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RESEARCH ARTICLE OPEN ACCESS

THE ROLE OF PROFITABILITY AS AN INTERVENING VARIABLE ON ANALYSIS IMPACT OF DEBT POLICY, COMPANY GROWTH ON FIRM VALUE OF PROPERTY AND REAL ESTATE LISTED IN INDONESIA STOCK EXCHANGE

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Abstract:

This study aims to analyze the impact of debt to equity ratio, asset growth on price book value with return on assets as a mediator in 34 property and real estate companies in the 2014-2017 period on the Indonesia Stock Exchange. This research method uses path analysis. The results showed that the debt to equity ratio and asset growth did not have a significant effect on the profitability of the company. While the debt to equity ratio and return on assets have a positive and significant effect on firm value meanwhile the growth of the company does not have a significant effect on firm value.

Furthermore, return on assets does not mediate the relationship between debt to equity ratio and price book value while return on assets mediates the relationship between asset growth and price book value. The results of this study are expected to be used by companies to determine a more optimal capital structure. This research is only limited to property and real estate companies, for which further research is expected to expand the observation period and the variables studied.

Keywords : ***debt to equity ratio, asset growth,price book value, return on asset, path analysis***

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INTRODUCTION

The purpose of establishing a company is not only to achieve maximum profits but also to improve the welfare of the company's shareholders. The firm value is very important because the high value of the firm will be followed by the high prosperity of shareholders (Brigham Gapensi, 1996). According to Fama in Noerirawan and Muid (2012) the value of the firm can be seen from the price of its shares. The value of the company is projected by the price of the stock which means that with the increase in stock prices, the value of the firm increases. Even though the company has other objectives, maximizing stock prices is the most important goal (Brigham and Houston, 2011). firm value can be determined by several factors, namely asset growth, profitability, and investment decisions (Kusumaningrum and Rahardjo, 2013). To measure the value of the company can use the PER ratio, Tobin's Q and PBV. PBV (Price Book to Value) is a ratio that measures the value of a company by dividing price per share by book value per share.

To achieve maximum profit the company must run the company effectively and efficiently. In order to avoid unnecessary waste of resources and expenses, the financial management is necessary. To measure the level of effectiveness of financial management we can use profitability ratios. Profitability ratio is a ratio to assess a company's ability to seek profits (Kasmir, 2014). Brigham and Houston (2011) also state that profitability is a net result of a series of policies

and decisions in a company. By looking at the data in profitability ratios we can find improvements in financial performance or setbacks. One of the profitability ratios that are often used to measure company performance is return on assets (ROA) which is calculated by comparing the rate of return on total assets.

The value of the company's debt has huge impact on the value of the firm. Firm value is determined by capital structure (Brigham and Houston, 2011). Martono and Harjito (2010) Capital structure is a comparison or balance of long-term funding of the company indicated by the comparison of long-term debt to own capital. Traditional approaches argue that there is an optimal capital structure. This means that the Capital Structure has an influence on Firm Value, where the Capital Structure can change so that optimal firm value can be obtained. Capital structure policy involves an exchange between risk and return. Higher risks tend to reduce stock prices, but expectations of higher returns will raise them. Therefore, the optimal capital structure must achieve a balance between risk and return so as to maximize the company's stock price.

Company growth is a change in annual assets from total assets (Brigham and Houston, 2011). This can be proven through a growing company that can be seen from the increase in assets to increase the size of the company. Growth is expressed as the growth of total assets where the growth of past assets will reflect future profitability and future growth (Taswan, 2003). So the conclusion that the company's growth is a change (decrease or increase) in total assets owned by the company. The company's growth includes the growth of assets, profits and sales. The higher the company's growth, the better it will be for the company, continuing to grow is one of the company's goals.

The Property and Real Estate Sector is one of the economic backers of a country. The property sector is one sector that is able to absorb large numbers of workers and has a multiplier effect in other sectors. As an illustration, build a building requires a lot of labor, cement, stone, sand, paint and others. This shows that growth in the industrial sector will affect growth in other sectors. In addition, the property and real estate sector contributes to regional income through taxes, namely land and building tax (PBB), Land Tax, and Value Added Tax (PPn).

Before making an investment decision, investors gather as much information as possible about the company as a reference for making investment decisions. Information about the health of a company can be seen from the company's financial statements. According to Tandelilin (2010) the investment decisions are based on return, risk, and time factor. Based on the description above, the researchers intend to examine the influence of debt policy and company growth on the value of property companies and real estate with profitability as an intervening variable.

LITERATURE REVIEW

Signalling Theory

Ross (1977) in Hanafi (2014) developed a model in which the capital structure (use of debt) is a signal conveyed by managers to the market. If the manager has confidence that the company's prospects are good, and therefore wants the stock price to increase, he wants to communicate this to investors. One of the simplest ways is to say directly that the company has good prospects. Of course investors will not believe that. Therefore, managers want to provide a signal that is more credible. Managers can use more debt, as a more credible signal.

Trade off Theory

According to the trade off theory proposed by Myers (2001) that the company will owe up to a certain level of debt, where the tax savings (tax shields) from additional debt equals the cost of financial difficulties (financial distress) ". The cost of financial difficulties (financial distress) is bankruptcy costs (bankrupty costs) or reorganization, and agency costs (agency costs) are increased due to a decrease in the credibility of a company. Trade off theory in determining the optimal capital structure includes several factors including tax, agency cost and financial distress, but still maintains the assumption of market efficiency and symmetric information as a balance and benefit of using debt. The optimal debt level is achieved when tax shields reach the maximum amount of the cost of financial distress.

Firm Value

Company value is the perception of investors towards the company which is reflected in the company's stock price. The purpose of financial management is to maximize the value of the company. If the company runs smoothly, the value of the company's shares will increase, while the value of the company's debt (bonds) is not affected at all (Mas'ud in Sabrin et al, 2016). The value of the company is very important because the high value of the company will be followed by the high prosperity of shareholders. The higher the stock price the higher the value of the company. High company value is the desire of the owners of the company, because with high value shows the prosperity of shareholders is also high. The wealth of shareholders and companies is presented by the market price of shares which is a reflection of investment decisions, funding (financing), and asset management (Bringham Gapensi, 1996).

This study uses price to book value as an indicator to measure company value by considering the ratio of price to book value is widely used in investment decisions.

Profitability

Profitability is the ability of a company to earn profits in relation to sales, total assets and own capital (Sartono, 2010). Definition of profitability according to Munawir (2004) is the company's ability to generate profits in a certain period of time. According to Hanafi and Halim (2009), profitability ratios can be measured using these ratios return on assets, return on equity, earnings per share, and profit margin.

There are several indicators of profitability. In this study, profitability is proxied by using return on assets that compares net income to total company assets. The reason for choosing return on assets as a proxy is because it shows the efficiency measures of the most relevant operations in the property and real estate sector.

Debt Policy

Debt policy is an external funding company policy. Debt policy describes the long-term debt held by the company to finance the company's operations. Determination of debt policy is related to capital structure because debt is one of the compositions in the capital structure. Companies are considered at risk if they have a large portion of debt on the capital structure, but if the company uses a small or no debt, the company is considered unable to utilize additional external capital that can improve the company's operations (Mamduh, 2004).

Debt policy is often measured using the Debt Equity Ratio (DER), which is a comparison between total long-term debt and equity. The lower the DER, the lower the level of debt the company uses and the ability to repay debt is higher. Likewise vice versa the higher the DER the higher the debt used and the higher the risk the company has. This policy creates conflict and agency costs, because with debt, the company will make periodic payments of interest and loan loans. Debt policy will have a disciplinary effect for managers to optimize the use of available funds. Debt policy functions as monitoring or controlling the manager's actions taken in the management of the company.

Firm Growth

The company's growth rate (Growth) is a change (decrease or increase) in total assets owned by the company. Firm Growth is expressed as the growth of total assets where the growth of past assets will describe future profitability and future growth (Taswan, 2003).

The company's growth is the company's ability to increase the size of the company. Growth is how far the company places itself in the overall economic system or economic system for the same industry (Machfoedz, 2007).

Development of Hypotheses

Relationship of Debt to Equity Ratio (DER) to Return on Assets (ROA)

Debt to Equity Ratio (DER) is a ratio that compares the total long-term debt with own capital. Brigham and Joel (2006) companies that use debt to finance part of a company's assets will have higher profitability than companies that only use investor capital when the company's business conditions are good. In addition, financing from debt will lead to interest costs that can reduce tax costs because the cost of debt will be deducted in pre-tax profit. With reduced tax costs can increase the profitability of the company. Piao et al (2017) research, Andawasatya et al (2017) shows that debt policy has a positive and significant effect on profitability.

H_1 : Debt to Equity Ratio (DER) has a positive effect on Firm Value

Total assets growth relationship with Return on Assets (ROA)

Total assets growth is a change in the ratio of total assets of a company that shows an increase or decrease in the level of a company's assets. Growth is expressed as the growth of total assets where the growth of past assets will reflect future profitability and future growth (Taswan, 2003). The research conducted by Piao et al (2017) and Kouser et al (2012) shows that company growth has a positive and significant influence on profitability.

H_2 : Total assets growth has a positive effect on Company Value through Return On Assets (ROA)

Relationship of Debt to Equity Ratio (DER) to Firm Value.

Debt to Equity Ratio (DER) is a ratio that measures the extent to which a company is financed by debt. The greater the DER, the smaller the profit will be distributed to shareholders, so that it can reduce the share price in question. The lower the level of DER, the more likely the value of the company will be and the company will gain the trust of investors (Husnan, 2005). So the conclusion is the use of debt will increase the value of the company but only to a certain point. Nasrum Research (2013), Masidonda (2013) shows that Debt to Equity Ratio (DER) has a positive influence on firm value.

H_3 : Debt to Equity Ratio (DER) has a positive effect on Company Value

Relationship of Total Assets Growth to Company Value

Company growth is one of the determinants of investment decisions. Growing companies need large funds and tend to use retained earnings rather than distributing dividends to investors. The greater the use of retained earnings, the smaller dividends are distributed. Sriwardany (2006) found that company growth has a direct and positive influence on changes in stock prices. This means that information about the company's growth is responded positively by investors, so that it will increase stock prices. This stock price will later affect the value of the company. The AlGhusin (2015), Liow (2010) study shows that the growth of the company has a positive influence on firm value.

H_4 : Total assets growth has a positive effect on Company Value

Relationship of Return On Assets (ROA) to Firm Value

Return on Assets (ROA) is a ratio that compares the net profit after tax to total assets. This ratio is used to measure how efficient a company is in managing its assets to generate profits during a period. Companies that are able to generate higher profits show that the company's performance is getting better, so that it can produce good responses from investors which have an impact on increasing the stock price of a company (Purnama and Abundanti, 2014). Sucuahi and Cambarihan (2016) research, Sabrin et al (2016) show that return on assets has a positive influence on firm value.

H_5 : ***Return On Assets (ROA) has a positive effect on Company Value***

RESEARCH METHODS

Scope and Object of Research

This study intends to analyze the factors that influence company value. Debt to Equity Ratio and Asset Growth to Price Book to Value with Return on Asset as an intervening variable. And the object of this research is the Property and Real Estate companies listed on the Indonesia Stock Exchange for the period 2014-2017.

Data

The type of data used in this study is secondary data. The data is in the form of annual reports that are downloaded at www.idx.co.id, BEI (Indonesia Stock Exchange).

Population and Samples

The population of this study are all property and real estate companies listed on the Indonesia Stock Exchange in the 2014-2017 period. This period was chosen because it illustrates the latest conditions of the Indonesian economy. Because it will only examine a portion of the population, a portion of the population to be studied is called a sample. The sampling technique in this study used a purposive sampling technique that is a technique where the data source has certain criteria.

Variables and Definitions

Dependent Variable

Firm Value (Z)

Indicator of company value using Price Book to Value, which is the ratio of market prices and

book value of shares. To calculate it can use a formula

$$\frac{Price\ per\ S\square are}{Book\ Value\ Per\ S\square are}$$

(Kasmir, 2013)

Independent Variables

Debt Policy (X_1)

The indicator of debt policy in this study is the debt to equity ratio, which is the ratio of current debt and total equity. To calculate it can use a formula

$$\frac{Current\ liabilities}{Total\ Equity}$$

(Kasmir, 2013)

Company Growth(X_2)

The indicator of company growth in this study is total asset growth, the decrease or increase in total assets owned by the company. To calculate it can use a formula

Descriptive Statistis

	N	Min	Max	Mean	Std. Deviation
PBV (Z)	132	.10	8.07	1.3352	1.35576
DER (X1)	132	.03	2.02	.7011	.47820
Growth (X2)	132	-8.15	420.30	14.0292	41.36706
ROA (Y)	132	-5.31	19.59	4.5733	5.37089
Valid N (listwise)	132				

$$\frac{Total\ Asset\ (t) - Total\ Asset\ (t-1)}{Total\ Asset\ (t-1)}$$

(Kasmir, 2013)

Variabel Intervening

Profitability (Y)

The profitability value in this study is projected to use return on assets, namely the ratio of the ratio between net income after tax and total equity. To calculate it can use a formula

$$\frac{EAT}{Total\ Aset}$$

(Kasmir, 2013)

ANALYSIS METHOD

The data analysis method used in this study is path analysis. Path analysis is an extension of multiple linear regression analysis, or path analysis is an expansion of regression analysis to estimate the relationship between quality variables that have been previously determined based on theory (Ghazali, 2011).

Path analysis is used to analyze the pattern of relationships between variables in order to determine the direct and indirect effects of the independent variables on the dependent variable while allowing testing of intervening variables (Sarwono, 2007).

Based on the data analysis method selected in the study is path analysis, the regression model used in this study is as follows

Substructure Equation 1:

ROA = βYDER + βYAG + ε□

Substructure Equation 2:

PBV = βZDER + βZAG + βZROA + ε_2

Where :

DER = *Debt to Equity Ratio*
AG = *Total Assets Growth*
ROA = *Return On Asset*
PBV = *Price Book to Value*
ε = Residual *error*

ANALYSIS RESULTS
Descriptive Analysis
Table1
Results of Statistical Descriptive Analysis
Source:Author

From the table above it can be seen the statistical description of the variables used in this study. For PBV variables the number of data is 132, minimum value is 0.10, maximum value is 8.07, average is 1.3352, and standard deviation is 1.35576. For the DER variable the number of data is 132, the minimum value is 0.03, the maximum value is 2.02, the average is 0.7011, and the standard deviation is 0.47820. For the Growth variable the number of data is 132, the minimum value is -8.15, the maximum value is 420.30, the average is 14.0292, and the standard deviation is 41.36706. And for the ROA variable the number of data is 132, the minimum value is -5.31, the maximum value is 19.59, the average is 4.5733, and the standard deviation is 5,37089.

Hypothesis Test Results

t-test

This test is used to determine whether the independent variables partially influence the dependent variable or not. The results of the t test obtained are presented as follows:

Table2
Bootstrap coefficient test results on Regression Equation

a. DER partially has no effect on ROA on Property and Real Estate companies listed on the Indonesia Stock Exchange. This is because the significance value is more than 0.05 (0.612> 0.05), so Ho is accepted.
b. Growth partially has no effect on ROA on Property and Real Estate companies listed on the Indonesia Stock Exchange. This is because the significance value is more than 0.05 (0.362> 0.05), so Ho is accepted.

Table3
Bootstrap coefficient test results on RegressionEquation 2

Bootstrap for Coefficients

Model	B	Bootstrap[a]				
		Bias	Std. Error	Sig. (2-tailed)	95% Confidence Interval	
					Lower	Upper
(Constant)	.299	-.002	.168	.082	-.037	.622
DER (X1)	.674	-.015	.242	.011	.172	1.159
Growth (X2)	-.004	.000	.007	.196	-.016	.020
ROA (Y)	.135	.001	.030	.001	.079	.195

a. Unless otherwise noted, bootstrap results are based on 1000 bootstrap samples

1. DER partially influences PBV on Property and Real Estate companies listed on the Indonesia Stock Exchange. This is because the significance value is less than 0.05 (0.011 <0.05), so Ho is rejected. Positive regression coefficient means that DER has a positive effect on PBV.
2. Growth partially has no effect on PBV on Property and Real Estate companies listed on the Indonesia Stock Exchange. This is because the significance value is more than 0.05 (0.196> 0.05), so Ho is accepted.

3. ROA partially affects PBV on Property and Real Estate companies listed on the Indonesia Stock Exchange. This is because the significance value is less than 0.05 (0.001 <0.05), so Ho is rejected. Positive regression coefficient means that ROA has a positive effect on PBV.

Tabl 4
Path Analysis Table Equation 1

Bootstrap for Coefficients

Model	B	Bootstrap[a]				
		Bias	Std. Error	Sig. (2-tailed)	95% Confidence Interval	
					Lower	Upper
(Constant)	4.454	-.220	.913	.001	2.430	6.073
DER (X1)	-.489	-.130	.967	.612	-2.418	1.263
Growth (X2)	.033	.034	.061	.362	.013	.235

a. Unless otherwise noted, bootstrap results are based on 1000 bootstrap samples

Path Analysis Equation 1:

$$\mathbf{Y = \rho\, x_1y.X_1 + \rho\, x_2y.X_2 + \varepsilon_1}$$
$$= -0{,}044X_1 + 0{,}254X_2$$

Path Analysis Equation2:

$$\mathbf{Z = \rho\, x1z.X1 + \rho\, x2z.X2 + \rho\, yz.Y + \varepsilon 2}$$
$$= 0{,}238X1 - 0{,}115X2 + 0{,}534Y$$

X_1 = *Debt to Equity Ratio*(DER)
X_2 = *Total Assets Growth*(AG)
Y = *Return On Asset* (ROA)
e = *Residual error*

Table5
Path Analysis Table Equation 2

Bootstrap for Coefficients

Model	B	Bootstrap[a]				
		Bias	Std. Error	Sig. (2-tailed)	95% Confidence Interval	
					Lower	Upper
(Constant)	.299	-.002	.168	.082	-.037	.622
DER (X1)	.674	-.015	.242	.011	.172	1.159
Growth (X2)	-.004	.000	.007	.196	-.016	.020
ROA (Y)	.135	.001	.030	.001	.079	.195

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.454	.834		5.343	.000
DER (X1)	-.489	.957	-.044	-.511	.610
Growth (X2)	.033	.011	.254	2.980	.003

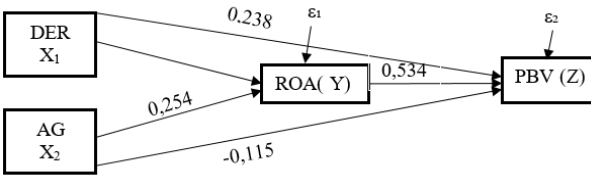

Figure 1 Path Analysis

1. Regression coefficient direct effect of X1 to Z is 0.238, regression coefficient indirect effect X1 to Z through Y is -0.044 x 0.534 = -0.023. And the total effect is 0.238 + (-0.023) = 0.215, it can be concluded that Y is not a mediating or intervening variable. It can be interpreted that the ROA variable does not mediate the influence between DER on PBV.
2. The regression coefficient of the direct effect of X2 to Z is -0.115, the regression coefficient of indirect influence X2 to Z through Y is 0.254 x 0.534 = 0.136. And the total effect is -0.115 + 0.136 = 0.021, it can be concluded that Y is a mediating or intervening variable. It can be interpreted that the ROA variable mediates the effect of Growth on PBV.

DISCUSSION

Debt to Equity Ratio on Return on Assets

Significant value of Debt to Equity ratio of 0.612> 0.05, it can be concluded that there is no effect of debt policy on profitability in the Property and real estate companies found on the Indonesia Stock Exchange. This means that the level of debt the company has does not have a significant effect on the profitability of the company. Increasing the amount of debt is not always accompanied by an increase in company profits.

Property and real estate companies rely heavily on external funding, where the DER ratio is 0.7025 meaning that 70% of the company's funding comes from outside parties. There is no influence of debt policy on company profits but there is a positive and significant relationship between short-term debt to company profits. This indicates that property and real estate companies use long-term debt in carrying out their activities. The higher the debt, the more interest the company must pay.

This finding is in line with previous research conducted by Salawu (2009) which shows that debt policy has no significant effect on profitability. The results of this study are not in line with the research conducted by Abeywardhana (2015), Wardhana (2011), Abor (2005) whose research shows that debt policy has a negative and significant effect on profitability. . Increasing debt does not guarantee an increase in company profits. But it will be better if the company uses more of its own capital than debt because it will reduce the interest burden paid and minimize the risk of bankruptcy.

Asset Growth on Return on Assets

The significance value of asset growth is (0.362> 0.05). This shows that the company's growth has no influence on profitability in the Property and Real Estate companies listed on the Indonesia Stock Exchange. This finding is different from the theory that the growth of past assets will illustrate future profitability and future growth (Taswan, 2003).

The difference in theory and results of this study is due to the characteristics of property and real estate companies that use debt to run company operations so that the profits obtained by the company are eroded by the interest the company must pay to the debtor.

The increase in total assets does not guarantee an increase in the profitability of the company. The most likely explanation is the market condition that has slowed due to the industry property cycle and government regulations that tightened sales with the regulation of LTV (loan to value) which will make the market increasingly sluggish.

The findings in the study are in line with previous research conducted by Delmar et al (2013), Pontoh and Ilat (2013) Fitzsimmons et al (2005), the results of his research show that the company's growth does not have a significant effect on profitability. Different results obtained in the study of Piao et al (2017) and Kouser et al (2012) which showed the growth of the company had a positive and significant effect on profitability.

Debt to Equity Ratio on Price Book Value

The significance value of the Debt to Equity ratio is (0.011 <0.05), this indicates that debt policy has a positive and significant influence on the value of the company in the Property and Real Estate companies listed on the Indonesia Stock Exchange. This is in line with the trade-off theory showing that the value of a company with debt will increase with increasing levels of debt. The use of debt will increase the value of the company but only to a certain point. After that point, the use of debt actually decreases the value of the company.

The use of excessive debt will cause investors to worry about the risk of bankruptcy resulting from the use of debt as a source of corporate funding. This is supported by the statement of Jensen and Meckling (1976) which states that the higher the company's debt equity ratio, the higher the company's risk. The higher the company's debt, the greater the likelihood of a condition where the company is unable to pay its obligations, so the risk of bankruptcy will be even greater. Therefore, companies must be careful in making funding decisions. In addition, the company can use retained earnings as an additional internal funding source. Issuance of new equity can be used as the last alternative because it can cause a decrease in the company's stock price.

This finding is in line with previous research conducted by Nasrum (2013), Masidonda (2013), showing that Debt to Equity Ratio (DER) has a positive influence on firm value, while research from Jusriani and Rahardjo (2013), Noerirawan and Muid (2012), Martikarini (2012), debt policy does not have a significant effect on firm value. Li-Ju Chen and Shun-Yu Chen (2011) the results of his research show that debt policy has a significant negative effect on firm value.

Total Assets Growth on Price Book Value

Significance value of total assets growth is (0.196> 0.05), This shows that the growth of the company has no influence on the value of the company projected with the Price Book Value. The results of this study are different from the theory which states that company growth has a direct and positive influence on changes in stock prices. This means that information about the company's growth is responded positively by investors, so that it will increase stock prices. This stock price will later affect the value of the company (Sriwardany, 2006).

Companies that experience asset growth will usually be followed by operational improvements that have an impact on increasing company profits. Investors will assume that companies that grow in terms of assets will have good prospects in the future. This will be captured by investors as a positive signal that will affect investors in making investment decisions which will affect the company's stock price.

This finding is in line with the research conducted by Sofyaningsih and Pancawati (2011), Ramezani et al (2001) which states that the growth of the company does not have a significant effect on firm value. Different results obtained in the study of Noerirawan and Muid (2012), Kusumajaya (2011) showed that company growth has a positive and significant influence on firm value, while Wardjono (2010), his research shows that firm growth has a significant negative effect on firm value.

Return On Assets (ROA) on Company Values

The significance value of Return on Asset is (0.001 <0.05) which means that the results show profitability has a positive and significant influence on the value of property and real estate companies listed on the Indonesia Stock Exchange. These findings are in line with the theory which states that companies that are able to generate higher profits indicate that the company's performance is getting better, so that it can produce good responses from investors which have an impact on increasing the company's stock price (Purnama and Abundanti, 2014).

One that influences investor investment decisions is the level of profits generated by the company. If the company is able to generate high profits, it will give an idea that the company is healthy and will attract the attention of investors to invest in the company. The more people who are interested in investing in the company, the higher the price of the company's shares will increase the value of the company.

The results of this study support the results of previous studies conducted by Sucuahi and Cambarihan (2016), Sabrin et al (2016), Chen and

Shun (2011), Hermuningsih (2013) while the results of the Herawati (2013) and Purwandari (2012) research show that profitability is not has a significant influence on the value of the company.

Debt to Equity Ratio to Price Book Value through Return on Assets as an intervening variable

The results of this study indicate that the Return on Assets variable does not mediate the relationship between Debt to Equity Ratio and Price Book Value on property and real estate companies listed on the Indonesia Stock Exchange. This can be seen from the direct effect of 0.238 greater than the indirect effect of -0.028.

The results of the first hypothesis test show that the debt to equity ratio does not have a significant effect on the profitability of the company and it is seen from the third hypothesis test that there is a positive and significant effect of debt to equity ratio on the value of the company.

This means that the increase in the amount of debt in the company's capital structure does not necessarily increase the profitability generated by the company but the increase in the amount of debt will increase the value of the company. The average debt ratio to total company assets reaches 0.7025, which means that 70% more corporate funding comes from debt and the rest uses internal company funding.

So profitability does not mediate the relationship between debt policy and company value in property and real estate companies because the direct influence is greater than the indirect effect.

Total Assets Growth on Price Book Value through Return on Assets as an intervening variable

The results of this study indicate the Return on Assets variable mediates the relationship between Total Assets Growth and Price Book Value on property and real estate companies listed on the Indonesia Stock Exchange. This can be seen from the direct effect of the direct effect of -0.115 smaller than the indirect effect of 0.136.

The results of the second hypothesis test show that Total Assets Growth does not have a significant effect on company profitability and judging from the fourth hypothesis test shows that Total Assets Growth does not have a significant effect on firm value.

This means that the increase in the total assets of property and real estate companies does not encourage an increase in company profitability, this is because the level of sales has decreased from year to year. Changes in the total assets of a company also do not affect the value of the company.

So profitability mediates the relationship between company growth and company value in property and real estate companies because the direct influence is smaller than the indirect effect.

Conclusions

Table 6 Conclusion of Research Results

Code	Hypothesis	Results
H_1	Debt policy has a positive effect on profitability	Rejected
H_2	The company's growth has a positive effect on profitability	Rejected
H_3	Debt policy has a positive effect on firm value	Accepted
H_4	The company's growth has a positive effect on firm value	Rejected
H_5	Profitability has a positive effect on firm value	Accepted

Limitation

1. This research is only limited to Property and Real Estate that are listed on the Indonesia Stock Exchange only, so the results of the study might be inaccurate if they are aimed at a wider population.
2. This study is only limited to the independent variable DER and Growth, considering there are still many other factors that also affect PBV.

Recommendation

1. For further research it can be on several sectors of the company on the IDX so that the research results will be more accurate and the population more broadly.
2. For further research you can use more independent variables, so the results of the study will be more valid.

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