Firm Value Study Of Idx Bumn20 Companies In Indonesia

Moh.Rizal Syafiie[1*], Acong Setiabudi[2], Riska Huliawati[3]

[1,2,3] Economic and Business Faculty, Universitas Jambi, Jambi, 36361, Indonesia.
* Corresponding author:
Email: rizalsyafiie08@gmail.com

***Abstract**.*

The study was conducted because the phenomenon associated with IDX BUMN20 in the banking sector supports the index and is the top gainer. The aimed of this study is to examine the impact of financial performance on corporate value in the banking sector using the PER indicator (Price Earnings Ratio), mediated by the DER (Debt to Equity Ratio), and using the ROA indicator (Return on Assets). is to judge ratio). Listed in the IDX BUMN20 index. The object of this study is the banking sector listed on the Indonesian stock exchange IDX BUMN20. It has five sample companies analyzed for the period 2016-2021. This type of study uses a quantitative approach with purposive sampling techniques and WarpPLS 7.0. as a data analysis tool. The results showed that financial performance impacted enterprise value and DER (debt-to-equity ratio). On the other hand, the debt-to-equity ratio has no impacted with enterprise value.

Keywords: *Financial Performance, Firm Value and (DER) Debt to Equity Ratio.*

I.   INTRODUCTION

In the economic development of a country, capital market is an aspect that plays an important role. According to market.bisnis.com, Indonesia's capital market has developed significantly. In July 2020, PT Kustodian Sentral Efek Indonesia recorded an increase in number of Indonesian stock investors by PT Bursa Efek Indonesia by 22% to 3.02 million investors in 2019. This shows the high public interest in investing, so it needs to be supported by improving company performance. Investors tend to be attracted to companies that perform well, so investors need to analyze and research the value of the company before making investment decisions.This is inversely proportional to the weakening condition of IDX BUMN20, when viewed from Indonesia stock exchange data on Monday, October 5, 2020, IDX BUMN20 has been depressed by 29.57% since the beginning of the year. Nevertheless, investors are still interested in observing, glancing, and investing in BBNI. BBRI, BMRI and BBNI are used as favorites because they are able to maintain profit growth continues to grow.Information about the company's financial condition is set forth in the company's financial statements.

So an analysis of financial statements is needed to make a decision. Among others, conducting financial statement analysis using financial ratios.Profitability is one of the indicators that can affect financial performance. In this study, profitability is expressed as Return on Assets (ROA). This is because it can show how a company performs by using all company assets to generate profits.The IDX BUMN20 index measures the price performance of 20 State Owned Enterprises (SOE), Regional Enterprises (BUMD) and their affiliates. Data from PT IDX on October 5 showed that IDX BUMN20 was depressed by 29.67%. And state-owned issuers have experienced a considerable price reduction. But even so, stocks in the banking sector such as BBNI are still considered prospective, interesting to watch. Therefore, we are interested in analyzing the influence of the capital sector on state-owned companies listed on IDX BUMN20. This research was conducted because in the IDX BUMN 20 banking sector are red plate stocks that are constituents and stocks that support the index and become top gainers.This study adds to the mediating variable, namely the debt equity ratio can affect the value of the company is debt policy.

II.   LITERATURE REVIEW
Financial Performance

Financial performance is measured by a profitability ratio, or return on assets (ROA), which reflects a company's profit and efficiency in the use of its total assets. The higher the ROA value, the more efficiently the company uses its assets and the more profitable the company is.

ROA (Return on Assets)

Return on Assets can measure the company's financial performance because it is an achievement of the company's goal in generating net profit from the assets used so that it affects its shareholders. Financial performance variables are measured using Return on Assets (ROA) (Kusumadilaga, 2010).

$$ROA = \frac{Net\ Profit}{Total\ Aset}\ x\ 100\%$$

Firm Value

With the increase in the company's stock price, the value of the company can provide the greatest shareholder wealth. The higher the stock price, the more wealth shareholders have. Enterprise Value is an important term for investors because it is a measure used by the market to evaluate the entire company (Nurlaela and Islahudin, 2008)

PER (Price to Earnings Ratio)

Price to Earnings Ratio is a comparison or ratio between stock price to net income. So, it can be measured as follows:

$$Price\ to\ Earnings\ Ratio = \frac{Harga\ saham}{Laba\ per\ saham}$$

DER (Debt to Equity Ratio)

According to (Kasmir, 2012), DER or Debt to Equity Ratio is a ratio used to assess the relationship between debt and equity. The DER ratio measures the extent to which a company uses debt financing and how much the company is able to repay its debts.

$$DER = \frac{Total\ Utang}{Total\ Modal}\ x\ 100\ \%$$

Conceptual Framewok

The framework in this study is how company performance can affect Firm Value mediated by the effect of debt equity ratio on IDX BUMN20. This is illustrated in Figure 1 of the Mindset Chart:
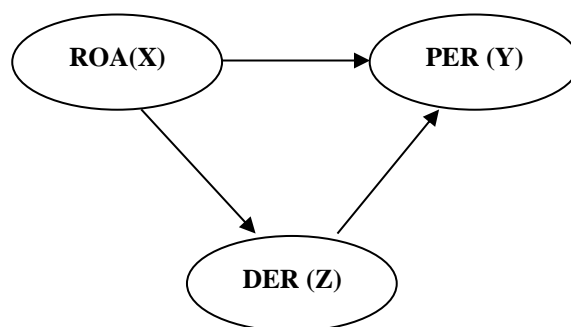

Fig 1. Conceptual Framewok

III.   METHODS

This type of research is quantitative research with data sources derived from secondary data on the IDX website from 2016 to 2021. The population in this study is companies listed in the IDX BUMN20 stock index. While the sample in the study is the banking sector. As for sampling, namely using the Purposive Sampling method the data analysis method in this study uses Partial Least Square (PLS) with WarpPLS 7.0 software.

IV.   RESULT AND DISCUSSION

Based on the results of data processing using descriptive statistics, validity, reliability, and goodness of inner model test results are obtained according to predetermined criteria. With the R-squared value or the

value of the coefficient of determination of the variable PER is 0.960. This means that the PER variable can be described 96% by the DER variable as a mediation variable. The R- Squared variable DER shows a value of 0.902. This means that the variable DER explained varaibel ROA of 90%.

Test Validity and Reliability

The method used to assess the validity of the data is to compare the Average Variance Extracted (AVE) value of each construct with the correlation of each construct with other constructs. Data reliability can also be analyzed using Cronbach's alpha value. This result is acceptable if Cronbach's alpha value > 0.60. The following are the results of testing the validity and reliability of the data presented in Table 1 below.

Table 1. Test Validity and Reliability

Variable	AVE	Cronbach Alpha's
ROA	1.00	1.00
PER	1.00	1.00
DER	1.00	1.00

Source: Data processed, 2022

From this test it can be seen that the square root of AVE for each latent variable is greater than the correlation value between the latent variable and other latent variables. Thus, AVE has good discriminant validity based on the Fornell-Larcker approach. The results show that Cronbach's alpha value is more than 0.60. In this case, it means that the overall outer reflective construct model in this study has been reliable.

Model Fit Test and Quality Indices

The model fit test in this study used three fit indicators presented in Table 2 as follows:

Table 2. Fit Model and Quality Indices

Fit Model	Index	P-Value	Result
APC	0.659	<0.001	Accepted
ARS	0.933	<0.001	Accepted
AVIF	2.097	-	

Source: Data processed, 2022

The results of the model fit test and quality indices in table 2 show that the APC indicator has a value of 0.659 with a P-Value value of <0.001 and the ARS indicator has a value of 0.933 with a P-Value value of <0.001 which means that it has met the standard value of P-Value <0.05 so that the model fit test is met. And in the AVIF indicator, it is known that the value is 2.097 which meets the <5 standard. Thus, it is concluded that the overall model in this study has a fit model suitability.

Test the Hypothesis

The results of hypothesis testing will be explained in Table 3 as follows:

Table 3. Test the Hypothesis

	B	P-Value	Information
ROA → DER	0.943	<0.001	H1 Accepted
DER → PER	0.092	0.359	H2
ROA → DER → PER	0.887	<0.001	H3 Accepted

Source: Data processed, 2022

Based on the hypothesis test in Table 3, ROA (X) on DER (Z) analyzed resulted in a regression coefficient value of 0.953 with a P-value of <0.001 which can mean that ROA on DER has a significant positive influence so that hypothesis 1 is accepted in this study. Based on the results of the hypothesis test in Table 3, DER (Z) against PER (Y) was analyzed resulting in a regression coefficient value of 0.092 with a P-value of > 0.05 which is 0.887 which means it has no significant effect so that hypothesis 2 was rejected in this study. The results of this study show that the increase or decrease in debt-to-equity ratio does not affect the value of banking sector companies incorporated in the IDX BUMN20 index. Based on the results of the hypothesis test in Table 3, it shows that ROA (X) against PER (Y) produces a regression coefficient value of 0.887 with a P-value of < 0.05 which is <0.001 which means it has a positive significance influence so that hypothesis 3 is accepted in this study. It can be concluded that an increase or decrease in ROA (asset turnover) affects the value of banking sector companies incorporated in the IDX BUMN20 index.

V.   CONCLUSION AND ADVICE

From the results of research on the effect of financial performance on Firm Value mediated by the DER (Debt to Equity Ratio) of banking sector companies on IDX BUMN20 during the period 2016 to 2021. By using the Partial Least Square analysis of these three variables, it can be concluded that financial performance affects the value of the company and DER (Debt to Equity Ratio). While the Debt to Equity Ratio has no effect on the value of the company. The suggestion for the next researcher is expected to increase the number of banking sector companies. To increase the number of banks can be from conventional or sharia. However, to develop a wider sample, it is expected to take from several other types of companies listed on the Indonesia Stock Exchange. Researchers can further extend the observation period. In addition, researchers can also use other financial ratios.

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