PROFITABILITY MEDIATES THE EFFECT OF INVESTMENT DECISIONS ON COMPANY OF VALUE

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ABSTRACT

The objectives of this study are: analyze and empirically test the effect of investment decisions on the profitability of going public insurance companies listed on the Indonesia Stock Exchange in 2013-2018; analyze and empirically test the effect of investment decisions on the value of go public insurance companies listed on the Indonesia Stock Exchange in 2013-2018 and analyze and test empirically the effect of profitability on the value of go public insurance companies listed on the Indonesia Stock Exchange in 2013-2018. The type of data used is secondary data in the form of annual financial statements of listed companies listed on the Indonesia Stock Exchange. The population of this research is publicly listed insurance companies listed on the Indonesia Stock Exchange in 2013-2018. The sampling technique was carried out using purposive sampling, the sample of which went public insurance companies listed on the Indonesia Stock Exchange in 2013-2018 totaling 60 issuers. Data analysis techniques used are descriptive statistical tests, classic assumption tests, multiple linear regression tests, mediation variable tests and model feasibility tests. Based on the results of research testing concluded that: (1) Investment decisions have a negative and significant effect on profitability. (2) Investment decisions have a positive and significant effect on company value. (3) Profitability has a positive and significant effect on firm value. (4) Profitability cannot mediate between investment decisions and firm value. Variation of investment and profitability decision variables used in this model is able to explain variations in the variable value of companies going public insurance listed on the Indonesia Stock Exchange 2013-2018 64%, while the rest is influenced or explained by other variables not included in this research model.

Keywords: company of value, profitability, investment decisions

INTRODUCTION

Every company listed on the Indonesia Stock Exchange (BEI) wants the price of shares sold to have high potential prices and attract investors to buy them. This is because, the higher the stock price, the higher the value of the company. The company of value that is indicated by a high price to book value (PBV) is the desire of the owners of the company, or the goal of business companies at this time, because it will increase the prosperity of the holders or stockholders wealth maximization (Brigham and Ehrhardt, 2006 in Kurnia, 2013).

The company's main goal is to increase the company of value through increasing the political prosperity of the shareholders. Shareholders, creditors and managers are parties who have different interests and perspectives regarding the company. Shareholders will tend to maximize the value of shares and force managers to act in their own interests through their supervision. Creditors on the other hand tend to try to protect the funds they have invested in the company with guarantees and strict monitoring policies as well. Managers also have the urge to pursue their personal

interests. In fact, it is also possible for managers to make investments even though these investments cannot maximize shareholder value. (Arieska and Gunawan, 2011 in Afzal, 2012).

Table 1. Average of value of insurance companies Listed on the IDX Year 2013-2018

Item	2013	2014	2015	2016	2017	2018
Average	1,09909 1	1,35181 8	1,36545 5	1,16909 1	1,16702 8	1,59328 4
Procentage	-	22.994	1.009	-14.381	-0.176	-0.660

Source : ICMD, 2019

Table 1 shows that the value of insurance companies which are proxied by the price book value (PBV) the percentage increased from 2013 to 2014 by 22.9%, and in 2015 fell to 1.01% and in 2016 - 2018 a decline. This greatly affects the value of insurance companies in Indonesia

In maximizing the value of the company, according to Murtini (2008) in Afzal, (2012), company management can carry out policies including investment policy. Investment decisions are short-term and long-term investments. Research Mursalim (2015), Pertiwi (2016), Afzal, (2012) and Astiari (2014) can provide empirical confirmation that investment decisions have a positive effect on company of value. But according to Moh Khoiruddin, (2015) investment decisions have a negative and significant impact on company of value. According to Hidayat (2010) in Afzal, (2012), investment decisions are an important factor in the company's financial function, where the value of the company is solely determined by investment decisions. Based on the description shows that there are still differences in the results of previous studies that can be seen in the form of a research gap table as follows:

Table 2. Research Gap

The issue of differences in the results of previous studies regarding the effect of investment decisions on company value	Prior Researchers	Previous Research Results
Effect of investment decisions on company of value	Wibowo, Edhi. (2012),Ni Luh Putu Arin Astiari (2014), Mursalim (2015)	investment decisions have a positive and significant impact on firm value
Effect of investment funding decisions on company of value	Hadi Sumarsono (2012), Pertiwi.P.J. (2016), Moh Khoiruddin, (2015)	investment decisions have a negative and not significant effect on firm value

Source: summary of previous research results, 2019

According to Anthony and Govindarajan (2007) to overcome different and conflicting research results, a contingency approach is needed which reveals that the relationship between the various variables studied is influenced by other conditional variables. This contingency approach allows other variables to act as mediation (intervening), so in this study will add profitability variables as mediating variables (intervening).

Profitability (ROA) is the most important factor in influencing company value. According to Darmadji and Fakhrudin (2012) in Zulia Hanum (2009) profitability is a ratio that is often used to measure a company's ability to generate return on assets owned by a company. Research conducted by Kurnia (2013) obtained empirical evidence that profitability had a significant positive effect on firm value. However, research conducted by Astiari (2014) obtained empirical evidence that profitability has a significant positive effect on company of value.

LITERATURE REVIEW
Signaling Theory

According to Brigham and Houston (2001) a sign or signal is an action taken by a company to give instructions to investors about how management views the company's prospects. This signal is information about what management has done to realize the owner's wishes. Information released by the company is important, because it affects the investment decisions of parties outside the

company. This information is important for investors and business people because the information essentially presents information, notes or pictures, both for past, present and future conditions for the survival of the company and how it affects the company.

Signaling theory explains why companies have the drive to provide financial statement information to external parties. The impetus of the company to provide information because there is asymmetry of information between the company and outsiders because the company knows more about the company and prospects to come than outside parties (investors and creditors). Lack of information for outsiders about the company causes them to protect themselves by providing a low price for the company. Companies can increase company value by reducing information asymmetry. One way to reduce asymmetric information is by giving signals to outsiders (Arifin, 2005).

The relationship of signal theory with this research shows that investment decisions and funding decisions are often considered as a signal for investors in assessing the merits of a company, this is because investment decisions and funding decisions can have an influence on the company's stock price. An increase in the number of investment decisions and funding decisions is considered as a signal that the company has good prospects in the future. This increase often causes an increase in stock prices which means that the company of value increases, while the decline generally causes a decrease in share prices which means a decrease in the company of value (Hardiningsih, 2009).

An increase in debt can also be interpreted by outsiders about the company's ability to pay its obligations in the future, so the addition of debt will give a positive signal. This is because companies that increase debt can be seen as companies that are confident in the company's prospects in the future.

High profitability indicates good company prospects, so investors will respond positively to these signals and company value will increase (Mai. 2013). This can be understood because the company that managed to record increased profits, indicates the company has good performance, so that it can create positive sentiment for investors and can make the company's stock prices increase. Increase the price in the market, it will increase the company of value.

The company of value

The higher the price of a company, the higher the value of a company. The value of a company illustrates the prosperity of its shareholders so that the high value of the company is a hope for shareholders who invest their capital in a company. Increasing and optimizing company value is often the long-term goal of a company. The optimization of company value can be achieved through the financial management function, where a financial decision that is taken will affect other financial decisions and ultimately will have an impact on the company of value (French, 2006).

Christiawan and Tarigan (2007) revealed several value concepts that explain the value of a company, namely nominal value, market value, intrinsic value, book value, and liquidation value. Nominal value is the value that is formally listed in the Articles of Association of profitability, is mentioned explicitly in the company's balance sheet, and also written clearly in a collective share certificate. Market value which is often called the exchange rate is the price that occurs from the bargaining process in the stock market. Because of this nature, market value can only be determined if the company trades its shares on the capital market. Intrinsic value is a value that refers to the estimated real value of a company so that this value is the most abstract concept. In this concept, the value of a company is not just the price of a set of assets, but the value of a company as a

business entity that has the ability to generate profits in the future, Book Value is the value of a company calculated based on accounting concepts. The book value of a company is calculated by dividing the difference between total assets and total debt with the number of shares outstanding. The liquidation value is the sale value of all company assets after deducting all obligations that must be fulfilled. This value is the rights of shareholders which can be calculated in the same way as the book value, which is based on the performance balance prepared when a company is going to be liquidated. If the market mechanism is functioning properly, then the share price may not be below the liquidation value. Investors can use the book value to estimate the lower limit of the share price so that this value can be used as a safe limit to measure the value of the company for investment purposes, but there are some things to consider about the concept of book value (Christiawan and Tarigan, 2007). First, most assets are valued in historical value so that it is possible for some assets to be sold at a price far higher than the book value. Second, the existence of intangible assets in assets in liquidation often has no sale value. Third, book value is strongly influenced by accounting methods and estimates such as fixed assets depreciation methods, inventory valuation methods, and so on. Finally, there are possibilities that obligations arise that are not recorded in the financial statements because they have not been regulated by financial accounting standards.

Research now measures company value by using the Price to BookValue (PBV) ratio as a proxy. This ratio is to be used to avoid weaknesses owned by book values. This ratio is calculated by dividing the market price per share by the book value per share. By some researchers, this ratio is considered able to describe the value of the company

Profitability

The company's ability to generate profits is commonly called profitability. According to Brigham and Gapenski (2006), "Profitability is the net result of policies and decisions." Brigham and Houston in Kurnia (2013)) also stated that profitability is the net result of a series of policies and decisions in the company. Every company that is founded, is certainly oriented to profit by not sacrificing the interests of customers to get satisfaction. Earnings are a measure of the success of a company's financial performance. Kaplan and Norton (2000) state that, "Financial performance measures provide a clue whether the company's strategy, implementation and implementation contribute or not to increase corporate profits."

In essence, the company must also increase profitability. Increased profits can be achieved by working effectively and efficiently (Peppard and Rowland, 2004 in Kurnia, 2013). Thus, ideally a company must do the right work correctly. Effectiveness is important, but efficiency is no less important, because it is closely related to expenses, so company profits can be increased. High profitability indicates good company prospects, so investors will respond positively to these signals and the value of the company will increase (Sujoko dan Soebiantoro, 2007 in Kurnia, 2013). There are several ratios used to measure the profitability of a company, including gross profit margin, which is the ratio of gross profit to sales, net profit margin, which is the ratio of profit after tax to sales, returnon equity, which is the ratio of profit after tax with own capital, and return on investment (Fakhruddin and Hadianto, 2001 in Kurnia, 2013). This study establishes return on assets (ROA) as a proxy for profitability based on a consideration because ROA can measure the effectiveness of the company in generating net income by utilizing the assets owned to generate these profits, so that it can be an indicator of company success in the investor's view, which is what Dwiaji did

(2011). According to Fakhruddin and Hadianto (2001), "Return on assets shows the ability of companies to generate profits from assets used or invested in one accounting period."

Investation Decision

Investment is the management of the resources owned in the long run to generate profits in the future. According to Harjito and Martono, (2005) in Wibowo, Edhi. (2012) investment is the investment of funds made by a company into an asset (assets) in the hope of earning income in the future. Fama (1978) in Wibowo (2012) states that the value of a company is solely determined by investment decisions. This opinion can be interpreted that investment decisions are important because to achieve the company's goals will only be generated through the company's investment activities.

According to Chung and Charoenwong in Wibowo (2012), the growth of one company is the existence of investment opportunities that generate profits. If there are profitable investment opportunities, then the manager tries to take these opportunities to maximize the welfare of shareholders because the greater the opportunity for a profitable investment, the greater the investment made.

Logical Relationship Between Variables and Hypothesis Formulation
Effect of Investment Decisions on Profitability

Harjito and Martono, (2005) in Wibowo (2012) investment is the investment of funds made by a company into an asset (assets) in the hope of earning income in the future. Fama (1978) in Wibowo (2012) states that the value of a company is solely determined by investment decisions. This opinion can be interpreted that investment decisions are important because to achieve the company's goals will only be generated through the company's investment activities. Research conducted by Astiari (2014), Mursalim

(2015) obtained empirical evidence that investment decisions have a significant effect on increasing profitability. The higher the investment decision, the more profitability it gets.
Based on the description, the hypothesis is:
H1: investment decisions affect profitability

Effect of Investment Decisions on Company Value

Gaver and Gaver (1993) in Wibowo (2012), investment opportunity is the value of the company, the amount of which depends on expenses determined by management in the future, in this case investment choices that are expected to produce greater profits. This opinion is in line with Smith and Watts (1992) in Wibowo (2012) which states that investment opportunities are a component of corporate value that is the result of choices to make investments in the future. According to Kallapur and Trrombley (1999) in Wibowo (2012) that a company's investment opportunity cannot be observed for parties outside the company so a proxy is needed to see it.

Wahyudi and Pawestri (2006) in Wibowo (2012), the value of a company formed through an indicator of stock market value is strongly influenced by investment opportunities. Company value is solely determined by investment decisions. The statement is in accordance with the results of Fama and French's research (1998) in Wibowo (2012), who found that investments resulting from dividend and leverage policies have positive information about the company in the future, subsequently a positive impact on the company of value.

Research conducted by Wibowo (2012) and Astiari (2014), Mursalim (2015), Pertiwi (2016), obtain empirical evidence that investment decisions have a significant positive effect on company of value.

Based on the description the hypotheses in this study are:

H3: Investment decisions affect the company of value

Effect of Profitability on Company Value

Sujoko and Soebiantoro (2007) in Kurnia (2013) stated that high profitability showed good company prospects, so investors would respond positively to these signals and company of value would increase. This can be understood because a company that managed to record increased profits, indicates the company has a good performance, so that it can create positive sentiment for investors and can make the company's stock prices increase. Rising stock prices in the market, it will increase the company of value.

Research conducted by Pertiwi (2016), Mursalim (2015), Kurnia (2013) get empirical evidence that profitability has a significant positive effect on company of value. And research conducted by Astiari (2014) obtained empirical evidence that profitability has a significant positive effect on the company of value.

Based on the description the hypotheses in this study are:

H3: profitability affects the company of value

RESEARCH METHODS

Research Objects and Sample Units

The object used in this study is a publicly listed insurance company listed on the Indonesia Stock Exchange in 2013-2018. The reason why choosing a manufacturing company listed on the Indonesia Stock Exchange in 2013-2018 was due to fluctuations in the value of the company which varied from year to year. The sample units needed in this study are secondary data in the form of financial statements of manufacturing companies listed on the Indonesia Stock Exchange in 2013-2018 or other quantitative reports.

Population and Sample Determination

Population is a generalization area that consists of objects or subjects that have certain characteristics determined by researchers to study or draw conclusions. Samples are part of the total characteristics possessed by these populations (Sugiyono, 2007 in Afzal, 2011). The population of this study is the publicly listed insurance companies listed on the Indonesia Stock Exchange in 2013-2018. The sampling technique used in this study is the purposive sampling method, which is the sampling taken by the writer through consideration and based on certain criteria.The criteria used in the selection of this research sample is Insurance companies listed on the Stock Exchange during the 2013-2018 period that already have and submit complete financial statement data in accordance with the research variables.

Data Types and Sources

The type of data used in this study is secondary data. Secondary data is data obtained from third parties and is usually in the form of numbers or quantitative. While the data sources in this study are the Indonesia Capital Market Directory (ICMD), IDX Statistics, Financial Statements in full for the period 2013-2018.

Method of collecting data

In this study secondary data were obtained from sources relating to go public insurance companies listed on the Indonesia Stock Exchange in 2013-2018. Data collection was carried out by the documentation method and then researchers conducted secondary data collection used such as the Capital Market Directory (ICMD), IDX statistics, complete Financial Statements for the 2013-2018 period, the data was obtained from the Indonesia Stock Exchange.

Data analysis method

In this research the data analysis method used is a two-stage multiple linear regression technique to test the

influence of independent variables of investment decisions on profitability and f company of value. The multiple regression model is a regression analysis technique that explains the relationship between the dependent variable and the independent variable. In using the regression equation there are a number of basic assumptions that must be met. These assumptions are: normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test. After the regression equation is free from these basic assumptions, hypothesis testing can then be performed.

Data analysis
Descriptive statistics

Descriptive statistics are used to briefly describe the variables in this study. Descriptive analysis is performed to determine the description of the data to be analyzed. Ghozali (2013) stated that the analytical tools used in descriptive statistical tests include the maximum, minimum, average (mean), and standard deviation values. Descriptive statistics present numerical measurements that are very important for sample data. This numerical measure is a form of simplification of data into a more concise and simple form which ultimately leads to an explanation and interpretation.

Normality test

The normality test aims to test whether the regression model of confounding or risky variables has a normal distribution. As it is known that the t and F test assumes that the residual value follows the normal distribution. If this assumption is violated then the statistical test becomes invalid or for a small sample size. (Imam Ghozali, 2013). In this study in the normality test using the Kolmogorov-Smirnov test which was processed using SPSS. Test criteria are to have a significance value above 0.05, so that the existing data is normally distributed. This indicates that the independent and dependent

variables used in this study did not have extreme data.

Multicollinearity Test

Multicollinearity test aims to test whether the regression model found a correlation between independent variables (independent). A good regression model should not occur correlation between independent variables. If the independent variables correlate with each other, then these variables are not orthogonal. (Ghozali, 2013). Orthogonal variables are independent variables whose correlation value among independent variables is equal to zero. (Ghozali, 2013). In this study in detecting multicollinearity seen from the value of tolerance and the next opponent can be seen with the variance inflation factor (VIF). Both of these measurements indicate which of each independent variable is explained by other independent variables. A low tolerance value is the same as a high VIF value (because VIF = 1 / Tolerance). The cutoff value commonly used to indicate multicollinearity is a Tolerance value ≤ 0.10 or equal to a VIF value ≥ 10.

U Autocorrelation Test

The autocorrelation test aims to test whether in the linear regression model there is a correlation between the error of the intruder in the t period and the error of the intruder in the t-1 period (before). If there is a correlation, then it is called an autocorrelation problem. Autocorrelation arises because sequential observations all the time are related to one another. This problem arises because residuals are not free from one observation to another. This is often found in time series data because disturbance in an individual group tends to affect the disorder in the same individual / group in the next period. In this study in testing autocorrelation by using the Runs Test, that is by comparing the significance value with a probability of 5%.

Heteroscedasticity Test

Heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another. If the variance from one observation residual to another observation is fixed, then it is called Homoscedasticity and if it is different is called Heterokedasticity. A good regression model is that of Henomoskedasticity or Heteros-kedasticity does not occur. And in this study to determine heteroscedasticity using a glacier test that is> 0.05 is said to not occur symptoms of heterokedasticity.

Two-stage Linear Regression Analysis

In regression analysis, besides measuring the strength of the relationship between two or more variables, it also shows the direction of the relationship between the dependent variable and the independent variable. The dependent variable is assumed to be random / stochastic, which means it has a probabilistic distribution. The independent / independent variable is assumed to have a fixed value in repeated sampling (Ghozali, 2013). In the regression line equation, the company of value variable acts as the dependent variable, while the independent variable is represented by investment decisions and profitability as intervening variables. The multiple regression equation is formulated as follows:

$$Y1 = \alpha + b_1 X + e$$

$$Y2 = \alpha + b_1 X + b_2 Y_1 + e$$

Where:
Y2 = the company of value
Y1 = Profitability
X = investment decision
a = Constant coefficient
b =1,2,3 = Regression coefficient
e = error

Significant Test of Individual Parameters (Statistical Test t)

The statistical test t basically shows how far the influence of one independent variable individually in explaining the variation of the dependent variable (Ghozali, 2013). The null hypothesis (Ho) to be tested is whether a parameter (bi) is equal to zero or:

Ho: bi = 0 This means that whether an independent variable is not a significant explanation of the dependent variable. The alternative hypothesis (Ha) parameter of a variable is not equal to zero, or:

Ha: bi ≠ 0 This means that the variable is a significant explanation of the dependent variable.

How to do the t test is as follows, (Ghozali, 2013):
• Quick look: if the number of degrees of fredom (df) is 20 or more, and the degree of confidence is 5%, then Ho which states bi = 0 can be rejected if the value of t is greater than 2 (in absolute value). In other words we accept an alternative hypothesis, which states that an independent variable individually influences the dependent variable.
• Comparing t statistic values with critical points according to the table. If the calculated statistical t value is higher than the t table value, we accept an alternative hypothesis which states that an independent variable individually influences the dependent variable.

Coefficient of Determination

The coefficient of determination (R2) essentially measures the extent of the model's ability to explain variations in the dependent variable. The coefficient of determination is between zero and one. A small R^2 value means that the ability of the independent variables to explain the dependent variables is very limited. Values close to one mean that the independent variables provide almost all the information needed to predict the variation of the dependent variable. In general the coefficient of determination for cross

data is relatively low because of the large variations between each observation, whereas for time series data usually has a high coefficient of determination (Ghozali, 2013).

The fundamental drawback of using the coefficient of determination is the bias towards the number of independent variables entered into the model (Ghozali, 2013). If in the empirical test the negative adjusted R^2 value is obtained, then the adjusted R^2 value is considered to be valued zero. Mathematically if the value $R^2 = 1$, then Adjusted $R^2 = R^2 = 1$ whereas if the value $R^2 = 0$, then adjusted $R^2 = 0$, then adjusted $R^2 = (1-k)(n-k)$ if $k > 1$, then adjusted R^2 will be negative (Ghozali, 2013).

Mediation Effect Test (Sobel test)

Mediation test is a test to determine the effect of these mediating variables in mediating between other independent variables on the dependent variable (Ghozali, 2013). Testing the effects of mediation in this study comparing the direct and indirect effects between variables using the sobel test. To be stated as a mediator, the relationship X to Y in the equation must be insignificant (zero), or called complete mediation.
• Direct Effect = The direct effect of X on Y can be identified through channel c
• Indirect Effect = The indirect effect of X on Y can be identified through the multiplication between lane (a) and lane (b) (lane-ab).

RESULTS
Descriptive Statistics Test

Descriptive statistical tests try to explain or describe each of the variables related in this study. Descriptive statistical tests present numerical measures that are very important for sample data. Descriptive statistics are statistics used to analyze data by describing or describing data that has been collected as it is without intending to make conclusions that apply to the public or generalizations. Descriptive statistics are used to describe the variables contained in the study. Description of a data seen from the average value (mean), standard deviation, the maximum value and minimum value (Ghozali, 2013). This test is done to make it easier to understand the variables used in research.

Table 3 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
PER	60	-302.90	85.41	7.2407	46.08769
ROA	60	-.24	78.20	7.6895	20.32185
PBV	60	.21	5.05	2.3268	2.10075
Valid N (listwise)	60				

Source: Secondary data processed, 2019

Table 3 shows that the data processed as many as 40 data, obtained from 10 sample companies multiplied by 6 research periods, namely from 2013 to 2018. A review of the statistical descriptive of each variable can be explained as follows:
1. In the investment decision variable with a PER proxy having a minimum value of -302.90 which is owned by Lippo General Insurance in 2018, a maximum value of 85.41 is owned by Pratama Secure Assets Insurance in 2018 and a standard deviation value of 46.08769 is greater than the mean value of 6.24073 which it means that there is data deviation.
2. On the profitability variable with a ROA proxy has a minimum value of -0.24 owned by Lippo General Insurance for 2018, a maximum value of 78.20 is owned by Arta Funds Insurance for 2013 and a standard deviation value of 20.32185 is greater than the mean value of 6.6895 which means that data deviations occur .
3. In variable the company of value with PBV proxy has a minimum value of 0.21 owned by Paninvest tbk in 2018, a maximum value of 5.05 is owned by the Arta Dana Bina Dana Insurance in 2018 and a

standard deviation value of 2,10075 is smaller than the mean value of 2.3268, which means that it does not occur data deviation.

Classic assumption test
Normality Test
Testing of data normality is done using statistical tests (Kolmogorov-Smirnov). Presentation of the normality test can be seen as follows :
Table 4 Normality Test – 1

		PER	ROA	PBV
N		60	60	60
Normal Parameters[a]	Mean	7.2408	7.6895	2.3267
	Std. Deviation	3.60877E1	1.03219E1	1.10075
Most Differences	Extreme Absolute	.436	.328	.231
	Positive	.271	.328	.231
	Negative	-.436	-.254	-.134
Kolmogorov-Smirnov Z		2.758	2.075	1.459
Asymp. Sig. (2-tailed)		.001	.000	.038

a. Test distribution is Normal.

Source: Secondary data processed, 2019

The results of table 4 show that the results of the normality test can be found out the value of the investment decision variable (PER) = 0,001, profitability variable (ROA) = 0,000 and the company of value = 0.038. Thus it can be concluded that the data in this study are not normally distributed because the overall variable significance value is less than 0.05.

Based on the normality test, therefore an outlier data is carried out. Outlier data is data that has unique characteristics that look very different from other observations and appear in the form of extreme values (Ghozali, 2013). Outlier data detection is done by converting data values into standartzed scores (Z score). For the case of small samples or less than 80, a standard score with a value of more than 1.5 is declared an outlier (Ghozali, 2013).

From this explanation, in this study, outlier data were carried out, the initial data amounted to 60 data, after being outlier 52 data were processed. Then do the normality test data again in table 5 as follows:

Table 5 Normality Test – 2

		PER	ROA	PBV
N		52	52	52
Normal Parameters[a]	Mean	8.3000	5.1522	1.0156
	Std. Deviation	6.11069	2.24846	.71938
Most Differences	Extreme Absolute	.225	.099	.161
	Positive	.225	.099	.161
	Negative	-.180	-.065	-.104
Kolmogorov-Smirnov Z		1.275	.558	.911
Asymp. Sig. (2-tailed)		.087	.925	.478

a. Test distribution is Normal.

Source: Secondary data processed, 2019

Can be seen in table 5 shows that the normality test results can be known the sig value of investment decision variable (PER) 0.087, profitability variable (ROA) 0.925 and company value (PBV) 0.478. Thus it can be concluded that the data in this study are normally distributed because the overall significance variable is greater than 0.05.

Multicollinearity Test
Multicollinearity test aims to test whether the regression model found a correlation between independent variables (independent), which can be known through Variance Inflation Factor (VIF).

Table 6 Stage 1 Multicollinearity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	7.674	.699		10.979	.000		
	PER	-.120	.054	-.325	-2.232	.033	.890	1.210

a. Dependent Variable:ROA

Source: Secondary data processed, 2019

Based on Table 5, it can be seen that between the independent variables, investment decisions (PER), multicollinearity does not occur because the results of calculation of tolerance > 0.1 and VIF value <10. So that it can be said that there are no symptoms of multicollinearity.

Table 7 Stage 1 Multicollinearity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1	(Constant)	-2.509	.421		-5.699	.000		
	PER	.205	.112	.992	9.950	.000	.945	2.184
	ROA	.311	.138	.759	6.611	.000	.708	2.644

a. Dependent Variable: PBV

Source: Secondary data processed, 2019

Based on Table 7 it can be seen that between independent variables namely investment decisions (PER) and profitability variables (ROA) multicollinearity does not occur because the results of the calculation of tolerance > 0.1 and VIF value < 10. So that it can be said there are no symptoms of multicollinearity.

Autocorrelation Test
Autocorrelation test is performed using the Runs Test. Runs test is used to see whether residual data occur in an unsystematic manner.

Table 8 Runs Test stage 1

	Unstandardized Residual
Test Value[a]	-.22145
Cases < Test Value	26
Cases >= Test Value	26
Total Cases	52
Number of Runs	28
Z	.280
Asymp. Sig. (2-tailed)	.957

a. Median

Source: Secondary data processed, 2019

The results of the stage 1 test runs show a sysim value of 0.957> 0.05 which means that hypothesis 0 is rejected, so it can be concluded that residuals do not occur autocorrelation between residual values.

Table 9 Runs Test Stage 2

	Unstandardized Residual
Test Value[a]	-.05869
Cases < Test Value	16
Cases >= Test Value	16
Total Cases	32
Number of Runs	12
Z	-2.617
Asymp. Sig. (2-tailed)	.206

a. Median

Source: Secondary data processed, 2019

The results of the test run test stage 2 shows the value of asyim sig of 0.206> 0.05 which means the hypothesis 0 is rejected, so it can be concluded that the residual does not occur autocorrelation between residual values.

Heteroscedasticity Test
To determine heteroscedasticity one can also use the glacier test.

Tabel 10 Stage 1 Glejser Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	B	t	Sig.	Tolerance	VIF
1	(Constant)	1.514	.411		3.679	.001		
	PER	.033	.032	.178	1.040	.407	.890	1.210

a. Dependent Variable: absres

Source: Secondary data processed, 2019

Glejser test results phase 1 shows that the investment decision (PER) has a sig value of 0.407. So it can be concluded that there are no symptoms of heteroscedasticity.

Table 11 Stage 2 Glejser Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	B	t	Sig.	Tolerance	VIF
1	(Constant)	.003	.151		.022	.983		
	PER	.019	.005	.578	3.370	.172	.845	1.184
	ROA	.022	.018	.255	1.262	.417	.608	1.644

a. Dependent Variable: absres2

Source: Secondary data processed, 2019

Glejser test results phase 2 shows that the investment decision (PER) has a sig value of 0.172 and a profitability variable (ROA) of 0.417> 0.05. So it can be concluded that there are no symptoms of heteroscedasticity.

Two-Stage Multiple Linear Regression Analysis
The results of the classical assumption test show that the data are normally distributed, there is no multicollinarity, autocorrelation and heterocedasticity, so the next step is multiple linear regression analysis.

Table 12 Stage 1 Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	B	t	Sig.	Tolerance	VIF
1	(Constant)	8.674	.699		10.979	.000		
	PER	-.220	.054	-.325	-2.232	.033	.890	1.210

a. Dependent Variable: ROA

Source: Secondary data processed, 2019

Table multiple linear regression seen in the unstandardized coefficient B column is the result of the regression analysis with the following equation: Profitability (ROA) = 8,674 - 0,220 Investment Decisions (PER)

From the multiple linear regression equation above, it can be interpreted as follows:

The regression coefficient of the investment decision variable is -0.220, which means that the higher the investment decision, it can reduce profitability.

Table 13 Stage 2 Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-2.509	.321		-4.699	.000		
	PER	.205	.012	.892	8.950	.000	.845	1.184
	ROA	.311	.038	.659	5.611	.000	.608	1.644

a. Dependent Variable: PBV

Source: Secondary data processed, 2019

Table 12 multiple linear regression seen in the unstandardized coefficient B column is the result of the regression analysis with the following equation: Company of Value (PBV) = -2.509 + 0.205 Investment Decision (PER) + 0.311 Profitability (ROA)

From the multiple linear regression equation above, it can be interpreted as follows:
a. The regression coefficient of the investment decision variable is 0.205, which means that the higher the investment decision, the higher the value of the company of value.
b. Profitability variable regression coefficient of 0.211, which means

the higher the profitability, the more the value of the company of value increases.

Model Feasibility Test
Significance Test of Individual Parameters (Statistical Test t)
Ghozali (2013) the t-test statistical basically shows how far the influence of one independent variable individually in explaining the variation of the dependent variable. The test results can determine the proposed hypothesis is accepted or rejected. The results of the statistical test t can be seen in the regression table stages 1 and stage 2. To detect the results of hypothesis testing the following criteria are determined:
• Sig. <0.05 = significant effect
• Sig. > 0.05 = no effect

a. Hypothesis Testing (H1)
Based on the hypothesis testing table regarding the effect of investment decisions on profitability shows that a significant value of 0.033 < 0.05 with a negative coefficient direction, it can be concluded that investment decisions have a negative and significant effect on profitability. Then hypothesis 1 is accepted.

b. Hypothesis Testing (H2)
Based on the hypothesis testing table regarding the effect of investment decisions on company of value shows that a significant value of 0,000 < 0.05 with a positive coefficient direction, it can be concluded that investment decisions have a positive and significant effect on company of value. Then hypothesis 2 is accepted.

c. Hypothesis Testing (H3)
Based on the hypothesis testing table regarding the effect of profitability on company of value shows that a significant value of 0,000 < 0.05 with a positive coefficient direction, it can be concluded that profitability has a positive and significant effect on company of value. Then hypothesis 3 is accepted.

Determination Coefficient Test (R2)

This coefficient of determination shows how much the independent variable can explain the dependent variable expressed in percent (%) The test of the coefficient of determination can be seen from the adjusted R-Squared value as follows.

Table 14 Stage 1 Determination Test Results

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.726ᵃ	.492	.450	2.81301	.492	9.440	1	29	.001

a. Predictors: (Constant), PER

b. Dependent Variable: ROA

Source: Secondary data processed, 2019

The coefficient of determination in stage 1 which is indicated by the adjusted R-Squere value of 0.450. This can be interpreted that the investment decision can explain its effect on the profitability variable by 45 %, while the rest can be explained by other variables outside this research model.

Table 15 Stage 2 Determination Test Results

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.875ᵃ	.865	.640	.46674	.865	40.426	2	28	.000

a. Predictors: (Constant), ROA, PER

b. Dependent Variable: PBV

Source: Secondary data processed, 2019

The coefficient of determination in stage 2 is indicated by the adjusted R-Squere value of 0.640. This can be interpreted that investment decisions and profitability can explain its effect on insurance company value variables by 64%, while the rest can be explained by other variables outside this research model.

Mediation Test (intervening)

Testing the effects of mediation in this study aims to compare the direct and indirect effects between variables.
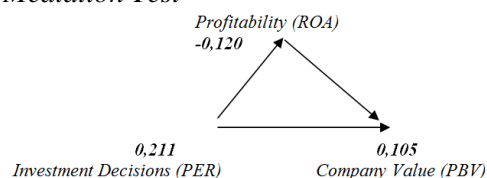
$b3 > b1 \times b2$: Y1 doesn't mediate

$b3 < b1 \times b2$: Y1 mediates

Profitability (ROA) = 7,674 - 0,120 Investment Decisions (PER)

Company of Value (PBV) = -1.509 + 0.105 Investment Decision (PER) +0.211 (Profitability (ROA)

Mediation Test

$b3 > b1 \times b2 = 0,105 > (-0,120 \times 0,211 = -0,025)$

These results indicate if profitability (ROA) cannot mediate between Investment Decisions (PER) against Company Value (PBV).

Discussion

Effect of Investment Decisions on Profitability

The results of this study prove that investment decisions have a negative and significant effect on profitability. The existence of a significant negative effect can be made possible because in utilizing investment opportunities, companies rely on funds from external parties (creditors). This can be seen from the acquisition of net profit that is not proportional to the increase in company assets. So that investors assess the increase in company assets is due to external funding through debt issuance, which in turn can increase the company's financial risk, including the risk of bankruptcy.

In addition, the profits derived by the company are prioritized for paying dividends rather than being used

to take investment opportunities, this is evidenced by the stable dividend payments made by companies. Theoretically, if the profits generated are prioritized to pay dividends, then the investment opportunities of companies that come from internal funding will be even smaller which can ultimately hamper the company's growth. Thus, even though the profits generated by large companies, but not necessarily by companies used to utilize investment.

These results are consistent with the theory put forward by Fama (1978) in Wibowo (2012) states that the value of a company is solely determined by investment decisions. This opinion can be interpreted that investment decisions are important because to achieve the company's goals will only be generated through the company's investment activities. These results are in accordance with research conducted by Astiari (2014), Mursalim (2015) obtained empirical evidence that investment decisions have a significant effect on increasing profitability.

Effect of Investment Decisions on Company of Value

The results of this study prove that investment decisions have a positive and significant effect on Company of Value. This explains that the higher level of investment decisions set by the company will also produce high opportunities to get large profits. With companies that have high investment decisions, they are able to influence the understanding of investors to be interested in investing in these companies so as to increase the demand for shares in the company.

These results are consistent with the theory put forward according to Gaver and Gaver (1993) in Edhi. (2012), investment opportunity is the value of the company, the amount of which depends on expenses determined by management in the future, in this case investment choices that are expected to produce greater profits. This opinion is in line with Smith and Watts

(1992) in Wibowo (2012) which states that investment opportunities are a component of corporate value that is the result of choices to make investments in the future.

These results are consistent with research conducted by Wibowo (2012) and Astiari (2014), Mursalim (2015), Pertiwi (2016), obtain empirical evidence that investment decisions have a significant positive effect on Company of Value.

Effect of Profitability on Company of Value

The results of this study prove that profitability has a positive and significant effect on firm value. This explains that the higher the profit obtained by the company, the greater the return of investor capital, which would certainly make investors more interested in investing in the company. With the increasing number of investment requests, the company's share price will also be higher. If the stock price of a company rises then it indicates that the value of the company is also rising.

These results are consistent with the theory put forward by Sujoko and Soebiantoro (2007) in Kurnia (2013) stating that high profitability indicates good company prospects, so investors will respond positively to these signals and the company's value will increase. This can be understood because a company that managed to record increased profits, indicates the company has a good performance, so that it can create positive sentiment for investors and can make the company's stock prices increase. Rising share prices in the market, it will increase the company of value.

These results are in accordance with research conducted by Halwi (2016), Mursalim (2015), Kurnia (2013) obtain empirical evidence that profitability has a significant positive effect on Company of Value. And research conducted by Astiari (2014) obtained empirical evidence that

profitability has a significant positive effect on Company of Value.

The Effect of Profitability in Mediating Investment Decisions on Company of Value

The results of the intervening test show that profitability (ROA) cannot mediate between investment decisions (PER) and firm value (PBV). Although profitability directly has a positive effect on increasing the value of the company, but profitability actually gives a negative regression coefficient or decreases when mediating the effect of investment decisions on firm value, this is because many investors who invest in companies are not offset by stable dividend payments made by the company . This can cause a decrease in the value of the company or can actually make a company bankruptcy.

CONCLUSION

1. *Investment decisions have a negative and significant effect on profitability. The higher the investment decision, the lower the profitability.*
2. *Investment decisions have a positive and significant effect on company of value. The higher the investment decision, the more the company of value increases*
3. *Profitability has a positive and significant effect on company of value. The higher the profitability, the more the Company of Value increases.*
4. *The results of the intervening test show that profitability cannot mediate between investment decisions on Company of Value*

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