EFFECT OF PROFITABILITY, INVESTMENT DECISION ON COMPANY VALUE IN MANUFACTURING COMPANY LISTED IN INDONESIA STOCK EXCHANGE

Ayu Karnulis Setiyorini
Faculty of Economics and Business, Wijaya Putra University Surabaya
ayukarnulis47@gmail.com
Dr. Chandra Kartika, SE., MM
Faculty of Economics and Business, Wijaya Putra University Surabaya
chandrakartika@uwp.ac.id

ABSTRAK

Penelitian ini bertujuan untuk menguji pengaruh profitabilitas dan keputusan investasi terhadap nilai perusahaan. *Return On Asset* (ROA) digunakan sebagai proksi profitabilitas, Total *Asset Growth* (TAG) sebagai proksi keputusan investasi, dan *Price Book Value* (PBV) sebagai proksi nilai perusahaan. Metode pengambilan sampel menggunakan metode purposive sampling, yaitu menggunakan sampel dengan pertimbangan – pertimbangan tertentu , perusahaan yang terdaftar dalam Bursa Efek Indonesia selama periode 2017 – 2018. Sampel yang digunakan adalah 4 perusahaan yang terdaftar dalam Bursa Efek Indonesia. Metode analisis yang digunakan trianggulasi yaitu analisis regresi linier berganda. Hasil penelitian ini secara parsial menunjukkan bahwa profitabilitas (ROA) dan keputusan investasi (TAG) berpengaruh positif dan signifikan terhadap nilai perusahaan (PBV). Secara simultan, kedua variabel independen tersebut mempengaruhi variabel nilai perusahaan (PBV), namun nilai perusahaan tidak hanya dipengaruhi oleh social-faktor internal, nilai perusahaan juga dipengaruhi oleh social eksternal seperti tingkat suku bunga, tingkat inflasi, kurs mata uang dan situasi social politik.

Kata Kunci: *Nilai perusahaan (PBV), profitabilitas (ROA), keputusan investasi (TAG).*

ABSTRACT

This study aims to examine the effect of profitability and investment decisions on corporate value. Return On Assets (ROA) is used as profitability proxy, Total Asset Growth (TAG) as investment decision proxy, and Price Book Value (PBV) as a proxy of company value. Sampling method using purposive sampling method, that is using sample with certain considerations, companies listed in Indonesia Stock Exchange during period 2017 - 2018. The sample used is 4 companies listed in Indonesia Stock Exchange. The method of analysis used triangulation is multiple linear regression analysis. The results of this study partially show that profitability (ROA) and investment decisions (TAG) have a positive and significant impact on firm value (PBV). Simultaneously, the two independent variables influence the firm's value variable (PBV), but firm value is not only influenced by social-internal factors, corporate value is also influenced by external social such as interest rate, inflation rate, currency exchange rate and socio-political situation.

Keywords: Company Value (PBV), profitability (ROA), investment decisions (TAG).

INTRODUCTION

Company value is defined as market value because firm value can give maximum shareholder prosperity if share price of company increase. The higher the stock price, the higher the shareholder wealth (Hasnawati, 2015). High corporate value causes the level of investor confidence to the company is also higher. This is due to investors' assessment of the future prospects of a good company seen from its high stock price. According to Haryanto and Toto (Bukit, 2013), the profitability of a company is one way to judge precisely how far the rate of return to be derived from its investment activity. Profitability can reflect the advantages of financial investment, meaning that profitability affects the value of the firm because of the growing internal resources. The better the company's profitability growth means the company's future prospects are rated better, meaning the value of the company will also be rated better in the eyes of investors. If the company's ability to generate profits increases, then the stock price will also increase. Good profitability will be a good signal for investors to participate in buying shares of the company. With the high trust of investors to the company can be interpreted that the value of the company is higher. Investors will consider the profit of which companies will give high returns. Profitability provides an objective value of the value of an investment in a company. Therefore, the profit of a company is a hope for investors, but investors should also be careful in determining investment decisions because if not right, investors not only lose the return but all the initial capital invested will also be lost. Therefore, investors also need to collect complete and accurate information about the company that will be selected as a place of investment. Gab phenomenon that occurs in investment decisions is strongly influenced by the availability of corporate funds derived from internal funding sources (internal financing) as well as external funding sources (external financing). The decision on investment will directly affect the amount of investment profitability and the company's cash flows for subsequent times). The company's investment is aimed at prospering shareholders both now and in the future. Capital investment is one of the main aspects of investment decisions besides determining the composition of assets. This study was conducted to re examine the factors that affect the value of the company. In this study discusses the factors that affect the value of the company represented by profitability, investment decisions, to the value of the company.

FORMULATION OF THE PROBLEM

1. What is the effect of profitability and investment decisions simultaneously affect the Value of Manufacturing Companies listed in the Indonesia Stock Exchange period 2017 - 2018
2. Is the effect of profitability and investment decisions partially affect the Value of Manufacturing Companies listed in the Indonesia Stock Exchange period 2017 - 2018.

RESEARCH PURPOSES

1. The purpose of this study to determine the effect of profitability and investment decisions simultaneously affect the Value of Manufacturing Companies listed on the Indonesia Stock Exchange period 2017 - 2018
2. The purpose of this study to determine the effect of profitability and investment decisions partially affect the Value of Manufacturing Companies listed on the Indonesia Stock Exchange period 2017 - 2018

BENEFITS OF RESEARCH

Provide information to companies and investors the significance of the effect of profitability and investment decisions on the Value of Manufacturing Companies listed on the Indonesia Stock Exchange period 2017 - 2018

LITERATURE REVIEW

Profitability Profitability according to Sartono (2014) is the ability of companies to earn profits in relationship with sales, total assets and own capital. This profitability ratio will provide an overview of the effectiveness of corporate management. The higher profitability means the better, because the prosperity of the owner of the company increases with the higher profitability. Profitability ratios are measuring management success as shown by profits generated by sales and investments (Weston and Brigham, 2013).

There are various ways to measure profitability, namely:

Profit Margin

Profit margin is the profit margin specified on the sale price. The profit margin shows the size of the profit compared to the sales price. Profit margin shows earnings per rupiah sales.

Profit Margin

Profit margin is the profit margin determined on the price of the sale.Big nothingness shows profit margins of profit compared to the sales price.Profit margin shows profit per sale of rupiah

$$\text{Profit margin} = \frac{\textbf{Profit After Tax}}{\textit{Sales}}$$

Return on Asset (ROA)

Return on Assets (ROA) is the ratio between the net income by the total assets that are embedded in the company. ROA is used to measure the ability of a company generating profits

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

Return on Equity (ROE)

ROE indicates the company's ability to obtain a return on the use of own capital

$$\text{ROE} = \frac{\text{Profit after tax}}{\text{Own Mondal}}$$

Rentabilitas Ekonomi

Economic comparison between the earning ratios is earnings with the total wealth

$$\text{RE} = \frac{\text{Margin}}{\text{Total Wealth}}$$

This study used is the ratio of return on assets (ROA).The higher the ROA so the higher the company's ability to generate profits and will make the company's profitability.The value of a high ROA will give a positive signal to investors that the company produces in favorable conditions.This has been the attraction of investors to own shares of the company and will increase the share price so that the company's value increased.Investment investment decisions is investing to one or more assets owned and usually timed a long with the expectation of profit in the future.Capital investment decisions can be made by individuals or institutions both in the short and long term.Short term assets are defined as assets with a term of less than one year or less from one business cycle, funds invested in short-term assets expected to be accepted back in the near or less than one year and are received at once.While the long-term assets are defined as assets with a period of more than one year, the Fund is invested in long term assets will be accepted back in time more than a year and return gradually.The right investment decisions will be able to produce optimal performance so that it gives a positive signal to investors that will boost the stock price and the value of the company.This is in accordance with statement signaling an attribute theory stating the investment expenditure gives a positive signal about the company's growth in the future, thus increasing stock prices as an indicator of the value of the company.In this study using a proxy Price Earnings Ratio (PER) which is an indication of the capital market assessment against the ability of the company in generating profit/profit potential of the company in the future.This ratio shows how much investors are willing to pay for each reported profit (Brigham and Hoston, 2014).The greater the price earnings ratio of a stock then the share price will be more expensive against the net income per share.PER is also a ratio that shows the growth rate of the company. PER the company's growth prospects show high and low risk.

RESEARCH METHODOLOGY OF DATA COLLECTING

Data to be used for this research is secondary data where the data source is not directly providing the data.Secondary data for the study was obtained from the official website of the Indonesia stock exchange, namely www.idx.co.id secondary data required, namely financial information from financial statements that are included in the sample corresponds to the variables examined.With the data collection method is a method of documentation, i.e. by collecting and reviewing data to secondary manufacturing companies listed on the Indonesia stock exchange period 2017 – 2018.

POPULATION AND SAMPLE

Population the company as much as 4 companies which is a financial services company listed on the Indonesia stock exchange and had a full laporankeuangan in the year 2017 – 2018.The selection of the sample was determined in purposive sampling. A sample of the selected companies based on criteria.A sample of these studies amounted to 4 companies IE: Cement Indonesia (SMGR), Holic Indonesia Tbk (SMCB), Indocement Tunggal Prakasa Tbk (IT), cement Stone King (SMBR)

MODEL RESEARCH

in this study using quantitative paradigm because the paradigm quantitative or quantitative research emphasis on testing the theory – theory of measurement variables – variables through research with numbers and perform data analysis with statistical procedures (J.C.Antula. P. Van Rate., Rw L.Meditation: 2017)

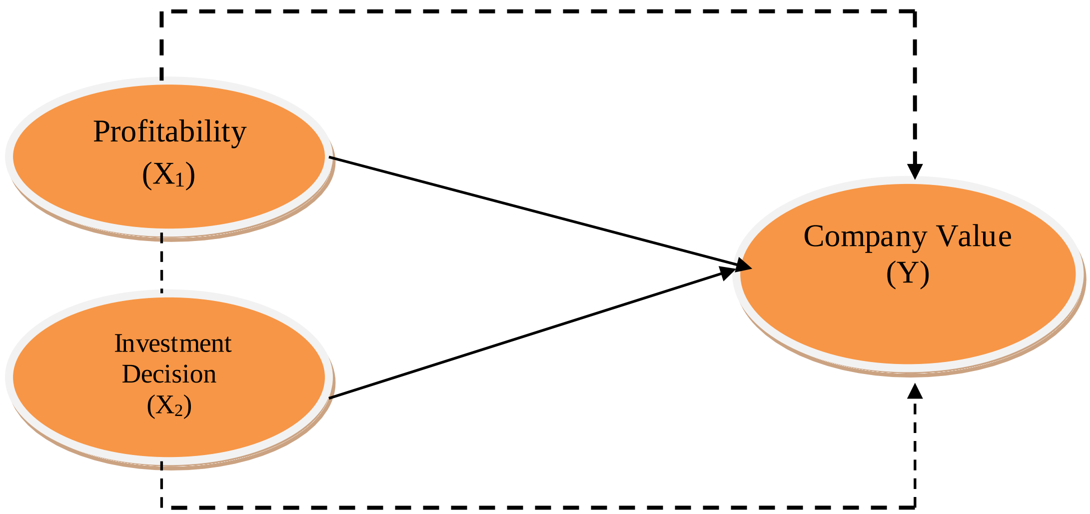

Figure 1 conceptual framework, research
Source: Sugiyono, (2012)

RESEARCH HYPOTHESIS

1. Profitabiltas influential significantly to the value of the company at the manufacturing companies listed on the Indonesia Stock Exchange 2.
2. Investment decision significant effect against the value of the company at the manufacturing companies listed on the Indonesia stock exchange
3. Profitabiltas and investment decisions of Companies in the manufacturing companies listed on the Indonesia Stock Exchange Test

DATA ANALYSIS METHOD

classical classical assumption Testing Assumptions to provide assurance that the regression equations obtained has precision in estimation, unbiased and consistent. Hypothesis testing Model statistical analysis used was multiple linear regression models.This analysis model was chosen because this research is designed to examine factors which effect on the dependent variable against the independent variables, where the independent variable used in this research was more than one.Multiple linear regression model equation as follows:

Y = α = company Value

β = regression Coefficient of each independent variable

X 1 = x 2 = profitability Level investment decisions E = Error

$$\mathbf{Y = \alpha + \beta 1 X_1 + \beta 2 X_2 + e}$$

Description:

Y = Company Value

α = Konstanta

β = Regression Coefficient of each independent variable

X_1 = Profitability Level
X_2 = Investment decisions
E = *Eror*

Partial Test T (t test)

Aims to examine how the influence of each free variable in singly against the variable terikatnya.Simultaneous Influence test (F test) aims to show all the independent variables had simultaneous influence of the dependent variables against.Test Coefficient Determination (R^2) aims to measure how much the ability of the model can explain the variation in the dependent variable.A lot of expert researchers who mengajurkan to use the Adjusted R^2 values at the time of evaluating regression models where the best.The value of the Adjusted R^2 is used if more than one independent variable

DISCUSSION

Test Results and PROPOSED Simultaneous (F test)

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	158937173127,769	2	81968586563,884	12,629	,000[b]
	Residual	5628512650,231	1	469788512650,231		
	Total	138635685778,000	3			

a. Dependent Variable: Company Value

b. Predictors: (Constant), Profitability Level, Investment Decisions

Source: SPSS, Ver.21

Data Outputs That on a test or test ANOva table F empirically the value F of 12.629 count of each variable and a dependent variable and idependent has a significant value of 0.000 that significant value on the test F demonstrating the above 0.05 or 5%

The Result Test t

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	,971[a]	,922	,786	72378,453	,912	13,619	2	1	,000	3,254

a. Predictors: (Constant), Profitability Level, Investment Decisions

b. Dependent Variable: Company Value

Source: SPPS.21

Data processing Output hypothesis testing are partial to the variable Profitability X 1 has a value t calculate = 1.455 with significant level where H1 is not acceptable on a significant > 0.05 so that the first hypothesis is stated rejected.Testing X 2 investment decisions contribute in increasing Y, in testing the hypothesis partially to investment decision variables X 2 has a t calculate = 0.771 thus H1 is unacceptable so the proof of the second hypothesis declared rejected.

Result Test Koefisien Determinasi (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	,971[a]	,922	,786	72378,453	,912	13,619	2	1	,000	3,254

Source: SPSS,Ver,21

Data processing Output hypothesis partially to the variable Profitability X 1 has a value t calculate = 1.455 with significant level where H1 is not acceptable on a significant > 0.05 so that the first hypothesis is stated rejected.Testing X 2 investment decisions contribute in increasing Y, in testing the hypothesis partially to investment decision variables X 2 has a t calculate = 0.771 thus H1 is unacceptable so the proof of the second hypothesis declared rejected

Test the Effect of Profitability on Company Value

Based on the above table above 6 can be seen that Profitability produces t count value of 1.455 while t table of 545.751.155, which means t count <t table and varabel has a significant level of 0.000 which when compared with the predetermined error of 5 % or 0.05 then the value of significance variables Profitability greater the degree of error of the Investment Decision. Test the Influence of Investment Decision on Corporate Value Based on table 6 above can be seen that the Management Profit produces ninai t arithmetic of 0.774, while t table of 539.451.105, which means t arithmetic <table and this variable has a significant level of 0.201 which when compared with the predetermined degrees of 5 % or 0.05 then the value of the variable significance of Investment Decision greater degree of error than the Company Value.

CONCLUSIONS OF RESEARCH

1. Profitabitas and Investment Decisions simultaneously have a significant effect on the value of the Company in Manaufakturing companies listed on the Stock Exchange on April 28, 2017 for a period of three months
2. Partial profitability has no significant effect on Stock Return on Manufacturing companies listed on the Stock Exchange on April 28, 2017 period of three months
3. EPS partially has no significant effect on Investment Decision on Manufaturing company listed on BEI on April 28, 2017 for three months period.

RESEARCH SUGGESTIONS

Based on the above conclusions, the author tries to give suggestions that become consideration for the parties - related parties, as follows:

1. For the Commitment The results of this study are expected to be published reports that have been audited in a timely manner, so that financial statements are more reliable, especially for investors
2. For Investors It is expected to be more careful in doing the analysis before investing even more in analyzing the financial information contained on the financial statements issued by the company because of the possible value of the company presented in the financial statements are not the true value
3. For Further Researchers
   The authors suggest to further researchers when researching with a model like this so that researchers further use the longer motede, the object of more research, and can add other variables. In order to get more accurate results and further explain the influence between the variables tested.

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