



The Effect Of Leverage And Profitability On Investment Decisions: A Study On Property Companies Listed On The IDX

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ABSTRACT

This study aims to determine the analysis of the influence of profitability, leverage on investment decisions in the hotel, restaurant and tourism sub-sectors listed on the Indonesia Stock Exchange (IDX) with research observations in 2020-2021. The method in selecting the sample is using non-probability sampling with purposive sampling and the selected sample is 17 issuers. Data collection techniques in this study used secondary data, namely library research and documentation. For data analysis techniques using multiple linear regression data analysis techniques. Based on the result of the study that the leverage variable has an effect on investment decision. Meanwhile, profitability and liquidity have no effect on investment decision.

INTRODUCTION

The capital market can significantly influence the development of a country, because the economy of a country can be seen from one aspect of investment in the capital market. And the capital market plays a role as a national builder, as stated in Law Number 8 of 1995 concerning the capital market, namely this market aims to support the implementation of national development in order to increase equity, growth and stability of the national economy towards increasing people's welfare.

According to (Arifardhani, 2020) the capital market has an important role in the economy of a country because it carries out two functions, namely as a means of financing company businesses and as a means for people to invest. The capital market that operates in a country will show positive global conditions. The occurrence of the Covid-19 pandemic in 2020 in Indonesia has caused obstacles to all community activities and resulted in economic instability. Based on the Financial Services Authority, the economy in early 2020 experienced a contraction of -5.32% yoy in the second quarter and this contraction continued to -2.07% yoy at the end of 2020. This weakening is thought to be due to limited social and economic activities, resulting in a decline in household consumption and investment. According to (W & Salim, 2019) in the capital market there are investment activities which are one form of company investment and

investment advice for investors. Investment can help companies build or improve the company and encourage the company's economic growth. Investment decisions are an indicator of the company's existence because if there is no new investment, the company does not have positive prospects (sugeng, & kurniawan, 2017). So that in making investments, one must be able to consider what factors can influence investment decisions. One of the factors to consider in investment decisions is profitability. As according to (Rinnaya et al., 2016) that high profitability will show good company opportunities so that investors will respond well and stock prices will also increase. Leverage is one of the factors related to investment decisions because of the use of debt in financing company activities, especially investment in fixed assets and the debt is external funding owned by the company to make investment decisions on fixed assets (Yunus, 2017).

According to Hidayat (2010) (quoted in W & Salim, 2019) Liquidity is a factor in investment decisions which is influenced by the company's ability to obtain cash to meet short-term needs. A company can be considered to have no difficulty in financing its investment if the company can produce good results in financing its investment activities (W & Salim, 2019). One of the company sectors that has good prospects so that many investors are interested in it is the hotel, restaurant, and tourism sub-sector companies.

Because Indonesia is a country with diverse tribes, cultures, and tourist destinations, this sector makes a large contribution to economic growth. The pandemic has caused this sector to decline. Reported from the news According to Kompas.com, the Ministry of Tourism and Creative Economy noted that investment in the tourism sector in 2020 was at 401.4 million US dollars, this figure is relatively small compared to 2019, namely investment realization at 1,900 million US dollars or Rp. 28,618 trillion. The Covid-19 pandemic has had a negative impact because it has resulted in a decline in economic activity in various sectors, especially in the hotel, restaurant, and tourism sub-sector industries. The company plays an important role in improving and paying attention to factors that can influence investment decisions, such as profitability, leverage, and liquidity.

LITERATURE REVIEW

Financial Management

According to (Kasmir, 2019:6) financial management is all activities related to how to obtain funds and manage funds so that company goals are achieved and also the management of assets owned runs effectively and efficiently. According to (Sitinjak, et al., 2018) the function of financial management is to determine the allocation of funds (Investment decision), decide on financing alternatives (Financial decision), and policies in dividend distribution (Dividend decision).

Financial Statement Analysis

According to (Kasmir, 2019) financial statement analysis is an analysis of the company's financial condition to provide information about the company's strengths and weaknesses. According to (Kasmir, 2019:95) there are two types of financial statement analysis methods that can be used, namely:

1. Vertical (static) analysis

Vertical analysis is an analysis that is carried out for only one financial statement period, where the analysis is carried out between items in one period.

2. Horizontal (dynamic) analysis

Horizontal analysis is an analysis that compares financial statements in several periods.

Investment Decisions

According to (Sudiarto, 2016) investment decisions are decisions regarding assets managed by the company. Investment is defined as the company's capital investment. Capital investment can be made in real assets or financial assets. According to (W & Salim, 2019) there are factors that are benchmarks for investment decisions, namely cash flow, capital structure, liquidity, debt policy, profitability, sales growth, and investment opportunities.

Profitability

According to (Kasmir, 2019:115) profitability is a financial ratio that can show the value or ability of a company in seeking profit and can show the company's development.

Leverage

According to (Bangun, 2015) leverage is all mechanisms used to reduce the occurrence of overinvestment problems in a company. Leverage is the proportion between total debt and total assets in meeting the company's needs. Leverage is a ratio that aims to measure how much a company is financed with debt (Fachreza et al.,2020)

METHODS

The method in this study uses descriptive and associative methods with a quantitative approach. Sampling uses a nonprobability sampling approach and a purposive sampling method where there are 17 issuers in the hotel, restaurant and tourism sub-sector companies listed on the Indonesia Stock Exchange (IDX) which are samples, namely with stock codes AKKU, DFAM, FAST, IKAI, JGLE, JIHD, JSPT, MINA, PANR, PDES, PJAA, PNSE, PSKT, PTSP, MAPB, NASA, and SHID. The technique for data collection uses secondary data, namely through literature studies and documentation.

RESULTS AND DISCUSSION

Multiple Correlation Coefficient

According to (Sugiyono, 2015:266) Multiple correlation analysis is used to determine the relationship between variable X and variable Y simultaneously.

Table 1 Interpretation of Correlation Coefficient

| Coefficient Interval | Relationship Level |
|----------------------|--------------------|
| 0,00 – 0,199 | Very low |
| 0,20 – 0,399 | low |
| 0,40 – 0,599 | Currently |
| 0,60 – 0,799 | Strong |
| 0,80 – 1,000 | Very Strong |

The following are the results of calculating the multiple correlation coefficient using SPSS, namely.

Table 2 Multiple Correlation Coefficient

| Model | R | R Square | Adj. R Square | Std. Error of the Estimate | Change Statistics | | | | |
|-------|-------------------|----------|---------------|----------------------------|-------------------|----------|-----|-----|---------------|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change |
| 1 | ,448 ^a | ,201 | ,115 | ,091164 | ,201 | 2,347 | 3 | 28 | ,094 |

Based on table 2 it can be concluded that the relationship between variables X1, X2, X3 and variable Y is 0.488, where in the interpretation of the correlation coefficient based on (Sugiyono, 2015:257) it is located in the coefficient interval between 0.40-0.599, which indicates that the level of relationship is moderate.

Determination Test

It can be seen in table 1.2 Producing an R Square value of 0.201. It can be interpreted that the estimated proportion of variables X1, X2, X3 to Y is 0.201 or 20.1%. The influence of variable X to variable Y is weak because it is close to zero 0, while the influence of other variables is 79.9%.

Normality Test

normality test using the Kormogorov-Smirnov method as follows:

Table 3 Normality Test

| N | | 32 |
|----------------------------------|----------------|-----------|
| Normal Parameters ^{a,b} | Mean | ,0000000 |
| | Std. Deviation | ,08664015 |
| Absolute | | ,132 |

Multiple Linear Regression Test

The calculation of multiple linear regression obtains the value of $b_1 = 0.003$, $b_2 = 0.141$, $b_3 = 0.011$ then the value of $a = -0.091$. With the calculation of the equation as follows:

$$Y^* = -0.352 + 0.007X_1 + 0.593X_2 - 0.027X_3$$

From this equation, it can be concluded as follows:

1. The constant value of -0.091 shows that in the independent variables, namely profitability, leverage, and liquidity, the value is 0, then the dependent variable, namely investment decisions, will have a value of -0.091.
2. Profitability shows a unidirectional relationship, so that an increase in one unit of profitability will cause an increase in investment decisions by 0.003 units.
3. Leverage shows a unidirectional relationship, every increase in one unit of leverage will cause an increase in investment decisions by 0.141 units.
4. Liquidity has a unidirectional relationship, so there will be an increase in one unit of liquidity in investment decisions by 0.011 units.

Partial Test (t-Test)

From the results of the Partial Test (t-Test) calculation using Spss, the t-test calculation is as follows:

1. Profitability has a t-count value of 0.934 with a sig. value of 0.358 based on the t table with a dk value = $17 - 2 = 15$ and an error rate of 5% or $0.05 / 2 = 0.025$ and obtains a t-table value of 2.13145. Shows that the t count is $0.934 < t \text{ table } 2.13145$ and a significance value of $0.358 >$

- 0.05, meaning that H_0 is accepted and H_1 is rejected. So it can be concluded that the profitability variable does not have a significant effect.
2. Leverage has a t-count value of 1.845 with a sig. value. of 0.074 based on the t table with a value of $dk = 17-2 = 15$ and a level of error of 5% or $0.05 / 2 = 0.025$ and obtained a t table value of 2.13145. Shows that the calculated t is $2.247 > t$ table 2.13145. and a significance value of $0.033 < 0.05$ means that H_0 is rejected and H_1 is accepted. So it can be concluded that the leverage variable has a significant influence.
 3. Liquidity has a calculated t value of -1.672 with a sig. value of 0.104 based on the t table with a value of $dk = 17-2 = 15$ and a level of error of 5% or $0.05 / 2 = 0.025$ and obtains a t table value of 2.13145. Shows that t count $0.705 < t$ table 2.13145 and significance value $0.487 > 0.05$
 4. meaning that H_0 is accepted and H_1 is rejected. So it can be concluded that the liquidity variable does not have a significant influence.

Simultaneous Test (F-Test)

Based on the results of the F count value of 2.347 and the sig. value of 0.094 based on the numerator $dk = 3$ and the denominator $dk = 17-3-1 = 13$ and obtains an F table value of 3.41. So the F count value $2.347 > F$ table 3.41 and the sig. value $0.094 > 0.05$. The results of the calculations above show that the F count value is greater than the F table, meaning that there is a significant influence of the profitability, leverage, and liquidity variables.

CONCLUSION

The results of the study of profitability, leverage, and liquidity analysis on investment decisions in hotel, restaurant, and tourism sub-sector companies listed on the IDX. Based on the results of the partial test or T test, the first hypothesis (H_1) is that profitability has no effect on investment decisions, the second hypothesis (H_2) shows that there is an effect of leverage on investment decisions, the third hypothesis (H_3) liquidity has no effect on investment decisions. Based on the simultaneous test or F test, it shows that there is a significant effect of profitability, leverage, and liquidity.

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