

The Moderation Effect of Investment Decisions: A Case Study on Basic Materials Sector Companies in Indonesia



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ABSTRACT: This study aims to show empirical evidence of the influence of profitability on company value, the influence of investment decisions on company value, and the role of investment decision moderation on the influence of profitability on company value in companies in the basic materials sector listed on the Indonesia Stock Exchange for the 2018-2019 period. The sample of this study is 10 basic materials companies that meet the sample criteria. The results of the study stated that profitability had a positive and significant effect on the company's value. High profitability indicates that the company is able to generate significant profits and good performance so that it can increase its value in the capital market. Furthermore, investment decisions also have a positive and significant effect on the company's value. The decision to invest is important because it will have an influence on the company's success in achieving a goal. Investment decisions can also moderate the relationship between profitability and company value. Wise and timely investment decisions can increase the positive impact of profitability on a company's value.

KEYWORDS: Profitability, Investment Decisions, Company Value, and Basic Materials Companies.

INTRODUCTION

Companies in various industries strive to maintain and increase their corporate value in the era of globalization and increasingly fierce business competition. Factors such as fluctuations in commodity prices, changes in international trade policies, and geopolitical challenges have led to significant changes in the national and global economies in recent years. Companies across a wide range of industries are facing challenges to stay competitive and adapt to the changing business environment due to an increasingly integrated global economy. Indonesia's steady economic growth has encouraged the growth of new industries and investment in various industries, including basic raw materials.

A company's value is essential for stakeholders, including management, investors, and financial analysts, as it reflects a company's financial health and long-term growth prospects. The value of a company can be interpreted as a description of the state of a company, where there is a special assessment by potential investors of the company's financial performance (Amaliyah, F and Herwiyanti, E, 2020). There are several previous studies that relate the value of the company. Rokhayati *et al* (2021) correlate the value of a company with leverage. Susanti, A *et al* (2019) correlate company value with company size. Hamdani, M (2020) involving company value with dividend policy. Amelia *et al* (2022) aligns company values with company growth. Arofah S,N and Khomsiyah (2023) researched the value of companies with good corporate governance. By returning to its purpose, a high company value will show market confidence in the company's ability to create added value through effective operational performance. Therefore, it is very important for the company to maintain its value so that peace between shareholders and owners of the company is maintained.

The basic materials sector is very important for the Indonesian economy because it provides basic raw materials for various industries, such as manufacturing, construction, and infrastructure. With high growth potential and a large contribution to economic development, the basic materials industry has advantages. However, they also face problems, such as reliance on volatile global commodity prices and high environmental risks.

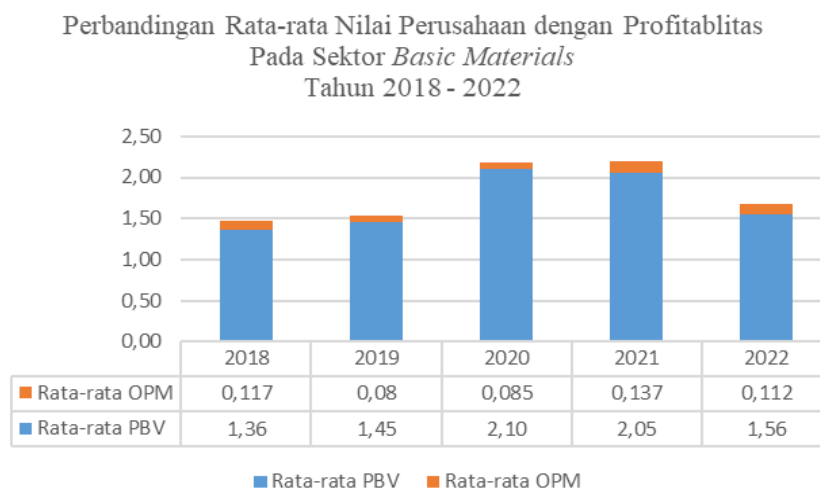


Figure 1. Comparison of Average Company Value with Basic Materials Sector Profitability 2018 - 2022.
Source. Data Processed, (2024)

Based on the data above, there is a phenomenon of fluctuations in the average profitability and company value which are proxied by Operating Profit Margin (OPM) and Price to Book Value (PBV), respectively. The beginning of this fluctuation was in 2018 – 2020, the profitability of 0.117 fell to 0.08 and then rose again by 0.085 with a difference of 0.005. Meanwhile, the company's value was in a normal state at 1.36, then increased for two years until it touched 2.1 at the end of 2020. However, over time, profitability had increased in 2021 which was 0.137 and then dropped back to 0.112 in 2022. Similar to profitability, the value of the company, which had previously risen again, fell in 2021 – 2022 from 2.05 to 1.56.

The phenomenon of the rise and fall of the company's value in the basic materials sector can be caused by many factors. As for the factors that affect the movement of the value of the company itself, one of them is profitability. In an economic theory called signalling theory, it is explained that high profits are a good signal that encourages investors to invest in the company. The high interest of investors in a company's shares causes an increase in stock prices (Levina, S and Dermawan, E. S, 2019). This is in line with research conducted by Sastrawan in Ayu and Suarjaya (2018) which states that profitability is considered very important to measure financial performance and determine company valuations. In addition, companies are required to be able to determine the right moment to invest so that the company's value remains stable. According to Stakeholder Theory, companies can increase their value by adjusting their operations to avoid stakeholder conflicts (Saputra, D *et al*, 2021). In accordance with research conducted by Astiti *et al* (2021) said that the value of a finance formed by the stock market value is greatly affected by an investment opportunity.

The existence of the phenomenon of fluctuations above illustrates the need for further research, previous studies were found that explained differences in results related to the influence of profitability on company value. Research conducted by Lutfita & Takarini (2021) which explains that companies with high levels of profitability indicate that the company has good prospects, Anggasta, G and Suhendah, R (2020) said that the company's ability to generate profitability gives confidence to make investments that have an impact on the company's value. Ningsih and Akhamdi (2022) argue that higher profitability indicates the better the company's performance realizes efficiency in its operations so that the company is considered to have profitable prospects.

However, some other previous research results say otherwise. Research conducted by Farizki *et al* (2021) states that companies cannot utilize their assets effectively and efficiently so that companies cannot obtain high profits which in increasing the value of a company. Yuniastri *et al* (2021) said the same thing that the rise and fall of profitability does not affect the value of the company. Muharramah and Hakim (2021) said that profitability has no effect on the value of the company.

The results of previous research that have the next difference are related to investment decisions that directly and indirectly affect the value of the company. As in the research conducted by Tambunan *et al* (2019), it is argued that companies that make investments for good operational purposes will have an impact on the company's profit so that the company's value continues to increase. Astiti *et al* (2021) revealed that the decision to invest is very important because it will have an influence on the success of achieving a company's goals. Oktiwiati and Nurhayati (2021) also stated that the larger the investment invested by investors, the higher the level of trust of investors in the company.

There are differences in the results with the studies above, as explained in a study conducted by Arianti B,F and Yatinigrum, R (2022) stating that asset growth exceeds the optimal limit, so that companies feel burdened with the costs incurred. This can cause the company's profit to decrease, so the company's value also decreases. Komala *et al* (2021) in their research also stated that this investment decision has no effect because the composition of the company's asset growth according to stakeholders, in

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particular, does not endanger the company's condition so it is considered that it will not affect changes in the company's value. Putri and Puspitasari (2022) stated that the direct effect of investment decisions on the value of the company is shown by the results obtained from the investment activities themselves through the selection of projects or other policies.

Based on this phenomenon, this study will explore the influence of profitability on company value by using investment decisions as a moderation variable. This research was conducted on companies in the basic materials sector listed on the Indonesia Stock Exchange from 2018 to 2022.

To solve the above research problems, research questions are needed that help find answers, including:

1. Does Profitability have a significant effect on the Company's Value in the basic materials sector in the IDX for the 2018 – 2022 period?
2. Does the Investment Decision have a significant effect on the Company's Value in the basic materials sector business in the IDX for the period 2018 – 2022?
3. Can the Investment Decision strongly or weakly moderate the influence of Profitability on Company Value in companies in the basic materials sector in the IDX period 2018 – 2022?

Based on the formulation of the problem above, this study aims to develop a deeper understanding of the variables that affect business value in the basic materials industry by considering the relationship between profitability and the company's investment decisions.

LITERATURE REVIEW

Signalling Theory

Signal theory or signalling theory is an action taken by a company to show investors how management sees the company's prospects. These signals convey information about management's efforts to realize good corporate values (Brigham and Houston, in Sofiatin, D. A *et al*, 2020). More clearly, companies can use these actions as signals about the company's performance or quality to the capital market or other stakeholders. The research of Levina, S and Dermawan, E. S (2019), also explained that high profits are a good signal that encourages investors to invest in a company. The high interest of investors in a company's shares causes the stock price to rise. That way, the company through financial statements published every year will give signals to outside parties (investors).

Stakeholder Theory

According to stakeholder theory, it emphasizes that Stakeholder theory argues that a company can increase value by adjusting its operational performance to avoid conflicts between stakeholders. (Saputra, D *et al*, 2021). Later, the company through management tries to find the best time to determine the decision to invest. Management has better information about the intrinsic value of a company than investors or external parties, and managers will use this knowledge to make decisions that benefit the company for long-term as well as short-term sustainability. By optimizing especially for investment decisions, it can maximize the company's value as well as the welfare of stakeholders. (Bahrun M, F *et al*, 2020).

Firm Value

Company value or firm value is a value that describes the price purchased by investors from a company (Brigham and Houston, in Sofiatin, D. A, 2020). Company value is also described as the performance of the company which is shown by the stock price formed due to the demand and supply in the capital market which is a reflection of the public's assessment of the company's performance. (Harmono in Nurhayati *et al*. 2021). According to Hasnawati in Arizki, A *et al* (2019) explained that the value of a company can also be mentioned as market value because the value of a company is able to provide maximum prosperity for shareholders if the stock price continues to increase. In other words, the value of the company, also called the sum of the total wealth of the company, consists of its assets, own capital, and debts. This value indicates how valuable the company is in the market or how much value it can provide to shareholders and debtors if the company is sold or liquidated.

Profitability

Profitability is a measure of a business's profit potential (Kasmir, 2019). According to research by Aulia A, N, *et al* (2020). Profitability is the level of a company's ability to create profits. In the research, Prakoso and Akhmadi (2020) clarified that profitability is the ability of a company to generate profits and measure the level of operational efficiency it has. Thus, it can be concluded that the level of profitability shows how effective and efficient the company is in generating profits from its activities. The higher the profitability level, the better the company's value.

Investment Decisions

An Investment Decision is a commitment to invest a certain amount of funds in one or more assets owned in the hope of generating positive returns in the future. (Rajagukguk, L *et al*, 2019). According to Mardiyanto in Suardana I, K. (2020) Investment decisions are business decisions in addition to financial decisions that show how many current, fixed, and other assets a company has. According to Pirstina, F, E and Khariunnisa (2019) complete that an investment decision is a policy or decision to

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invest capital in one or more assets with the aim of obtaining profits in the future or to answer the question of how financial managers should divide funds into investments. advantage. So, if the above opinions are united, it can be concluded that the investment decision is an act to separate part of the company's funds for the benefit of the company for the long term because investment must be for long-term needs.

The Effect of Profitability on Company Value

Increasing profitability describes a company's good performance by aligning efficiency in its operational activities so that the company looks like it has profitable sustainability. (Ningsih and Akhmadi, 2022). This is also supported by research conducted by Lutfita & Takarini (2021) which says that companies with high levels of profitability indicate that the company has good prospects. Anggasta, G and Suhendah, R (2020) agreed by saying that good asset handling is one of the considerations for investors to buy company shares. Ramadhani F (2022) reinforces by saying that high profitability will encourage an increase in stock prices so that the company's performance will have a good impact on investors. Tiarsih *et al* (2022) also revealed the same thing, namely that the company will later provide positive signals or signs to investors to increase the company's value. Wibowo, M, A and Yuliana, I (2020) expressed their opinion that the greater the value of profitability, the better the management to be used as a profit for the company. Astakoni I, M, P, *et al* (2019) revealed that investors will give a high assessment if the stock is in a profitable state. Therefore, it can be concluded that high profitability indicates that the company is able to generate significant profits from its operational activities, which shows good performance and is attractive to investors, which can increase the demand for the company's shares, increase its value in the capital market Based on the above reference, it can be formulated that the hypothesis of this study is:

H1: Profitability has a significant positive effect on the Company's Value.

The Influence of Investment Decisions on Company Value

The decision to invest is very important because it will have an impact on the success in achieving a goal of the company. (Astuti *et al*, 2021). Research conducted by Tambunan *et al* (2019) argues that companies that invest for good operational purposes will have an impact on the company's profit so that the company's value continues to increase. Oktiwiati and Nurhayati (2021) also stated that the larger the investment invested by investors, the higher the level of trust of investors in the company. Kusaendri, D and Mispiananti (2022) revealed that the crowd of investors who invest in a company indicates the high profits that will be obtained by the company so that the company's value also participates in rising. Sari, A, R *et al* (2022) said that a high investment decision will have an impact on the company that the value of the company is considered healthy and good in the eyes of shareholders and investors. Somantri, I and Sukardi H, A, (2019) said that the most important policy in financial management is an investment decision, because it allocates assets and capital to generate profits in the future. Handayani U, N and Kurnianingsih, H (2021) also explained that companies will benefit if their management succeeds in making investment decisions. Therefore, the right and strategic investment decisions are key to improving financial performance as well as the overall value of the company. Based on the above reference, it can be formulated that the hypothesis of this study is:

H2: Investment decisions have a significant positive effect on the Company's Value.

The Role of Investment Decision Moderation on the Influence of Profitability on Company Value

Good investment decisions will increase productivity, make better use of resources, and reduce operational costs. As a result, operating income increased faster than expenses, which was directly related to the increase in operating income. Research conducted by Safira, L and Budiharjo, R (2021) corroborates by saying that market conditions with high stock market prices mean that investors should pay more because the company is expected to be able to grow higher in the future. Ginting, G (2019) also argues that a company's decision to invest is very important for the company's running both in increasing market share, revenue, and ultimately to increase the company's profits. Muthohharoh, N and Pertiwi, I, F, P (2021) revealed that companies invest in the hope of making profits in the future. Ghofir, A and Fullah, M, H (2022) also argue that by issuing shares to investors, it will facilitate operational activities so that it can support increased profitability. Nurmalasari, M, R *et al* (2023) straightened out his opinion that the investment decision chosen today will have an impact on the company's profits in the future so as to optimize the company's performance. Therefore, effective investment decisions not only improve a company's ability to generate revenue, but also improve its overall operational profitability. Based on the above reference, it can be formulated that the hypothesis of this study is:

H3: Investment Decisions are able to moderate by strengthening the influence of Profitability on Company Value.

Based on the results of previous research and literature review, the researcher made a research model, as follows:

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Data Analysis Methods

Furthermore, the data analysis method uses descriptive statistics and inferential statistics consisting of classical assumption tests, regression equations, and hypothesis tests, and *Moderated Regression Analysis* (MRA). The classical assumption test itself consists of several stages, namely there is a normality test, multicollinearity, heteroscedasticity, and autocorrelation. (Ghozali, 2016).

RESULTS AND DISCUSSION

Based on the results of the statistical tests that have been carried out, table 2 explains the tables of descriptive statistics for *Price to Book Value* (PBV), *Operating Profit Margin* (OPM), and *Price Earning Ratio* (PER).

Table 2. Descriptive Statistical Result

	N	Minimum	Maximum	Mean	Std. Deviation
PBV	50	,32	7,82	1,7043	1,37964
OPM	50	-,23	,42	,1055	,11865
PER	50	-67,27	182,55	26,1641	39,21065
Valid N (listwise)	50				

Source. Data Processed, SPSS (2024)

Of the 50 observations data used in the study, PBV has a minimum value of 0.32 times and a maximum value of 7.82 times with a mean value of 1.7043 times, while the standard deviation is 1.7043 times. OPM has a minimum value of -0.23 and a maximum value of 0.42 with an average value of 0.1055, while the standard deviation value is 0.119. Meanwhile, PER has a minimum value of -67.27 and a maximum value of 182.55 with a mean value of 26.1641, while the standard deviation value is 39.21065.

Classical Assumption Test

Next, the researcher conducted a classical assumption test starting from the normality test. Based on the results of the normality test using *plotting* and the Kolmogorov-Smirnov test, the results are obtained as shown in graph 3 about *plotting* and table 3 of the Kolmogorov-Smirnov test results.

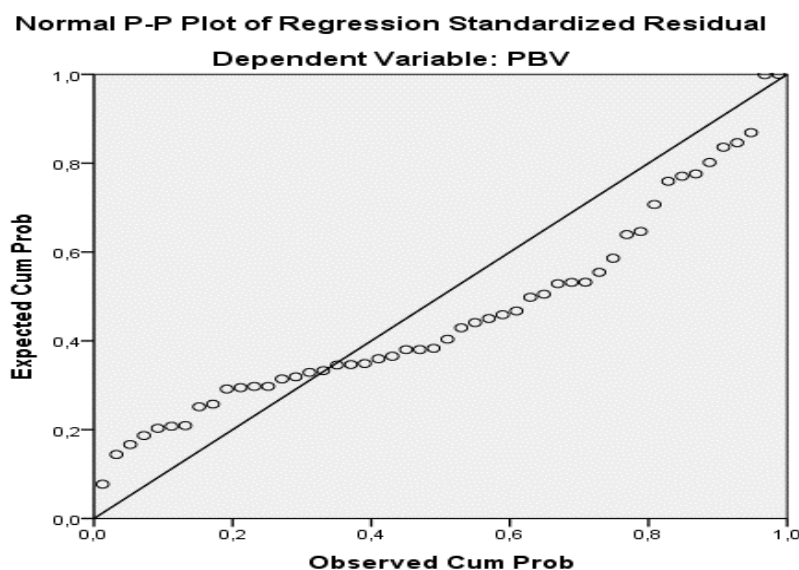


Figure 3. Normality Plot Test
Source. Data Processed, SPSS (2024)

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Table. 3 Kolmogorov-Smirnof Test

		Unstandardized Residual
N		50
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	,55658849
Most Extreme Differences	Absolute	,078
	Positive	,078
	Negative	-,064
Test Statistic		,078
Asymp. Sig. (2-tailed)		,200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Source. Data Processed, SPSS (2024)

Based on the plotting data and the results of the normality test with the Kolmogorov Smirnov test using SPSS, a significant value (asymptotic significance, 2-tailed) was obtained of 0.200. Data that is declared to pass the Kolmogorov Smirnov test if it has a significant value of asymptotic significance, 2-tailed greater than 0.05 (Ghozali, 2016). Thus the data has been declared as normally distributed data where $0.200 > 0.05$.

After the normality test, a multicollinearity test is carried out. Table 4 explains the results of the multicollinearity test based on the magnitude of *Tolerance* and VIF.

Table. 4 Multicollinearity Test Results

		Collinearity Statistics	
Type		Tolerance	VIF
1	(Constant)		
	OPM	1,000	1,000

Source. Data Processed, SPSS (2024)

The model is declared free of multicollinearity if it has a Tolerance value of ≥ 0.1 or equal to a VIF value of ≤ 10 (Ghozali, 2016). The results of the calculation of the values in the table above show that all independent and moderation variables have a Tolerance value above 0.1 ($1 \geq 0.1$) and a VIF value below 10 ($1 \leq 10$). Therefore, it can be concluded that there is no multicollinearity in the relationship between OPM and PER variables in the regression model.

If it escapes the symptoms of multicollinearity, it will then pass the heteroscedasticity test. Table 5 will show the results of the heteroscedasticity test based on the Chi-Square Count being smaller than the Chi-Square Table.

Table. 5 Heteroscedasticity Test Results

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,570A	,325	,311	1,14540

Source. Data Processed, SPSS (2024)

Based on the table above, the results show that the heteroscedasticity test shows an R² value of 0.325 with the number of n observations of 50, then the magnitude of the C₂ value of the calculation is: $C_2 \text{ count} = n \times R^2$, $C_2 \text{ count} = 50 \times 0.325 = 16.25$, $C_2 \text{ table df} = 50 - 3 = 47$ is 64.001112. On the basis of the white test, which assumes that if C₂ counts smaller ($<$) than C₂ tables, then no symptoms of heteroscedasticity occur. Looking at the results, the calculated C₂ value is smaller than the C₂ value of the table ($16.25 < 64.001112$). Therefore, it can be concluded that there are no symptoms of heteroscedasticity in this regression model.

The last classical assumption test is the autocorrelation test, where table 6 will describe the results of the autocorrelation test using the white test as a basis.

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Table 6 Autocorrelation Test Results

Type	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	,075	,102		,731	,468
OPM	-,636	,660	-,136	-,963	,340
RES_2	,431	,141	,432	3,062	,004

Source. Data Processed, SPSS (2024)

Based on the requirements of the autocorrelation test, to see whether the autocorrelation results occur or not, the significance value $RES_2 \leq 0.05$, from the table data it is known that the significance value of RES_2 is 0.004, so in this study, it shows that the regression model does not have autocorrelation.

Regression Equation

The researcher will then analyze the regression equation of the interactions between variables in tables 7, 8, and 9 in sequence which will later produce a multiple regression equation.

Table 7. Table of OPM Interactions with PBV

Type	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	1,005	,218		4,618	,000
OPM	6,627	1,379	,570	4,805	,000

a. Dependent Variable: PBV

Source. Data Processed, SPSS (2024)

Table 8. Table of Interaction of OPM and PER with PBV

Type	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	,713	,169		4,217	,000
OPM	4,242	1,097	,365	3,866	,000
PER	,021	,003	,591	6,261	,000

a. Dependent Variable: PBV

Source. Data Processed, SPSS (2024)

Table 9. The PER Role Table moderates the influence of OPM on PBV

Type	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	,950	,118		8,066	,000
OPM	1,219	,837	,105	1,455	,152
PER	,001	,003	,030	,304	,762
OPM_PER	,138	,018	,830	7,619	,000

a. Dependent Variable: PBV

Source. Data Processed, SPSS (2024)

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Based on output tables 1, 2, and 3 as presented above, the regression equation is produced as follows.

$$PBV = 1,005 + 6,627 (OPM) + \varepsilon \dots\dots\dots (1)$$

$$PBV = 0.713 + 4,242(OPM) + 0,021(PER) + \varepsilon \dots\dots\dots (2)$$

$$PBV = 0.950 + 1.219(OPM) + 0.001 (PER) + 0.138 (OPM*PER) + \varepsilon \dots\dots\dots (3)$$

Hypothesis Test

After obtaining the multiple regression equation, the next step is to test the hypothesis as already mentioned in the introduction. The results of the significance hypothesis test are partially seen in table 10, table 11, table 12.

Table 10. Test of the Significance of OPM to PBV

Type	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	1,005	,218		4,618	,000
OPM	6,627	1,379	,570	4,805	,000

a. Dependent Variable: PBV

Source. Data Processed, SPSS (2024)

Table 11. Test of the Significance of PER to PBV

Type	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	1,044	,166		6,303	,000
PER	,025	,004	,717	7,136	,000

a. Dependent Variable: PBV

Source. Data Processed, SPSS (2024)

Table 12. Significance Test of PER Moderation on the Relationship between OPM and PBV

Type	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	,950	,118		8,066	,000
OPM	1,219	,837	,105	1,455	,152
PER	,001	,003	,030	,304	,762
OPM_PER	,138	,018	,830	7,619	,000

a. Dependent Variable: PBV

Source. Data Processed, SPSS (2024)

When viewed from the proportional significance test table above, it can be seen that the significance of each variable starting from OPM to PBV, PER to PBV and PER Moderation to the relationship between OPM and PBV, is below 0.05 so that it is in accordance with the alpha of the study. So it can be concluded that H1, H2, and H3 are accepted.

The Effect of Profitability (OPM) on Company Value (PBV)

The first hypothesis in this study is the effect of Profitability (OPM) on Company Value (PBV) which the results show a significance value of $0.000 < 0.05$. So that the OPM variable was declared to have a positive and significant effect on the PBV variable. Therefore, hypothesis 1 is accepted. High profitability indicates that the company is able to generate significant profits from its operational activities, which indicates good performance and is attractive to investors, which can increase the demand for the company's shares, increase its value in the capital market. This trust arises because of an increase in stock prices, thereby increasing the value of the company. Signal theory says the same thing, that high profits are a good signal that encourages investors to invest in the company. The high interest of investors in a company's shares causes an increase in stock prices (Levina, S and Dermawan, E. S, 2019).

This is also in accordance with previous research which said that increasing profitability describes a good company performance by aligning efficiency in its operational activities so that the company looks like it has profitable sustainability. (Ningsih and Akhmadi, 2022). Then research conducted by Lutfita & Takarini (2021) states that companies with high levels of

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profitability indicate that the company has good prospects in the future. Anggasta, G and Suhendah, R (2020) agreed by saying that good asset handling is one of the considerations for investors to buy company shares. Ramadhani F (2022) reinforces by saying that high profitability will encourage an increase in stock prices so that the company's performance will have a good impact on investors. Tiarsih *et al* (2022) also revealed the same thing, namely that the company will later provide positive signals or signs to investors to increase the company's value. Wibowo, M, A and Yuliana, I (2020) expressed their opinion that the greater the value of profitability, the better the management to be used as a profit for the company. Astakoni I, M, P, *et al* (2019) revealed that investors will give a high assessment if the stock is in a profitable state. Then it can be concluded that high profitability indicates that the company is able to generate significant profits from its operational activities, which indicates good performance and is attractive to investors, which can increase the demand for the company's shares, increase its value in the capital market

The Effect of Investment Decisions (PER) on Company Value (PBV)

The second hypothesis in this study is the influence of Investment Decision (PER) on Company Value (PBV) which the results show a t-calculated value of 6.261 and a significance value of $0.000 < 0.05$. So that the investment decision variable (PER) is stated to have a positive and significant effect on the company value variable (PBV). Therefore, hypothesis 2 is accepted. By looking at how the high PER value indicates that investor confidence in the company is also high. Stakeholder theory conveys conformity with this influence, revealing that companies can increase their value by adjusting their operations to avoid stakeholder conflicts (Saputra, D *et al*, 2021).

The decision to invest is very important because it will have an impact on the success in achieving a goal of the company. (Astiti *et al*, 2021). Research conducted by Tambunan *et al* (2019) argues that companies that invest for good operational purposes will have an impact on the company's profit so that the company's value continues to increase. Oktiwiati and Nurhayati (2021) also stated that the larger the investment invested by investors, the higher the level of trust of investors in the company. Kusaendri, D and Mispiyanti (2022) revealed that the crowd of investors who invest in a company indicates the high profits that will be obtained by the company so that the company's value also participates in rising. Sari, A, R *et al* (2022) said that a high investment decision will have an impact on the company that the value of the company is considered healthy and good in the eyes of shareholders and investors. Somantri, I and Sukardi H, A, (2019) said that the most important policy in financial management is an investment decision, because it allocates assets and capital to generate profits in the future. Handayani U, N and Kurnianingsih, H (2021) also explained that companies will benefit if their management succeeds in making investment decisions. Therefore, the right and strategic investment decisions are key to improving financial performance as well as the overall value of the company.

The Role of Investment Decision Moderation (PER) on the Influence of Profitability (OPM) on Company Value (PBV)

The third hypothesis in this study is the role of investment decisions (PER) as a moderation variable on the influence of Profitability (OPM) on Company Value (PBV) which the results show a t-calculated value of 7.619 and a significance value of $0.000 < 0.05$. So that PER can be said to be a moderation variable and also a *Quasi Moderator* type which means it is able to moderate the relationship between independent variables and dependent variables, and is also able to interact as an independent variable. Wise and timely investment decisions can increase the positive impact of profitability on a company's value. A high PER ratio in a company indicates that the market has high expectations for the company's future revenue growth. Therefore, high profitability will become even more important in driving shareholder value, as investors view the combination of strong business results and promising growth prospects as an indication of the company's health and potential expansion.

The researcher tried to find the relationship between this moderation variable and the independent variable to improve its moderation role that could not be obtained from the gap research in the background. As in the research conducted by Safira, L and Budiharjo, R (2021) corroborates by saying that the market situation with high stock market prices means that investors have to pay more because the company is expected to be able to grow higher in the future. Ginting, G (2019) also argues that a company's decision to invest is very important for the company's running both in increasing market share, revenue, and ultimately to increase the company's profits. Muthohharoh, N and Pertiwi, I, F, P (2021) revealed that companies invest in the hope of making profits in the future. Ghofir, A and Fullah, M, H (2022) also argue that by issuing shares to investors, it will facilitate operational activities so that it can support increased profitability. Nurmalasari, M, R *et al* (2023) straightened out his opinion that the investment decision chosen today will have an impact on the company's profits in the future so as to optimize the company's performance. Therefore, effective investment decisions not only improve a company's ability to generate revenue, but also improve its overall operational profitability.

CONCLUSION

Based on the results of research and discussion that have been researched with these three hypotheses using regression test analysis, it can be concluded that profitability (OPM) has a significant positive effect on company value (PBV) in companies in *the basic materials* sector in the IDX period 2018 – 2022. Investment decisions (PER) have a significant positive effect on company value (PBV) in companies in *the basic materials* sector in the IDX period 2018 – 2022. Investment decisions (PER) are

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able to moderate the influence of profitability (OPM) on company value (PBV) in companies in the basic materials sector in the IDX period 2018 – 2022.

The results of this study cannot be generalized due to the limitations of variables and company sectors. Further research should multiply other variables that are not included in this study, such as dividend policy, capital structure, funding decisions, *leverage*, and many others. Furthermore, add other sectors in the IDX for further research, so that the limitations of this research can be covered by the existing novelty.

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