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# Investment Decisions' Impact on Corporate Value: Analyzing Profitability, Leverage, Company Size, and Age Moderation Effects

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***ABSTRAK***

*Masalah ekonomi global yang mempengaruhi sektor properti dan real estat Indonesia menyoroti bagaimana investor mengevaluasi kinerja perusahaan berdasarkan berbagai faktor seperti ketersediaan kas, tingkat penjualan, utang, dan ukuran perusahaan. Penelitian ini bertujuan untuk menganalisis dampak keputusan investasi terhadap nilai perusahaan, dimoderasi oleh profitabilitas, dengan leverage, ukuran perusahaan, dan usia perusahaan sebagai variabel kontrol. Penelitian ini menggunakan pendekatan kuantitatif dengan metode seleksi purposive untuk secara selektif menargetkan bisnis properti dan real estat yang sesuai dengan kriteria tertentu dan terdaftar di Bursa Efek Indonesia antara tahun 2018 dan 2022. Untuk memvalidasi model statistik, teknik analisis data yang digunakan adalah regresi linier berganda, yang bertujuan untuk menguji korelasi antara berbagai variabel independen dan dependen melalui penggunaan uji asumsi tradisional dan pengujian hipotesis. Hasil penelitian ini, pilihan investasi memiliki efek yang merugikan pada nilai perusahaan; Namun, efek ini dapat dikurangi dengan profitabilitas. Faktor kontrol seperti leverage, usia, dan ukuran memiliki dampak menguntungkan pada nilai perusahaan. Ketika dikombinasikan dengan keputusan investasi yang dimoderasi oleh profitabilitas. Hasil ini menggarisbawahi pentingnya mempertimbangkan faktor-faktor seperti profitabilitas, leverage, ukuran perusahaan, dan usia perusahaan dalam pengambilan keputusan investasi untuk meningkatkan nilai perusahaan.*

**ABSTRACT**

The global economic issues affecting Indonesia's property and real estate sector highlight how investors evaluate company performance based on various factors such as cash availability, sales levels, debt, and company size. This study aims to analyze the impact of investment decisions on company value, moderated by profitability, with leverage, company size, and company age as control variables. This quantitative research uses purposive selection approaches to selectively target property and real estate businesses that match particular criteria and were listed on the Indonesia Stock Exchange between 2018 and 2022. In order to validate the statistical model, the data analysis technique used is multiple linear regression, which aims to examine the correlations between numerous independent and dependent variables via the use of traditional assumption tests and hypothesis testing. Results of this research, investment choices have a detrimental effect on a company's value; however, these effects may be mitigated by profitability. Control factors such as leverage, age, and size have a beneficial impact on the value of the firm. when combined with investment decisions moderated by profitability. These results underscore the importance of considering factors such as profitability, leverage, company size, and company age in investment decision-making to enhance company value.

## 1. INTRODUCTION

The global economic issues in Indonesia often become a topic of discussion among investors and stakeholders in companies nowadays, leading to intense competition among businesses to secure funding from investors, resulting in a highly complex competitive environment (Aniqoh, 2020; Fernandez et al., 2020; Yudha et al., 2021). A company's cash availability, sales level, debt level, and size become critical considerations for investors in making investment decisions (Bikas & Glinskytė, 2021; Dirman, 2020;

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Nurdani & Rahmawati, 2020). A company's value reflects investors' perception of its success, as seen in its stock price (Ilham et al., 2022; Machmuddah et al., 2020; Purwanti, 2020). Investors require transparency in information about a company's performance to determine their perception of the company's value (Alcaide González et al., 2020; Yu et al., 2021). Rising stock prices indicate investors' confidence in the future value of the company. Below is the table data on the growth of company values in the property, real estate, and construction sectors, as shown in Table 1.

**Table 1.** Growth of Company Value

| No | Sub-Sector | 2020 | 2021 |
|---|---|---|---|
| 1 | Property and Real Estate | 25.2% | 20.1% |
| 2 | Construction | 30.9% | 29.5% |

Source: www.idx.com (data processed)

The business value of the real estate and property subsectors of the Indonesia Stock Exchange fell by 25.2% in 2020 and by an additional 20.1% in 2021. Contrary to real estate and property, the construction subsector had a notable growth of 29.5% in 2021 after also experiencing a decline of 30.9% in 2020. This difference affects investors' interest and stock prices in these sectors. In the context of corporate finance, leverage, which is the financial risk due to the use of debt, becomes a crucial factor. A high level of debt can decrease investors' and creditors' confidence due to concerns that the company will focus more on debt repayment than earning investment profits. Therefore, company value becomes an important measure in building this confidence. As the company's value increases, shareholders' expectations rise along with their prosperity. Risks and uncertainties are inherent in investment choices, which are strategic actions taken by firms to generate future revenue and profit. When evaluating a company's capacity to continue in operation, investors, on the other hand, look for consistent profitability. Increased worth from high earnings will draw in additional capital for the business. The company's efficiency and performance are also greatly influenced by its size and the degree of expertise and experience of its management team. Therefore, increasing the value of a firm and drawing in investment need excellent leverage management, prudent investment selection, and steady profitability. Prior theoretical research, exemplified by previous research has explored the effect of investment choices on firm value and shown a favorable correlation (Hapsoro & Falih, 2020; Resti et al., 2019). Similar research discovered that these choices had a detrimental impact, with profitability serving as a mediating factor (Nurlela et al., 2019; Sudiyatno et al., 2019). This study aims to analyze the influence of investment decisions on firm value, taking into account factors such as leverage, business size, and company age. The effect of profitability on firm value will also be considered. Due to its origin from a distinct sector, the item used in this study differs from previous ones. This study focuses on the property and real estate sector listed on the Indonesia Stock Exchange, covering the period from 2018 to 2022. Hence, this study significantly contributes to the comprehension of the correlation between investment decisions, company worth, and the factors that govern this association inside the property and real estate sector of the Indonesia Stock Exchange (BEI) from 2018 to 2022. This research diverges significantly from previous studies by concentrating on a novel sector and examining the impact of investment decisions on company value. The study's findings may provide more insight on the influence of investment decisions on the functioning of organizations in the real estate and property sectors.

## 2. METHODS

Measurement
In this study, each variable used has different proxies. The proxies used can be seen in Table 2.

**Table 2.** Variable Measurement

| Variable | Formula |
|---|---|
| Investation decision | $PER = \frac{Market\ Price\ Per\ Share}{Earnings\ Per\ Share}$ |
| The value of the company | $PBV = \frac{Market\ Price\ Per\ Share}{Book\ Value\ Per\ Share}$ |

| Variable | Formula |
|---|---|
| Profitability | $ROE = \frac{Net\ income}{Shareholders'\ Equity}$ |
| Leverage | $DER \frac{Total\ Debt}{Total\ Equity}$ |
| Company Size | SIZE = Ln Total Assets |
| Company Age | $AGE \frac{Year\ t}{Withdrawal\ Year}$ |

Source: Suteja et al., (2023)

Listed on the Indonesia Stock Exchange from 2018 to 2022, all property and real estate businesses are included in this research. Utilizing purposeful sampling as the method of sampling, the research concentrated on property and real estate firms that consistently released yearly reports and did not experience any losses during the investigation. Based on these criteria, out of 85 operating property and real estate companies during the survey period, 36 did not publish consecutive annual reports, and 38 reported losses. Therefore, only 11 companies were eligible, resulting in 55 samples for this study. The primary focus of this research is to use documentary techniques and literature to collect diverse supplementary material for analysis. The literature method entails researching books, journals, notes, the internet, etc., to gather and comprehend enough information about the theories. Documentation uses computer software to summarize digital data and information related to theoretical financial reports and website usage. The data used in this research are of a secondary nature. Secondary data refers to information that is sourced from pre-existing or previously gathered data, which is then made accessible for the purpose of study or analysis. The sources of secondary data encompass books providing theoretical support for this research, published scientific journals or articles, both domestic (summarized in Google Scholar) and international (listed in various international journal sources), as well as financial reports published by each property and real estate company between 2018 and 2022, compiled on the Indonesia Stock Exchange website, accessible via https://www.idx.co.id/id.

The methodology used is multiple linear regression. Multiple linear regression is a statistical method used to analyze the relationship between a dependent variable and two or more independent variables (Sugiyono, 2018). This approach entails meticulous data processing using descriptive statistics, classical assumption tests, multiple linear regression, and hypothesis testing. Descriptive statistical analysis provides an overview of the sample by presenting the lowest, maximum, average, and standard deviation values for each variable (Sugiyono, 2018). Classical acceptance tests such as normality, multicollinearity, heteroskedasticity, and autocorrelation tests are conducted for effective testing results. The normality test assesses whether the variables exhibit a normal distribution of data, whereas the multicollinearity test examines the presence of correlations among the independent variables in the regression model. The heteroskedasticity test assesses variance differences in observational residuals, while the autocorrelation test determines if the regression model correlates with current and past error disturbances. Following the completion of classical assumption tests, a multiple linear regression analysis is performed to examine the causal links between variables and their impact on changes in other variables (Sugiyono, 2018). The mathematical equation for multiple linear regression analysis is as follows

$$Y = C + \beta1\ PER + \beta2\ PER*ROE + \beta3\ DER + \beta4\ Size + \beta5\ Age + e \quad (1)$$

Where it can be described as follows:
Y: Company Value
C: Constant
β1 + β2 + β3 + β4 + β5 : Regression Coefficients
PER: Investment Decision
ROE: Profitability
DER: Leverage
Size: Company Size
Age: Company Age
e: Error

Hypothesis testing quantifies the association between many independent factors and showcases the magnitude of the link between independent and dependent variables. The study employs two tests: the user is referring to two statistical tests: the coefficient of determination test (R2) and the significance test of each parameter (t-statistic test). The coefficient of determination test measures the degree to which the model effectively accounts for the variability in the dependent variable. The t-test simultaneously

evaluates the impact of each independent variable used in this investigation while describing the dependent variable individually. The selected confidence level is 95%, giving a margin of error of 5%.

## 3. RESULTS AND DISCUSSIONS

### Results

#### *Results of Descriptive Statistical Analysis*

The descriptive statistical analysis offers a comprehensive summary of the essential characteristics of the sample, including the lowest, highest, average values, and standard deviation. The results of descriptive statistical analysis are presented in Table 3.

**Table 3.** Descriptive Statistics

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| The value of the company | 55 | 0.0098 | 5.5626 | 1.070778 | 1.0826508 |
| Investation decision | 55 | 4.4980 | 165.7143 | 23.740011 | 33.4747114 |
| Per Moderated | 55 | 0.3150 | 62.5897 | 7.052130 | 16.4240461 |
| Leverage | 55 | 0.0433 | 3.7882 | 0.808925 | 0.8627165 |
| Company Size | 55 | 25.6318 | 31.8054 | 29.903160 | 1.7095479 |
| Company Age | 55 | 3.0000 | 33.0000 | 18.000000 | 10.2559829 |
| Valid N (listwise) | 55 | | | | |

Source: Processed Data (2023)

#### *Classical Assumption Test*

#### *Normality Test*

The normality test is conducted to see whether the data in this study have a normal distribution. The research utilizes the Kolmogorov-Smirnov test to evaluate the normality of the data. If the findings indicate a probability value greater than 0.05, then it may be concluded that the variable follows a normal distribution. The outcomes of the normalcy test are as follows:

**Table 4.** Results of the Normality Test

| | | Unstandardized Residual |
|---|---|---|
| N | | 55 |
| Normal Parameters[a, b] | Mean | 0.000 |
| | Std. Deviation | 7.097 |
| Most Extreme Differences | Absolute | 0.221 |
| | Positive | 0.221 |
| | Negative | -0.204 |
| Test Statistic | | 0.221 |
| Asymp. Sig. (2-tailed) | | 0.083[c] |

a. Test distribution is Normal.
b. Calculated from data.
c. Liliefors Significance Correction.

Source: Processed Data (2023)

Based on the findings shown in Table 4, it can be inferred that the data used in this investigation exhibit a normal distribution. This is supported by the Asymp. Sig. (2-Tailed) value of 0.083, which surpasses the significance threshold of 0.05.

#### *Multicollinearity Test*

The objective of the multicollinearity test is to assess if there is a correlation among the independent variables in the regression model. An optimal regression model should demonstrate no connections among the independent variables. The decision-making procedure in this test is based on the VIF (Variance Inflation Factor) value and the tolerance value. Criteria for decision-making include a VIF value below 10 and a tolerance value over 0.1. The findings of the multicollinearity evaluation are shown in Table 5.

**Table 5.** Results of the Multicollinearity Test

| Model | Collinearity Statistic | |
|---|---|---|
| | Tolerance | VIF |
| Investation decision | 0.593 | 1.685 |
| Per Moderated ROE | 0.454 | 2.205 |
| Leverage | 0.534 | 1.873 |
| Company Size | 0.451 | 2.217 |
| Company Age | 0.702 | 1.425 |

a. Dependent Variable: Company Value

Source: Processed Data (2023)

The test findings indicate that the variables used in this research exhibit no signs of multicollinearity, as shown by the VIF values of each variable being below 10 and the tolerance values above 0.1.

***Heteroskedasticity Test***

The purpose of this test is to determine if there is a disparity in the variances of residuals between different observations. If the significance value is greater than 0.05, it is believed that there is no presence of heteroskedasticity. The table below will provide the outcomes of the heteroskedasticity test conducted using the Glejser technique.

**Table 6.** Results of the Heteroskedasticity Test

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| (Constant) | 23.100 | 16.760 | | 1.378 | 0.174 |
| Investation decision | -0.028 | 0.025 | -0.153 | -1.135 | 0.262 |
| Per Moderated ROE | -0.018 | 0.058 | -0.047 | -0.305 | 0.762 |
| Leverage | 0.836 | 1.022 | 0.811 | 0.709 | 0.553 |
| Company Size | -0.781 | 0.561 | -0.215 | -1.392 | 0.170 |
| Company Age | -0.014 | 0.075 | -0.023 | -0.182 | 0.856 |

a. Dependent Variable: ABSRES

Source: Processed Data (2023)

The Table shown in Table 6 provides proof that this study does not exhibit signs of heteroskedasticity, as indicated by the significance value of each variable being more than 0.05. The table displays the significant values for several variables: 0.262 for the investment decision variable, 0.762 for the investment decision variable with profitability as a moderator, 0.553 for the leverage variable, 0.170 for the business size variable, and 0.856 for the company age variable.

**Table 7.** Results of the Goodness of Fit Test

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Regression | 16807.727 | 5 | 3361.545 | 60.551 | 0.000[b] |
| Residual | 2720.264 | 49 | 55.516 | | |
| Total | 19527.991 | 54 | | | |

Source: Processed Data (2023)

***Goodness of Fit Test***

The goodness of fit test is used to examine if the model utilised in this investigation meets the established criteria for fit. If the results of the model adequacy test provide a significance value greater than 0.05, it may be inferred that the model used does not meet the required requirements and it is impractical to proceed with the study. The following table displays the results of the model adequacy test conducted in this research. According to the test findings shown in Table 7, there is a significant value of

0.000, which is less than 0.05. This implies that the model used in this study meets the required standards, and thus, the research may proceed.

***Hypothesis Test***

The objective of this study is to ascertain the many relationships that exist among independent factors, dependent variables, moderating variables, and control variables. These impacts are articulated using two theories. The findings of the hypothesis testing in this research are as follows:
H1: Investment Decisions Affect the Value of the Company.

**Table 8.** Results of Hypothesis Test 1

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| (Constant) | 2.581 | 1.158 | | 2.230 | 0.030 |
| Investation decision | -0.001 | 0.000 | -10.970 | -7.483 | 0.000 |
| Per Moderated ROE | 0.014 | 0.002 | 11.740 | 8.008 | 0.000 |

Source: Processed Data (2023)

The test findings shown in the Table 8 indicate that the investment choice variable has a substantial impact on the company's value, as indicated by the significance value of 0.000, which is below the threshold of 0.05. These test findings confirm that, in this research, H1 is supported, suggesting that investment choices have an impact on the company's value. An investment decision pertains to the choice of allocating cash at now with the aim of generating future returns or profits. The investment choices made by a corporation are impacted by the firm's liquidity, which refers to its capacity to create cash and satisfy both long-term and short-term demands. Companies must preserve liquidity in order to ensure the uninterrupted operation of firm operations for investment purposes and to avoid losing the trust of external stakeholders. Nevertheless, firms that compel investment without taking into account the leverage level might effectively diminish investor trust, hence potentially causing a loss in company value. A high leverage level indicates that a corporation is facing financial challenges, while having a high level of investment. H2: Investment Decisions Affect the Value of the Company, Moderated by Profitability.

**Table 9.** Results of Hypothesis Test 2

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| (Constant) | 2.581 | 1.158 | | 2.230 | 0.030 |
| Investation decision | -0.001 | 0.000 | -10.970 | -7.483 | 0.000 |
| Per Moderated ROE | 0.014 | 0.002 | 11.740 | 8.008 | 0.000 |

Source: Processed Data (2023)

The testing findings shown in the Table 9 indicate that the investment choice variable, when moderated by profitability, has a considerable impact on the company's worth. This is supported by a p-value of 0.000, which is below the threshold of 0.05. The findings of this research validate the acceptance of H2, which suggests that investment choices, when influenced by profitability, have an impact on the company's worth. The research uses the Price profits Ratio (PER) as a measure of investment choices, which represents the amount investors are prepared to pay for each reported profit or profits. A higher price-to-earnings ratio (PER), coupled with strong profitability, signifies a greater stock price in relation to the net income per share. This suggests significant investment in the firm and implies potential future development in corporate revenue. This news is seen as beneficial, and it will alter investors' views on the company's performance, leading to a rise in stock prices and a favourable impact on the company's overall worth.

Leverage as a Control Variable for Investment Decisions, Company Value, and Profitability

**Table 10.** Test Results for Control Variable 1

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| (Constant) | -2.768 | 1.994 | | -1.388 | 0.171 |
| Per Moderated ROE | 0.001 | 0.000 | 0.577 | 6.648 | 0.000 |
| Leverage | 8.524 | 1.913 | 0.387 | 4.457 | 0.000 |

Source: Processed Data (2023)

The testing results displayed in the Table 10, conclude that the investment decision variable, moderated by profitability and controlled by leverage, significantly influences the company's value, evidenced by a significance value of 0.000, which is less than 0.05. The results demonstrate that leverage can control investment decisions, company value, and profitability. More profitable companies tend to have more resources to allocate for investments. Investment decisions made by more profitable companies have a greater potential to yield positive outcomes. Profitability reflects a company's ability to generate profit from its operations. The use of leverage or debt may enhance the possibility for profit, but it also amplifies the level of risk involved. Through the regulation of leverage levels, a firm may enhance its ability to effectively handle its financial risks. Hence, investment choices, influenced by profitability and managed via leverage, may bolster investor trust, eventually augmenting the company's worth.

Company Size as a Control Variable for Investment Decisions, Company Value, and Profitability

**Table 11.** Test Results for Control Variable 2

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| (Constant) | -3.312 | 28.955 | | -0.114 | 0.909 |
| Per Moderated ROE | 0.001 | 0.000 | 0.778 | 8.954 | 0.000 |
| Company Size | 0.228 | 0.967 | 0.021 | 0.236 | 0.814 |

Source: Processed Data (2023)

The results from the testing displayed in the Table 11, conclude that the investment decision variable, moderated by profitability and controlled by company size, significantly influences the company's value, evidenced by a significance value of 0.000, less than 0.05. This indicates that company size can control investment decisions. Investment decisions guided by profitability are likely to lead to projects with more positive returns, as companies have the resources and capability to manage projects effectively. Larger companies tend to make larger investments. Combining profitability as a moderator and company size as a control, a company can optimize its investment portfolio to achieve long-term objectives, such as sustainable growth and increased company value. Overall, these two factors are interconnected and can guide companies in making strategic investment decisions. Company Age as a Control Variable for Investment Decisions, Company Value, and Profitability.

The testing results displayed in the Table 12, conclude that the investment decision variable, moderated by profitability and controlled by company age, significantly influences the company's value, evidenced by a significance value of 0.000, less than 0.05. This indicates that company age can control investment decisions, company value, and profitability. Investment decisions based on profitability can lead to wiser resource allocation, maximizing the added value of each investment. High profitability and long company age can enhance a company's appeal to investors. Older companies tend to have more experience and learning from past investments, aiding in making better and more informed investment decisions. This can create market confidence and make it easier for companies to obtain capital at lower costs, enhancing their ability to undertake significant investment projects. Through the combined influence of profitability and company age control, companies can direct their investment policies to achieve long-term goals, such as sustainable growth and increased company value. This finding aligns with several studies, which found that profitability and company age play a significant role in enhancing company value through more efficient investment decisions. Furthermore, research has shown that organizations with consistent financial track records and strong profitability are more likely to make

lucrative investment choices, which in turn attracts investor attention and enhances the overall worth of the company.

**Table 12.** Test Results for Control Variable 3

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| (Constant) | 8.994 | 3.324 | | 2.706 | 0.009 |
| Per Moderated ROE | 0.001 | 0.000 | 0.748 | 8.726 | 0.000 |
| Company Age | -0.299 | 0.159 | -0.161 | -1.883 | 0.065 |

Source: Processed Data (2023)

***Coefficient of Determination***

The coefficient of determination in linear regression is often understood as the measure of how well the independent variables can account for the variability in the dependent variable. The coefficient of determination will be included in the subsequent table in this investigation.

**Table 13.** Results of the Coefficient of Determination

| Model | R | R Square | Adjusted R Square | Std. Error of The Estimate |
|---|---|---|---|---|
| 1 | 0.928[a] | 0.861 | 0.846 | 7.450 |

Source: Processed Data (2023)

The coefficient of determination shown in the Table 13, indicates a value of 0.846 or 84.6%, meaning the ability of independent variables to explain the variance of the dependent variable is 84.6%. The remaining variance of the dependent variable, explained by other factors not included in this study, is 15.4% (100% - 84.6%).

***Multiple Linear Regression***

The results of the multiple linear regression equation are shown by the regression calculation results in the following Table 14.

**Table 14.** Results of Multiple Linear Regression

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| (Constant) | 14.935 | 19.745 | | 0.756 | 0.453 |
| Investation decision | -0.001 | 0.000 | -9.093 | -6.627 | 0.000 |
| Per Moderated ROE | 0.012 | 0.002 | 9.713 | 7.017 | 0.000 |
| Leverage | 5.934 | 1.596 | 0.269 | 3.717 | 0.001 |
| Company Size | -0.481 | 0.699 | -0.043 | -0.688 | 0.494 |
| Company Age | -0.119 | 0.111 | -0.064 | -1.071 | 0.289 |

Source: Processed Data (2023)

The Coefficients values in the B column of table 15 are as follows: a constant outcome of 14.935, investment decision at -0.001, investment decision tempered by profitability at 0.012, leverage at 5.934, business size at -0.481, and firm age at -0.119. These testing findings allow us to define the multiple linear regression equation as follows:

$$Y = C + \beta 1\ PER + \beta 2\ PERROE + \beta 3\ DER + \beta 4\ Size + \beta 5\ Age + e$$
$$PBV = 14.935 - 0.01\ PER + 0.012\ PERROE + 5.934\ DER - 0.481\ Size - 0.119\ Age + e$$

Based on these findings, it can be inferred that the investment choice variable yields a regression coefficient value of -0.001. The investment choice, when adjusted for profitability, has a regression coefficient of 0.012. Leverage has a coefficient of 5.934, firm size has a coefficient of -0.481, and company age has a coefficient of -0.119. The constant number of 14.935 signifies that when all the factors of

investment choice, investment decision moderated by profitability, leverage, business size, and company age are set to zero, the company value will be impacted by other variables by a factor of 14.935.

**Discussion**

The Relationship between Investment Decisions and Company Value

The study findings indicate that investment choices have a detrimental impact on business value, as shown by a statistically significant value of 0.000 < 0.05, with a coefficient of -7.483. An investment choice refers to the act of allocating cash in the present with the aim of generating future returns or profits. The investment choices made by a corporation are impacted by the firm's cash generation capacity, which determines its ability to satisfy both long-term and short-term financial requirements, sometimes referred to as corporate liquidity. Companies must have sufficient cash to avoid disruptions, so allowing uninterrupted investment activity and maintaining trust among external stakeholders. Nevertheless, corporations that compel investments without taking into account the degree of leverage might effectively diminish investor trust, hence potentially causing a decline in company valuation. A corporation with high leverage levels indicates financial distress, while having a high level of investment. This discovery is strongly linked to other studies, which demonstrate that investment choices that fail to take into account the ideal capital structure might transmit unfavorable indications to investors, thereby impacting the value of the firm (Neves et al., 2020; Salehi et al., 2016; Suzulia & Saluy, 2020). Moreover, organizations that have limited opportunities to get funds from external financial markets sometimes have limitations in making investments, which therefore leads to a decline in the overall worth of the company (Beladi et al., 2021; Moradi et al., 2021). Therefore, investment decisions influenced by market conditions and external factors can lead to suboptimal decision-making, which also negatively impacts company value.

The Relationship between Investment Decisions and Company Value Moderated by Profitability

According to the conducted study, investment choices that are influenced by profitability have a positive impact on the value of a firm. This is supported by a significant value of 0.000, which is less than 0.05, and a coefficient value of 8.008. This research used the Price Earnings Ratio (PER) as a proxy for investment choice, indicating the amount investors are prepared to pay for each reported profit or earnings. A high PER ratio, coupled with strong profitability, suggests that the stock's price is likely to be higher compared to its earnings per share. This indicates that investments in the firm are also substantial and imply potential future income growth for the company. This will be seen as favorable news that will alter investors' perspectives on the company's performance, thereby boosting stock prices and ultimately enhancing the company's worth. This discovery is consistent with previous research that has shown the substantial and beneficial impact of profitability on the value of companies, particularly within the stock markets of GCC nations (Mangesti Rahayu & Saifi, 2020; Markonah et al., 2020). Furthermore, the Price Earnings Ratio (PER) is a significant metric for assessing the worth of a firm, since greater PER ratios are often linked to superior market performance.

Leverage as a Control Variable for Investment Decisions, Company Value, and Profitability

According to the performed study, investment choices that are influenced by profitability and managed by leverage have a positive impact on business value. This is supported by a significant value of 0.000, which is less than 0.05, and a coefficient value of 6.648. Companies with more profitability often possess greater resources that may be devoted towards investment. Companies that are more profitable have a higher likelihood of achieving favorable outcomes when making investment selections. Profitability is a measure of the company's capacity to make profits via its business activities. Utilizing debt, or leveraging, may enhance the possibility for profit, but it also amplifies the level of risk involved. Through the regulation of leverage, a corporation may enhance its ability to effectively mitigate financial risks. Investment choices that are influenced by profitability and managed via leverage have the potential to enhance investor confidence. When a firm successfully earns the trust of investors, it may lead to a rise in the company's overall worth. This discovery is consistent with studies that indicates highly successful organizations tend to use leverage more efficiently, resulting in a favorable influence on the value of the company (Lambey et al., 2021; Rahman et al., 2020). Furthermore, research has shown that making well-informed investment choices while efficiently managing debt may enhance investor trust and boost firm value.

Company Size as a Control Variable for Investment Decisions, Company Value, and Profitability

According to the performed study, investment choices that are influenced by profitability and regulated by business size have a positive impact on company value. This is supported by a significant

value of 0.000, which is less than 0.05, and a coefficient value of 8.954. Investment decisions guided by profitability can lead to projects more likely to yield positive returns, as companies have the resources and capability to manage projects well. Larger companies tend to make larger investments. Combining profitability as a moderator and controlling company size, companies can optimize their investment portfolios to achieve long-term goals, such as sustainable growth and increased company value. Overall, these two factors are interconnected and can guide companies in strategic investment decision-making. This finding aligns with previous research showing that profitability moderates the relationship between investment decisions and company value, as described in several studies that companies with high profitability tend to make more profitable investment decisions (Awawdeh et al., 2020; Hapsoro & Falih, 2020; Islam et al., 2022; Kartini & Nahda, 2021). Furthermore, the view that company size acts as a control in investment decision-making, with larger companies having better access to capital markets and resources for profitable investments.

Company Age as a Control Variable for Investment Decisions, Company Value, and Profitability

According to the performed study, investment choices that are influenced by profitability and regulated by business age have a positive impact on company value. This is supported by a significant value of 0.000, which is less than 0.05, and a coefficient value of 8.726. Investment decisions based on profitability can lead to more prudent resource allocation, maximizing the added value of each investment made. High profitability and long company age can increase the attractiveness of a company to investors. Companies with longer age tend to have more experience and learning from previous investments. This can help companies make better and more informed investment decisions. This can create trust in the market and make it easier for companies to obtain capital at a lower cost, increasing the ability to undertake significant investment projects. Through the combined influence of profitability and control of company age, companies can direct their investment policies to achieve long-term goals, such as sustainable growth and increased company value. This finding is in line with several studies, finding that profitability and company age play an important role in increasing company value through more efficient investment decisions (Abdi et al., 2022; Kartini & Nahda, 2021). It is also supported by findings emphasizing that companies with a stable financial history and high profitability tend to make profitable investment decisions, attracting investor interest and increasing company value (Huang et al., 2021; Le et al., 2020).

## 4. CONCLUSION

Based on the research findings previously presented, it is evident that investment decisions have a negative impact on the value of a company. However, when moderated by profitability, investment decisions positively influence company value. This positive influence is further enhanced when leverage controls are in place alongside profitability moderation. Additionally, investment decisions moderated by profitability and controlled by company size also positively affect the company's value, as do decisions controlled by the company's age. A healthy company will always engage in investment activities, but it will consider various aspects such as leverage levels, profitability, capital availability, and their capacity to analyze investment activities. This approach is adopted to ensure the company has a long lifespan and can operate continuously. This research is limited as it only discusses variables like investment decisions, profitability, leverage, company size, company age, and company value. It is also confined to the property and real estate sector listed on the Indonesia Stock Exchange and covers a relatively short observation period of only five years, from 2018 to 2022. Therefore, this study cannot fully represent the actual conditions in the business world. Future research is recommended to expand to other sectors with longer observation periods and to include additional variables such as stock inventory, growth opportunity, and others. In the business world, investors and entrepreneurs should use the findings of this study as a basis or consideration in making investment decisions, taking into account debt levels, profit margins, capabilities, and available capital for investment.

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