The Influence of Financial Performance and Profit Management on Company Value

Lambok Manurung [*], **Etty Harya Ningsi**
Universitas Battuta, Medan, Indonesia

Article Info	ABSTRACT
	This study explores the critical factors influencing corporate value, focusing on financial performance and earnings management within the context of manufacturing sector companies listed on the Indonesia Stock Exchange from 2017 to 2021. Corporate value, indicative of company worth and investor confidence, is significantly influenced by financial performance, typically measured by metrics like return on assets (ROA). Higher ROA signals better profitability and enhances shareholder returns, thereby elevating corporate value. Conversely, earnings management practices, aimed at manipulating reported profits, do not significantly impact corporate value in this study, reflecting potential ethical concerns and the divergence of interests between managers and shareholders. These findings underscore the complex dynamics influencing corporate valuation and highlight the need for further research to elucidate these relationships amidst varying economic conditions.

Corresponding Author:

Lambok Manurung
Universitas Battuta
Email: manurunglambok66@gmail.com

INTRODUCTION

The value of a company is crucial to examine because it reflects the growth and performance of its management. A high corporate value typically correlates with increased shareholder prosperity (Brigham and Gapenski, 1996). According to Mulianti (2010), an increase in corporate value indicates promising prospects for the company, potentially leading to higher stock returns. High stock prices elevate corporate value and enhance market confidence.

Performance can be defined as the achievements a company attains over a specific period, reflecting its overall health (G. Sugiarso and F. Winarni, 2005). Financial Accounting Standards (2007) define corporate performance in relation to financial reporting objectives, such as net income often being used as a measure of performance or as a basis for other metrics like return on investment or earnings per share. From this perspective, performance represents a company's ability to meet its goals over time, depicting its quality.

Profit management, as described by Mulford and Comiskey (2002), involves creative accounting practices within the framework of GAAP's flexibility principles, often seen as a financial numbers game. Scott (2000) categorizes earnings management into two perspectives: first, as opportunistic behavior by managers to maximize their utility in compensation contracts, debt contracts, and political costs; second, from an efficient contracting viewpoint, where earnings

management provides managers with flexibility to protect themselves and the company against unforeseen events for the benefit of all parties involved in contracts.

Previous research on the influence of company financial performance on corporate value has yielded varied results. Alfredo, Sri Artini, and Suarjaya (2012) concluded that financial performance significantly and positively affects corporate value. Similarly, research by Putri, Sri, and Joy (2017) also found a significant positive relationship between financial performance and corporate value. In contrast, Ratri and Imam (2015) concluded that financial performance has a non-significant negative impact on corporate value. This finding is supported by studies from Suranta and Pranata (2004) as well as Sigit and Afiyah (2014), where financial performance variables negatively affected corporate value.

Similarly, research on the impact of earnings management on corporate value has shown inconsistent results. Fauzan and Dini (2019) found that earnings management has a non-significant negative impact on corporate value, suggesting that it can decrease corporate value. In contrast, Jefriansyah (2015) reported a non-significant positive impact of earnings management on corporate value. Meanwhile, Sugitha's (2014) study indicated a significant positive impact of earnings management on corporate value.

Given the inconsistency in previous research findings, further analysis is needed to understand the factors influencing corporate value

Choosing a longer research period of five years aims to capture genuine data variability. The preference for manufacturing companies stems from their rapid growth and extensive scope, dominating the companies listed on the Indonesia Stock Exchange (BEI). This ensures the research results' relevance across Indonesia's entire industry. Therefore, cluster sampling or probability sampling is apt for selecting samples due to manufacturing's prominence, encompassing various sub-sectors like basic industries, chemicals, consumer goods, and miscellaneous industries.

THEORETICAL FRAMEWORK AND HYPOTHESIS FORMULATION

Agency theory explains the emergence of earnings management practices by addressing the separation of interests between company owners and managers, as described by Bodroastuti (2009). This theory revolves around the principal-agent relationship where the principal employs agents to act on their behalf, including delegating decision-making authority from the principal to the agent (Anthony and Govindarajan, 2005).

Signaling theory, according to Brigham and Houston (2011: 186) cited in Novalia and Marsellisa (2016), involves actions taken by company management to provide investors with insights into how management perceives the company's prospects. This theory posits that sound financial reports signal effective company operations and underscores the importance of information disseminated by companies to external investment decisions.

Financial statements depict a company's financial condition at a specific time or over a defined period. According to Munawir (2010), these typically include the balance sheet, income statement, and statement of changes in equity. The balance sheet shows the assets, liabilities, and equity of a company on a given date. The income statement details a company's financial performance and expenses over a period, while the statement of changes in equity outlines sources and uses affecting a company's equity.

Financial statements are crucial for various stakeholders such as current and potential investors, employees, lenders, suppliers, customers, government entities, and the public. According to Kasmir (2013), financial statements primarily aim to provide financial information to parties inside and outside the company with interests in its operations.

Corporate value serves as a benchmark for assessing overall company worth and influences investment decisions (Ernawati and Widyawati, 2015). A high corporate value attracts investors, indicating high shareholder prosperity (Hemastuti, 2014). Similarly, Pertiwi et al. (2016) suggest that a high corporate value instills market confidence not only in current company performance but also in future prospects, thereby enhancing shareholder welfare (Torong, 2015). Corporate value is often

gauged through stock prices reflecting public assessments of a company's real performance; higher stock prices correlate with higher company value (Harmono, 2015).

Performance evaluation, as per IAI (2012), is often used to measure performance or as a basis for metrics like return on investment or earnings per share.

Earnings management involves actions by management to manipulate company profits in financial reports. Its aim, according to Darwis (2012), is to benefit specific parties. Sulistyanto in Pawitri (2013) defines earnings management as accounting flexibility to align with business innovations. However, earnings management practices can obscure actual economic conditions in financial statements, casting doubt on the reliability of reported profits for decision-making (Ustman and Subekti, 2016). Others argue that earnings management diminishes financial statement credibility, introduces biases, and disrupts user trust in reported earnings (Rahmawati, 2004).

Numerous studies have investigated corporate value. Key insights from previous research provide the foundation for this study. Summarized below are some notable studies:

1. Alfredo, Sri Artini, and Suarjaya (2012) examined the influence of financial performance on corporate value in manufacturing companies listed on the Indonesia Stock Exchange (BEI) from 2006 to 2009. Their findings indicated a significant positive impact of financial performance on corporate value using multiple regression analysis.
2. Putri, Sri, and Joy (2017) focused on real estate and property companies listed on the Indonesia Stock Exchange from 2012 to 2015, finding a significant positive relationship between company performance and corporate value using purposive sampling.
3. Suranto, Nangoi, and Walandouw (2017) studied banking companies listed on the Indonesia Stock Exchange from 2013 to 2015, confirming a significant positive impact of financial performance on corporate value through descriptive analysis and regression.
4. Yendrawati and Pratidina (2013) explored the impact of financial performance on corporate value with corporate social responsibility and institutional ownership as moderating variables among manufacturing companies listed on the Indonesia Stock Exchange from 2009 to 2011, demonstrating a significant positive influence of financial performance on corporate value through multiple regression.
5. Akmalia, Dio, and Hesty (2017) investigated the influence of financial performance on corporate value with corporate social responsibility and good corporate governance as moderating variables among manufacturing companies listed on the Indonesia Stock Exchange from 2010 to 2015, identifying a significant positive impact through their research.
6. Abdallah and Suryani (2018) analyzed earnings management's impact on corporate value with audit quality as a moderating variable among food and beverage companies listed on the Indonesia Stock Exchange from 2011 to 2015, finding a significant positive relationship.
7. Riswandi and Yuniarti (2020) studied the impact of earnings management on corporate value among mining companies listed on the Indonesia Stock Exchange from 2012 to 2017, reporting a significant positive influence.
8. Syahadatina (2015) investigated earnings management's impact on corporate value among manufacturing companies listed on the Indonesia Stock Exchange from 2012 to 2014, concluding a significant positive relationship.
9. Putri (2019) explored earnings management's impact on corporate value among manufacturing industries listed on the Indonesia Stock Exchange from 2015 to 2017, finding a significant positive influence.
10. Marjani and Puspitosarie (2013) examined earnings management's impact on corporate value with corporate governance as a moderating variable, using public banks from 2011 to 2015, indicating a significant positive relationship.
11. Artawan (2016) investigated earnings management's impact on corporate value with corporate governance as a moderating variable among manufacturing companies listed on the Indonesia Stock Exchange from 2015 to 2017, finding a significant positive influence.

Based on the literature review presented, this study will analyze the impact of financial performance and earnings management on corporate value, treating financial performance and

earnings management as independent variables and corporate value as the dependent variable. The researcher anticipates finding significant relationships among these variables.

Hypothesis:
H1: Financial performance significantly positively influences corporate value.
H2: Earnings management significantly positively influences corporate value.

RESEARCH METHOD

The author conducted research on manufacturing sector companies listed on the Indonesia Stock Exchange. The research focused on financial performance, earnings management, and corporate value using financial statements from the period 2017-2021.

The study was conducted using data from the Indonesia Stock Exchange (IDX) official website, www.idx.co.id, accessing financial reports of all manufacturing companies over a five-year period from 2017-2021.

Research methodology is the approach used by researchers to collect data. By employing a research method, significant relationships between the variables under study are identified, leading to conclusions that clarify the research objectives. According to Sugiyono (2014:2), research methodology is fundamentally a scientific approach to obtaining data for specific purposes. The methodology employed in this study includes descriptive methods with a quantitative approach and verification method, where research findings are processed and analyzed to draw conclusions. This emphasizes the analysis of numerical data to establish significant relationships between the variables studied and clarify the research focus.

The descriptive method in this study is used to explain the relationships between Financial Performance and Earnings Management with Corporate Value. Thus, the information gathered enables analysis to provide insights for issuers and investors. The verification method is utilized to test hypotheses regarding the impact of Financial Performance and Earnings Management on Corporate Value. A quantitative approach is employed to analyze the extent of influence of Financial Performance and Earnings Management on Corporate Value.

The population consists of all manufacturing sector companies listed on the Indonesia Stock Exchange during the 2017-2021period, totaling 188 companies.

The sampling method employed is cluster sampling, resulting in a sample size of 64 manufacturing companies based on the cluster sampling technique.

A. Data Analysis Technique: Descriptive statistics in this research were conducted by determining the mean, standard deviation, maximum, and minimum values using SPSS and Microsoft Excel programs.

B. Classic Assumption Tests:
   a. Normality test aims to determine whether the disturbance or residual variables in the regression model follow a normal distribution (Ghozali 2011). It is known that t-tests and F-tests assume that residual values are normally distributed. If this assumption is violated, statistical tests become invalid, especially for small sample sizes.
   b. Multicollinearity test, according to Ghozali (2016:91), aims to detect correlations among independent variables in a regression model. Ideally, independent variables in a good regression model should not be correlated. If they are correlated, the variables are not orthogonal. Orthogonal variables have zero correlation among the independent variables.
   c. Autocorrelation test checks whether the dependent variable is correlated with its own past or future values.
   d. Heteroskedasticity test aims to determine if there are unequal variances of residuals across observations in a regression model.

C. Hypothesis Testing: This study utilized multiple linear regression analysis. According to Algifari (2015:1), regression analysis is a statistical method to analyze the influence of one or more independent variables on a dependent variable. Multiple linear regression is used to predict changes in the dependent variable based on changes in two or more independent variables (Sugiyono, 2016:275).

   a. Multiple linear regression analysis in this study was conducted using Statistical Package for Social Science (SPSS) software.

   b. Simultaneous Test (F-test): This test aims to determine whether all independent variables together can explain the variation in the dependent variable. According to Algifari (2015:74), it tests the regression coefficients of all independent variables simultaneously at a significance level of 0.05, with degrees of freedom (n-k), where n is the number of observations and k is the number of variables.

   c. Partial Test (t-test): This test examines the regression coefficients of each independent variable separately. The null hypothesis (H0) states that there is no significant relationship, while the alternative hypothesis (H1) suggests a significant relationship between the independent and dependent variables.

   d. Coefficient of Determination Test: The coefficient of determination (R^2) ranges from 0 to 1. A low R^2 indicates that the independent variables have limited ability to explain the variation in the dependent variable. Ghozali (2016:98) states that R^2 measures how well the model explains the variation in the dependent variable.

RESULT AND DISCUSSION

The highest financial performance score in 2017 was achieved by Unilever Indonesia Tbk with 37.2, while Sekar Laut Tbk had the lowest with -5.3. In 2018, Multi Bintang Indonesia Tbk reached the highest score at 43.2, and Indomobil Sukses Internasional Tbk had the lowest at -1.2. Continuing to 2019, Multi Bintang Indonesia Tbk maintained the highest score at 52.7, with Lotte Chemical Titan Tbk having the lowest at -0.9. In 2020, Unilever Indonesia Tbk again achieved the highest score of 46.3, and Solusi Bangun Indonesia Tbk had the lowest at -0.04. For the last period in 2021, Multi Bintang Indonesia Tbk led with a score of 42.0, while Lionmesh Prima Tbk had the lowest at -12.4.

NO	CODE	ROA					Mean
		2017	2017	2019	2020	2021	
1	INTP	15.76	12.84	6.44	2.32	6.60	8.792
2	SMBR	10.34	5.93	2.90	2.00	1.00	4.434
3	WTON	3.86	6.04	4.82	5.48	4.94	5.028
4	AMFG	7.99	4.37	0.62	0.10	-1.50	2.316
5	ARNA	4.98	5.92	7.63	9.57	12.00	8.020
6	TOTO	11.69	6.53	9.87	11.97	4.82	8.976
7	INAI	2.15	2.66	3.18	2.08	2.77	2.568
8	DPNS	3.59	3.38	1.93	2.91	1.24	2.610
9	EKAD	12.07	12.91	9.56	7.99	8.68	10.242
10	IMPC	7.75	5.53	3.98	1.72	3.70	4.536
11	CPIN	7.42	9.19	10.18	16.47	12.38	11.128
12	INKP	3.16	2.95	5.41	5.92	3.20	4.128
13	TKIM	0.05	0.31	1.06	8.30	5.40	3.024
14	TALF	7.77	3.42	2.33	4.47	2.01	4.000
15	AKPI	0.96	2.00	0.49	2.09	1.96	1.500
16	BRPT	0.23	10.88	7.68	3.40	1.90	4.818
17	FPNI	1.28	1.06	-0.91	3.13	-1.98	0.516

18	INCI	10.00	3.71	5.45	4.26	3.41	5.366
19	INRU	-0.82	11.05	7.30	1.00	-4.00	2.906
20	IPOL	0.95	2.30	0.72	2.00	2.00	1.594
21	JPFA	3.06	11.28	5.25	9.80	7.50	7.378
22	KDSI	0.97	4.13	5.19	5.52	5.11	4.184
23	LION	7.20	6.17	1.36	2.11	0.13	3.394
24	LMSH	1.45	3.84	8.05	1.80	-12.40	0.548
25	MAIN	-1.57	7.40	1.20	0.07	0.03	1.426
26	MLIA	-2.19	0.12	0.92	3.59	2.20	0.928
27	NIKL	-5.29	2.11	0.90	1.77	-1.04	-0.310
28	PICO	2.47	2.07	2.34	1.80	0.70	1.876
29	SMGR	11.86	10.25	4.71	6.02	3.00	7.168
30	SPMA	-1.95	3.75	4.24	3.60	5.20	2.968
31	SRSN	2.70	1.54	2.71	5.64	5.50	3.618
32	TPIA	1.41	14.10	11.20	5.90	0.70	6.662
33	TRST	0.75	1.03	1.15	1.50	0.90	1.066
34	UNIC	-0.39	9.31	5.33	7.31	5.18	5.348
35	SMCB	0.01	-0.01	-0.04	-0.04	0.03	-0.010
36	ASII	6.36	6.99	7.84	8.00	8.00	7.438
37	AUTO	2.25	3.31	3.71	4.30	5.10	3.734
38	BRAM	4.31	7.53	8.07	5.73	5.22	6.172
39	SMSM	20.78	22.27	22.73	23.00	21.00	21.956
40	PBRX	1.95	2.56	1.36	2.90	2.40	2.234
41	RICY	1.12	1.09	1.20	1.00	1.00	1.082
42	SRIL	7.11	6.27	6.75	6.20	5.62	6.390
43	BATA	16.29	5.25	6.27	8.00	3.00	7.762
44	KBLI	7.43	17.87	11.91	8.51	10.80	11.304
45	KBLM	1.95	3.32	3.56	3.13	3.01	2.994
46	SCCO	8.97	13.90	6.72	6.32	7.16	8.614
47	TRIS	6.52	3.94	2.61	2.34	2.03	3.488
48	IMAS	-0.09	-1.22	-0.20	0.27	0.35	-0.178
49	DLTA	18.50	21.25	20.87	16.63	22.29	19.908
50	ICBP	11.01	12.56	11.21	10.51	13.31	11.720
51	INDF	4.04	6.41	5.85	3.73	6.10	5.226
52	MLBI	23.65	43.17	52.67	42.00	42.00	40.698
53	MYOR	11.02	10.75	10.93	10.00	11.00	10.740
54	SKLT	5.32	3.63	3.61	4.30	5.70	4.512
55	GGRM	10.16	10.60	11.62	8.63	13.80	10.962
56	HMSP	27.26	30.02	29.37	19.73	27.00	26.676
57	KLBF	15.02	15.44	14.76	13.54	12.37	14.226
58	SIDO	15.65	16.08	16.90	19.90	22.80	18.266
59	TSPC	8.42	8.28	7.50	6.51	6.62	7.466
60	UNVR	37.20	38.16	37.05	46.30	36.10	38.962
61	CINT	7.70	5.16	6.22	2.76	1.38	4.644
62	TBLA	2.16	4.93	6.80	4.70	3.80	4.478

63	ADES	5.03	7.29	4.55	6.00	10.00	6.574
64	CEKA	7.71	17.51	7.71	7.93	15.47	11.266
65	DVLA	7.48	9.93	9.89	11.90	12.10	10.260
	Max	37.20	43.17	52.67	46.30	42.00	40.698
	Min	-5.29	-1.22	-0.91	-0.04	-12.40	-0.310
	Mean	6.68	8.37	7.46	7.21	6.61	7.266

It can be observed that the average financial performance score was 6.6762 in 2017, increased to 8.3742 in 2018, decreased to 7.4645 in 2019, slightly declined to 7.72052 in 2020, and further decreased to 6.6123 in 2021. Based on the graph, it can be concluded that the maximum average was in 2019, while the minimum averages were in 2017 and 2021.

The highest earnings management score in 2017 was recorded by Indal Aluminium Industry Tbk at 0.00551136, and Kabelindo Murni Tbk had the lowest at -0.00272465. In 2018, Intanwijaya Internasional Tbk reached the highest score of 0.00259242, and Pelangi Indah Canindo Tbk had the lowest at -0.00250900. In 2019, Kabelindo Murni Tbk achieved the highest score at 0.00331051, with Trisula International Tbk having the lowest at -0.00120507. Moving to 2020, KMI Wire and Cable Tbk scored the highest at 0.00284401, while Delta Djakarta Tbk had the lowest at -0.00236624. In 2021, KMI Wire and Cable Tbk maintained the highest score with 0.00345643, and Indal Aluminium Industry Tbk had the lowest at -0.00200695.

NO	CODE	JONES					Mean
		2017	2018	2019	2020	2021	
1	INTP	-0.00009067	0.00004911	-0.00007672	0.00036797	0.00001427	0.00005279
2	SMBR	-0.00031029	0.00116905	0.00098250	0.00035579	-0.00003422	0.00043257
3	WTON	0.00054466	0.00041045	0.00266582	-0.00001247	0.00023817	0.00076933
4	AMFG	0.00011727	-0.00010321	0.00008006	0.00008086	0.00007316	0.00004963
5	ARNA	0.00036726	0.00076994	0.00091398	-0.00033033	0.00027994	0.00040016
6	TOTO	0.00004275	-0.00062314	0.00039273	-0.00069397	0.00059329	-0.00005767
7	INAI	0.00551136	0.00161539	-0.00120134	0.00181512	-0.00200695	0.00114672
8	DPNS	-0.00016383	-0.00032052	0.00044667	0.00007154	-0.00027373	-0.00004797
9	EKAD	-0.00016366	0.00062208	0.00028211	0.00035362	-0.00000517	0.00021780
10	IMPC	-0.00019001	0.00044726	0.00054217	0.00012482	0.00035331	0.00025551
11	CPIN	-0.00019031	-0.00044901	-0.00024490	0.00040615	0.00017377	-0.00006086
12	INKP	0.00137727	0.00015253	0.00059947	0.00085970	0.00009282	0.00061636
13	TKIM	-0.00038507	-0.00008675	0.00040082	0.00010175	-0.00015314	-0.00002448
14	TALF	0.00035541	0.00086314	0.00097436	0.00052637	0.00082773	0.00070940
15	AKPI	0.00068274	-0.00085605	0.00066545	0.00085092	-0.00069624	0.00012936
16	BRPT	-0.00049581	0.00080039	0.00042460	-0.00013676	0.00019001	0.00015649
17	FPNI	-0.00033767	-0.00044884	-0.00058008	0.00028511	-0.00114381	-0.00044506
18	INCI	0.00148889	0.00259242	0.00179549	0.00079734	0.00146528	0.00162788
19	INRU	0.00002702	0.00016146	-0.00008559	0.00000899	-0.00002653	0.00001707
20	IPOL	-0.00077564	0.00050735	0.00035948	0.00072502	-0.00040084	0.00008307

21	JPFA	-0.00006152	0.00001669	0.00047388	0.00020480	0.00020851	0.00016847
22	KDSI	0.00080338	0.00095481	0.00062518	-0.00075332	-0.00028515	0.00026898
23	LION	0.00050991	0.00051646	0.00003212	0.00084007	-0.00037992	0.00030373
24	LMSH	-0.00046884	-0.00016444	-0.00013519	0.00041060	-0.00068861	-0.00020930
25	MAIN	-0.00019351	-0.00013348	0.00012929	-0.00054416	0.00049804	-0.00004876
26	MLIA	-0.00038145	0.00014843	0.00031667	-0.00053528	0.00012140	-0.00006605
27	NIKL	-0.00084500	-0.00021966	0.00127047	0.00194007	-0.00038950	0.00035128
28	PICO	-0.00038659	-0.00250900	0.00272854	-0.00012191	-0.00025833	-0.00010946
29	SMGR	0.00012516	0.00022525	0.00048578	0.00043291	0.00038854	0.00033153
30	SPMA	-0.00027913	-0.00046391	0.00005103	0.00014177	0.00053086	-0.00000387
31	SRSN	0.00108993	0.00003839	-0.00070686	0.00111359	0.00083395	0.00047380
32	TPIA	-0.00066737	0.00102998	0.00059907	-0.00023108	-0.00010168	0.00012578
33	TRST	-0.00037841	-0.00011159	0.00014731	0.00048263	0.00010799	0.00004959
34	UNIC	-0.00152201	0.00118686	-0.00052604	-0.00038478	-0.00009891	-0.00026897
35	SMCB	0.00004100	0.00005979	0.00013937	-0.00040308	0.00059377	0.00008617
36	ASII	-0.00016375	0.00028021	0.00044988	0.00063443	0.00003869	0.00024789
37	AUTO	-0.00016540	0.00021207	0.00028804	0.00017614	0.00009708	0.00012159
38	BRAM	-0.00018696	0.00047467	0.00047435	0.00009955	-0.00060382	0.00005156
39	SMSM	0.00048884	0.00116133	0.00038127	0.00154240	0.00065296	0.00084536
40	PBRX	0.00076592	0.00071479	0.00060508	0.00083949	0.00003238	0.00059153
41	RICY	-0.00015041	0.00079093	-0.00008548	0.00006415	-0.00014309	0.00009522
42	SRIL	-0.00086634	0.00123814	0.00089761	0.00037863	0.00096995	0.00052360
43	BATA	-0.00002843	0.00002772	-0.00010949	-0.00005148	-0.00010050	-0.00005244
44	KBLI	0.00113382	-0.00008519	0.00202572	0.00284401	0.00345643	0.00187496
45	KBLM	-0.00272465	-0.00198792	0.00331051	0.00119545	-0.00178254	-0.00039783
46	SCCO	-0.00168993	-0.00151627	0.00172687	0.00047760	-0.00033860	-0.00026806
47	TRIS	-0.00038517	-0.00188389	-0.00120507	0.00236163	-0.00049950	-0.00032240
48	IMAS	0.00048344	-0.00001330	0.00127573	0.00062578	0.00053204	0.00058074
49	DLTA	-0.00145872	0.00070055	0.00285101	-0.00236624	0.00054944	0.00005521
50	ICBP	0.00038914	0.00044053	0.00017612	0.00010175	-0.00009041	0.00020342
51	INDF	0.00019405	0.00002136	0.00044192	-0.00007041	-0.00013878	0.00008963
52	MLBI	-0.00169884	0.00083905	0.00273144	0.00029849	0.00193669	0.00082137

53	MYOR	0.00063980	0.00196014	0.00292455	-0.00004136	0.00037966	0.00117256
54	SKLT	0.00052310	0.00128590	0.00038795	0.00176700	0.00036215	0.00086522
55	GGRM	0.00001362	0.00018113	0.00004866	-0.00016603	0.00004203	0.00002388
56	HMSP	0.00281763	-0.00088754	0.00030326	0.00001686	-0.00001324	0.00044739
57	KLBF	-0.00005669	0.00047141	0.00035168	0.00053710	0.00039345	0.00033939
58	SIDO	0.00009377	0.00031524	0.00033186	0.00050937	0.00020464	0.00029098
59	TSPC	0.00032602	0.00010168	0.00054202	0.00018079	-0.00001120	0.00022786
60	UNVR	0.00053851	0.00065000	0.00132640	0.00031120	0.00038267	0.00064175
61	CINT	-0.00047644	-0.00017305	-0.00055227	0.00023098	0.00031415	-0.00013133
62	TBLA	0.00025560	0.00080224	0.00084140	0.00062537	-0.00024274	0.00045637
63	ADES	0.00091997	0.00094486	-0.00034475	-0.00020986	0.00005002	0.00027205
64	CEKA	-0.00092673	0.00032623	0.00012362	-0.00001582	0.00130065	0.00016159
65	DVLA	0.00083455	0.00113701	0.00014393	0.00118168	-0.00020961	0.00061751
	Min	-0.00272465	-0.00250900	-0.00120507	-0.00236624	-0.00200695	-0.00044506
	Max	0.00551136	0.00259242	0.00331051	0.00284401	0.00345643	0.00187496
	Mean	0.00006518	0.00025196	0.00057895	0.00035737	0.00012559	0.00027581

It can be seen that the average earnings management score was 0.00006518 in 2017, increased to 0.00025196 in 2018, further increased to 0.00057895 in 2019, slightly declined to 0.00035737 in 2020, and decreased to 0.00012559 in 2021. Based on these results, it can be concluded that the maximum averages were in 2018 and 2019, while the minimum averages were in 2017 and 2021.

The highest company valuation score in 2017 was attained by Pabrik Kertas Tjiwi Kimia Tbk at 66.02, and Indomobil Sukses Internasional Tbk had the lowest at -143.02. In 2018, Arwana Citramulia Tbk reached the highest score of 47.02, while Solusi Bangun Indonesia Tbk had the lowest at -32.33. For 2019, Impack Pratama Industri Tbk had the highest score at 87.54, and Ricky Putra Globalindo Tbk had the lowest at -33.11. In 2020, Indocement Tunggal Prakarsa Tbk achieved the highest score of 82.47, and in 2021, Kabelindo Murni Tbk topped with 70.21, while Solusi Bangun Indonesia Tbk maintained the lowest scores consecutively in 2020 with -17.19 and in 2021 with -18.37.

NO	CODE	PER					Mean
		2017	2018	2019	2020	2021	
1	INTP	18.86	13.51	43.45	82.47	61.12	43.882
2	SMBR	8.08	11.70	25.70	31.90	57.44	26.964
3	WTON	41.35	32.80	12.93	11.15	13.85	22.416
4	AMFG	8.33	10.09	30.98	-13.19	22.56	11.754
5	ARNA	52.60	47.02	20.78	19.95	14.37	30.944
6	TOTO	25.15	24.65	16.75	11.68	9.80	17.606
7	INAI	4.68	5.80	6.44	6.78	5.36	5.812
8	DPNS	11.69	11.50	18.11	8.38	6.73	11.282
9	EKAD	5.98	4.20	5.62	6.50	6.65	5.790
10	IMPC	58.22	44.38	87.54	82.24	58.72	66.220
11	CPIN	23.21	15.23	19.07	25.59	32.83	23.186
12	INKP	1.70	3.11	5.71	6.15	4.10	4.154

13	TKIM	66.02	10.11	22.49	7.00	6.48	22.420
14	TALF	16.06	16.77	41.89	10.65	8.37	18.748
15	AKPI	21.52	11.11	24.42	70.02	3.92	26.198
16	BRPT	-12.28	6.05	19.72	30.35	63.71	21.510
17	FPNI	12.46	26.96	38.22	17.38	7.47	20.498
18	INCI	3.26	6.54	4.84	5.24	10.00	5.976
19	INRU	-11.71	0.68	25.70	81.04	-4.81	18.180
20	IPOL	14.69	9.82	30.73	10.27	10.74	15.250
21	JPFA	14.46	7.22	14.87	11.31	14.48	12.468
22	KDSI	6.74	3.63	3.23	5.70	5.59	4.978
23	LION	11.87	11.68	29.21	13.20	16.58	16.508
24	LMSH	28.39	20.75	4.51	18.28	-7.99	12.788
25	MAIN	-54.33	9.36	44.70	12.54	6.16	3.686
26	MLIA	-4.37	-20.81	-4.97	8.37	4.90	-3.376
27	NIKL	-1.52	18.60	67.80	-14.20	24.97	19.130
28	PICO	4.86	7.56	5.54	7.51	55.05	16.104
29	SMGR	14.96	13.94	29.16	24.51	66.37	29.788
30	SPMA	-3.61	4.44	5.64	12.11	4.43	4.602
31	SRSN	19.41	17.28	22.42	8.88	7.59	15.116
32	TPIA	31.17	18.07	24.89	30.40	18.80	24.666
33	TRST	34.39	22.74	48.01	26.99	16.56	29.738
34	UNIC	-14.70	2.53	7.67	4.18	5.75	1.086
35	SMCB	43.54	-32.33	-7.41	-17.19	-18.37	-6.352
36	ASII	16.79	22.28	17.80	14.63	13.44	16.988
37	AUTO	24.21	26.13	18.01	12.83	9.78	18.192
38	BRAM	14.66	0.13	11.42	11.26	19.94	11.482
39	SMSM	16.03	35.28	40.46	33.73	35.90	32.280
40	PBRX	28.02	13.39	20.86	16.01	14.85	18.626
41	RICY	9.24	8.98	-33.11	38.31	29.45	10.574
42	SRIL	9.42	5.50	8.43	5.22	3.33	6.380
43	BATA	9.03	26.26	15.04	12.35	13.59	15.254
44	KBLI	4.13	3.63	4.49	8.66	4.57	5.096
45	KBLM	11.57	6.34	13.04	23.03	70.21	24.838
46	SCCO	4.82	0.71	6.71	6.81	7.18	5.246
47	TRIS	13.93	15.74	19.98	36.92	17.73	20.860
48	IMAS	-143.02	-12.06	-3.36	54.88	29.54	-14.804
49	DLTA	21.86	18.45	14.58	14.18	15.89	16.992
50	ICBP	26.18	26.48	27.34	26.23	28.42	26.930
51	INDF	15.31	16.11	16.06	17.40	16.70	16.316
52	MLBI	21.69	27.35	21.80	31.64	26.12	25.720
53	MYOR	22.36	30.72	36.31	39.94	28.38	31.542
54	SKLT	12.52	10.63	34.79	38.28	34.63	26.170
55	GGRM	16.44	20.04	22.32	20.95	10.82	18.114
56	HMSP	42.20	36.79	43.42	33.40	18.04	34.770

57	KLBF	30.87	31.28	33.39	29.61	30.90	31.210
58	SIDO	18.86	11.08	16.12	19.63	25.56	18.250
59	TSPC	15.09	14.50	13.77	11.12	7.72	12.440
60	UNVR	48.24	46.74	60.89	35.57	35.18	45.324
61	CINT	11.88	19.89	12.16	17.52	23.58	17.006
62	TBLA	13.83	8.47	6.90	6.45	7.41	8.612
63	ADES	18.23	13.91	16.90	11.45	11.64	14.426
64	CEKA	3.77	0.00	7.15	14.92	4.18	6.004
65	DVLA	13.49	10.73	9.55	9.98	12.56	11.262
	Max	66.02	47.02	87.54	82.47	70.21	66.22
	Mix	-143.02	-32.33	-33.11	-17.19	-18.37	-14.804
	Mean	13.427	14.033	20.455	20.262	18.885	17.413

It can be observed that the average company valuation scores measured by P/E ratio were 13.42 in 2017, increased to 14.03 in 2018, further increased to 20.45 in 2019, slightly declined to 20.26 in 2020, and decreased to 18.88 in 2021. Based on these results, it can be concluded that the maximum averages were in 2019 and 2020, while the minimum averages were in 2017 and 2018.

Based on descriptive analysis, it is known that there were 325 observation samples taken from 65 companies over a 5-year period from 2017-2021. The minimum value of the company valuation variable measured by P/E ratio was -143.02, and the maximum was 87.54. The average value of company valuation measured by P/E ratio was 17.4126 with a standard deviation of 19.995763. Meanwhile, the minimum value of the company valuation variable measured by PBV ratio was 0.00, and the maximum was 82.44. The average value of company valuation measured by PBV ratio was 3.2986 with a standard deviation of 8.38428. The minimum value of the independent variable financial performance was -12.40, and the maximum was 52.67. The average value of financial performance variables was 7.2665 with a standard deviation of 8.33081. The minimum value of the earnings management variable was -0.0027247, and the maximum was 0.0055114. The average value of earnings management variables was 0.000275809 with a standard deviation of 0.0008997038.

The simultaneous statistical research results (F-test) indicate that both financial performance and earnings management have a significant combined influence on company value as the dependent variable. Based on the analysis above, the interaction between financial performance and earnings management on company value can be summarized as follows:

A. Influence of Financial Performance on Company Value

Partial testing shows that financial performance has a significant positive influence on company value. Therefore, financial performance significantly affects company value. According to theory, financial performance, measured by ROA in this study, correlates positively with company value. A higher ROA indicates higher company value, reflecting better returns to shareholders and increasing the company's stock price.

In this study, financial performance, specifically ROA, was found to have a significant positive influence on company value. ROA represents the net profit margin achieved by a company during its operations. Profits distributed to shareholders are those after interest and taxes, so a high ROA adds value to the company, reflected in its stock price.

B. Influence of Earnings Management on Company Value

The t-test in Table 4.14 indicates that earnings management does not have a significant influence on company value. The calculated t-value is 0.046 with a significance level (Sig.) of 0.963, indicating Sig. > 0.05. Thus, the alternative hypothesis (H1) is rejected, and the null hypothesis (H0) is accepted.

Earnings management involves adjusting profits to meet certain expectations, primarily by management. The aim is to show shareholders that the company's performance is improving, which ultimately affects the stock price and company value itself.

However, because earnings management involves subjective accounting policies chosen by management to increase or decrease profits, in the long run, it tends to decrease company value, as seen in this study. The research found that managerial actions in earnings management do not lead to beneficial outcomes that would increase company value reflected in stock prices. This discrepancy in goals between managers and shareholders can lead to agency conflicts within the company. Management may harm shareholders by behaving unethically and engaging in accounting fraud.

CONCLUSION

1. Based on the first hypothesis (H1) formulated in this study, which states that financial performance has a significant positive influence on company value. Partial testing shows that financial performance indeed has a significant positive influence on company value. This research indicates that investors consider return on assets (ROA) as a critical factor when making investment decisions, as it reflects the profitability potential. Better financial performance sends a positive signal to investors, influencing their decision to buy company shares. Increased demand can drive up stock prices, ultimately enhancing company value.

2. According to the second hypothesis (H2) formulated in this study, which suggests that earnings management has a significant positive influence on company value. However, partial testing results indicate that earnings management does not have a significant influence on company value. This implies that managerial actions in earnings management do not impact company value. According to agency theory, agency relationships can create conflicts of interest between owners (investors) and managers (agents). Contracts are established with the aim of minimizing these conflicts. The research finds that earnings management practices do not lead to beneficial outcomes that increase company value reflected in stock prices. Thus, when there are divergent goals between managers and shareholders, management may harm shareholders by behaving unethically and engaging in accounting fraud.

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