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The Effect of Investment Opportunity Set on Financial Performance and Share Price in Property and Real Estate Companies Listed on IDX

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Abstract*. This study aims to investigate the impact of Earnings Per Share (EPS), Market to Book Value of Assets (MBVA), Market to Book Value of Equity (MBVE), Capital Expenditure to Book Value Asset Ratio (CEP/BVA), and Capital Expenditure to Market Value of Assets Ratio (CEP/MVA) on the financial performance and stock prices of Property and Real Estate Companies listed on the IDX (Indonesia Stock Exchange). The data utilized for this study are annual reports obtained from each company, accessible on the website www.idx.go.id. The research employs the associative method with statistical analysis and panel data testing. The sampling method employed is purposive sampling, encompassing a total sample of 10 Property Companies listed on the IDX, and the data spans from 2016 to 2022. The study's findings reveal that Earnings Per Share (EPS), Market to Book Value of Assets (MBVA), Market to Book Value of Equity (MBVE), Capital Expenditure to Book Value Asset Ratio (CEP/BVA), and Capital Expenditure to Market Value of Assets Ratio (CEP/MVA) exert a positive and significant influence on the financial performance and stock prices of Property and Real Estate Companies listed on the IDX.*

Keywords*: CEP/MVA, CEP/BVA, EPS, MBVE, Financial Performance.*

INTRODUCTION

The decline in company performance can be caused by various factors, both internal and external. The decrease in company performance can impact decisions such as employee layoffs, and operational and investment cost efficiency. Therefore, companies are required to manage their operations well to ensure they align with their goals. This is why companies must strategize effectively so that their performance meets expectations. Stock prices reflect the overall activities of the capital market. One key indicator that

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reflects the performance of the capital market, whether it is experiencing an increase (bullish) or a decrease (bearish), is the composite stock price index (IHSG). Stock prices are highly fluctuating and change frequently, yet investors desire their stock prices to always be high and never decrease. Investors must be adept at analyzing stock prices because incorrect analysis can result in significant losses. Before investing, investors should not only look at a company's net profit but also analyze the financial reports of the issuer. The company's performance, whether good or bad, can serve as a benchmark for investors when deciding to purchase company stocks. Investors typically choose stocks with a good reputation as they seek high returns on their investments. Stock prices on the Indonesia Stock Exchange (BEI) are not constant; they can increase or decrease depending on supply and demand dynamics. The fluctuation in stock prices in the capital market makes the stock exchange attractive to various investors.

Company performance demonstrates its ability to generate profits from assets, equity, and debt, reflecting the company's achievements over a specific period to sustain itself in a free market and adhere to the principle of going concern. Company performance can be measured through various performance measurement methods (Brigham & Houston, 2016). In terms of financial performance, financial reports serve as benchmarks for assessing a company's performance. Financial performance is an indication of a company's financial condition analyzed through financial analysis tools, revealing the company's performance in a specific period (Brigham & Houston, 2016). Financial performance is the achievement of a company over a specific period documented in the company's financial statements (Harmon, 2018). There are two approaches commonly used by researchers to determine company performance: the market approach and the financial statement approach (Harmono, 2018). The financial statement approach uses accounting figures in financial statements to assess financial performance. Various financial ratios are employed as instruments to measure financial performance.

One indicator that can be used to measure a company's performance or value is the Investment Opportunity Set (IOS) (Harmono, 2018). In his research on IOS, Harmono (2018) concluded that IOS provides information needed by capital market investors, as it is a proxy for a company's growth realization and is related to various company policy variables, including funding or debt structure policy, dividend policy, leasing policy, and compensation policy. Companies face decisions that will have a significant impact in the

future. A well-managed company is expected to make appropriate decisions regarding current opportunities so that these opportunities can materialize in the future, providing additional benefits for the company (Harmono, 2018). In determining the type of investment and whether its financial needs are met internally or externally, management must consider the level of cash flow maturity. The source of funding or the choice of meeting financial needs also reflects the stage the company is in, whether it is in an expansion phase or experiencing high growth. Therefore, management is required to understand and respond to each alternative for meeting financial needs effectively and realistically (in line with the company's capabilities).

LITERATURE REVIEW

Signaling Theory

According to Brigham & Joel F. Houston (2018), Signaling Theory states that executives of a company, possessing better information about their company, are motivated to convey this information to potential investors to boost their company's stock prices. The positive aspect of signaling theory is that companies providing good information differentiate themselves from those without positive news. By informing the market about their condition, signals about the future performance given by companies with poor past financial performance will not be trusted by the market.

Investment Decision

Investment decisions are a crucial part of determining stock prices, allowing each investor to decide in which issuer or company their funds are placed. Investment decisions are not solely about maximizing profits but also about minimizing risks to achieve sustainable profits. According to Brigham & Joel F. Houston (2018), the goal of maximizing profits is considered less appropriate as the basis for decision-making in finance. Financial experts formulate the normative goal of a company, which is to maximize the company's value or wealth for shareholders, reflected in the short term by the company's stock market value in the capital market once it goes public.

Performance

Performance is a general term used for some or all actions of an organization over a specific period. Performance measurement involves periodically determining the

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operational effectiveness of an organization or company based on predetermined objectives, standards, and criteria (Sjahrial, 2017). According to Brigham & Joel F. Houston (2018), "performance is identified as the outcome of the functions of an individual or group in an organization influenced by several factors to achieve the organization's goals in a specific period.

Investment Opportunity Set (IOS)

Myers introduced the Investment Opportunity Set (IOS) for the first time in relation to achieving a company's goals. Myers describes the company as a combination of assets owned by the company with future investment choices. The overall operational goal of the company is to maximize the wealth and well-being of shareholders. This can be achieved through various efforts, including decisions on the use of profits for dividend payments, investment opportunities or the IOS, and financing policies.

Stocks

Ownership shares are determined by the extent of the investment placed in the company. Astuti (2018) defines stocks as "evidence or proof of ownership of a share of capital in a limited liability company." According to Asril (2018), the stock price is the "price of a stock on the stock exchange at a specific time determined by market participants and by the demand and supply of the respective stock in the capital market.".

RESEARCH METHOD(S)

Research Approach

The research approach is the researcher's adopted way of thinking about how this research is conducted. According to Sugiyono (2018), in general, research methods are defined as scientific ways of obtaining data for specific purposes. The research approach in this case is associative research. According to Sugiyono (2018), associative research connects two or more variables.

Population and Sample

Population refers to a complete group of entities that can be individuals, events, or objects with specific characteristics (Sugiyono, 2018). The population for this research consists of Property and Real Estate companies listed on the Indonesia Stock Exchange (BEI) from 2016 to 2022, totaling 48 companies. On the other hand, a sample is a subset

of the population used to estimate population characteristics (Erlina & Mulyani, 2017). The sampling method employed is purposive sampling, where samples are selected from the population based on specific criteria. The criteria used for selection are determined based on certain considerations, and in this case, 10 companies are selected based on those criteria.

Data Analysis Technique

1. Panel Data Regression Analysis

In this research, panel data analysis is employed, which involves using data across different periods. Panel regression is used to obtain separate estimations for each characteristic.

Hypothesis Testing

1. Partial Test (t-test)

The partial test (t-test) indicates how far independent variables (Earnings per share (EPS), Market to book value of assets (MBVA), Market to book value of equity (MBVE), Capital expenditure to book value asset ratio (CEP/BVA), and Capital expenditure to market value of assets ratio (CEP/MVA)) influence the dependent variable, which is financial performance and stock prices.

2. Simultaneous Test (F-test)

This test is conducted to determine whether the influence of Earnings per share (EPS), Market to book value of assets (MBVA), Market to book value of equity (MBVE), Capital expenditure-to-book value asset ratio (CEP/BVA), and Capital expenditure to market value of assets ratio (CEP/MVA) simultaneously has a significant effect on financial performance and stock prices at a confidence interval or hypothesis testing level of 5%.

3. Coefficient of Determination Test

The coefficient of determination measures how well the model explains the variation in the dependent variable. The value of the coefficient of determination is between zero and one.

FINDINGS AND DUSCUSSION

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Regression Analysis of Panel Data

Based on the selection results above, the regression model for panel data is as follows:

Table 1. Panel Data Regression (X – Y1)

Dependent Variable: Y1?
Method: Pooled Least Squares
Date: 09/08/23 Time: 15:59
Sample: 2016 2022
Included observations: 7
Cross-sections included: 10
Total pool (balanced) observations: 70

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1141.338	1892.100	-0.603212	0.5488
X1?	0.568076	0.936575	4.606546	0.0066
X2?	0.301213	0.000267	4.797713	0.0085
X3?	0.251809	0.046629	5.400306	0.0000
X4?	0.390292	0.021734	5.154512	0.0001
X5?	2.880767	0.100630	8.627350	0.0000
Fixed Effects (Cross)				
_APLN--C	4.829942			
_ASRI--C	-10.11289			
_BEST--C	-0.826242			
_DUTI--C	11.33592			
_LPKR--C	-10.02050			
_MTLA--C	-5.529620			
_OMRE--C	0.348750			
_PLIN--C	18.79909			
_PWON--C	2.025061			
_SMRA--C	-10.84952			

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.942727	Mean dependent var	7.316857
Adjusted R-squared	0.928149	S.D. dependent var	47.35724
S.E. of regression	12.69417	Akaike info criterion	8.107572
Sum squared resid	8862.805	Schwarz criterion	8.589392
Log likelihood	-268.7650	Hannan-Quinn criter.	8.298957
F-statistic	64.66530	Durbin-Watson stat	2.409425
Prob(F-statistic)	0.000000		

Source: Results of EViews 7 Processing (2022)

Based on Table 1, the panel regression obtained is as follows:

$$Y1 = -1141.338 + 0.568\ X1 + 0.301\ X2 + 0.251\ X3 + 0.390\ X4 + 2.880\ X5 + e$$

The interpretation of the panel regression equation is as follows:

a) If there is no change in the variable X, then the financial performance (Y1) is equal to Rp.-1141.338.

b) If there is a 1% increase in EPS (X1), the financial performance (Y1) will increase by Rp.0.568.

c) If there is a 1% increase in MBVA (X2), the financial performance (Y1) will increase by Rp.0.301.

d) If there is a 1% increase in MBVE (X3), the financial performance (Y1) will increase by Rp.0.251.

e) If there is a 1% increase in CEP/BVA (X4), the financial performance (Y1) will increase by Rp.0.390.

f) If there is a 1% increase in CEP/MVA (X5), the financial performance (Y1) will increase by Rp.2.880.

Table 2. Panel Regression (X-Y2)

Dependent Variable: Y2?
Method: Pooled Least Squares
Date: 09/08/23 Time: 16:03
Sample: 2016 2022
Included observations: 7
Cross-sections included: 10
Total pool (balanced) observations: 70

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1535.057	597.4112	2.569515	0.0130
X1?	0.059523	0.295725	3.568343	0.0130
X2?	0.001419	8.460005	4.954995	0.0000
X3?	0.080144	0.018152	4.415080	0.0000
X4?	0.009443	0.007840	3.204479	0.0037
X5?	0.022271	0.126278	4.176363	0.0007
Y1?	0.714709	0.042434	4.346632	0.0002
Fixed Effects (Cross)				
_APLN--C	3.766429			
_ASRI--C	6.162320			
_BEST--C	1.719320			
_DUTI--C	-18.73277			
_LPKR--C	0.852348			
_MTLA--C	5.343697			
_OMRE--C	-2.021779			
_PLIN--C	-7.908500			
_PWON--C	9.183396			
_SMRA--C	1.635537			
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.741938	Mean dependent var		11.16186
Adjusted R-squared	0.670254	S.D. dependent var		6.956837

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S.E. of regression	3.994861	Akaike info criterion	5.805526
Sum squared resid	861.7814	Schwarz criterion	6.319468
Log likelihood	-187.1934	Hannan-Quinn criter.	6.009670
F-statistic	10.35013	Durbin-Watson stat	1.560400
Prob(F-statistic)	0.000000		

Source: Results of EViews 7 Processing (2022)

Based on Table 2, the panel regression obtained is as follows:

$$Y2=1535.057+0.059X1+0.001X2+0.080X3+0.009X4+0.022\ X5+0.714Y1+e$$

The interpretation of the panel regression equation is:

a. If there is no change in variable X, then the stock price (Y2) is equal to Rp.1535,057.
b. If there is a 1% increase in EPS (X1), the stock price (Y2) will increase by Rp.0,059.
c. If there is a 1% increase in MBVA (X2), the stock price (Y2) will increase by Rp.0,001.
d. If there is a 1% increase in MBVE (X3), the stock price (Y2) will increase by Rp.0,080.
e. If there is a 1% increase in CEP/BVA (X4), the stock price (Y2) will increase by Rp.0,009.
f. If there is a 1% increase in CEP/MVA (X5), the stock price (Y2) will increase by Rp.0,022.
g. If there is a 1% increase in financial performance (Y1), the stock price (Y2) will increase by Rp.0,714.

Hypothesis Testing

1. Partial Significance Test (t-test)

Table 3. Partial Test (X-Y1)

Dependent Variable: Y1?
Method: Pooled Least Squares
Date: 09/08/23 Time: 15:59
Sample: 2016 2022
Included observations: 7
Cross-sections included: 10
Total pool (balanced) observations: 70

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1141.338	1892.100	-0.603212	0.5488
X1?	0.568076	0.936575	4.606546	0.0066
X2?	0.301213	0.000267	4.797713	0.0085

X3?	0.251809	0.046629	5.400306	0.0000
X4?	0.390292	0.021734	5.154512	0.0001
X5?	2.880767	0.100630	8.627350	0.0000
Fixed Effects (Cross)				
_APLN--C	4.829942			
_ASRI--C	-10.11289			
_BEST--C	-0.826242			
_DUTI--C	11.33592			
_LPKR--C	-10.02050			
_MTLA--C	-5.529620			
_OMRE--C	0.348750			
_PLIN--C	18.79909			
_PWON--C	2.025061			
_SMRA--C	-10.84952			
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.942727	Mean dependent var		7.316857
Adjusted R-squared	0.928149	S.D. dependent var		47.35724
S.E. of regression	12.69417	Akaike info criterion		8.107572
Sum squared resid	8862.805	Schwarz criterion		8.589392
Log likelihood	-268.7650	Hannan-Quinn criter.		8.298957
F-statistic	64.66530	Durbin-Watson stat		2.409425
Prob(F-statistic)	0.000000			

Source: Results of EViews 7 Processing (2023)

Based on Table 3, the following observations can be made:

a. The influence of EPS (X1) on financial performance (Y1).

   The results show that t-value 4.606 > t-table 1.997, and the significance is 0.006 < 0.05. Therefore, Ha is accepted, and H0 is rejected, indicating that partially, EPS (X1) has a significant effect on financial performance (Y1).

b. The influence of MBVA (X2) on financial performance (Y1).

   The results indicate that t-value 4.797 > t-table 1.997, and the significance is 0.008 < 0.05. Hence, Ha is accepted, and H0 is rejected, indicating that partially, MBVA (X2) has a significant effect on financial performance (Y1).

c. The influence of MBVE (X3) on financial performance (Y1).

   The results show that t-value 5.400 > t-table 1.997, and the significance is 0.000 < 0.05. Therefore, Ha is accepted, and H0 is rejected, suggesting that partially, MBVE (X3) has a significant effect on financial performance (Y1).

d. The influence of CEP/BVA (X4) on financial performance (Y1).

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The results indicate that t-value 5.154 > t-table 1.997, and the significance is 0.000 < 0.05. Hence, Ha is accepted, and H0 is rejected, indicating that partially, CEP/BVA (X4) has a significant effect on financial performance (Y1).

e. The influence of CEP/MVA (X5) on financial performance (Y1).

The results show that t-value 8.627 > t-table 1.997, and the significance is 0.000 < 0.05. Therefore, Ha is accepted, and H0 is rejected, stating that partially, CEP/MVA (X5) has a significant effect on financial performance (Y1).

Table 4. Partial Test (X-Y2)

Dependent Variable: Y2?
Method: Pooled Least Squares
Date: 09/08/23 Time: 16:03
Sample: 2016 2022
Included observations: 7
Cross-sections included: 10
Total pool (balanced) observations: 70

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1535.057	597.4112	2.569515	0.0130
X1?	0.059523	0.295725	3.568343	0.0130
X2?	0.001419	8.460005	4.954995	0.0000
X3?	0.080144	0.018152	4.415080	0.0000
X4?	0.009443	0.007840	3.204479	0.0037
X5?	0.022271	0.126278	4.176363	0.0007
Y1?	0.714709	0.042434	4.346632	0.0002
Fixed Effects (Cross)				
_APLN--C	3.766429			
_ASRI--C	6.162320			
_BEST--C	1.719320			
_DUTI--C	-18.73277			
_LPKR--C	0.852348			
_MTLA--C	5.343697			
_OMRE--C	-2.021779			
_PLIN--C	-7.908500			
_PWON--C	9.183396			
_SMRA--C	1.635537			

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.741938	Mean dependent var	11.16186
Adjusted R-squared	0.670254	S.D. dependent var	6.956837
S.E. of regression	3.994861	Akaike info criterion	5.805526
Sum squared resid	861.7814	Schwarz criterion	6.319468
Log likelihood	-187.1934	Hannan-Quinn criter.	6.009670
F-statistic	10.35013	Durbin-Watson stat	1.560400
Prob(F-statistic)	0.000000		

Source: Results of EViews 7 Processing (2022)

Based on Table 4, the following observations can be made:

a. The influence of EPS (X1) on stock price (Y2).
   The results show that t-value 3.568 > t-table 1.998, and the significance is 0.013 < 0.05. Therefore, Ha is accepted, and H0 is rejected, indicating that partially EPS (X1) has a significant effect on stock price (Y2).
b. The influence of MBVA (X2) on stock price (Y2).
   The results indicate that t-value 4.954 > t-table 1.998, and the significance is 0.000 < 0.05. Hence, Ha is accepted, and H0 is rejected, indicating that partially MBVA (X2) has a significant effect on stock price (Y2).
c. The influence of MBVE (X3) on stock price (Y2).
   The results show that t-value 4.415 > t-table 1.998, and the significance is 0.000 < 0.05. Therefore, Ha is accepted, and H0 is rejected, stating that partially MBVE (X3) has a significant effect on stock price (Y2).
d. The influence of CEP/BVA (X4) on stock price (Y2).
   The results indicate that t-value 3.204 > t-table 1.998, and the significance is 0.003 < 0.05. Hence, Ha is accepted, and H0 is rejected, indicating that partially CEP/BVA (X4) has a significant effect on stock price (Y2).
e. The influence of CEP/MVA (X5) on stock price (Y2).
   The results show that t-value 4.176 > t-table 1.998, and the significance is 0.000 < 0.05. Therefore, Ha is accepted, and H0 is rejected, stating that partially CEP/MVA (X5) has a significant effect on stock price (Y2).
   f. The influence of financial performance (Y1) on stock price (Y2).
   The results indicate that t-value 4.346 > t-table 1.998, and the significance is 0.000 < 0.05. Hence, Ha is accepted, and H0 is rejected, indicating that partially financial performance (Y1) has a significant effect on stock price (Y2).

2. Simultaneous Significance Test (F-test)

Table 5. Simultaneous Test (X-Y1)

Dependent Variable: Y1?				
Method: Pooled Least Squares				
Date: 09/08/23 Time: 15:59				
Sample: 2016 2022				
Included observations: 7				
Cross-sections included: 10				
Total pool (balanced) observations: 70				
Variable	Coefficient	Std. Error	t-Statistic	Prob.

C	-1141.338	1892.100	-0.603212	0.5488
X1?	0.568076	0.936575	4.606546	0.0066
X2?	0.301213	0.000267	4.797713	0.0085
X3?	0.251809	0.046629	5.400306	0.0000
X4?	0.390292	0.021734	5.154512	0.0001
X5?	2.880767	0.100630	8.627350	0.0000
Fixed Effects (Cross)				
_APLN--C	4.829942			
_ASRI--C	-10.11289			
_BEST--C	-0.826242			
_DUTI--C	11.33592			
_LPKR--C	-10.02050			
_MTLA--C	-5.529620			
_OMRE--C	0.348750			
_PLIN--C	18.79909			
_PWON--C	2.025061			
_SMRA--C	-10.84952			
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.942727	Mean dependent var		7.316857
Adjusted R-squared	0.928149	S.D. dependent var		47.35724
S.E. of regression	12.69417	Akaike info criterion		8.107572
Sum squared resid	8862.805	Schwarz criterion		8.589392
Log likelihood	-268.7650	Hannan-Quinn criter.		8.298957
F-statistic	64.66530	Durbin-Watson stat		2.409425
Prob(F-statistic)	0.000000			

Source: Results of EViews 7 Processing (2022)

Based on Table 5, the calculated F-value is 64.665, while the tabulated F-value is 2.36, considering $\alpha = 0.05$ (refer to the F-table in the appendix). The significance probability is much smaller than 0.05, specifically $0.000 < 0.05$. Therefore, Ha is accepted, and H0 is rejected. This indicates that simultaneously, EPS, MBA, MBVE, CEP/BVA, and CEP/MVA have a significant impact on financial performance.

Table 6. Simultaneous Test (X-Y2)

Dependent Variable: Y2?
Method: Pooled Least Squares
Date: 09/08/23 Time: 16:03
Sample: 2016 2022
Included observations: 7
Cross-sections included: 10
Total pool (balanced) observations: 70

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1535.057	597.4112	2.569515	0.0130
X1?	0.059523	0.295725	3.568343	0.0130
X2?	0.001419	8.460005	4.954995	0.0000
X3?	0.080144	0.018152	4.415080	0.0000
X4?	0.009443	0.007840	3.204479	0.0037

X5?	0.022271	0.126278	4.176363	0.0007
Y1?	0.714709	0.042434	4.346632	0.0002
Fixed Effects (Cross)				
_APLN--C	3.766429			
_ASRI--C	6.162320			
_BEST--C	1.719320			
_DUTI--C	-18.73277			
_LPKR--C	0.852348			
_MTLA--C	5.343697			
_OMRE--C	-2.021779			
_PLIN--C	-7.908500			
_PWON--C	9.183396			
_SMRA--C	1.635537			

Effects Specification
Cross-section fixed (dummy variables)

R-squared	0.741938	Mean dependent var	11.16186
Adjusted R-squared	0.670254	S.D. dependent var	6.956837
S.E. of regression	3.994861	Akaike info criterion	5.805526
Sum squared resid	861.7814	Schwarz criterion	6.319468
Log likelihood	-187.1934	Hannan-Quinn criter.	6.009670
F-statistic	10.35013	Durbin-Watson stat	1.560400
Prob(F-statistic)	0.000000		

Source: Results of EViews 7 Processing (2022)

Based on Table 6, the calculated F-value is 10.350, while the tabulated F-value is 2.25, considering $\alpha = 0.05$ (refer to the F-table in the appendix). The significance probability is much smaller than 0.05, specifically $0.000 < 0.05$. Therefore, Ha is accepted, and H0 is rejected. This indicates that simultaneously, EPS, MBA, MBVE, CEP/BVA, CEP/MVA, and financial performance have a significant impact on stock prices.

Coefficient of Determination

This analysis of the coefficient of determination is used to determine the percentage of the variation in the dependent variable explained by the independent variable.

Table 7. Coefficient of Determination (X-Y1)

Dependent Variable: Y1?
Method: Pooled Least Squares
Date: 09/08/23 Time: 15:59
Sample: 2016 2022
Included observations: 7
Cross-sections included: 10
Total pool (balanced) observations: 70

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1141.338	1892.100	-0.603212	0.5488

X1?	0.568076	0.936575	4.606546	0.0066
X2?	0.301213	0.000267	4.797713	0.0085
X3?	0.251809	0.046629	5.400306	0.0000
X4?	0.390292	0.021734	5.154512	0.0001
X5?	2.880767	0.100630	8.627350	0.0000
Fixed Effects (Cross)				
_APLN--C	4.829942			
_ASRI--C	-10.11289			
_BEST--C	-0.826242			
_DUTI--C	11.33592			
_LPKR--C	-10.02050			
_MTLA--C	-5.529620			
_OMRE--C	0.348750			
_PLIN--C	18.79909			
_PWON--C	2.025061			
_SMRA--C	-10.84952			

Effects Specification
Cross-section fixed (dummy variables)

R-squared	0.942727	Mean dependent var	7.316857
Adjusted R-squared	0.928149	S.D. dependent var	47.35724
S.E. of regression	12.69417	Akaike info criterion	8.107572
Sum squared resid	8862.805	Schwarz criterion	8.589392
Log likelihood	-268.7650	Hannan-Quinn criter.	8.298957
F-statistic	64.66530	Durbin-Watson stat	2.409425
Prob(F-statistic)	0.000000		

Source: Results of EViews 7 Processing (2022)

Based on Table 7, it can be observed that the adjusted R Square value is 0.9281, which can be referred to as the coefficient of determination. In this context, it means that 93.76% of the financial performance can be obtained and explained by EPS, MBA, MBVE, CEP/BVA, and CEP/MVA. The remaining 100% - 92.81% = 7.19% is explained by other factors or variables outside the model, such as sales growth, accounts receivable turnover, cash turnover, and others.

Table 8. Coefficient of Determination (X-Y2)

Dependent Variable: Y2?
Method: Pooled Least Squares
Date: 09/08/23 Time: 16:03
Sample: 2016 2022
Included observations: 7
Cross-sections included: 10
Total pool (balanced) observations: 70

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1535.057	597.4112	2.569515	0.0130
X1?	0.059523	0.295725	3.568343	0.0130
X2?	0.001419	8.460005	4.954995	0.0000
X3?	0.080144	0.018152	4.415080	0.0000
X4?	0.009443	0.007840	3.204479	0.0037

X5?	0.022271	0.126278	4.176363	0.0007
Y1?	0.714709	0.042434	4.346632	0.0002
Fixed Effects (Cross)				
_APLN--C	3.766429			
_ASRI--C	6.162320			
_BEST--C	1.719320			
_DUTI--C	-18.73277			
_LPKR--C	0.852348			
_MTLA--C	5.343697			
_OMRE--C	-2.021779			
_PLIN--C	-7.908500			
_PWON--C	9.183396			
_SMRA--C	1.635537			

Effects Specification
Cross-section fixed (dummy variables)

R-squared	0.741938	Mean dependent var	11.16186
Adjusted R-squared	0.670254	S.D. dependent var	6.956837
S.E. of regression	3.994861	Akaike info criterion	5.805526
Sum squared resid	861.7814	Schwarz criterion	6.319468
Log likelihood	-187.1934	Hannan-Quinn criter.	6.009670
F-statistic	10.35013	Durbin-Watson stat	1.560400
Prob(F-statistic)	0.000000		

Source: Results of EViews 7 Processing (2022)

Based on Table 8, it can be observed that the adjusted R Square value is 0.6702, which can be referred to as the coefficient of determination. In this context, it means that 67.02% of the stock price can be obtained and explained by EPS, MBA, MBVE, CEP/BVA, CEP/MVA, and financial performance. The remaining 100% - 67.02% = 32.98% is explained by other factors or variables outside the model, such as sales growth, accounts receivable turnover, cash turnover, and others.

Path Analysis

Table 9. sub-Structural I (X – Y1)

Dependent Variable: Y1?
Method: Pooled Least Squares
Date: 09/08/23 Time: 15:59
Sample: 2016 2022
Included observations: 7
Cross-sections included: 10
Total pool (balanced) observations: 70

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1141.338	1892.100	-0.603212	0.5488
X1?	0.568076	0.936575	4.606546	0.0066
X2?	0.301213	0.000267	4.797713	0.0085
X3?	0.251809	0.046629	5.400306	0.0000
X4?	0.390292	0.021734	5.154512	0.0001

X5?	2.880767	0.100630	8.627350	0.0000
Fixed Effects (Cross)				
_APLN--C	4.829942			
_ASRI--C	-10.11289			
_BEST--C	-0.826242			
_DUTI--C	11.33592			
_LPKR--C	-10.02050			
_MTLA--C	-5.529620			
_OMRE--C	0.348750			
_PLIN--C	18.79909			
_PWON--C	2.025061			
_SMRA--C	-10.84952			

Effects Specification
Cross-section fixed (dummy variables)

R-squared	0.942727	Mean dependent var	7.316857
Adjusted R-squared	0.928149	S.D. dependent var	47.35724
S.E. of regression	12.69417	Akaike info criterion	8.107572
Sum squared resid	8862.805	Schwarz criterion	8.589392
Log likelihood	-268.7650	Hannan-Quinn criter.	8.298957
F-statistic	64.66530	Durbin-Watson stat	2.409425
Prob(F-statistic)	0.000000		

Source: Results of EViews 7 Processing (2022)

Based on table 9, the following information can be inferred:

a. The indirect effect of X1 on Y1 (Indirect effect) with a value of P1 is -0.568.
b. The indirect effect of X2 on Y1 (Indirect effect) with a value of P1 is 0.301.
c. The indirect effect of X3 on Y1 (Indirect effect) with a value of P1 is 0.251.
d. The indirect effect of X4 on Y1 (Indirect effect) with a value of P1 is 0.390.
e. The indirect effect of X5 on Y1 (Indirect effect) with a value of P1 is 2.880.

Table 10. sub-Structural II (X – Y2)

Dependent Variable: Y2?
Method: Pooled Least Squares
Date: 09/08/23 Time: 16:03
Sample: 2016 2022
Included observations: 7
Cross-sections included: 10
Total pool (balanced) observations: 70

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1535.057	597.4112	2.569515	0.0130
X1?	0.059523	0.295725	3.568343	0.0130
X2?	0.001419	8.460005	4.954995	0.0000
X3?	0.080144	0.018152	4.415080	0.0000
X4?	0.009443	0.007840	3.204479	0.0037
X5?	0.022271	0.126278	4.176363	0.0007
Y1?	0.714709	0.042434	4.346632	0.0002
Fixed Effects (Cross)				

_APLN--C	3.766429		
_ASRI--C	6.162320		
_BEST--C	1.719320		
_DUTI--C	-18.73277		
_LPKR--C	0.852348		
_MTLA--C	5.343697		
_OMRE--C	-2.021779		
_PLIN--C	-7.908500		
_PWON--C	9.183396		
_SMRA--C	1.635537		
Effects Specification			
Cross-section fixed (dummy variables)			
R-squared	0.741938	Mean dependent var	11.16186
Adjusted R-squared	0.670254	S.D. dependent var	6.956837
S.E. of regression	3.994861	Akaike info criterion	5.805526
Sum squared resid	861.7814	Schwarz criterion	6.319468
Log likelihood	-187.1934	Hannan-Quinn criter.	6.009670
F-statistic	10.35013	Durbin-Watson stat	1.560400
Prob(F-statistic)	0.000000		

Source: Results of EViews 7 Processing (2022)

Based on table 4.20 above, the following information can be derived:

a. The direct effect of X1 on Y1 (Direct Effect) with a value of P3 is 0.059.
b. The direct effect of X2 on Y1 (Direct Effect) with a value of P3 is 0.001.
c. The direct effect of X3 on Y1 (Direct Effect) with a value of P3 is 0.080.
d. The direct effect of X4 on Y1 (Direct Effect) with a value of P3 is 0.009.
e. The direct effect of X5 on Y1 (Direct Effect) with a value of P3 is 0.022.
b. The indirect effect of Y1 on Y2 (Indirect effect) with a value of P2 is 0.714.
c. Equation I: Y1 = 0.568 X1 + 0.301 X2 + 0.251 X3 + 0.390 X4 + 2.880 X5
d. Equation II: Y2 = 0.059 X1 + 0.001 X2 + 0.080 X3 + 0.009 X4 + 0.022 X5 + 0.714 Y1

CONCLUSION AND RECOMMENDATION

The company is expected to maintain a high level of investment decisions, such as increasing factory capacity or expanding facilities, seeking new markets, establishing collaborations with other companies both domestically and internationally, investing in the capital market, engaging in acquisitions, mergers, establishing subsidiaries, and so on.

For investors, it is advisable to pay attention to the investment decisions of a company before investing. Companies with high growth prospects are likely to have high

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investment decisions. If a company has a strong growth outlook, the investments made in that company can potentially grow in the future, providing profits to the investors.

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