

FACTORS INFLUENCING INVESTMENT DECISIONS IN PROPERTY AND REAL ESTATE SUB-SECTOR COMPANIES LISTED ON THE INDONESIAN STOCK EXCHANGE

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Abstract: Property investing is one of the profitable long-term investments with minimal risk because property prices are stable and tend to increase every year. The purpose of this study is to ascertain how liquidity, profitability, and investment opportunities affect stock investment decisions in companies in the Property and Real Estate subsector listed on the Indonesia Stock Exchange between 2018 and 2021. During the conduction of this study companies in the Property and Real Estate subsector are made up of 65 companies. Purposive sampling was used to select a sample of 17 companies. Quantitative data were used in this research. Secondary data from the company's financial reports serve as the data source. The examination results show that liquidity somewhat affects corporate share choices, productivity and venture open doors to some extent meaningfully affect corporate security choices. In the meantime, it demonstrates that stock investment decisions are influenced positively by liquidity, profitability, and investment opportunities.

Keywords: liquidity, profitability, investment opportunities, investment decisions

INTRODUCTION

An investment is a long-term investment in one or more assets with the expectation of receiving a return in the future. An individual or a business with additional funds may choose to invest (Sunariyah, 2011). Appropriate investment decisions are needed for funds invested for profit. Investors must consider the return they will receive and the risks. Investment decisions are a matter of how

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a person or financial manager should allocate funds into forms of investment that will be able to bring profits in the future.

Trust from potential financial backers can be acquired if the organization can oversee and utilize assets proficiently. The company and investors alike can benefit from a successful investment decision. For financial backers, positive development is a beneficial possibility on the grounds that the speculation put can give ideal returns from now on. Property investing is one of the profitable long-term investments with minimal risk because property prices are stable and tend to increase every year. Property investment does not only include buying building, renting, and selling of properties, but it also includes buying of property shares. Property shares are obtained by investing capital in housing real estate or apartments. Investment in the property sector is also one of the investments that is often sought by investors because the property business in Indonesia is quite high. Investing in property shares is one of the most popular business instruments because property is an asset where its value will continue to increase over time. Before making an investment decision, it is important for investors to look at share prices and estimate the size of a company's profits and how profitable it will be in the future, for this reason, calculations are made using price earnings ratio. According to Wahyudiono (2014), the Price Earnings Ratio (PER) is a ratio that indicates how much money is made from shares on the primary market compared to the price of those share (Saputra et al., 2023). Value Profit Proportion (VPP) as a valuation technique is to decide the genuine worth of portions of an organization and is utilized to dissect share costs which show the right cost outlandish.

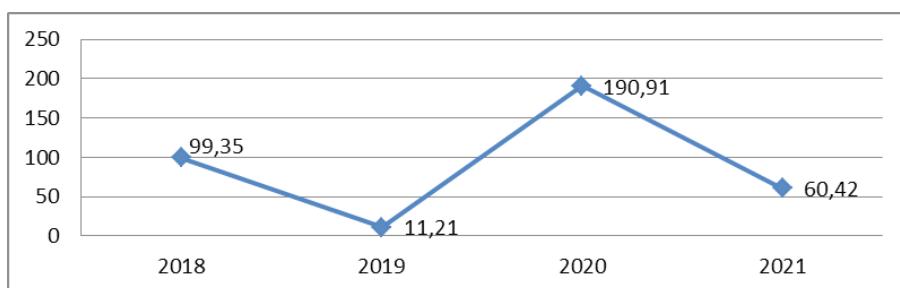


Figure 1 Price Earning Ratio
Source: Data Processed from IDX (2022)

Data processing reveals that between 2018 and 2021, the PER value of a number of company real estate and property listed on the Indonesian Stock Exchange experienced increase and decline, this will influence in taking decision investment and matter. This will burden the performance of the property industry which will further suppress sales and affect liquidity risk and can reduce additional company capital, causing a lack of development effectiveness which will also affect company growth, so it is necessary to measure investment decisions using liquidity ratios, profitability and investment opportunities. According to researches by Christian (2013), Karwanti (2017), and DM (2022), liquidity influences investment decisions. On the contrary, research from Yunita & Yuniningsih (2020) and Ardiana (2021) demonstrate that liquidity has no effect on investment decisions. Research results from Bangun (2015), Vabiola (2020), and Hidayah (2021) show that profitability has an effect on investment decisions, while research from Ardiana (2021) shows that profitability has no effect on investment decisions. According to research from Rahmiati & Huda (2015), Endiana (2016) and Vabiola (2020) investment opportunities influence investment decisions. Whilst research from Barlanti & Purwaningrum (2020), found that investment opportunities do not influence investment decision investment.

Researchers are interested in conducting research titled “The Influence of Liquidity, Profitability, and Investment Opportunities on Stock Investment Decisions in Property and Real Estate Sub-Sector Companies on the Indonesian Stock Exchange in 2018-2021” due to the inconsistent findings of previous studies.

METHOD

Research Design

The design of this research is associative. Associative is a research problem formulation that asks about the relationship between two or more variables. The form of relationship used is causal. A causal relationship is a relationship that is cause and effect, where there are independent (influencing variables) and dependent (influenced) variables (Sugiyono, 2022). The type of data used in this study is secondary data, or information from other sources. The information used

comes from the financial statements of real estate and property businesses that were listed on the Indonesia Stock Exchange for a period of four years, from 2018 to 2021.

Population and Sample

According to Darmadi (2014), population of sample refers to all of the subjects within the research area. The population of sample in this study was 75 companies. A sample is a subset of the population as a whole and its characteristics. Purposive sampling was used in this study. The research samples were selected based on certain criteria and based on certain considerations that were adjusted to the research objectives. As for the research sampling criteria, it can be concluded that the number of companies in the Property and Real Estate sub-sector listed on the Indonesia Stock Exchange is 65. Businesses that did not submit complete financial reports during the investigation period were 5. Companies that have not yet had an IPO (Initial Public Offering) starting in 2018 were 10 and companies that did not have positive profits during the period studied were 33. Therefore, it is possible to draw the conclusion that this study had 17 companies as samples.

Table 1 Independent and Dependent Variables

No.	Variable	Definition	Indicators	Scale
1	Liquidity (X1)	Liquidity is the ability to fulfill all obligations that must be paid immediately within a short time. Financial Services Authority (Keuangan, n.d.).	Current Ratio: $\frac{\text{Current Asset}}{\text{Current Liabilities}}$	Ratio
2	Profitability (X2)	Profitability is to measure the general viability of the executives which is focused on the size of the degree of benefit corresponding to deals and ventures (Fahmi, 2020).	Return on Assets (ROA): $\frac{\text{Post-tax Revenue}}{\text{Total Assets}}$	Ratio
3	Investment Opportunities (X3)	Investment Opportunity Set (IOS) is an investment opportunity whose size depends on the expenditure determined in the future by management and an investment that is anticipated to yield a higher return (Fidhayatin & Uswati, 2012).	Market to Book Value Equity (MBVE): $\frac{\text{No Outstanding Shares} \times \text{Closing Price}}{\text{Totally Equity}}$	Ratio
4	Investment Decision (Y)	A policy or decision to invest capital in one or more assets to generate future profits is an investment decision (Endiana, 2017).	Price Earning Ratio (PER): $\frac{\text{Price per Share}}{\text{Profit per Share}}$	Ratio

Independent and Dependent Variables

The definition and measurement of variables in this research are based on the reference sources used, based on the indicators for each variable, both independent and dependent. The details of the definitions and indicators are summarized in the Table 1.

Research Framework

The exploration of ward variable, specifically investment decisions with free factors liquidity, productivity, and speculation valuable open doors incomplete and synchronous investigation, with the accompanying examination mode.

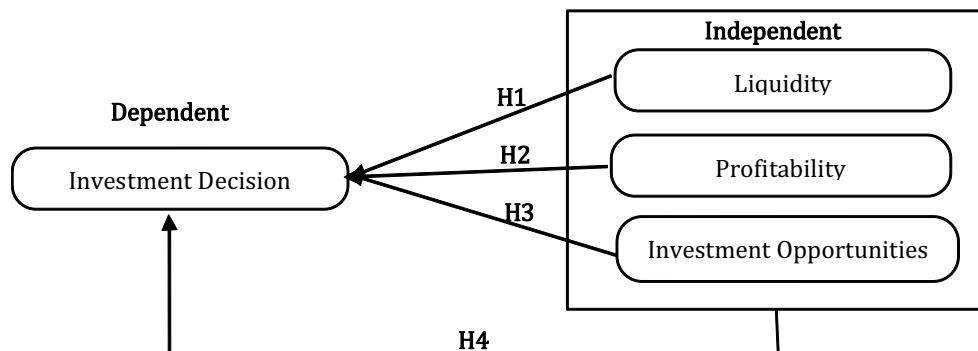


Figure 2 The Research Model

RESULTS

Normality Test

Table 2 Normality Test

One-Sample Kolmogorov-Smirnov Test		
Unstandardized Residuals		
N		68
Normal	Mean	0,0000000
Parameters ^{a, b}	Std. Deviation	227,48861646
Most Extreme	Absolute	0,351
Differences	Positive	0,351
	Negative	-0,323
Kolmogorov-Smirnov Z		2,896
Asymp. Sig. (2-tailed)		0,000

The normality test is used to test whether the distribution of variables for each value of a particular independent variable is normally distributed. In this study, one sample Kolmogorov Smirnov was used.

Kolmogorov Smirnov test in the Table 2, it is realized that the importance esteem is beneath 0.05, which means the data is not normally distributed.

According to Ghozali (2018), the data that isn't normally distributed can be corrected to become normal. Information change is a cycle to change the type of information with the goal that the information is prepared for investigation. The transformation of the data yielded the following outcomes:

Table 3 Correction of Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residuals
N		68
Normal	Mean	0.0000000
Parameters ^{a, b}	Std. Deviation	1.01199325
Most Extreme	Absolute	0,130
Differences	Positive	0,130
	Negative	-0.114
Kolmogorov-Smirnov Z		1,076
Asymp. Sig. (2-tailed)		0,198

From the results of data processing, a significant value of 0.198 was obtained. A significance value greater than 0.05 means that the residual data is normally distributed.

Multicollinearity Test

A good regression model should not correlate with independent variables. The method used to see whether there is a multicollinearity problem is by looking at the Tolerance VIF (Variance Inflation Factor). The value that indicates whether there is a multicollinearity problem is that the Tolerance value must be > 0.10 and the Variance Inflation Factor (VIF) < 10 . The following is the multicollinearity test table:

Table 4 Multicollinearity Test

Model	Unstandardized Coefficients		Sig.	Collinearity Statistics	
	B	Std. Error		Tolerance	VIF
(Constant)	-3,121	0,491	0,000		
Ln_X1	0,914	0,216	0,000	0,931	1,075
Ln_X2	-1,079	0,120	0,000	0,873	1,146
Ln_X3	-0,168	0,056	0,004	0,819	1,221

As seen in Table 4, it is shown that an incentive for every variable is as VIF an incentive for the Liquidity variable is $1.075 < 10$ and the resistance esteem is $0.931 > 0.10$, so there are no side effects of multicollinearity in the liquidity variable. The VIF an incentive for the productivity variable is $1.146 < 10$ and the resistance esteem is $0.873 > 0.10$, so there are no side effects of multicollinearity in the benefit variable. The VIF an incentive for the speculation opportunity variable is $1.221 < 10$ and the resistance esteem is $0.819 > 0.10$, so there are no side effects of multicollinearity in the venture opportunity variable.

Heteroscedasticity Test

The absence of heteroscedasticity is a good regression model test. Using a scatterplot to test, heteroscedasticity was present in this study.

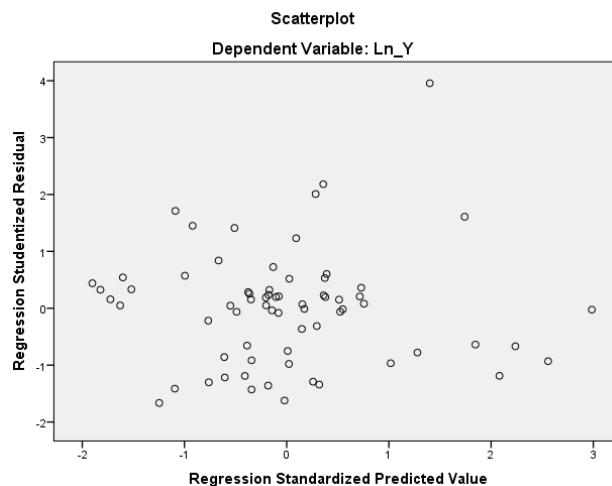


Figure 3 The Heteroscedasticity Test

As shown in Figure 3, it tends to be seen that the focuses are spread arbitrarily and are spread both above and underneath the number 0 on the Y pivot, so it very well may be reasoned that there is no heteroscedasticity.

Autocorrelation Test

The autocorrelation test is used to determine whether there is a correlation between the disturbance error in period t and the error in period $t-1$ (previous) in a linear regression model. A decent relapse model is liberated from autocorrelation. The Durbin-Watson (DW) test can be used to find autocorrelation symptoms.

Table 5 Autocorrelation Test

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0,846 ^a	0,716	0,702	1.03544	0,981

a. Predictors: (Constant), Ln_X3, Ln_X1, Ln_X2

b. Dependent Variable: Ln_Y

Based on the test results, it can be seen that the Durbin-Watson value is 0.981. This shows that the DW value is between -2 to +2 so it can be stated that there is no autocorrelation.

Multiple Linear Regression Analysis

Multiple linear regression analysis is commonly utilized in studies aimed at determining how independent variables affect the dependent. The aftereffects of numerous relapse examinations in this exploration should be visible in the accompanying table:

Table 6 Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Q	Sig.
	B	Std. Error		
(Constant)	-3,121	0,491	-6,350	0,000
Ln_X1	0,914	0,216	4,231	0,000
Ln_X2	-1,079	0,120	-9,002	0,000
Ln_X3	-0,168	0,056	-3,003	0,004

Based on the results of the multiple linear regression analysis in the table above, the coefficient for the independent variable $X1 = 0.914$, $X2 = -1.079$, $X3 = -0.168$ Constant $Y = -3.121$ so that the regression equation model obtained is:

$$Y = -3.121 + 0.914 X1 - 1.079X2 - 0.168X3 + e$$

From different straight relapse conditions it tends to be finished up as follows:

1. The value of constant is -3.121, indicating that, if the independent variables are, increase by 1 (one), the size of the Stock Investment Decision will increase by -3.121 while the value of the other variables remains the same.
2. The variable regression coefficient $X1$ liquidity has a value positive of 0.914, indicating that if it increases by 1 (one), the dependent variable, namely Stock Investment Decisions, will increase by 0.914 while the others variable its value remains the same.
3. The variable regression coefficient $X2$ profitability has a negative value of -1.079, meaning that if it increases by 1 (one), the dependent variable, namely Stock Investment Decisions, will experience a decrease of -1.079 while the other variable its value remain the same.
4. The variable regression coefficient $X3$ investment opportunities has a negative value of -0.168, meaning that if it increases by 1 (one), the dependent variable, namely Stock Investment Decisions, will experience a decrease of -0.168 while the others variable its value remains the same.

Simultaneous F Test Results

Simultaneous testing is carried out to test whether the influence of all independent variables on the dependent variable as formulated in a multiple linear regression equation mode is correct.

Table 7 Simultaneous Test

ANOVA^b

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	4,462	2	2,231	10,856	0,000 ^a
Residual	19,934	97	0,206		
Total	24,396	99			

a. Predictors: (Constant), SQRTX2, SQRTX1

b. Dependent Variable: SQRTY

By comparing the f table = 0.05 with degrees of freedom (df_1) = $k - 1$, namely $4 - 1 = 3$, and (df_2) = $n - k$, namely $17 - 4 = 13$, the calculated f is 53.730 (where n is the number of samples and k is the number of independent and dependent variables), so the f table is 3.41. It is possible to draw the conclusion that calculated $f > f$ table, or $53.730 > 3.41$, indicates that the independent variables have a significant impact on the dependent variable simultaneously. It is possible to say that Stock Investment Decisions are influenced simultaneously by the variables liquidity, profitability, and investment opportunities.

DISCUSSION

The Influence of Partial Liquidity on Stock Investment Decisions in Property and Real Estate Sub-Sector Companies on the IDX 2018–2021

In view of the fractional experimental outcomes, it is realized that the determined t esteem is more noteworthy than the t table, in particular $4.231 > 2.16037$ and the importance esteem is $0.000 < 0.05$, so it very well may be presumed that liquidity significantly affects corporate share choices in light of the fact that the higher the degree of liquidity, the greater of company's ability to pay off its short-term debt in a timely manner which subsequently indicates that the company has cash available to fund the company's operations. It can be said that the company is financially healthy when it has a good level of liquidity, which will improve investment decisions. The results of this research are in line with research conducted by Christian (2013), Hidayat (2010), Musliq & Biduri (2022), and W & Susanto (2019) which states that liquidity influences investment decisions.

The Influence of Partial Profitability on Stock Investment Decisions in Property and Real Estate Sub-Sector Companies on the IDX 2018–2021

It is established from the partial test results that the calculated t value exceeds the t table, namely $-9.002 > 2.16037$ and the significant value is $0.000 < 0.05$, so it can be concluded that profitability has a negative and significant effect on stock investment decisions, meaning that high profitability can reduce investment decision. A profitable company means it has high profits. A company's ability to reduce

the amount of funding it receives from outside sources, such as investors, creditors, and others, is evidenced by its high profits. This study's findings are consistent with those of previous research by Difoasih (2018), Eliyanti (2019) and Wahyuni et al. (2015) that states profitability has a negative effect on investment decisions.

The Influence of Partial Investment Opportunities on Share Investment Decisions in Property and Real Estate Sub-Sector Companies on the IDX in 2018–2021

It is known from the partial test results that the calculated t value is greater than the t table, namely $-3.003 > 2.16037$, and that the significance value is $0.004 < 0.005$. As a result, it is possible to draw the conclusion that investment opportunities have a negative and significant impact on stock investment decisions. The large investment opportunities can reduce investment decisions because not all investment opportunities are used to invest in shares by investors. Companies can use these investment opportunities to invest in land and buildings or property to increase the company's income and growth. The results of this research are in line with research by Christian (2013) and Hidayat (2010) that state that investment opportunities influence investment decisions.

Simultaneous Influence of Liquidity, Profitability and Investment Opportunities on Stock Investment Decisions in Property and Real Estate Sub-Sector Companies on the IDX 2018–2021

The calculated f is greater than the f table, $53.730 > 3.14$, as shown by the results of the simultaneous tests. This indicates that there is a positive influence (simultaneously) between liquidity, profitability, and investment opportunities on stock investment decisions in the company Property and Real Estate sub-sector on the IDX 2018-2021. This demonstrates the way that data about the organization's monetary execution can be utilized together to anticipate speculation choices. This research is consistent with the findings of previous studies by DM (2022) that state that there is an influence between Liquidity and Profitability on Investment Decisions. Christian (2013) states that there is an influence between Liquidity and Investment Opportunities on Investment Decisions. Furthermore, Vabiola (2020) states that investment decisions are influenced by investment opportunities and profitability.

Conclusions, Limitations, and Suggestions

Considering the consequences of the conversation that has been completed, the accompanying ends can be drawn as fractional experimental outcomes (t-trial) of liquidity estimation on corporate share choices in property and land sub-area organizations on the Indonesian Stock Trade in 2018-2021 with t count $4.231 > t$ table 2, 16037 and a huge worth of $0.000 < 0.05$ implies that liquidity affects corporate share choices. Productivity on corporate share choices (Y) in property and land sub-area organizations on the Indonesian Stock Trade in 2018-2021 with t count $-9.002 > t$ table 2 .16037 and a critical worth of $0.000 < 0.05$ implies that benefit significantly affects corporate security choices. Speculation potential open doors on corporate security choices in property and land sub-area organizations on the Indonesian Stock Trade in 2018-2021 with t count $-3.003 > t$ table 2.16037 and a huge worth of $0.004 < 0.05$ implies that venture valuable open doors affect corporate share choices. The consequences of the concurrent test (f test) show that the f count is $53.730 > f$ table 3.14 and the importance is $0.000 < 0.05$, implying that liquidity, productivity and venture open doors together essentially affect corporate share choices. The aftereffects of the assurance test (R2) show that the Change R Square worth is 0.702, implying that the commitment of the autonomous factors, to be specific liquidity, productivity and venture potential open doors, impacts the corporate share choice variable by 70.2% while the excess 29.8% is affected by different factors.

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