Analysis of the Effect of Capital Structure, Profitability, and Liquidity, on the Value of Property and Real Estate Companies Listed on the Indonesia Stock Exchange (2019-2023)

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A B S T R A C T

The property and real estate sectors play an important role in supporting a country's economic growth. In Indonesia, this sector shows dynamic development and tends to fluctuate but continues to move forward. The 2019 to 2023 timeframe includes a number of significant events, including the COVID-19 pandemic that had a significant impact on various sectors, including property and real estate. This study aims to empirically examine the influence of capital structure, profitability, and liquidity on company value in issuers in the Property and Real Estate sector listed on the Indonesia Stock Exchange during the period. The method used in this study is a quantitative approach, with a population of 92 companies based on IDX Statistics 2023 data. The sampling technique was carried out purposively, resulting in 58 companies that met the criteria, and multiplied by the 5-year observation period, a total of 290 panel data observations were obtained. Data processing is carried out with the help of EViews software version 13. The results of the t-test showed that the variables of capital structure, profitability, and liquidity did not have a statistically significant influence on the company's value. Furthermore, the results of the F test also showed that simultaneously the three variables did not have a significant influence on the value of companies in the property and real estate sectors during the 2019-2023 period.

INTRODUCTION

The property and real estate sector has a strategic role in supporting national economic stability and growth. As one of the driving forces of the economy, this sector contributes to creating jobs, attracting investment, and contributing greatly to the increase in Gross Domestic Product (GDP). In Indonesia, this sector continues to experience active and dynamic development, although it is affected by various factors from economic conditions, both global and domestic, which also affect the performance of related companies. (Jaya, 2023) . Companies operating in this sector have specific characteristics, with high-value fixed assets and long operational cycles being the main features. Fundamentally, companies are established with the primary objective of achieving profit. (Zutter & Smart, 2019) . The achievement of this goal is determined by the company's performance which can later be used as a basis for decision making by internal and external parties.

Firm value is the actual amount per share of common stock that would be received if all of the company's assets were sold at their market value (Gitman et al., 2015) . Firm value is a crucial benchmark for investors and other interested parties in evaluating the performance and prospects of a company. Companies with high value are generally seen as more attractive because they reflect their ability to generate future profits and effective resource management (Brigham & Houston, 2019) . In the context of the capital market, the value of a company is usually reflected in the movement of its share price and the size of its market capitalisation. Understanding the various factors that influence the value of these aspects plays an important role in helping management set company policies and strategies (Rachman, 2016) . Firm value ratios such as *Price Book Value* (PBV) are ratios to measure the market value of a company's shares against its book value (Kasmir, 2015) .

Firm value and capital structure is a central topic in the field of corporate finance, capital structure which describes the composition of the company's funding between debt and equity, is one of the vital aspects considered in the assessment of firm value (Brigham & Houston, 2019) . Capital structure is a combination of long-term debt and ownership loans used to run and fund all the company's operational activities (Harjito & Martono, 2010) . Capital structure offers a different perspective on how a company's decision to choose between debt and equity as a source of funding can affect the value of the company itself. *Debt to Equity Ratio* (DER) as one of the capital structure ratios serves to measure the comparison between the company's total liabilities, both short and long term, with the amount of equity owned by shareholders (Kasmir, 2015) .

Profitability is a measure that reflects management's ability to optimise the use of the company's assets and capital to generate profits (Halim, 2007) . According to Belinda & Parameswari, (2024) , Companies that succeed in earning high profits from managing their resources reflect efficiency and strong competitiveness in the market, which in turn can increase investor confidence and encourage growth in company value. Profitability ratios such as *Return on Assets* (ROA) and *Return on Equity* (ROE) are generally used as a measuring tool to assess the company's financial performance in generating profits (Priatna, 2016) . Profitability reflects the company's ability to generate profits and is a measure of the effectiveness of management performance in managing business operations.

Liquidity reflects the capacity of a company to meet short-term obligations and ensure operational continuity runs smoothly (Brigham & Houston, 2019) . Liquidity measures a company's ability to meet its short-term financial obligations as they fall due. Cash is the most liquid asset, while assets such as trade receivables, inventory, or short-term investments have varying degrees of liquidity. A strong level of liquidity in a company indicates the ability to manage financial risks and deal with unexpected economic changes (Liow, 2021) . Liquidity ratios such as *Current Ratio* and *Quick Ratio* provide an overview of the company's ability to pay off its short-term debt with current assets owned (Masyita & Harahap, 2018) .

Although the topic of the impact of capital structure, profitability, and liquidity on firm value has been widely researched, the resulting findings often vary and are not always consistent, depending on industry differences, observation periods, and analytical methods used (Lane, 2009) . The uniqueness of the market and regulations that are specific to the Property and Real Estate sector in Indonesia have the potential to generate research results that are not similar to studies conducted in other sectors or regions.

The period 2019-2023 is a relevant time to analyse as it encompasses a number of significant economic events, including the COVID-19 pandemic which has had a wide-ranging impact on various sectors, including Property and Real Estate. During this period, changes in monetary policy, interest rate fluctuations, and property market dynamics are expected to affect the capital structure, profitability, and liquidity of companies, which in turn have an impact on the value of companies in the Property and Real Estate sector listed on the Indonesia Stock Exchange (Martony, 2023) .

This study aims to empirically examine the effect of capital structure, profitability, and liquidity on firm value in Property and Real Estate sector companies listed on the Indonesia Stock Exchange (IDX) during the 2019-2023 period. The results of this study are expected to contribute to an increased understanding of the factors that influence firm value in the industry, as well as provide practical implications for management and investors in setting appropriate policies and strategies.

The importance of this research is based on several crucial aspects that are interconnected.

1. Given the large contribution of the Property and Real Estate sector to the Indonesian economy, a deep understanding of the factors that influence firm value in this sector is essential to maintain stability and promote overall economic growth.
2. The unique characteristics of the property market, with its long-term assets and sensitivity to changes in macroeconomic conditions, require specialised analysis to identify the most significant determinants of firm value.
3. The period of 2019 to 2023 offers an interesting context due to the COVID-19 pandemic and economic recovery efforts, which are likely to have affected companies' capital structure, profitability and liquidity, as well as investors' views on firm value.

4. The results of this study are expected to be a useful empirical reference for company management in designing effective financial strategies to increase firm value, for investors in making more informed investment decisions, and for regulators in formulating policies that support the healthy and sustainable growth of the Property and Real Estate sector. Therefore, this study not only has an academic contribution in enriching the corporate finance literature, but also offers significant practical impact for all stakeholders in the Property and Real Estate ecosystem in Indonesia.

In addition to the various obstacles found in practice, there is also a void in previous research that addresses the relationship between Capital Structure, Firm Size, Firm Value, Institutional Ownership, and Profitability. However, in this study, the main focus is to analyse the relationship between Capital Structure, Profitability, and Liquidity with Firm Value. The study by Riki et al., (2022) , revealed that capital structure and profitability have a positive and significant impact on firm value. Conversely, liquidity is proven to have a negative and significant effect on firm value. While the study by Wulandari & Damayanti, (2022) , states that Capital Structure has no significant impact on Profitability or Firm Value. Similarly, a study by Indomo, (2019) , proves that capital structure, company growth, and liquidity significantly affect the level of company profitability. And the study by Amin et al., (2023) , states that the capital structure has no effect on profitability, the company size variable affects profitability. Similarly, the study by Pangesti et al., (2022) , states that capital structure and liquidity are proven to affect the level of profitability of the company.

Previous research has made an important contribution in understanding the determinants of firm value. However, a review of the research of Riki et al. (2022), Wulandari & Damayanti (2022), Indomo (2019), Amin et al. (2023), and Pangesti et al. (2022) identified several gaps that motivated this research. This research is designed to fill the gaps of previous studies by directly examining the effect of capital structure, profitability, and liquidity on firm value in the Property and Real Estate sector listed on the Indonesia Stock Exchange (IDX) during the 2019-2023 period. The concentration of attention on a particular sector, the selection of a time span covering the pandemic period, and the use of a different combination of independent variables from previous studies are expected to make a more in-depth and relevant contribution to the corporate finance literature.

This study is expected to make a meaningful contribution in explaining how capital structure, profitability, and liquidity affect the determination of firm value, especially in the context of the typical Property and Real Estate sector in Indonesia. With a focus on the period 2019-2023, this research will present an updated view on how economic conditions, including the effects of the COVID-19 pandemic, affect the correlation between these three fundamental corporate finance elements and value assessment by investors.

LITERATURE REVIEW

Grand Theory

Theories on capital structure, such as *trade-off theory* and *pecking order theory,* offer different perspectives on how funding decisions can impact firm value (Campbell & Kelly, 1994) . *Trade-off theory* states that firms will balance the tax advantages of using debt with the financial costs and risk of bankruptcy, while *pecking order theory* argues that firms prefer internal funding, followed by debt, and the last alternative is the issuance of new shares (Frank & Goyal, 2008) .

Theories regarding profitability, such as *Agency Theory* Profitability acts as a key metric to assess how well management or agents have fulfilled their duty to maximise the welfare of owners or principals through maximum profit creation (Jensen & Meckling, 2019) . Profitability is not simply the end result of business activity, but is a complex reflection of operational efficiency, effectiveness of management strategies, and optimisation of resource utilisation (Riswanto et al., 2024) .

John Maynard Keynes Liquidity Preference Theory by Minsky, (1976) This theory explains that investors prefer liquid assets because they can quickly respond to changes in financial or economic situations. According to Keynes (1973) , interest rates are determined by the balance between the demand for money influenced by liquidity preferences and the supply of money. Liquidity theory emphasises the

importance of maintaining sufficient cash and liquid assets so that companies can continue to operate and pay their short-term obligations. (Ismanto et al., 2020) . Good management needs to continue to monitor and manage liquidity optimally through working capital management, to ensure the company has the financial flexibility to survive and thrive (Sadoko & Haryadi, 1995) .

Firm Value

Firm value is an important long-term goal for business entities and serves as an indicator of the effectiveness of management. An increase in this value reflects greater profits for shareholders (Brigham & Houston, 2012) . In the capital market, the value of a company is generally reflected through stock prices, market capitalisation, and other market ratios. A sustainable increase in share price reflects positive company performance and favourable growth prospects, thus attracting investors' attention. Theoretically, optimising shareholder welfare is the main goal of the company, which is closely related to the process of increasing company value (Martini, 2023) .

Price to Book Value (PBV) *ratio is* how the market values the equity of a company when compared to its book value. A high PBV indicates that investors have positive expectations of the company's future growth and profitability, so they are willing to pay more than the value of the company's assets recorded in the books.

$$\boldsymbol{PBV = \frac{Harga\ Saham\ per\ Lembar}{Nilai\ Buku\ per\ Saham}}$$

Capital Structure

Capital structure refers to the proportion of a company's funding that comes from debt and equity. Decisions related to capital structure are crucial because they affect the cost of capital and the financial risk of the company (Ross et al., 2019). Various theories attempt to explain this relationship. The Modigliani-Miller theory initially argued that capital structure is irrelevant in perfect markets, but later recognised the tax benefits of using debt (Modigliani & Miller, 1958). *The Trade-Off Theory* states that firms attempt to balance the tax benefits of using debt and the risk of bankruptcy costs, in order to obtain the most efficient capital structure (Myers, 1984). On the other hand, the Pecking Order Theory explains that companies tend to prioritise financing from internal sources, then use debt, and make the issuance of new shares as the last alternative, which is influenced by the existence of information imbalances between management and investors (Myers & Majluf, 1984). Capital structure is generally measured using the ratio of debt to equity or total assets (Brigham & Houston, 2019).

The Debt to Equity Ratio (DER) ratio measures the ratio between the company's total debt, both short-term and long-term, and its total shareholders' equity (Sri Handini, 2020) . The high DER ratio indicates that the company has a large dependence on debt financing sources.

$$\boldsymbol{DER = \frac{Total\ Utang}{Total\ Ekuitas}}$$

Profitability

Profitability is a measure of a company's ability to generate profits from its operations, making it an important indicator of efficiency and competitiveness. Companies with high profitability intuitively have a positive correlation with firm value, because it shows bright future prospects and attracts investor interest (Brigham & Houston, 2012) .

Return on Assets (ROA) which measures the effectiveness of the company in using all of its assets to generate net income. (Brigham & Houston, 2012) . The greater ROA value indicates that the company is more efficient in utilising its assets to generate profits.

$$\boldsymbol{ROA = \frac{Laba\ Bersih}{Total\ Aset}\ X\ 100\%}$$

Liquidity

Liquidity is the ability of a company to meet its short-term financial obligations. It indicates financial health and good cash flow management (Gitman & Zutter, 2012) . Adequate liquidity can increase investor confidence and reduce risk, which indirectly contributes to an increase in firm value. However, it should be noted that excessive liquidity may also indicate inefficient asset management. Ratios such as *Current Ratio, Quick Ratio*, and *Cash Ratio* are commonly used to measure liquidity levels (Brigham & Houston, 2019) . An in-depth understanding of how these three factors interact with each other and their impact on firm value is the main foundation for this research.

Current Ratio (CR) is a measure of a company's ability to pay its short-term liabilities using current assets owned (Gitman & Zutter, 2012) . The higher the CR value, generally indicating a stronger liquidity position.

$$\boldsymbol{CR = \frac{Aset\ Lancar}{Hutang\ Lancar}}$$

The framework for thinking in the research that the authors do is as follows:

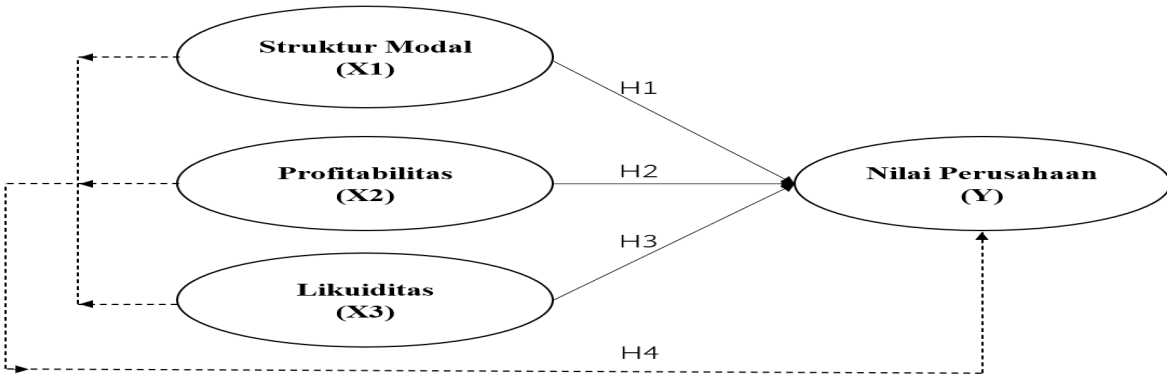

Figure 1. Thinking Framework
Source Researcher 2025

Hypothesis

H_1 : It is suspected that Capital Structure affects Firm Value

H_2 : It is suspected that Profitability affects Firm Value

H_3 : It is suspected that Liquidity has an effect on Firm Value

H_4 : It is suspected that Capital Structure, Profitability, and Liquidity have a joint effect on Firm Value

RESEARCH METHOD

Research using a quantitative approach aims to analyse the effect of capital structure, profitability, and liquidity on firm value in the Property and Real Estate sector listed on the Indonesia Stock Exchange (IDX) during the 2019-2023 period. The quantitative approach is a research method that focuses on numerical data, objective measurements, and the application of statistical analysis to systematically test theories, hypotheses, and relationships between variables (Sugiyono, 2019) . The aim is to generalise findings from a sample to a wider population, predict a phenomenon, or explain cause-and-effect relationships. As a type of comparative causal research, this study will investigate the cause-and-effect relationship between the independent variable and the dependent variable.

The population in this study includes Property and Real Estate companies listed on IDX Statistics

in 2023 as many as 92 companies. The sample selection was carried out by purposive sampling method based on certain criteria, namely [1]the company must be consistently registered in the 2019-2023 period, [2]the company published complete annual financial reports in the 2019-2023 period. Based on the results of the sample selection of companies that meet the criteria of 58 companies with a multiplication period of 2019-2023 (5 years), the total sample of this study is 290 company financial report data. The main data in this study are secondary data obtained from the company's annual financial statements, which are taken from the official IDX website www.idx.co.id and the official website of each company.

Data analysis will be carried out using panel data regression with the help of Eviews 13 software. Then, the panel data regression model selection test Chow Test, Hausman Test, and Lagrange Multiplier Test will be carried out to determine the best estimation model among the Common Effect Model, Fixed Effect Model, and Random Effect Model (Gujarati, 2009) . Once the model is selected, the classical assumption tests of multicollinearity, heteroscedasticity, and autocorrelation will be run to ensure the validity of the model. Furthermore, panel data regression model estimation will be conducted using the equation $Y_{it}= \beta_0+\beta_{(1)}\ X(1it)+\beta_{(2)}\ X2it+\beta_{(3)}\ X3it+e_{it}$, hypothesis testing will include partial test (t-test) for individual variable significance, simultaneous test (F-test) for collective significance, and coefficient of determination (R^2) to measure the model's explanatory power. The use of Eviews 13 is expected to improve the accuracy and reliability of the research results (Wooldridge, 2016) .

RESULTS AND DISCUSSION

Results

Model Selection Test

Table 1. Model Selection

Testing	Result	Decision	Description
Chow Test	Prob. ≥ 0,05	CEM	FEM
	Prob. ≤ 0,05	FEM	
Hausman Test	Prob. ≥ 0,05	REM	REM
	Prob. ≤ 0,05	FEM	
Legrange Multiplier (LM) Test	iProb. ≥ 0,05	CEM	REM
	Prob. ≤ 0,05	REM	

Source: Eviews 13 Calculation Results

Chow Test

Table 2. iChow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	11.191.170	-57,229	0.0000
Cross-section Chi-square	386.047.356	57	0.0000

Source: Eviews 13 Calculation Results

The Chow test results are used to determine whether the panel data regression model is more appropriately analysed using the *Common Effect Model* (CEM) or *Fixed Effect Model* (FEM) approach (Gujarati, 2009) . dic. *Effects Test* presented, the Prob. value for Cross-section Chi-square is 0.0000, with a significance level of 0.05, then the decision is taken based on the criterion that if the probability value (Prob.) is smaller than 0.05, then $H_0$is rejected, otherwise if the Prob. value is greater than 0.05, then $H_0$is accepted. Since the Prob. value of 0.0000 is much smaller than the significance limit of 0.05, the null hypothesis (H_0)is rejected and the alternative hypothesis (H_a)is accepted. This indicates that the *Fixed Effect Model* (FEM) approach is the most appropriate and effective approach in analysing this data.

Hausman Test

Table 3. Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.147967	3	0.9855

Source: Eviews 13 Calculation Results

Based on the results of the Hausman test on panel data analysis tools to help decide which model is the most appropriate between the Fixed Effect Model (FEM) and the Random Effect Model (REM) (Gujarati, 2009) . The results of the analysis of the value of Prob. Ssesar 0.9855. Since the Prob. value is much greater than the significance level of 0.05, it is decided to accept the null hypothesis ($H_{0)}$. Thus, indicating that the *Random Effect Model* (REM) is a more consistent and efficient approach to use in the analysis of this data, as variation between individuals is considered random and uncorrelated with predictors in the selection of panel data models.

Lagrange Multiplier Test (LM Test)

Table 4. LM Test

	Test Hypothesis		
	Cross-section	**Time**	**Both**
Breusch-Pagan	2.597.162	1.448.788	2.611.650
	(0.0000)	(0.2287)	(0.0000)
Honda	1.611.571	-1.203.656	1.054.442
	(0.0000)	(0.8856)	(0.0000)
King-Wu	1.611.571	-1.203.656	2.963.289
	(0.0000)	(0.8856)	(0.0015)
Standardised Honda	1.654.241	-0.990434	6.036.922
	(0.0000)	(0.8390)	(0.0000)
Standardised King-Wu	1.654.241	-0.990434	0.264474
	(0.0000)	(0.8390)	(0.3957)
Gourieroux, et al.	--	--	2.597.162
			0.0000

Source: Eviews 13 Calculation Results

The Lagrange Multiplier (LM) test is used to evaluate the presence or absence of random effects or *Random Effects Model* (REM) in this panel data model, in order to determine the most suitable model between the *Common Effect Model* (CEM) and *the Random Effect Model* (REM) (Napitupulu et al., 2021) . It is known that the Prob. value is 0.0000 which is much smaller than the significance level of 0.05, so the null hypothesis ($H_{0)}$is rejected and hypothesis a ($H_{a)}$is accepted. The rejection of H_0indicates the presence of significant *random effects* in the *cross-section* data. Therefore, REM is chosen as a more relevant model than CEM for the purpose of this panel data analysis.

Classical Assumption Test

Milticollinearity Test

Table 5. Milticollinearity

	X1	X2	X3
X1	1.000000	0.095711	-0.007824
X2	0.095711	1.000000	0.049325
X3	-0.007824	0.049325	1.000000

Source: Eviews 13 Calculation Results

The results of the Multicollinearity Test using EViews 13, presented in the form of a correlation matrix, allow us to assess potential multicollinearity issues in the regression model. This test is very important to ensure that the independent variables are not too closely related to each other. If there is a strong linear relationship between the independent variables, this can distort the results of the regression analysis and make interpretation difficult. If the correlation is too high, the estimated regression coefficients may become unstable and difficult to interpret (Napitupulu et al., 2021) . In the correlation matrix shown, the correlation value between $X_1$and $X_2$is 0.095711, between $X_1$and $X_3$is -0.007824, and between $X_2$and $X_3$is 0.049325.

Thus, all correlation coefficient values between the independent variables X_1, X_2, and $X_3$are at a very low level and far below the multicollinearity tolerance limit of 0.8. Therefore, it can be concluded that this regression model does not indicate any significant multicollinearity problems. Therefore, the independent variables are sufficiently independent of each other and can be used together in the regression model without raising concerns about unstable estimates. According to (Gujarati, 2009) , serious multicollinearity generally occurs if the correlation coefficient between independent variables exceeds 0.8, or 0.9.

Heteroscedasticity Test

Table 6. Heteroscedasticity Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	91352.23	26896.99	3.396374	0.0008
X1	69.33611	2533.018	0.027373	0.9782
X2	-1430.858	1625.575	-0.880217	0.3795
X3	358.9250	577.0232	0.622029	0.5344

Source: Eviews 13 Calculation Results

Based on the results of the *Heteroskedasticity* test, it can be concluded that there is no significant heteroscedasticity problem in the regression model at the 0.05 significance level. So the *residual error* variance is considered constant or homoskedastic, so the classic *Generalised Least Squares (GLS)* regression assumption related to homoskedasticity is fulfilled. According to Gujarati (2009) If the probability value (Prob.) in the heteroscedasticity test exceeds the significance limit of 0.05, it can be concluded that the regression model is free from heteroscedasticity problems. In other words, the variance of the error term is constant (homoskedastic), so the classic regression assumption related to homoskedasticity is stated to have been fulfilled.

Autocorrelation Test

Table 7. Autocorrelation Test

R-squared	0.001020	Mean dependent var	14461.86
Adjusted R-squared	-0.009459	S.D. dependent var	142881.4
S.E. of regression	143555.5	Sum squared resid	5.89E+12
F-statistic	0.097332	Durbin-Watson stat	2.286.603
Prob(F-statistic)	0.961459		

Source: Eviews 13 Calculation Results

The Durbin-Watson (DW) test results are used to identify the presence of autocorrelation in the regression model residuals. With a DW value of 2.286603, it can be concluded that there is no indication of autocorrelation in this data model. This indicates that the residuals are independent or uncorrelated with each other, so that the regression coefficient estimates obtained through the *Generalised Least Squares* (GLS) method designed to overcome these problems can be considered efficient. According to Gujarati, (2009) , the Durbin-Watson (DW) value close to 2 indicates that the residuals of the model are independent and not correlated with each other.

Panel Data Regression Equation

This equation mathematically represents the relationship between the dependent variable and a number of independent variables, by utilising panel data that combines information from various observation units (cross-section) and a certain time span (time series). According to Gujarati (2009) , states that panel data analyses data that has the dimensions of observation units and a certain time, the formula $Y_{it}= \beta_0+\beta_{(1)}\, X_{(1it)}+\beta_{(2)}\, X_{(2it)}+\beta_{(3)}\, X_{(3it)}+\beta_{(k)}\, X_{(kit)}\, +(\mu_i+v_{it})$and provides a clear framework for understanding and applying the various estimation models available.

Table 8. Panel Data Regression

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	49226.85	29351.82	1677131	0.0946
X1	35.62682	2631092	0.013541	0.9892
X2	-774.0686	1692435	-0.457370	0.6478
X3	180.7422	6026937	0.299891	0.7645

Source: Eviews 13 Calculation Results

Based on the table, the panel data regression equation is: Y = 49226.8512179 + 35.6268221149*X_1- 774.068576374*X_2+ 180.742227112*X_3+ [CX=R], the Constant (α) value of 49226.85 indicates that if Capital Structure ($X_{1)}$, Profitability ($X_{2)}$, and Liquidity (X_3) are considered zero or constant, then the Company Value (Y) variable is 49226.85. then the Capital Structure variable ($X_{1)}$, which has a regression coefficient of 35.62682, with a positive sign, then every 1% increase in one unit of Capital Structure, it will cause the Company Value to decrease by 35.62682, assuming other variables do not change. Profitability variable (X_2) which has a regression coefficient of -774.0686, with a negative sign, which means that every 1% increase in one unit of Profitabilias, it will cause the Company Value to decrease by -774.0686, assuming other variables do not change. And the Liquidity variable (X_{3}) which has a regression coefficient of 180.7422, with a positive sign, which means that every 1% increase in one unit of Liquidity, assuming other variables do not change, this condition is estimated to reduce Liquidity by 180.7422.

Hypothesis Test

Test t

Table 9. t test

Variable	Coefficient	Std. Error	t-Statisticc	Prob.
C	49226.85	29351.82	1.677.131	0.0946
X1	3.562.682	2.631.092	0.013541	0.9892
X2	-7.740.686	1.692.435	-0.457370	0.6478
X3	1.807.422	6.026.937	0.299891	0.7645

Source: Eviews 13 Calculation Results

Based on the results of the t test, the Prob. value of each variable with a significance level of 0.05, if the Prob. value is smaller than 0.05, then H_a is accepted, so the variable is statistically significant, if the probability value (Prob.) exceeds 0.05, then the Null Hypothesis (H_0) is accepted, which means that the variable does not have a statistically significant effect (Gujarati, 2009) . then it can be concluded as follows:

1. The result of t-test on Capital Structure variable (X_1) obtained *t-statistic* value of 0.013541 ≤ t table which is 1.9682 and Prob. value of 0.9892 ≥ 0.05, then H_0 is accepted and H_a is rejected, so that Capital Structure variable (X_1) does not statistically significantly affect Firm Value (Y).
2. The results of the t test on the Profitability variable (X_2) obtained a *t-statistic* value of -0.457370 ≤ t table, namely 1.9682, and the Prob value. 0.6478 ≥ 0.05, then H_0 is accepted and H_a is rejected, so the Profitability variable (X_2) does not statistically significantly affect the Company Value (Y). and
3. The t-test results on the Liquidity variable (X_3) obtained a *t-statistic* value of 0.299891 ≤ t table, namely 1.9682, and a Prob. value of 0.7645 ≥ 0.05, then $H_{(0)}$ is accepted and H_a is rejected, so it can be concluded that the Liquidity variable (X_3) does not statistically significantly affect Firm Value (Y).

Testi f

Table 10. Test f

R-squared	0.001020	Mean dependent var	14461.86
Adjusted R-squared	-0.009459	S.D. dependent var	142881.4
S.E. of regression	143555.5	Sum squared resid	5.89E+12
F-statistic	0.097332	Durbin-Watson stat	2.286.603
Prob(F-statistic)	0.961459		

Source: Eviews 13 Calculation Results

The F test results show that the F-statistic value of 0.097332 is smaller than the F table value of 2.6362, and the probability value of 0.961459 is greater than 0.05. Thus, H0 is accepted and Ha is rejected, which means that the Capital Structure (X1), Profitability (X2), and Liquidity (X3) variables do not have a statistically significant effect on Firm Value (Y).

Determination Coefficient Test (R^2)

Table 11. Determination (R^2)

R-squared	0.001020	Mean dependent var	14461.86
Adjusted R-squared	-0.009459	S.D. dependent var	142881.4
S.E. of regression	143555.5	Sum squared resid	5.89E+12
F-statistic	0.097332	Durbin-Watson stat	2.286.603
Prob(F-statistic)	0.961459		

Source: Eviews 13 Calculation Results

Based on the results of the *R^2Determination* test, *the R-squared* value is 0.001020 or 0.102%, these results indicate that the independent variables, namely Capital Structure (X1), Profitability (X2), and Liquidity (X3), are only able to explain the dependent variable Company Value (Y) in property and real estate companies for the 2019-2023 period by 0.102%. Meanwhile, 99.898% (100% minus the R-squared value) is influenced by other factors outside this research model, such as investment decisions, profitability (X2), and liquidity (X3). Meanwhile, 99.898% (100% minus the R-squared value) is influenced by other factors outside this research model, such as investment decisions, dividend policy, and solvency which also have the potential to affect firm value.

This is likely due to the fact that during the 2019-2023 period, including the COVID-19 pandemic, the value of *property* companies was more influenced by external economic conditions and a very uncertain market (Anggoro et al., 2023) . As a result, investors tend to ignore the company's internal financial condition as usual. This causes the theoretically existing relationships between capital structure, profitability, and liquidity with firm value to not appear statistically significant, in contrast to the relatively more stable situation before the pandemic (Ginting, 2021) .

Discussion

According to Gujarati (2009) , the decision-making criteria in the t-test are as follows: if the Prob. value (*p-value*) is smaller than the significance level of 0.05, then the Alternative Hypothesis ($H_{a)}$is accepted, which means that the variable is statistically significant. Conversely, if the Prob. value is greater than 0.05, then the Null Hypothesis (H_0) is accepted, which means that the variable is not statistically significant.

The t-test

Effect of Capital Structure on Firm Value

The t-test result shows that the Capital Structure variable ($X_{1)}$has a t-statistic value of 0.013541, which is smaller than the t-table value of 1.9682, and the probability value is 0.9892. Since the probability value is greater than 0.05, the Null Hypothesis (H_0) is accepted and the Alternative Hypothesis ($H_{a)}$is rejected. Therefore, it can be concluded that Capital Structure does not have a significant effect on Firm Value in Property and Real Estate sector issuers listed on the Indonesia Stock Exchange from 2019 to 2023. This is most likely due to the strong influence of the COVID-19 pandemic that dominated the condition of the property industry during that period. In addition, other external factors such as the unique nature of the property industry, unstable macroeconomic conditions, as well as pressure on operational performance and market sentiment due to the pandemic, have a greater impact on firm value. Therefore, the effect of capital structure on firm value does not appear significantly in the results of this study.

Trade Off Theory and *Pecking Order Theory* offer different perspectives on how funding decisions can impact firm value (Campbell & Kelly, 1994) . *Trade off theory* states that firms will balance the tax benefits of using debt with the financial costs and risk of bankruptcy, while *pecking order theory* argues that firms prefer internal funding, followed by debt, and the last alternative is the issuance of new shares (Frank & Goyal, 2008) .

The results of this study show that, based on the data analysed, the findings are not statistically significant. This is most likely due to the presence of other more dominant factors or specific characteristics of the companies that are the object of the study, which may mask or reduce the impact of the variables under study. Thus this research is in line with the study by Irawan & Kusuma, (2019) , showing that capital structure has no influence on firm value.

Effect of Profitability on Firm Value

The t-test results show that the Profitability variable (X_2)has a t-statistic value of -0.457370, which is smaller than the t-table value of 1.9682, and a probability value of 0.6478. Since the probability value exceeds the significance limit of 0.05, the Null Hypothesis (H_0) is accepted and the Alternative Hypothesis (H_a)is rejected. In other words, profitability does not show a significant effect on firm value in the Property and Real Estate sector listed on the Indonesia Stock Exchange during 2019 to 2023. This condition is most likely triggered by the dominance of external factors, especially the COVID-19 pandemic that lasted throughout the period. Uncertainty in the macro economy, slumping demand in the property sector, as well as highly negative market sentiment encouraged investors to pay more attention to the overall economic outlook rather than internal financial indicators such as profitability. As a result, in the context of this study, the effect of profitability on firm value does not appear statistically significant.

In *Agency Theory,* profitability is to assess how well management or agents have fulfilled their duty to maximise the welfare of owners or principals through the creation of maximum profits (Jensen & Meckling, 2019) . Profitability is not simply the end result of business activities, but is a complex reflection of operational efficiency, the effectiveness of management strategies, and the optimisation of resource utilisation (Riswanto et al., 2024) .

The results of this study show that profitability is not significant with this general theoretical view. Perhaps in the data studied, the relationship did not prove statistically significant, because it was caused by other more dominant factors or special characteristics of the company that was the object of research. Thus the research study by Ningtyas, (2020) , states that Profitability has a significant effect on Firm Value in companies listed on the IDX in 2014-2018. Therefore, in the 2019-2023 period, this study shows that profitability does not affect the value of the company.

Effect of Liquidity on Company Value

The t test results show that the Liquidity variable (X_3)has a *t-statistic* value of 0.299891, which is smaller than the t-table value of 1.9682, and a probability value of 0.7645. Since the probability value is greater than 0.05, the Null Hypothesis (H_0) is accepted and the Alternative Hypothesis (Ha) is rejected. Thus, it can be concluded that the Liquidity variable has no significant effect on Firm Value in Property and Real Estate sector companies listed on the Indonesia Stock Exchange during the 2019-2023 period. Therefore, the 2019-2023 period was caused by the COVID-19 pandemic phenomenon to create a very unusual business environment. In this condition, macroeconomic factors and the characteristics of the illiquid *property* industry are the main determinants of company value. This causes the company's internal liquidity indicators to be less relevant or even ignored by the market as investors' attention is focused on the greater risks and opportunities posed by the pandemic, thus masking or weakening the relationship between liquidity and firm value.

In John Maynard Keynes' Liquidity Preference Theory by Minsky (1976) , this theory explains that investors prefer liquid assets because they can quickly respond to changes in the financial or economic situation. According to Keynes (1973) , interest rates are determined by the balance between the demand for money, which is influenced by how much people want to hold cash and the supply of available money.

The findings in this study indicate that maintaining sufficient liquidity remains important to avoid financial problems. However, the results of the analysis indicate that the observed level of liquidity has no significant effect on firm value. This may be due to investors' focus on long-term profitability or growth prospects. In addition, the level of liquidity in the studied companies may have been at an optimal level, so it no longer contributes additionally to the increase in firm value. These results are in line with the findings reported by previous research, namely Damanik et al., (2017) , showing that liquidity has no

significant effect on firm value in companies incorporated in the Property and Real Estate Sub-Sector listed on the Indonesia Stock Exchange.

Test f

The Effect of Capital Structure, Profitability, and Liquidity on Firm Value

Based on the results of the F test, it is obtained that the Capital Structure ($X_{1)}$, Profitability ($X_{(2)}$),and Liquidity (X_3) variables have an *f-statistic* value of 0.097332 which is smaller than the f-table of 2.6362, as well as a probability value of 0.961459 which exceeds the 0.05 significance level. Therefore, the Null Hypothesis (H_0) is accepted and the Alternative Hypothesis ($H_{a)}$is rejected. Thus, it can be concluded that simultaneously the three variables do not have a significant effect on Firm Value in the Property and Real Estate sector listed on the Indonesia Stock Exchange during the 2019-2023 period. This is most likely due to special conditions during the COVID-19 pandemic, where the value of companies in the sector is more influenced by external macroeconomic pressures and high market uncertainty. In this situation, investors tend to ignore internal fundamental indicators such as capital structure, profitability, and liquidity, so the theoretical relationship between these variables and firm value becomes statistically insignificant, in contrast to the pre-pandemic period which was more stable and predictable.

In the theory of Market Inefficiency by Mulyasari, (2016) , states that all relevant information about why investors behave inefficiently, as well as not reflecting existing information does not mean that investors always make correct decisions. The result of this study is that on average, the market will utilise available information to determine prices, so the market is not always perfectly efficient. If the market is inefficient, information about a company's capital structure, profitability, or liquidity may not be fully or immediately reflected in market valuations. Investors may have incomplete information, react irrationally, or there are market barriers that prevent fundamental variables from collectively affecting firm value (Gama et al., 2024) .

Thus this research is not in line with the study by Mayklisyani et al., (2023) , which states that Pofiitability, Capital Structure and Liquidity simultaneously have a significant effect on the value of Property and Real Estate companies for the 2015-2020 period. This is due to differences in research periods and their impact on the Property and Real Estate market.

CONCLUSION

Based on the research results, it can be concluded that partially, the variables of Capital Structure ($X_{1)}$, Profitability ($X_{2)}$, and Liquidity (X_3) do not have a significant effect on Firm Value in Property and Real Estate sector companies listed on the Indonesia Stock Exchange during the period 2019-2023. This conclusion is reinforced by the probability value of each variable that exceeds the significance limit of 0.05, namely $X_1$of 0.9892, $X_2$of 0.6478, and $X_3$of 0.7645. Simultaneously, the three variables also have no significant effect on Firm Value, with Prob. F test of 0.961459, which is greater than 0.05. This finding implies that, in the context of the data and research period, these internal factors do not significantly affect firm value, perhaps due to the dominance of external macroeconomic factors and extreme market uncertainty or imperfectly efficient market characteristics in the 2019-2023 period.

The results of this study suggest that in making investment decisions in the property sector during the uncertain period 2019-2023, it is not enough for investors to focus only on indicators of capital structure, profitability, and liquidity. It is important for investors to also consider macroeconomic factors, policies, and the company's long-term growth prospects, as markets may not always be perfectly efficient and fundamental information is not fully reflected in valuations.

Strategic communication to investors is becoming more important. As traditional financial metrics may be less influential, companies need to be proactive in explaining their long-term vision, growth strategy amid volatility, competitive advantage, and sustainability (ESG) initiatives. How the company plans to address market challenges and identify new opportunities, such as logistics or green concept properties. This will help investors understand the company's value beyond the volatile financial numbers.

Product innovation and non-financial value creation are key. Companies should develop properties that are relevant to the needs of the post-pandemic market, such as multipurpose residential or flexible workspaces. Investments in construction and marketing technologies will improve efficiency. In addition, strengthening its brand image and reputation as a trusted developer is crucial. By focusing on external adaptation, strategic communication, and value innovation, property companies can more effectively build and maintain value amid complex market dynamics.

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