating the influence of *the Debt to Equity Ratio* on company value because to maximize company value with the influence of the *Debt to Equity Ratio*, it is necessary to encourage Return On Assets in mediating . Meanwhile, this research is the same as the results of research conducted by Dwi Astutiningrum (2015) which states that ROA is able to mediate *leverage* on company value . Company performance is a very important thing, because company performance has an influence and can be used as a tool to find out whether the company is experiencing development or vice versa.

Influence Investation decision To Mark Companies Through Financial Performance

According to signal theory, the relationship between investment decisions and company value through financial performance with signal theory is if a company or entity has the right investment decisions and has a good impact on company value. The role of financial performance also determines where good financial performance will have an impact on share prices and company value. The company will provide signals or information to external parties or investors. This signal will help external parties to see the financial condition or financial performance of a company, which will later be used as consideration when investing in company shares.

According to Achmad and Amanah (2014) investment decisions are one of the functions of financial management which involves allocating funds, both funds sourced from within and outside the company, in various forms of investment decisions with the aim of obtaining profits that are greater than the cost of funds in the future. g . A company that is able to improve its financial performance indicates that the company has good performance so that it can create a positive response from investors and can increase the share price of the company. Financial performance is expected to be a mediating variable between company size and company value. obtained results that financial performance is able to mediate investment decisions on company value because an increase in the value of an entity must be accompanied by an increase in company performance as well (Pongoh, 2013) . The oldest and most widely used measure of company performance is financial performance which is measured from the company's financial reports. The relationship between investment decisions and company value also shows inconsistent results. According to Sartono (2015), financial performance as proxied by return on assets measures a company's ability to earn profits using the assets it owns. If the value of return on assets is higher, the higher the profit generated by a company. This can cause an increase in company value. Previous research states that company profits have a significant positive effect on company value (Mariani, 2018). This then also supports that financial performance can mediate the relationship between investment decisions and company value.

Hypothesis

- H 1 : Allegedly leverage matters positive and significant to the value of the company .
- H2: Allegedly influential investment decisions to the value of the company.
- H 3 : Allegedly leverage matters to company value through financial performance.
- H 4 : Allegedly influential decisions to company value through financial performance.

METHOD

This is a quantitative study. In this research population consists of all companies in the property, real estate and building construction sectors listed on the Indonesia Stock Exchange (BEI) in 2017-2020. Sampling is based on purposive sampling, this technique uses certain considerations to determine the sample. The data source for this research is secondary data. To obtain the data needed for this research, the author used documentation techniques from data published by the company from the official BEI website www.idx.co.id.

RESULTS AND DISCUSSION

Table 1. Results of Structure Path Analysis 1

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.021	,005		4,079	,000		
	DER	-.004	,005	-.061	-.870	,385	,995	1,005
	PER	,000	,000	.117	1,674	,096	,995	1,005

a. Dependent Variable: ROA

Source: Outputs spss processed, 2024

From table 1 above, the first equation model can be obtained namely $Z = 0.021 - 0.004X_1 + 0.0001 X_2$

For the standard error value estimate (S_e), when the more small mark S_e so will make model regression the more accurately predict the independent variable. The constant value α is 0.021, meaning that if the DER and PER variables in the i observation and t period are ignored or have a value of zero then the ROA is 0.021 percent. The coefficient b_1 value is -0.004, meaning that if the DER in the i observation and t period increases by one (1) unit, then ROA increases by -0.004 assuming the PER variable is ignored. The b_2 coefficient value is 0.010, meaning that if PER in the i observation and t period increases by one (1) unit, then ROA increases by 0.010 assuming the DER variable is ignored.

Table 2. Results of Structure Path Analysis 2

Model		Unstandardized Coefficients		Coefficients ^a		t	Sig.	Collinearity Statistics	
		B	Std. Error	Standardized Coefficients	Beta			Tolerance	VIF
1	(Constant)	-.665	,079			-8,409	,000		
	DER	.131	,069	.124		1,893	,060	,991	1,009
	PER	,003	,001	,209		3,175	,002	,982	1,019
	ROA	4,324	1,029	,276		4,202	,000	,983	1,017

a. Dependent Variable: PBV

Source: Outputs spss processed, 2024

From table 2 above, the first equation model can be obtained as following: $Y = -0.665 + 0.131X_1 + 0.003X_2 + 4.324Z$

From table 2, it is possible to test the first hypothesis (H1) to test the second hypothesis (H2). Testing the first hypothesis (H1) Results testing hypothesis influence of variables Leverage (X_1) against variable The value of the company (Y). Results testing hypothesis prove that Leverage (X_1) does not have a significant effect on Company Value (Y), matter This proven with mark significance Which more big from 0.05 (sig, 0.060 > 0.05)

Testing the second hypothesis, results testing hypothesis influence of variables Leverage (X_1) against variable The value of the company (Y). Results testing hypothesis prove that Price Earning Ratio (X_2) has a significant effect on Company Value (Y), matter This proven with mark significance Which more small from 0.05 (sig, 0.02 < 0.05)

Table 3. Direct and Indirect Influence Values

Variable	Direct Influence	Indirect Influence Through Z
X1 → Z	-0.004	-0.004 x 4.324 = -0.017296
X2 → Z	0.0001	0.0001 x 4.324 = 0.000432
Z → Y	4,324	
Total = -0.01686		

Source: Outputs spss processed, 2024

From table 3 above, the results of the hypothesis test on the indirect influence of the DER variable (X1) and PER (X2) on PBV (Y) through ROA (Z), the indirect influence value of each variable is obtained, namely DER (X1) of -0.017296 and PER (X2) is -0.000432. This shows that the value of the direct influence of all variables is greater than the indirect influence, so it can be concluded that ROA is not an intervening variable between the variables DER (X1) and PER (X2) on company value (Y).

Table 7 Sobel Test Results

Variable	Indirect Influence	Sat	T _{count}	T _{table}	Information
DER	-0.017296	0,0226017	-0,765252	1.6525	Not significant
PER	0.000432	0,0004562308	0,9477659	1.6525	Not significant
Total Mediation Coefficient = -0.01686					

From table 7 it shows that overall the variables have mark t_{count} more small from t_{table} with level significance 0.05, so can be concluded that coefficient mediation - 0.01686 yang means that No significant Which means no There is intervening influence.

Influence Leverage Against The value of the company

Research results it was concluded that the DER (Debt Equity Ratio) variable had no significant effect on PBV (Price Book Value). DER *Leverage* a high one represents more of a company use more debt than their own capital. The use of high debt will cause increasing interest expenses. This will make investors less confident in the company and less likely to dare to take big risks that will harm them. This is because the use of debt will cause the company to focus on paying obligations and interest.

The higher the debt, the higher the risk of bankruptcy because the large interest expense arising from debt will reduce the amount of profit received by the company (Hanafi, 2013). So this will reduce investors' interest in investing their funds in the company which will then have an impact on decreasing share prices. The results of this research are not in line with research conducted by Royani (2020) which states that DER (Debt to Equity Ratio) has a significant effect on stock prices.

Influence Investation decision To The value of the company

Based on results testing concluded that The variable PER (Price Earning Ratio) has a significant effect on PBV (Price Book Ratio) in property, real estate and building construction companies on the Indonesian stock exchange. This means that the higher the investment decision, the higher the company value will increase further.

A high PER will increase company value. This is because a high PER value will indicate that the company is in a healthy condition and has good growth, and can provide a good image for investors to expect profits in the future. So the company will attract the attention of investors to invest, which can increase demand and the company's share price

Results study This support results study Which done by Putri (2022) through his research on the Influence of Financial Decisions on Company Value in the Property, Real Estate and Building Construction Sectors on the IDX, he found that investment decisions have an effect on company value.

The Effect of Leverage on Company Value Through Financial Performance

Based on results testing it can be concluded that the DER (Debt to Equity Ratio) variable has no effect on PBV (*Price Book Ratio*) through ROA (Return on Assets). Leverage can affect the level of net income given by the company to share owners, meaning that the company assesses whether shares are expensive or cheap based on the company's ability to generate net profits . DER is ratio Which count so far where company use debt, So the higher the use of debt will reduce dividend payments which can reduce investor confidence to the point of decline price shares that will directly result in a decrease in value company. The more tall leverage so, will see the more that's a big responsibility owned by the company . The level of profit obtained is less than optimal because in terms of the debt mechanism there is an obligation to pay the principal and interest on the debt that has been given. This will reduce the profits that the company should get. The results of this research show that it is not in line with Dwi Astutiningrum's (2015) research which states that ROA is able to mediate leverage on company value.

Influence of Investment Decisions On Company Value Through Financial Performance

Based on results testing It can be concluded that the variable PER (Price Earning Ratio) has no effect on PBV (*Price Book Ratio*) through ROA (Return on Assets). This shows that every optimal investment decision will have an impact on increasing the value of *property and real estate companies And building construction* . On the other hand, if earnings per share decrease, the value of *property, real estate and building construction companies* will also decrease. This is in line with Signaling Theory which states that the higher the profits generated by the company, the better the company's prospects will be, so that investors will give a positive signal by increasing demand for company shares.

There is average financial performance data shows a relatively low and fluctuating tendency which also influences share prices. This condition illustrates the company's investment decision capability *property, real estate And building construction* in obtain profits and to control all operational and non-operational costs which are very low so that they have an impact on company value . Investors do not like the conditions so share prices fall. The results of this research are not in line with research and Gerinata Ginting (2019) which states that investment decisions have a positive effect on profitability and Indah Sulistya Dwi Lestari (2019) who stated that profitability has a positive effect on company value

CONCLUSION

Based on review previously so that researcher can conclude as following . First , *leverage* does not contribute to the company's corporate value *property, real estate, and building construction* which was listed on the Indonesian Stock Exchange in 2017-2020. Second, investment decisions contribute to the company's corporate value *property, real estate, and building construction* which was listed on the Indonesian Stock Exchange in 2017-2020. *Third, leverage* does not contribute to company value through the company's financial performance *property, real estate and building construction* listed on the Indonesia Stock Exchange in 2017-2020. Fourth, Investation decision does not contribute to corporate value through the company's financial performance *property, real estate, and building construction* which was listed on the Indonesian Stock Exchange in 2017-2020. The researcher provides suggestions so that future researchers can carry out research other than the variables used in this research, where the results obtained could be more diverse. If the next researcher wants to carry out research using the same variables, it is hoped that the next researcher can enrich the independent variables or replace them using other variables

REFERENCES

- Chen, M.C., S.J. Cheng, Y. Hwang. 2005. "An Empirical Investigation of the Relationship Between Intellectual Capital and firms' Market Value and Financial Performances". *Journal of Intellectual Capital* Vol. 6 No. 2. pp. 159-176.
- Fred Weston J. & Copeland Thomas E. 1995. *Manajemen Keuangan*, Edisi 9 Jilid 1 dan 2, Alih Bahasa: A. Jaka Wasana dan Kibrandoko, Binarupa Aksara, Jakarta
- Ginting, G. (2019). Pengaruh Ukuran Perusahaan, Pertumbuhan Perusahaan, Keputusan Investasi, Dan Struktur Modal Terhadap Profitabilitas Perusahaan Property, Konstruksi Dan Real Estate Yang Terdaftar di Bursa Efek Indonesia Periode 2007-2017. *Jurnal TEDC*, 13(2), 119-126.
- Hanafi, A., & Putri, L. (2013). Penggunaan Economic Value Added (EVA) untuk mengukur Kinerja dan Penentuan Struktur Modal Optimal Pada Perusahaan Telekomunikasi (go Publik) (Studi Kasus: PT. Telekomunikasi Indonesia, Tbk dan PT. Indosat, Tbk). *Jurnal Manajemen dan Bisnis Sriwijaya*, 11(2), 83-98.
- Lestari, I. S. D., & Suryantini, N. P. S. 2019. *Pengaruh CR, DER, ROA, dan PER terhadap harga saham pada perusahaan farmasi di BEI* (Doctoral dissertation, Udayana University).
- Mariani, D., & Suryani. 2018. Pengaruh kinerja keuangan terhadap nilai perusahaan dengan kinerja sosial dan kinerja lingkungan sebagai variabel moderator. *Jurnal Akuntansi Dan Keuangan*, 7(1), 59-78.
- Nisa, R. C. 2017. Pengaruh Keputusan Investasi, Keputusan Pendanaan, dan Kebijakan Dividen terhadap Nilai Perusahaan. *Jurnal Manajemen Bisnis Indonesia (JMBI)*, 6(1), 92-102.
- Owolabi, S. A., & Inyang, U. E. 2013. International pragmatic review and assessment of capital structure determinants. *Arabian Journal of Business and Management Review (Kuwait Chapter)*, 2(6), 82-95.
- Pamungkas, H. S., dan Puspaningsih, A. 2013. Pengaruh Keputusan Investasi, Keputusan Pendanaan, Kebijakan Dividen Dan Ukuran Perusahaan Terhadap Nilai Perusahaan. *Jaai Volume 17 NO. 2*, 156-165.
- Pongoh, M. E. 2013. Kualitas pelayanan, kualitas produk dan harga pengaruhnya terhadap loyalitas pelanggan kartu as telkomsel di kota manado. *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis dan Akuntansi*, 1(4).
- Puspita, N. S., & MAHFUD, M. K. 2011. Analisis Pengaruh Struktur Modal, Pertumbuhan Perusahaan, Ukuran Perusahaan, dan Profitabilitas Terhadap Nilai Perusahaan Pada Perusahaan Manufaktur Yang Terdaftar di Bursa Efek Indonesia Periode 2007-2009 (Studi Kasus Pada Sektor Industri Food And Beverages) (Doctoral dissertation, Universitas Diponegoro).
- Putri, A. M. A., & Rahyuda, H. 2022. Pengaruh Keputusan Keuangan Terhadap Nilai Perusahaan Sektor Property, Real Estate Dan Kontruksi Bangunan di BEI. *E-Jurnal Manajemen Universitas Udayana*, 11(3).
- Radiman, R. 2018. Pengaruh Debt To Equity Dan Total Assets Turnover Terhadap Price Book Value Dengan Return On Assets Sebagai Variabel Intervening. *Jurnal Riset Finansial Bisnis*, 2(3), 99-110.
- Rasyid, Abdul. 2015. Effects of ownership structure, capital structure, profitability and company's growth towards firm value *International Journal of Business and Management Invention*, Vol. 4: 25-31.
- Royani, I., Mustikowati, R. I., & Setyowati, S. W. 2020. Pengaruh kepemilikan manajerial dan leverage terhadap nilai perusahaan dengan kinerja keuangan sebagai variabel intervening. *Jurnal Riset Mahasiswa Akuntansi*, 8(2).
- Sartono, A. 2015. *Manajemen Keuangan Teori dan Aplikasi*. Yogyakarta: BPFE.
- Setyowati, I., Paramita, P. D., & Suprijanto, A. 2018. Pengaruh Keputusan Investasi, Keputusan Pendanaan dan Profitabilitas terhadap Nilai Perusahaan dengan Kebijakan Dividen Sebagai Variabel Intervening (Studi Pada Perusahaan Sektor Property & Real Estate yang terdaftar di

- BEI Periode 2012-2016). *Journal Of Accounting*, 4(4).
- Tandelilin, E. 2010. *Portofolio dan Investasi: Teori dan Aplikasi*, Edisi Pertama. Yogyakarta: Kanisius.
- Utami, S., & Prastiti, S. D. 2011. Pengaruh karakteristik perusahaan terhadap social disclosure. *Jurnal Ekonomi Bisnis*, 16(1), 63-69.
- Wahyudi, U., & Pawestri, H. P. 2006. Implikasi Struktur Kepemilikan Terhadap Nilai Perusahaan: Dengan Keputusan Keuangan Sebagai Variabel Intervening. *Simposium Nasional Akuntansi 9 Padang*, 53, 160.
- Wijaya, L. R. P. dan Wibawa, B. A. 2010. Pengaruh Keputusan Investasi, Keputusan Pendanaan, dan Kebijakan Dividen Terhadap Nilai Perusahaan. *Simposium Nasional Akuntansi 13 Purwokerto*, 1-21.