Role of Stock Performance as an Intervening Variable in a Relationship Between Profitability, Leverage, Growth and Company Value

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Abstract:
The reason of this observe is to analyze and decide the effect of profitability, leverage, and growth on the performance of property sector company shares, to analyze and determine the effect of profitability, leverage, growth and stock performance on the company value of property sector companies and to analyze and determine the effect of profitability, leverage, and growth on company value with stock performance as an intervening variable for property sector companies listed on the IDX in 2017-2021. This research is protected in quantitative research the usage of secondary facts. This research is a quantitative research conducted to see the effect of profitability, leverage, growth on company value with stock performance as an intervening variable with case studies on businesses within the belongings, actual estate and constructing creation sectors indexed at the IDX in 2017-2021. In this study the authors used secondary statistics from annual reviews and financial reports. This study concludes that there is no effect of profitability on stock performance, there is an effect of profitability on firm value, there is an effect of leverage on stock performance, there is an effect of leverage on firm value, there is an effect on performance stock on firm value, on firm value with stock performance as an intervening variable, there is an influence between growth on firm value and stock performance as an intervening variable.

Keywords: profitability, leverage, property, stock performance

INTRODUCTION

In this Global Integration Era, investment has become an important need for everyone. Investment aims to prepare for the future as early as possible to anticipate unforeseen events through planning needs that are adjusted to current financial capabilities. Apart from the need for the future, someone makes an investment because it is triggered by many uncertainties or sudden matters in lifestyles (limited price range, fitness...
conditions, screw ups, funding marketplace situations and excessive inflation fees). However, with alternative investments one can meet future needs. Future of course by determining priority needs. Apart from meeting the needs of each individual, investment is one of the factors that play an important role in a country's economic growth. In this case, investment makes it easier for companies to obtain liquid funds that will be used in company operations, because investment in basically liquid (easily changed). Therefore the company must always pay attention to the funds it has for its operational activities. In general, self-investment is classified into two, namely financial investment and real investment. The most popular investment for investors today this is a financial investment because this investment is considered quite easy. The advantages of financial investment include that the funds invested are quite liquid and can be withdrawn at any time. Investors can make financial investments, one of which is in the capital market. The capital market has a strategic function in country wide development as a source of financing for the enterprise world and a automobile for investment for the community (Abdillah & Hartono, 2015).

The Capital marketplace is an pastime involved with public offerings, securities trading, public companies related to the securities they trouble, in addition to institutions and professions related to securities. With the lifestyles of a capital market, parties who've excess price range can make investments their finances looking forward to returns. Meanwhile, those who need funds can use these funds without having to wait for funds from the company's operational activities. One of the factors that make investors invest their capital when investing is a high return, with a high return, the investor will expect to get a high return for the investment made. The return obtained by investors depends on the instrument used. Investors need to make an initial assessment of the stocks they will choose in making investment decisions, then determine whether the stock will provide an appropriate profit from what the expected profit level is. The stock rate of a employer reflects the business enterprise’s price inside the eyes of the general public, if a agency's inventory charge is high, then the business enterprise's cost inside the eyes of the public is likewise accurate and vice versa. The rate of shares at the inventory change is decided consistent with the regulation of supply and demand or bargaining power. The greater those who need to shop for stocks, the inventory price will tend to move up, conversely the extra folks that will sell those stocks, the stock fee has a tendency to move down (Ahmad, 2014).

Stock price is one measure that shows the value of a company. Apart from being influenced by the law of supply and demand, share prices will also be influenced by the performance of the company concerned. On the stock exchange, this will be appreciated by the market in the form of an increase in the company's stock market price. Investors assume that if a company's performance increases, the greater the rate of return that investors will receive, which in the end, more and more investors will buy these shares and will cause the stock market price to increase, and vice versa. In the investment process, investors who invest their funds in the capital market must be able to use all the information to analyze the market and their investments in the hope of making a profit. Investors are required to analyze and choose the best stocks, therefore an analysis of the stocks to be invested is a basic step that must be taken before an investment is made, so that investors/traders are not trapped in adverse conditions. One of the ratios used by investors to measure the health of a company is its profitability. Profitability is the company's ability to generate profits related to sales, total assets, and own capital. If the company's condition is categorized as profitable or promising future profits, many investors will invest their funds to buy these shares (Alwi, 2003). This will push the stock price up even higher. This ratio is used to measure management's success in achieving profits for shareholders, as well as improving employee welfare. All of this can only happen if the company makes a profit in its business activities. The higher this ratio illustrates the higher the rate of return to investors and will increase the attractiveness of investors to own these shares. The more investors who are interested in buying shares of companies with high profitability, the higher the price of this company's shares. The higher the rate of return and stock price will also make the company's value better. The use of profitability ratios is adjusted to the goals and needs of the company. In addition to the profitability ratios, investors will also look at the company's leverage. To obtain sources of funding, companies can entrust funding sources that come from within the company, such as depreciation and retained earnings (Ang, 2017).

Companies can use debt (leverage) to obtain capital in order to obtain higher profits. Leverage is the organisation's capability to repay the enterprise's monetary duties, both brief and long term. Leverage can be said that a financial ratio that measures how a great deal a company is financed the usage of debt. In this case investors will see the security and risk of the capital they invest in a company. Leverage may be understood as an estimator of the risks inherent in a organisation, that means that the greater the leverage, the extra the investment hazard. On the other hand, it is hoped that the use of debt by the company will receive a positive
response from outsiders. So debt is a positive sign to increase the value of the company in the eyes of investors (Anjarwati et al., 2022). The usage of too much debt isn't always top, because it's far feared that there can be a decrease inside the profits earned by means of the organization. Leverage is an example of using a business enterprise’s debt to finance the organisation's operations. Leverage control could be very vital, due to the fact the decision to apply high debt can increase the fee of the employer, and possibly reduce profits which will result in lower returns. Leverage ratios can be seen in the DAR and DER. Firm value is also influenced by company growth. The company’s growth is incredibly anticipated by using inner and external events of a employer because it could offer a fantastic aspect for the corporation. Growth is how some distance a enterprise places itself within the standard financial system or the monetary system for the identical industry (Anoraga, 2011). From an investor's point of view, the increase of a employer is an indication that the corporation has a worthwhile component, and they anticipate a higher fee of return on their investment, fast growth forces human assets to contribute optimally. In the capital market, there is one sector that is considered a sector that has a role in other sectors, namely the property sector. The property sector is one sector that has a role in national economic development. The property sector is a sector capable of absorbing a large number of workers and has a chain effect that has a major impact on attracting and encouraging the development of other economic sectors (Anoraga & Pakarti, 2016). Organizations inside the belongings, actual property and building production sectors were chosen as research objects because 2022 is the year of business revival in the property sector. This optimism began with increasing sales and property prices in a number of regions in Indonesia which were the revival points of the property sector (Astuti, 2014). Furthermore, the movement of property stock prices is also considered to increase. Factors that strengthen the selection of companies as it is known, property prices in Indonesia have experienced increasing developments. Property prices that are increasing every year will increase profit opportunities for investors who invest their funds in the property business (Bodie et al., 2019). However, in reality stock prices in the property sector tend to fluctuate (Budiasih et al., 2022). The purpose of this study is to analyze and determine the effect of profitability, leverage, and growth on the performance of property sector company shares, to analyze and determine the effect of profitability, leverage, growth and stock performance on the company value of property sector companies and to analyze and determine the effect of profitability, leverage, and growth on company value with stock performance as an intervening variable for property sector companies listed on the IDX in 2017-2021.

LITERATURE REVIEW

For traders, before making an investment, they'll first assessment all information from the business enterprise to make an assessment, both internal and external information. For a company that has gone public, it is important for investors to observe the company's stock price, this is one way to assess the company's performance. This is because, the stock price will reflect how market participants' expectations of the company's market value. Stock performance is defined as a level of success achieved by the company seen from the movement of its share price, if it is good then the company's stock price will increase and vice versa.

The proportion price can be described as the market charge. The market price is the perfect fee to decide, because the marketplace fee is the fee of a stock in an ongoing market. Inventory expenses also can be interpreted as fees formed from the interplay of dealers and shoppers of shares primarily based on their expectancies of corporation profits, for that traders want records associated with the formation of these stocks in making decisions to promote or purchase shares. This is due to the fact there are variables that affect the charge of these stocks, simply these variables are protected in a calculation model that may be utilized in owning which shares might be protected within the portfolio. Investors are the owners of a company, and they buy shares because they want and hope to get a good return on their investment without the pressure of risk. Investment activities in the capital market are activities of placing funds in one or more funds for a certain period with the hope of obtaining income or increasing funds for the initial investment value with the aim of maximizing returns. Stock performance can be measured using the rate of return of a stock. Stock performance is a result of stock investment activities that are carried out with several risks and can be measured using returns in a certain period. Without the return enjoyed from an investment, of course investors will not invest. So every investment, both short term and long term, has the main goal, which is to get a profit, which is known as a stock return, both
directly and indirectly. Stock return is also a variable of stock performance. Therefore, return is one of the most important considerations that investors make in choosing the stocks they will buy.

Stock returns allow an investor to compare the expected returns provided by various stocks at various levels of return desired, besides that stock returns have a very significant role in determining the value of a stock. In general, the purpose of financial decisions is to maximize company value or maximize shareholder wealth. In other words, the prosperity of shareholders is seen from the higher value of the company. Corporate value is a condition that describes how people believe in what the company has achieved so far. Firm value is the price that prospective buyers are willing to pay if the company is sold. Corporate value is a condition that describes how people believe in what the company has achieved so far. Companies that go public have the main objective, namely to increase shareholder prosperity by increasing the value of the company. Investors' perception on the level of success of the company is reflected through the value of the company. If the company's performance is good, then the company's value will also be good, the company's value shows good performance and prospects, with good performance and prospects, investors will be willing to pay to buy their shares. The financial plan is a company guide in achieving goals to increase company value. A financial plan gives a company an opportunity to estimate the amount and timing of investment and financing required.

Maximizing cost way thinking about the impact of time on the value of money. This means that the funds received this year are higher than the funds received in the coming years. In maximizing value, various risks to the company's revenue stream are also considered. Thus, maximizing value is broader and more general than maximizing profit. PBV is a financial ratio that compares the stock price to the book value per share. If the value of the company proxied by PBV is higher, the greater the level of prosperity of shareholders and the company's performance will be considered good, so that the company is said to have achieved one of its goals. A high PBV is a signal that investors believe in the company's performance in the future. PBV assessment is very important for managers to pay attention to, because PBV assessment is one of the main assessment indicators for investors in making investment decisions. The actual fee of the business enterprise is measured in diverse components and one in every of them is the market charge of the business enterprise's stocks, due to the fact the market rate of the agency's stocks reflects investors' assessment of the overall equity owned. The higher the stock price, the company value and shareholder prosperity will also increase. To measure the profit level of a company, profit ratios or profitability ratios, also known as profitability ratios, are used. He continued, the profitability ratio illustrates how far the company provides useful instructions for the effective operation of the company, besides that the profitability ratio will show the effect of a combination of liquidity, asset management and debt on operational results. According to the profitability ratio is the ratio to evaluate the organisation's ability to make a profit. This ratio additionally provides a measure of the effectiveness of a business enterprise's management.

**METHODOLOGY**

This research is included in quantitative research using secondary data. This research is a quantitative research conducted to see the effect of profitability, leverage, growth on company value with stock performance as an intervening variable with case studies on companies in the property, real estate and building construction sectors listed on the Indonesia Stock Exchange in 2017-2021. In this study the authors used secondary data from annual reports and financial reports. The author chose the scope of companies in the property, real estate and building construction sector because of business phenomena and several government policies which are considered to increase business enthusiasm in this sector and are believed to begin reviving in 2022. However, the share price of companies in the property, real estate and building construction tends to fluctuate during the 2017–2021 period due to several factors. To carry out calculations and tests, it is carried out using Microsoft Excel and SmartPLS. Once the results of the research are known, then the results are analyzed. The sample in this study was taken using a purposive sampling method, namely sampling with certain considerations. The selected sample has certain goals, objectives and targets in accordance with the criteria set out in this study. The sample for this study was taken from shares of property, real estate and building construction companies listed on the IDX during the 2017–2021 period. Data collection methods are library research (library research) and secondary data (internet research). Library research is done thru library studies, namely by using amassing relevant theoretical understanding through analyzing and reading books, journals, articles, and literature with data from other assets which have a courting with the issues discussed in this studies.
CASE STUDIES

This study was unable to prove that profitability with ROA and ROE indicators did not significantly influence stock performance with stock price and stock returns indicators. It can be stated that although the company has improved its performance in the efficient use of its own capital to obtain net profit which has led to an increase in the percentage of profitability, investors have not made profitability a factor in making investment decisions. This study was able to prove that profitability with ROA and ROE indicators has a significant effect on firm value with PBV indicators. A excessive profitability price shows that the corporation's potential to earn income additionally increases, so that the business enterprise's capacity to distribute dividends to shareholders will even growth. This activity will be positive information that is captured by investors so that it can increase market appraisal of the company. If profitability increases, it will be followed by an increase in company value. This research is able to prove that leverage with the indicators of DAR and DER can have a significant effect on stock performance with indicators of stock prices and stock returns. Enlarging the level of leverage means that the level of risk of return to be obtained will be higher, but at the same time it will also increase the amount of return to be obtained. The results of this study indicate that leverage with the DAR and DER indicators has an effect on firm value with the PBV indicator. The higher the leverage, the firm value will increase. If the company is subject to income tax then the use of debt is the right decision taken by the company to increase the value of the company. The use of appropriate leverage according to investors will be appreciated with a good assessment of the company.

This research is able to prove that growth with TGA and TGS indicators can have a significant influence on stock performance. Increased growth shows that the company has good development. The company's growth describes the prospects for the company's development in the future. The company's growth illustrates good performance so that the company can expand its business. The greater the expansion of the company's business. High sales growth illustrates increased revenue, so that net profit tends to increase. The outcomes of this examine prove that organization growth has a terrible however vast effect on company value. The development of high company assets and profits symbolizes the company's development both internally and externally. But the greater the company's growth, the greater the funds that must be available for company activities, both internal and external sources of funds. In this position the company is in a state of development that requires a lot of funding, so that the profit generated from the company's operations will be used for the company's operational activities, this will reduce the profit that investors will receive through dividend distribution. Of course this will also have a negative impact on company value. With this if the company's growth increases it will reduce the value of the company. The results of this study prove that stock performance with stock price indicators and stock returns has a significant effect on firm value with PBV indicators.

Stock performance can be interpreted as a level of success achieved by the company seen from the movement of its share price, if it is good then the company's stock price will increase and vice versa. The results of this study prove that there is no indirect effect between profitability with indicators of ROA and ROE on firm value with PBV indicators through stock performance with indicators of stock prices and stock returns as intervening variables. In this study showed no significant effect. Profitability is not the main reference for investors in viewing investment potential. With this, it can be concluded that leverage has no effect on firm value through stock performance. The results of this study prove that there is an indirect effect between leverage and DAR and DER indicators on firm value with PBV indicators through stock performance with stock price and stock returns indicators. Companies can use debt to obtain capital to gain higher profits. Enlarging the level of leverage means that the level of risk of return to be obtained will be higher, but at the same time it will also increase the amount of return to be obtained. The use of debt will also get a positive response from outsiders by increasing the company's stock price. By increasing the returns received by investors and increasing the company's stock price, this will increase the company's value in the eyes of investors. In other words, debt is a positive sign or signal to increase the price of the employer within the eyes of investors. With this, it can be concluded that leverage can affect firm value through stock performance. These results indicate that there is an indirect effect between growth on firm value through stock performance. The company's growth will produce a higher rate of return because growth has aspects that are profitable for investors. The organization's growth can provide a advantageous sign this is expected via each outside and inside the company.
CONCLUSION
This study concludes that there may be no effect of profitability on stock performance, there may be an effect of profitability on firm value, there may be an effect of leverage on stock performance, there may be an effect of leverage on firm value, there may be an effect of growth on stock performance, there may be an effect of growth on firm value, there may be an effect on performance stock on firm value, on firm value with stock performance as an intervening variable, there is an influence between growth on firm value and stock performance as an intervening variable. In future research, it can use additional variables that are broader and reproduced in a study, which may have an influence on company value and stock performance or use other variables to represent profitability, leverage, and growth so as to form a research model that is proven to be better in influencing the value company and stock performance. In addition, further research can also add or replace variable indicators of firm value and stock performance.

REFERENCES