Exploring Factors Affecting Property Companies’ Value on the Indonesian Stock Exchange

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Abstrak
This research explores the influence of investment decisions, dividend policies, interest rates, and profitability on the value of property and real estate companies listed on the Indonesia Stock Exchange. The study employs quantitative research methods, utilizing partial and simultaneous statistical tests to analyze the impact of these variables. The results indicate that investment decisions and profitability significantly and positively affect company value. However, dividend policies and interest rates do not exhibit a significant impact individually. Intriguingly, when considered collectively, these variables demonstrate a significant positive influence on company value. The adjusted R square of 84.5% suggests that a substantial portion of the variability in Price Book Value can be explained by these factors. Recommendations include encouraging companies to make well-informed investment decisions to enhance profitability and overall performance. Furthermore, future research should consider expanding sample sizes and incorporating additional variables for a more comprehensive analysis.

Keyword: Investment Decisions, Dividend Policies, Interest Rates, Profitability

INTRODUCTION
In this era of globalization, companies engage in economic activities without borders, leading to intense competition among them. Business competition in Indonesia has shown progress with the increasing number of companies (Matos et al., 2020). This prompts each company to implement various strategies to avoid bankruptcy, such as striving to enhance the company's advantages as part of achieving long-term goals (Bertuah, 2021).

Property and real estate industries, although distinct, are interconnected. Real estate encompasses land and all permanent improvements on it, including buildings, roads, open land, and other permanent developments. Property and real estate companies are listed on the Indonesia Stock Exchange (IDX), and the industry's growth is rapid and expected to expand in the future (Siagian, 2020). Investment involves long-term capital deployment with the hope of future returns as a reward from the company to investors. Investment decision-making policies are made through extensive considerations because they significantly impact a company's performance. Dividend distribution decisions pose a common challenge for companies. Dividends serve as an incentive for investors, and investors perceive them as returns on their investments in the company. High interest rates send negative signals to stock prices. An increase in interest rates leads to an
increase in implied interest rates on stock investments (Hasanah, 2023). Changes in interest rates affect investment levels in a country, both from domestic and foreign investors, especially in short-term portfolio investments. For a company to sustain its operations, it must be profitable. Profitability is crucial for attracting external capital, and companies with high profitability are likely to attract investor interest (Bertuah, 2021). Thus, profitability influences a company's value. Company value is the investor's perception of the company, often associated with stock prices. The goal of every company is to maximize shareholder wealth, typically reflected in the company's value. Maximizing shareholder wealth is achieved by maximizing the company's value. The higher the company's value, the greater the prosperity for shareholders (Siahaan & Hanantijo, 2020).

The observed phenomenon in the property and real estate companies listed on the Indonesia Stock Exchange shows fluctuations in various financial indicators over the years. Earnings per share, dividends, net income, and stock prices display inconsistent trends across the companies and years examined. Additionally, these trends do not always conform to conventional financial theories or expectations. Across the companies analyzed (PT.DutaPertiwi Tbk, PT.Intiland Development Tbk, and PT.Perdana Gapuraprima Tbk), earnings per share generally increased in 2012 and 2018 but decreased in 2021. Dividends varied, with some companies experiencing increases while others saw decreases or stability. Net income followed a similar pattern of increase, decrease, or stability across the years studied. Stock prices exhibited mixed movements, with fluctuations including both increases and decreases over the three-year period. The interest rate environment also changed over the same period, with fluctuations in interest rates occurring each year. However, the impact of these interest rate changes on the financial performance of the companies studied is not explicitly addressed in the provided information. In summary, the financial performance of these property and real estate companies in Indonesia appears to be influenced by a combination of internal factors such as earnings and net income, external factors like interest rates, and market dynamics affecting stock prices. However, the observed trends do not consistently align with traditional financial theories, indicating the presence of other factors at play in shaping their performance.

The purpose of this article is to investigate the impact of investment decisions, dividend policies, interest rates, and profitability on the value of property and real estate companies listed on the Indonesia Stock Exchange during the period 2018-2021. The study aims to explore whether changes in these financial factors, both individually and collectively, are consistently associated with fluctuations in the companies' values. By examining the financial performance of selected companies over this period, the research seeks to contribute valuable insights for academics, practitioners, and investors in understanding the dynamics of the property and real estate industry in Indonesia and how key financial decisions influence overall company value.

LITERATURE STUDY

Investment decisions refer to the commitment of allocating a certain amount of funds at present with the aim of obtaining future profits. It involves sacrificing
current consumption to enhance future consumption (Fields & Rogers, 2021). Additionally known as capital budgeting decisions, these are integral to financial management, as companies prepare annual budgets that include approved capital investments. Investment decisions gauge a company's ability to generate profit and taxes using its total assets. From the researcher's perspective, investment decisions involve allocating funds into various investment forms to yield future returns (Shukla et al., 2020). The significance of investment decisions lies in being the most crucial policy among financial management decisions, surpassing financing and dividend policies. Capital investment, as a primary aspect of financial management, necessitates reallocation of capital with the realization that it must yield benefits or profits in the future. Fundamentally, investment decisions involve placing funds at present with the anticipation of future gains, contributing to the monetary well-being of investors. This monetary well-being is reflected in the sum of current income and the present value of future income. Investment decisions are geared towards magnifying wealth for future consumption (Minh Hiep et al., 2021).

Dividend policy involves the allocation of profits to shareholders in the form of cash dividends, maintaining dividend stability over time, dividend stock distribution, and share buybacks. It revolves around the use of earnings, whether to distribute them as dividends or retain them for reinvestment (Siniak et al., 2020). The decision-making process regarding dividend payments, including the amount and cash distribution patterns to shareholders, constitutes dividend policy. The researcher views dividend policy as the decision of whether the company's earnings will be distributed to shareholders as dividends or retained as retained earnings for reinvestment (Luca, Fornaro; Martin, 2020). The significance of dividend policy lies in its impact on reducing retained earnings available for investment financing, leading companies to sell new shares to replace the portion of retained earnings paid out as dividends. It is often considered part of expenditure decisions, particularly internal spending. The larger the dividends paid to shareholders, the smaller the retained earnings, and vice versa. Dividend policy is a strategic approach by companies to distribute dividends to investors, considering reinvestment opportunities. Several factors influence dividend policy, including the company's liquidity position, the need for funds to repay debts, expansion plans, and corporate oversight (Bernanke, 2020).

The interest rate is the amount of money that must be paid by one party for the use of funds owned by another party for a specific period. It can also be seen as the price received by lenders for renting funds to borrowers. Typically expressed as a percentage, the interest rate indicates the cost of a certain amount of capital over one year (Alabdullah et al., 2021). This percentage, referred to as the interest rate, is the profit rate for external funds borrowed or the cost incurred by investors placing their funds in stocks at a bank. The significance of the interest rate lies in its role in determining the allocation of capital among various companies. Companies with highly profitable investment opportunities are willing and able to pay the highest return on capital, attracting funds from less efficient or less-needed companies (Markonah et al., 2020). The allocation of capital among different companies is influenced by the interest rate. Changes in the interest rate can affect the variability of investment returns, influencing stock prices inversely. In other words, an
increase in the interest rate leads to a decrease in stock prices, and vice versa. The interest rate represents the excess cash paid or charged on the principal amount borrowed or lent, determined by various factors, with the most crucial factor being the credit risk of the borrower (Ahmed et al., 2020).

Profitability refers to a company's ability to generate earnings through various capacities and resources such as sales activities, cash, capital, the number of employees, branches, and more. It is a measure of overall management effectiveness, indicating the level of profit obtained in relation to sales and investments (Itskhoki et al., 2017). This ratio evaluates the efficiency of executives in creating profits and, notably, their capability to add economic value to the company. Profitability reflects the company's ability to achieve earnings concerning sales, total assets, and equity. The profitability ratio provides insights into the effectiveness of overall company management. Its significance lies in measuring the efficiency of company activities and its capacity to acquire profits (Alabdollah et al., 2021). Stakeholders, including management and those interested in the service industry, rely on profitability ratios to understand the management's ability to generate profits over a specific period. This ratio gauges the company's capability to generate profits in terms of sales, assets, and equity at a particular level (Elhussein & Abdelgadir, 2020).

Company value can be measured using the Price Book Value (PBV), which compares the market value of a company's stock with its book value, as defined by Brigham in (Tahir & Danarsari, 2023). It reflects how much the market values a company's book value, and a higher ratio signifies market confidence in the company's prospects. The market price represents the stock value based on estimated information, but it carries a potential for inaccuracies as perceived by investors (Raed, 2020). From the researcher's perspective, the value of a company involves both its present and future worth, necessitating considerations of time and money. Time and money considerations are essential for evaluating future income or expenses, and decisions and evaluations must be made in the present. The significance of a company's value lies in its measurement through the market value of its stock, reflecting public assessments of the company's real performance (Rochmah & Ardianto, 2020). A higher company value implies greater prosperity for the owners (Angelia & Toni, 2020). The ratio of the market stock price to its book value indicates investors' views on the company. A company regarded favorably by investors, indicating secure profits and cash flow with continuous growth, tends to have a higher book value ratio compared to a company with lower returns (Drechsler et al., 2021).

RESEARCH METHODS
The research was conducted in property and real estate companies listed on the Indonesia Stock Exchange (IDX) through the official website www.idx.co.id. The research adopted a quantitative approach, specifically a descriptive research type. Descriptive research aims to depict a specific condition or phenomenon without sorting or searching for specific factors or variables. The nature of this study is descriptive explanatory, focusing on examining the causality between variables that explain a particular
phenomenon. The population for this research comprises automotive companies listed on the Indonesia Stock Exchange and operating in Indonesia from 2018 to 2021. The sample selection criteria, involved property and real estate companies listed on the Indonesia Stock Exchange from 2018 to 2021, distributing dividends, earning profits, and reporting financial statements during the specified period. This resulted in 17 selected companies as the research sample. Data were collected through the documentation technique, utilizing historical data written in documents or electronic archives from the Indonesian Stock Exchange (IDX) website. The study employed secondary data, gathered indirectly through intermediaries, with the main source being the www.idx.co.id website. The research involved two variables: independent variables (dividend policy, capital structure, and profitability) and dependent variables (company value). Dividend policy, capital structure, and profitability act as independent variables influencing or causing changes in the dependent variable, company value. Data were collected and processed using Purpose Sampling, with a total of 68 observations for the 17 selected companies. In summary, the research methodology employed a quantitative approach, specifically descriptive research, focusing on explanatory aspects. The data collection process involved secondary data obtained from the IDX website, and the study variables included dividend policy, capital structure, profitability, and company value.

RESULTS AND DISCUSSION
The test results with the t-test can be seen in table 2:

Table 2. Statistical Test Results t

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.548</td>
<td>.672</td>
<td>.816</td>
</tr>
<tr>
<td></td>
<td>LN_PER</td>
<td>.915</td>
<td>.060</td>
<td>.942</td>
</tr>
<tr>
<td></td>
<td>LN_DPR</td>
<td>.021</td>
<td>.052</td>
<td>.024</td>
</tr>
<tr>
<td></td>
<td>LN_SUKUBUNGA</td>
<td>.166</td>
<td>.304</td>
<td>.027</td>
</tr>
<tr>
<td></td>
<td>LN_ROA</td>
<td>.993</td>
<td>.072</td>
<td>.752</td>
</tr>
</tbody>
</table>

a. Dependent Variable: LN_PBV

The results of the partial statistical testing are as follows: Firstly, the Price Earning Ratio variable shows a significant value of 0.000 < 0.05, and with a calculated t-value exceeding the t-table (15.223 > 1.99547), rejecting the null hypothesis (H0) and accepting the alternative hypothesis (Ha). This implies that the Price Earning Ratio variable partially influences significantly the Price Book Value in property and real estate companies listed on the Indonesia Stock Exchange during the period 2018-2021. Secondly, the Dividend Payout Ratio variable exhibits a non-significant value of 0.681 > 0.05, and with a t-value lower than the t-table (0.413 < 1.99547), the null hypothesis (H0) is accepted, and the alternative hypothesis (Ha) is rejected. This indicates that the Dividend Payout Ratio variable does not have a partial and significant effect on Price Book Value in property and real estate companies listed on the Indonesia Stock Exchange during the period 2018-
2021. Thirdly, the Interest Rate variable shows a non-significant value of 0.587 > 0.05, and with a t-value lower than the t-table (0.546 < 1.99547), the null hypothesis (H0) is accepted, and the alternative hypothesis (Ha) is rejected. This implies that the Interest Rate variable does not have a partial and significant influence on Price Book Value in property and real estate companies listed on the Indonesia Stock Exchange during the period 2018-2021. Lastly, the Return On Asset variable reveals a significant value of 0.000 < 0.05, and with a t-value exceeding the t-table (13.866 > 1.99547), rejecting the null hypothesis (H0) and accepting the alternative hypothesis (Ha). This suggests that the Return On Asset variable partially influences significantly the Price Book Value in property and real estate companies listed on the Indonesia Stock Exchange during the period 2018-2021.

The research findings indicate that the Price Earning Ratio variable has a significant positive effect on Price Book Value, as evidenced by the significant value of 0.000 < 0.05 and the calculated t-value (15.223) exceeding the t-table (1.99547). This aligns with the theoretical perspective, suggesting that the magnitude of the Price Earning Ratio influences the generation of Price Book Value in property and real estate companies listed on the Indonesia Stock Exchange during the period 2018-2021. The results are consistent with the notion that profitable investments contribute to increasing shareholder wealth and maximizing the company's value.

On the other hand, the Dividend Payout Ratio variable shows a non-significant influence on Price Book Value, with a significant value of 0.681 > 0.05 and a calculated t-value (0.413) below the t-table (1.99547). This contradicts the bird in the hand theory, which posits a positive impact of dividend policies on stock market prices. Thus, in property and real estate companies listed on the Indonesia Stock Exchange from 2018-2021, the size of the Dividend Payout Ratio does not significantly affect the generation of Price Book Value.

Similarly, the Interest Rate variable demonstrates no significant impact on Price Book Value, with a significant value of 0.587 > 0.05 and a calculated t-value (0.546) below the t-table (1.99547). This implies that the Interest Rate variable's magnitude does not influence Price Book Value in property and real estate companies during the specified period. Conversely, the Return On Asset variable exhibits a significant positive influence on Price Book Value, supported by a significant value of 0.000 < 0.05 and a calculated t-value (13.866) surpassing the t-table (1.99547). This finding aligns with the established financial management models, suggesting a causal relationship between profitability dimensions and company value.

In a simultaneous analysis, the F-test shows that collectively, the Price Earning Ratio, Dividend Payout Ratio, Interest Rate, and Return On Asset variables significantly influence Price Book Value in property and real estate companies listed on the Indonesia Stock Exchange during the period 2018-2021. The F-statistic of 91.985 surpasses the F-table value of 2.52, with a significance level of 0.000 < 0.05, leading to the rejection of the null hypothesis (H0) and acceptance of the alternative hypothesis (Ha). Therefore, investment decisions, dividend policies, interest rates, and profitability collectively impact the company's value.
CONCLUSION

In conclusion, the research findings provide several key insights. Firstly, individual components such as investment decisions and profitability significantly and positively influence the value of property and real estate companies listed on the Indonesia Stock Exchange from 2018-2021. However, dividend policy and interest rates do not exhibit a significant impact on company value. Notably, when analyzed collectively, investment decisions, dividend policies, interest rates, and profitability demonstrate a significant positive influence on company value. The adjusted R square value of 84.5% suggests that 84.5% of the variability in Price Book Value can be explained by these variables, while the remaining 15.5% may be attributed to other factors not included in the regression model.

Based on these findings, several recommendations are proposed. Firstly, companies are advised to make well-informed investment decisions to enhance profitability and overall performance. This, in turn, ensures investor satisfaction with their investments. Additionally, for Universitas Prima Indonesia, these findings serve as valuable insights for future knowledge development. Lastly, for future researchers, it is suggested to address the limitations of this study by expanding the sample size, diversifying the sample beyond the focus on property and real estate, and incorporating additional variables such as financing decisions, exchange rates, and capital structure.

REFERENCE
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