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The impact of company internal financial performance on firm value

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ABSTRACT

A critical element in assessing a company is how investors believe it will benefit from the company it is investing in. If the company succeeds in posting a large profit rate, it will motivate investors to invest in stocks to increase stock prices and stock demand. This study aims to determine whether internal financial performance has a significant effect on the value of manufacturing companies that have issued shares for the period 2014 to 2020 in Indonesia. This research is conducted by survey method to 50 manufacturing companies that have done the stock emission on Indonesia Stock Exchange. The data collecting technique is done by indirect communication technique through the instrument in the form of documentation study. This research was conducted in November 2021. Descriptive Analysis and Inferential Analysis do the data processing technique, that is, Correlation Analysis and Regression, with the analysis of variance (ANOVA). The results showed that: (1) The company's internal financial performance proportioned by its return on equity (ROE) shows good condition, with an average of 12.17% per company, the standard deviation of 14.24%; (2) Company Value measured by: (a) EMV (Equity Market Value) which is the product of P (Closing Price) x Qshares (Number of shares outstanding); (b) The book value of total debt (Debt); and (c) The book value of total assets (EBV), indicates good conditions, ie, average 33.16%, the standard deviation of 12.7%; (3) This hypothesis test shows ttable equal to 2,356 <tcount 5,402 (tcount> ttable) means that company's internal financial performance proportioned by return on equity (ROE) have a positive and significant effect to firm value 37,8% although low but quite meaningful. The researcher suggested paying attention to factors such as investment policy and dividend policy because it is strongly believed to affect stock price increase. Therefore it is proven that firm value to firm's internal financial performance proportioned by return on equity (ROE) have a positive and significant effect.



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Introduction

The manufacturing industry in Indonesia is considered very concerning compared to other industrial sectors, especially during the current Covid-19 pandemic. The manufacturing industry sector continued to experience data slowdown in the third quarter of 2020, with a growth of only 5.69 percent (LP3E-Kadin Report, 2020). Various manufacturing industries, such as automotive, textiles and textile products, woodworking, electronics, food and cement, have experienced good sales growth but slowed down a bit. Various manufacturing

industries listed on the Indonesia Stock Exchange reported poor performance in the first quarter (IDX, 2020). Investor Magazine surveys the best issuers (companies) based on the sector obtained from the selection of company performance. The indicators used are sales growth, Net Operating Margin (%), Return On Equity (ROE), Asset Turn Over, Operating Profit Growth, Return, Volatility and Liquidity (Investor, 2013).

The effect of ROA, ROE, EPS, Profit Margin, Asset Turnover, Leverage Ratio, and DER on stock returns (Peterman & Kennedy, 2003). The higher the financial performance, which is usually proxied by internal financial ratios, the higher the company's value. Through these financial ratios, it can be seen how successful the company's management is in managing its assets and capital to maximize the company's value (HABIBURRAHMAN & Kurniawan, 2015).

Assessment of a company's performance can be seen from the company's ability to generate profits (profitability). The company's profit is not only an indicator of its ability to fulfill obligations to its funders. It is also an element in creating company value that shows the company's prospects in the future. The structure of financial risk and profitability affects firm value (Suranta & Machfoedz, 2003). Likewise, the investment opportunity set and leverage affect the firm value. The statement says that the better the internal financial performance obtained, the higher the firm value (SRI RAHAYU & ANDRI, 2010). Financial performance as measured by ROA has a positive effect on firm value (Susianti & Yasa, 2013). ROE is also a basic test of how effectively the company's management uses investors' money compared to ROA, which only measures the efficiency of a company in generating returns from its assets.

Based on this description, research on the effect of internal financial performance on firm value is interesting to study. This study aims to determine whether internal financial performance has a significant effect on the value of manufacturing companies that have issued shares for the period 2014 to 2020 in Indonesia. The results of this study are used to obtain empirical evidence about the magnitude of the influence of internal financial performance on the value of manufacturing companies that have issued shares for the period 2014 to 2020 in Indonesia.

Method

This study uses the Explanatory Survey Method. It aims to test the hypothesis that has been formulated previously. This research uses Simple Regression Analysis, arguing that this model is an integrated approach between Correlation Analysis, which can reveal the close relationship between variables and Regression Analysis (Regression Analysis), which can reveal the pattern of relationships between variables, and is an analysis between data analysis and concept construction. Based on the objectives of this research, two variables are operationalized as follows : The independent variable in this study is internal financial performance as proxied by return on equity (ROE). Of all the fundamental ratios seen by investors, one of the most important is ROE. ROE indicates whether management increases the firm value at an acceptable level (Indah & Parlia, 2017). To obtain the ROE value, it is calculated by the formula:

$$\text{ROE} = \frac{\text{Net Profit for Common Stockholders} \times 100\%}{\text{Common Stock Equity}}$$

The dependent variable in this study is firm value. Measurement of firm value using Tobin's Q developed by White et al. The formula measures Tobin's Q:

$$Q = (\text{EMV} + \text{D}) / (\text{EBV} + \text{D})$$

Description:

EMV (Market Value of Equity) = P(Closing Price) x Qshares (Number of shares outstanding)
 D (Debt) = Book value of total debt
 EBV = Book value of total assets

The population used in this study are all companies included in the manufacturing industry group registered on the JSE. The choice of one industrial group, namely the manufacturing industry as the population, is intended to avoid the venom caused by industrial effects. Besides that, the manufacturing sector has the largest number of companies compared to other sectors.

Results and Discussions

Description of the Company's Internal Financial Performance

Internal financial performance as proxied by return on equity (ROE). Of all the fundamental ratios seen by investors, one of the most important is ROE. ROE indicates whether management increases the firm's value at

an acceptable level. The internal financial performance of manufacturing companies that are the unit of analysis in this study and listed on the IDX during the period 2014 – 2020. Furthermore, the company's internal financial performance based on the overall, average, standard variation, maximum and minimum values for the period 2014 to 2020 can be seen in Table 1 as follows:

Table 1. Company's Internal Financial Performance Based on average by Proxi ROE 2014-2020 period (in IDR Million)

| NO | Years | | | | | | | AVG |
|-------------------------|---------|---------|---------|--------|---------|---------|---------|---------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | |
| Total ROE | 510 | 528 | 811 | 668 | 660 | 622 | 459 | 608 |
| Average (AVG) | 10,19 | 10,56 | 16,21 | 13,36 | 13,21 | 12,45 | 9,19 | 12,17 |
| Standar Deviasi (STDEV) | 11,20 | 17,63 | 16,55 | 13,63 | 17,81 | 16,15 | 11,96 | 14,24 |
| Maximum Value (MAX) | 41,57 | 59,52 | 67,61 | 58,63 | 65,44 | 65,23 | 53,42 | 58,06 |
| Minimum Value (MIN) | (20,52) | (25,52) | (37,70) | (16,4) | (29,89) | (18,51) | (18,37) | (21,32) |

Source: Data processed by the author (2021)

Referring to table 1, it can be seen that the rate of return on equity experienced by the surveyed companies shows a figure of 608%, with an average of 12.17% for each company, a standard deviation of 14.24%, a maximum value of 58.06%, and a minimum value of -21.32%. In other words, the average value of ROE in manufacturing companies that have issued shares reached 12.17%, meaning that the rate of return on their capital in the companies that became the unit of analysis in this study was adequate but not optimal.

Description of Firm Value

The results of data processing with the help of computer services can be presented with total assets or assets, total debt or debt, outstanding amounts and stock prices, as well as the firm value of all companies that are the unit of analysis in this study as follows:

Table 2. Total Company Assets Based on the average period 2014-2020 (in IDR Million)

| NO | Years | | | | | | | AVG |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | |
| Total EBV | 136.381.024 | 176.723.086 | 211.132.859 | 232.541.522 | 273.532.726 | 342.777.882 | 309.091.980 | 228.848.183 |
| Average (AVG) | 2.727.620 | 3.534.462 | 4.222.657 | 4.650.830 | 5.470.655 | 6.855.558 | 6.181.840 | 4.576.964 |
| Standar Deviasi (STDEV) | 8.792.945 | 10.326.075 | 12.921.738 | 14.132.784 | 17.510.314 | 23.221.659 | 19.786.655 | 14.414.829 |
| Maximum Value (MAX) | 57.929.290 | 63.520.000 | 80.740.000 | 88.938.000 | 112.857.000 | 153.521.000 | 127.528.410 | 92.917.548 |
| Minimum Value (MIN) | 33.674 | 26.879 | 61.988 | 69.784 | 78.200 | 87.419 | 88.366 | 69.573 |

Source: Data processed by the author (2021)

Referring to table 2, it can be seen that the total assets of the surveyed companies show a figure of Rp. 228,848,183,000,000,- with an average of Rp. 4,576,964,000,000,- for each company, the standard deviation of Rp. 14,414,829,000,000. the maximum value is IDR 92,917,548,000,000,- and the minimum value is IDR 69,573,000,000,-.

In other words, the average value of total assets in manufacturing companies that have issued shares reaches Rp. 4,576,964,000,000,- meaning that the total assets of manufacturing companies which are the unit of analysis in this study, are adequate but not optimal. the company's total debt based on the overall, average, standard variation, maximum and minimum values for the period 2014 to 2020, can be seen in Table 3.

Referring to table 3, it can be seen that the total debt of the companies surveyed shows a figure of IDR 117,106,543,000,000,- with an average of IDR 2,342,131,000,000 for each company, standard deviation of IDR 7,134,870,000,000. a maximum value of Rp. 45,838,407,000,000,- and a minimum value of Rp. 13,958,000,000,-.

Table 3. Total Debt Based on average 2014-2020 period (in IDR Million)

| NO | Years | | | | | | | AVG |
|-------------------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | |
| Total Debt | 76.534.595 | 94.084.990 | 117.704.370 | 116.791.888 | 130.589.850 | 166.933.567 | 147.566.531 | 117.106.543 |
| Average (AVG) | 1.530.692 | 1.881.700 | 2.354.087 | 2.335.838 | 2.611.797 | 3.338.671 | 2.951.331 | 2.342.131 |
| Standar Deviasi (STDEV) | 4.792.804 | 5.297.197 | 6.829.397 | 6.700.112 | 8.283.433 | 11.430.515 | 9.360.279 | 7.134.870 |
| Maximum Value (MAX) | 31.498.444 | 31.512.000 | 40.163.000 | 40.006.000 | 54.168.000 | 77.683.000 | 61.209.840 | 45.838.407 |
| Minimum Value (MIN) | 8.043 | 12.054 | 15.271 | 5.157 | 16.630 | 23.122 | 18.792 | 13.958 |

Source: Data processed by the author (2021)

In other words, the average value of total debt in each manufacturing company that has issued shares reaches Rp. 2,342,131,000,000, - meaning that the total debt of manufacturing companies that are the unit of analysis in this study is quite high, reaching an average of 51, 17% of the company's average total assets (Rp 2,342,131,000,000/ Rp 4,576,964,000,000).

Furthermore, total equity (own capital) related to company value in manufacturing companies that have issued shares, total company equity based on overall, average, standard variation, maximum and minimum values during the period 2014 to 2020, can be seen in Table 4 as follows:

Table 4. Total Equity Based on average 2014-2020 period (in IDR Million)

| NO | Years | | | | | | | AVG |
|-------------------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | |
| Total Equity | 58.601.546 | 53.418.809 | 57.191.361 | 118.337.596 | 143.877.459 | 176.488.584 | 162.581.529 | 101.430.876 |
| Average (AVG) | 1.195.950 | 1.068.376 | 1.143.827 | 2.366.752 | 2.877.549 | 3.601.808 | 3.251.631 | 2.028.618 |
| Standar Deviasi (STDEV) | 3.683.494 | 2.552.026 | 2.660.389 | 7.581.023 | 9.309.779 | 12.000.547 | 10.520.050 | 5.856.621 |
| Maximum Value (MAX) | 22.375.766 | 14.119.796 | 15.519.266 | 48.974.000 | 58.689.000 | 75.838.000 | 66.318.570 | 35.131.858 |
| Minimum Value (MIN) | (353.602) | (388.604) | (418.519) | 22.889 | 46.785 | 57.203 | 52.867 | (2.344) |

Referring to table 4, it can be seen that the total capital of the companies surveyed shows a figure of Rp. 101,430,876,000,000,- with an average of Rp. 2,028,618,000,000,- for each company, the standard deviation of Rp. 5,856.621,000,000,- the maximum value is IDR 35,131,858,000,000,- and the minimum value is IDR 2,344,000,000,-.

In other words, the average value of total own capital in each manufacturing company that has issued shares reaches Rp. 2,028,618,000,000, - meaning that the total own capital of manufacturing companies that are the unit of analysis in this study is minimal, reaching an average of 44 ,32% of the average total assets of the company (Rp 2,028,618,000,000/Rp 4,576,964,000,000). Total Outstanding Shares of the company based on the overall, average, standard variation, maximum and minimum values for the period 2014 to 2020, can be seen in Table 5.

Referring to table 5, it can be seen that the total shares in the companies surveyed show 49,529,729 shares, with an average of 990,595 shares per company, standard deviation of 2,924,170 shares, a maximum value of 20,129,429 shares, and a minimum value of 13,000. sheet.

In other words, the average value of the total outstanding shares of each manufacturing company reached 990,595 shares, meaning that the average of the total outstanding shares of manufacturing companies was adequate, reaching an average of 2.00% of the average total shares. company (990,595 shares / 49,529,729 shares) outstanding. Furthermore, the Company's Outstanding Stock Price based on the overall, average, standard variation, maximum and minimum values for the period 2014 to 2020, can be seen in Table 6.

Table 5. Total Shares Outstanding by Average 2014-2020 period (in sheet)

| NO | 2014 | 2015 | 2016 | Years 2017 | 2018 | 2019 | 2020 | AVG |
|-------------------------------|------------|------------|------------|---------------|------------|------------|------------|------------|
| Total | 52.048.000 | 52.628.100 | 46.922.000 | 47.388.000 | 49.252.000 | 49.235.000 | 49.235.000 | 49.529.729 |
| Average (AVG) | 1.040.960 | 1.052.562 | 938.440 | 947.760 | 985.040 | 984.700 | 984.700 | 990.595 |
| Standar Deviasi (STDEV) | 3.370.778 | 3.068.453 | 2.952.660 | 2.953.594 | 2.778.968 | 2.779.021 | 2.779.021 | 2.924.170 |
| Maximum Value (MAX) | 23.558.000 | 20.558.000 | 20.558.000 | 20.558.000 | 18.558.000 | 18.558.000 | 18.558.000 | 20.129.429 |
| Minimum Value (MIN) | 13.000 | 13.000 | 13.000 | 13.000 | 13.000 | 13.000 | 13.000 | 13.000 |

Source: Data processed by the author (2021)

Table 6. Share Price Based on average 2014-2020 period (in IDR /sheet)

| NO | 2014 | 2015 | 2016 | Years 2017 | 2018 | 2019 | 2020 | AVG |
|-------------------------------|--------|--------|--------|---------------|--------|--------|--------|----------|
| Total | 61.205 | 68.295 | 65.806 | 76.230 | 76.930 | 68.880 | 68.880 | 70.217 |
| Average (AVG) | 1.224 | 1.394 | 1.343 | 1.525 | 1.539 | 1.378 | 1.378 | 1.400,28 |
| Standar Deviasi (STDEV) | 666 | 937 | 703 | 1.312 | 1.374 | 734 | 734 | 954,33 |
| Maximum Value (MAX) | 4.200 | 4.200 | 4.200 | 9.200 | 9.700 | 4.200 | 4.200 | 5.950,00 |
| Minimum Value (MIN) | 410 | 410 | 410 | 410 | 410 | 410 | 410 | 410,00 |

Source: Data processed by the author (2021)

Referring to Table 6, it can be seen that the total share price of the companies surveyed shows a figure of Rp. 70,217/share, with an average of Rp. 1,400.28/share for each company, standard deviation of Rp. 954.33/share, - a maximum value of Rp. 5.950,-/ sheet, and a minimum value of Rp. 410,-/ sheet.

In other words, the average value of the stock prices in each outstanding manufacturing company reached Rp. 1,400.28,-/share, meaning that the average share price of the outstanding manufacturing companies was adequate, reaching an average of 1.99%. of the average price of the company's total shares (Rp. 1,400.28 / Rp. 70,217) outstanding.

Furthermore, the Company Value based on the overall, average, standard variation, maximum and minimum values during the period 2014 to 2020, can be seen in Table 7 as follows

Table 7. Firm Value (FV) Based on average 2014-2020 period

| Keterangan | DER | INV | MVE | Q | Q (%) |
|-------------------------|----------|------------|------------|--------|-------|
| Average (AVG) | 7,7025 | 4.576.963 | 681,3447 | 0,3316 | 33,16 |
| Standar Deviasi (STDEV) | 40,6113 | 14.414.829 | 747,7473 | 0,1207 | 12,07 |
| Maximum Value (MAX) | 287,1469 | 92.917.547 | 3.617,1233 | 0,7038 | 70,38 |
| Minimum Value (MIN) | 0,1051 | 69.572 | 21,3675 | 0,0862 | 8,62 |

Source: Data processed by the author (2021)

Referring to Table 7, it can be seen that the average value of the surveyed companies shows a figure of 33.16% for each company, a standard deviation of 12.7%, a maximum value of 70.38, and a minimum value of 8.62%. In other words, the average value of each observed manufacturing company reached 33.16%, meaning that the average value of the manufacturing company was quite adequate.

The internal financial performance, which is proxied to the rate of return on equity (ROE), is the company's work performance in a certain period and is stated in the financial statements of the company concerned. This ROE is thought to influence firm value. The company's value is interpreted as the value of a company that describes how well or poorly management manages its wealth; this can be seen from the measurement of financial performance obtained. A company will try to maximize the value of the company. An increase in the company's value is usually marked by an increase in stock prices in the market. Based on

the results of data processing with the help of computer services, it is known that the description of the company's internal financial performance as proxied by ROE and firm value is as follows:

Tabel 8. Descriptive Statistics Internal Financial Performance (ROE Proxy) and Firm Value

| Variabel | Mean | Std. Deviation | N |
|---------------------------------------|---------|----------------|----|
| FIRM VALUE | 33,1618 | 12,06556 | 50 |
| Kinerja Keuangan Internal (Proxi ROE) | 12,3020 | 8,79226 | 50 |

Source: Results of data processing with SPSS (2021)

Furthermore, the relationship between the company's internal financial performance and firm value using correlation analysis can be described in the following table:

Tabel 9. Correlations Analysis Kinerja Keuangan Intern (Proksi ROE) dan Nilai Perusahaan

| | | FIRM VALUE | ROE |
|---------------------|------------|------------|-------|
| Pearson Correlation | Firm Value | 1,000 | ,615 |
| | ROE | ,615 | 1,000 |
| Sig. (1-tailed) | Firm Value | . | ,000 |
| | ROE | ,000 | . |
| N | Firm Value | 50 | 50 |
| | ROE | 50 | 50 |

Source: Results of data processing with SPSS (2021)

Internal Finance (ROE Proxy) with firm value reaching 61.5% ($r=0.615$), with 0% chance to reject it or error ($p\text{-value}=0.000$), and significant at 95% level ($\alpha=0.05$). In other words, the relationship between Internal Financial Performance (ROE Proxy) and Firm Value reached 61.5%, meaning that the relationship between Internal Financial Performance (ROE Proxy) and Firm Value reached a positive value and was in the strong category. Thus, it can be said that the company's internal financial performance (ROE proxy) has a direct relationship with firm value. Furthermore, the magnitude of the influence of the company's internal financial performance on firm value using regression analysis, on the grounds that regression analysis can provide an overview of the relationship pattern, by obtaining a regression coefficient, and it can be seen the magnitude of the influence of the company's internal financial performance on firm value as indicated by the coefficient of determination.

The summary of the results of the regression analysis can be described in Table 10, as follows:

Table 10. Model Summary The Influence of the Company's Internal Financial Performance Against Company Value

| Model | R | R Square | Std. Error of the Estimate | Change Statistics | | | | |
|-------|-------------------|----------|----------------------------|-------------------|----------|-----|-----|---------------|
| | | | | R Square Change | F Change | df1 | df2 | Sig. F Change |
| 1 | ,615 ^a | ,378 | 9,61387 | ,378 | 29,178 | 1 | 48 | ,000 |

Source: Results of data processing with SPSS (2021)

Based on Table 17, it can be seen that the magnitude of the influence of Internal Financial Performance (ROE Proxy) on Firm Value reaches 37.8% ($R^2=0.378$), with the opportunity to reject it or the error is 0% ($p\text{-value}=0.000$). It is significant at the level of 95% ($\alpha=0.05$). In other words, the influence of Internal Financial Performance (ROE Proxy) with Company Value reaches 37.8%, meaning that the influence of Internal Financial Performance (ROE Proxy) on Company Value reaches a positive value and is a low category. Thus, it can be said that the influence of the company's internal financial performance (ROE proxy) on firm value is not optimal, and it is suspected that there are still factors that can affect the firm's value that were not investigated in this study, which reached 62.2%. Furthermore, the pattern of the relationship between the company's internal financial performance and firm value using regression analysis can be described in table 10, as follows:

Tabel 10. Regression Coefficients^a Model of Relationship Pattern between Financial Performance With Company Value

| Model | Unstandardized Coefficients | Standardized Coefficients | t | Sig. |
|-------|-----------------------------|---------------------------|---|------|
|-------|-----------------------------|---------------------------|---|------|

| | | b | Std. Error | Beta | | |
|---|------------|--------|------------|------|-------|------|
| 1 | (Constant) | 22,782 | 2,354 | | 9,678 | ,000 |
| | ROE | ,844 | ,156 | ,615 | 5,402 | ,000 |

a. Dependent Variable: Firm Value

Referring to the calculation results shown in Table 10, it can be seen the pattern of the relationship by making the following equation: By using the prediction (FV) = 22,782+0,844ROE, the equation model for the company's internal financial performance on company value is as follows:

$$FV = 0.615ROE + 0.622$$

Based on this equation, it can be said that every change in the company's value towards a positive direction of 61.5% is also determined by an increase in the company's internal financial performance by 100%. In other words, an increase in the company's internal financial performance by 100% will determine or result in an increase in the company's value by 61.5%. Thus, an increase in the company's internal financial performance as proxied by ROE in a better direction will lead to an increase in the company's value towards a better direction, but not yet optimal. The magnitude can see this of the effect indicated by the coefficient of determination which only reached 37.8%. The hypothesis states that the company's internal financial performance as proxied by ROE has a positive and significant effect on the value of a manufacturing firm listed on the Indonesia Stock Exchange. With the criteria of accepting H0 if p-Value > 0.05, to accept H1 if p-Value < 0.05, the calculation results show that t=5.042 at the probability value (p-Value=0.000) < 0.05. Thus, the hypothesis that the company's internal financial performance as proxied by ROE has a positive and significant effect on the value of a manufacturing firm listed on the Indonesia Stock Exchange cannot be accepted. In other words, the magnitude of the influence of the company's internal financial performance as proxied by ROE has a positive and significant effect on the value of a manufacturing firm listed on the Indonesia Stock Exchange, which is 37.8% positive and significant.

The company's internal financial performance as proxied by the return on equity (ROE) experienced by the surveyed companies shows 608%, with an average of 12.17% for each company, standard deviation of 14.24%, the maximum value of 58, 06%, and a minimum value of -21,32%. The average value of ROE in manufacturing companies that have issued shares reached 12.17%, meaning that the rate of return on their capital in the companies that became the unit of analysis in this study was adequate but not optimal.

The average value of the companies surveyed shows a figure of 33.16% for each company, a standard deviation of 12.7%, a maximum value of 70.38, and a minimum value of 8.62%. In other words, the average value of each observed manufacturing company reached 33.16%, meaning that the average value of the manufacturing companies was quite adequate.

Based on the results of calculations using the proposed correlation and regression analysis and hypothesis testing, which produces p-value = 0.000 and = 0.05, the hypothesis testing is said to be significant. The magnitude of the influence of the company's internal financial performance as proxied by ROE has a positive and significant effect on the value of a manufacturing firm listed on the Indonesia Stock Exchange. However, the effect is small but significant.

This indicates that other factors affect the company's value besides the company's internal financial performance. The results of this study are in line with Suranta and Machfoedz's (2003) statement that various factors can affect firm value, including managerial ownership, the financial performance of a company, dividend policy, corporate governance and so on.

The value of the company as a result of the company's internal financial performance as proxied by the ROE of manufacturing companies listed on the Indonesia Stock Exchange achieved by the company is measured through three indicators, namely: a) The company's internal financial performance is measured by the rate of return on its capital, through a comparison between Net Profit for Common Stockholders and Common Stock Equity;b) Company value is measured by: (a) EMV (Market Value of Equity), which is the result of multiplying P(Closing Price) x Qshares (Number of shares outstanding); (b) Book value of total debt (Debt); and (c) Book value of total assets (EBV)

Conclusions

The conclusion is intended to help the reader understand why your research should matter to them after they have finished reading the paper. A conclusion is not merely a summary of the main topics covered or a re-statement of your research problem, but a synthesis of key points. It is important that the conclusion does not

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