

Analysis of Corporate Financial Performance and Investment Opportunity Set On Company Value Comparative Analysis of Compass 100 and Lq45 Index Companies in Indonesia the Year 2017 – 2021

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Abstract

The issue of Firm Value should be thoroughly investigated. Firm value is an essential indicator for investors in making investment decisions investing their funds in the company. The high corporate value will impact market confidence and prospects for the company. This study analyses Corporate Financial Performance and Investment Opportunities Set on Company Value. This research was conducted at Compass 100 and LQ45 companies, with a research sample of 170 and 90, respectively, for 2017-2021. To test the hypothesis of this study using the Fixed Effect method for the Compass 100 index and the Ordinary Least Squares (OLS) method for the LQ45 index. The results of this study indicate that the Compass 100 Investment Opportunity Set index affects firm value, but Corporate Financial Performance has no impact on firm value. In the LQ45 Investment Opportunity Set index, it affects company value, but Corporate Financial Performance does not affect company value. The LQ 45 index has better investment opportunities in the future than the Compass 100 index, meaning that the LQ 45 has a much higher growth opportunity. The company's value has always been a benchmark for the company's offering to investors; with good prospects for the company in the future, it will be a concern for investors; investors will observe the development of the company's value from time to time. When the company can maximize performance properly, the value of the company will be better.

Keywords

corporate financial performance; investment opportunity set; company value.



I. Introduction

The company's main goal is to obtain profits to maximize the company's value, for the prosperity of shareholders, and to maintain the company's going concern in the future (Nuhoğlu, 2021). The capital market is a means of funding for companies and other institutions (e.g. the government) (Br Sinuraya, 2021). The development of the capital market in Indonesia has encouraged many companies to sell their shares to the public to obtain fresh funds from the sale of shares which can be used to overcome business competition, develop businesses, finance operations and maintain their existence (Alamsyah, 2021). Companies whose shares are interested in investors are companies that have good corporate value. The stock market price is considered a reflection of the actual value of the company's assets. Stock market prices are formed based on the forces of supply and demand so that prices can increase as demand increases Ayu (2021). The firm value created through stock market value indicators is strongly influenced by investment opportunities and the condition of the company's financial performance.

The existence of investment opportunities can provide a positive signal about the company's future growth to increase company value (Pujarini, 2020). An increase in the value of a company is considered an achievement because the owner feels more prosperous. The stock market price of shares is reflected in investment decisions because they are considered capable of representing the prosperity and wealth of shareholders and the wealth of a company Jao (2020). Firm value in Indonesia experiences a phenomenon that is often unstable. Various companies were plagued by the problem of their undervalued share values during 2017 – 2021, which occurred in almost all public companies in Indonesia; researchers are interested in making observations on company values in Indonesia which are represented by 2 significant indexes in Indonesia, which consist of companies that have market coverage values 70% capital, namely LQ 45 and Compass 100, these two indices are large indices filled by companies that have a high level of demand for shares with significant capital.



Figure 1. Graph of Kompas 100 Stock Price Fluctuations



Figure 2. Graph of LQ45 Stock Price Fluctuations

These two major indexes can describe the condition of stock price movements that occurred in Indonesia in 2017, the Kompas 100 index in 2017 had an IHSG of 1,343, but in 2021, it only had an IHSG of 1,165. While the lq 45 index in 2017 had an ihsg of 1,105, in 2021, it only had an issue of 939. This indicates a significant decline in company value as reflected in a large decline in company value. This decrease in company value needs to be studied further because company value is an important issue for each company individually and for the capital market and macroeconomic aggregate. Without high corporate value, the company cannot easily expand its business activities to a higher level.

The capital market with high-value companies will also improve the performance of the capital market in the aggregate to create a capital market with a healthy ecosystem and economic growth.

Corporate financial performance is one factor that impacts the fluctuations in the company's value because it is the achievement of the company in a certain period that reflects the level of company soundness (Mohammed, 2020). The performance can be interpreted as a condition or a reflection of the company's ability to manage and allocate resources. A company must maintain and improve its financial performance to maintain its stock price and remain in demand by investors (Nafasati, 2021). Companies with good performance will usually have good company value because investors feel safe investing in the company, and with good performance value, investors will expect to get a large return, both from dividends and the difference between the sale of shares. Conversely, companies with poor financial performance will be more at risk for investors because there are potentials such as the inability to pay off current debt, the failure to provide reasonable returns for investors and the risk of bankruptcy. So in investing, investors are very concerned about the company's financial performance (Susanto, 2021).

Investment Opportunities Set is also indicated to affect company value fluctuations. The Investment Opportunity Set (IOS) is a company's growth opportunity (Handoko, 2021). The investment opportunity set can be the breadth of investment opportunities or opportunities for a company for the future benefit of internal and external parties (Alamsyah, 2021). Plans for future management and current expenditures are expected to have a higher return than the capital issued by management. Management usually makes a management plan or project through investment choices to make more money. A high IOS in a company can affect the views of owners, managers, investors and creditors regarding the company's value. Increases in wealth or assets in companies also tend to occur in companies that make many investments (Alamsyah, 2021).

This study will compare the Kompas 100 and LQ45 Company Index. Considering that these 2 indices are large indexes labelled blue chips and are the target of investors investing because the participants are companies that represent capital market performance. With a level of market capitalization coverage that reaches 60-70% of all Indonesian Stock Exchange participants, the results of this study can be representative of companies in the capital market as a whole. This research also shows which index is better at maintaining its company value amid negative stock fluctuations in Indonesia, which will be helpful for investors in making business decisions.

II. Literature Review

2.1 Agency Theory

Jensen and Meckling (1976), in agency theory, explain the cooperative relationship between the principal (company owner), who has authority and the agent (company management), who is authorized, where the principal delegates authority to the agent to manage the company with the principal providing the resources needed by agents, agencies also explain perspectives that clearly describe the problems that arise with the separation of ownership and control of the company, namely the existence of a conflict of interest in the company (Irawan, 2020). The occurrence of contact between the interests of the agent and the principal in terms of achieving company goals. The principal wants the agent to make the best decisions so that the company's performance is maximized and the principal can enjoy large profits. However, agents tend to make decisions that stay away from risk so that the principal will value their performance well (Djazuli, 2021).

The rise and fall of the company's value depends on the investor's decision to invest in the company, which is supported by the financial information conveyed by the company to investors. The principal wants the manager to successfully run the company with good performance standards, which are reflected in the financial reports presented by the company, which, of course, are presented with full disclosure without any fraud. If the manager succeeds in carrying out the company's performance well, this will impact increasing company value due to the investor or principal satisfaction. But when the manager cannot meet the principal's expectations, of course, the principal will assume that management has failed to run the company and directly reduces the company's value, and there is a possibility that the manager will be replaced Handoko (2021).

2.2 Signalling Theory

Signalling theory emphasizes how a company should provide signals to users of financial statements about company performance reports and other things that have financial value and affect future cash flows. Investors in the capital market need information about companies that is complete, relevant, accurate and timely as an analytical tool for making business investment decisions (Djazuli, 2021). Information published as an announcement will provide a signal for investors in making investment decisions. Any information provided by the company will be a signal for investors to make investment decisions that will have an impact on the value of the company. Suppose the information conveyed by the company to investors is timely about an increase in the value of the company's financial performance, an increase in the percentage of the company's net profit and an increase in the number of opportunities for future investment steps to be carried out by the company. In that case, this will be a positive signal for investors, and of course, investors will be interested in investing. Investing their capital in the company, with high investor demand for shares, will directly increase its value. Suppose companies have positive reports about company performance. In that case, they will also try to get this information to investors as soon as possible because companies are aware that investors will react to an increase in company value.

2.3 Company's Value

Firm Value is the investor's perception of the company. The company's value is reflected in the bargaining power of a share; if the value of the stock is high, it is estimated that the company has good prospects in the future. Conversely, if the value of the shares becomes weak, the company may have unfavourable prospects (Pujarini 2020). An increase in the value of a company is considered an achievement because the owner feels more prosperous. The market price of shares is reflected in investment decisions because they are considered capable of representing the prosperity and wealth of shareholders and the wealth of a company. High corporate value is the desire of company owners. Firm value is an important concept for investors because it is an indicator of the market assessing the company as a whole.

The Tobin's Q ratio is a valuable company value assessment concept because it shows how current financial market estimates relate to the return on value per dollar of incremental investment. Tobin's Q ratio describes investment in assets that generate profits with a higher value than investment spending, which will stimulate new investment (Muchsidin, 2021).

2.4 Corporate Financial Performance

According to the Indonesian Accounting Association (IAI, 2019), performance can be interpreted as the company's ability to implement company policies and procedures, which are the quantification and effectiveness of operating a business during a certain accounting period. The performance also describes the level of achievement of the implementation of a company's activities in realizing the goals, objectives, mission and vision of an organization contained in the strategic planning of a company. Performance is an important thing that every company must achieve because the company's financial performance is one of the factors seen by potential investors to determine stock investment. For a company, maintaining and improving financial performance is a must so that these shares continue to exist and remain in demand by investors (Djazuli 2021). Investors use financial performance as an indicator to assess whether investors are worth investing in the company.

The EVA method in assessing company performance was first introduced by the Stern Steward Management Service in 1991. This company considered that the EVA method was very suitable for assessing a company's performance (Dewi, 2017). This method can present a performance measure that considers the expectations of creditors and shareholders. The basic concept of EVA is that this method estimates the added value (value creation) created by the company that exceeds the rate of return required or expected by the company's creditors and equity investors (Irawan, 2020). This method can calculate the actual economic profit or true economic profit of a company in a certain year and is very different when compared to accounting profit

EVA is an indicator of whether or not there is value creation from an investment. Positive EVA conditions reflect a higher rate of return than the level of capital, which indicates the ability of management to create value for the company's assets/owners of capital. Conversely, a negative EVA condition indicates a decrease in wealth value. A helpful concept to be applied as an assessment of company performance where the focus of the assessment used is on value creation for the company (Utama, 1997). By using the EVA approach, managers think and act like shareholders, minimizing investment, reducing the interest rate on capital and maximising returns. The difference between EVA and other measurement models or methods is that EVA departs from the concept of the cost of capital, namely the risks faced by companies in investing. In accordance with investment law, the higher the level of investment risk, the higher the rate of return demanded by investors (high risk, high return) (Irawan, 2020).

EVA is used as a company performance appraisal method, which focuses on creating company value and can help management to find out how much the actual cost of capital of companies and businesses is so that a net rate of return on capital is obtained and what the actual amount of capital is invested in the industry. The concepts of EVA and MVA are still rarely used in Indonesia. This concept itself is a relatively new approach to evaluating company performance Jayati(2021).

2.5 Investment Opportunities Set (IOS)

Opportunity Set is an investment opportunity value, an option for making investments in the future, and is closely related to the company's future growth opportunities (Yusma, 2019). Investment opportunity set views company value as a combination of assets in place (owned assets) with investment options (investment options) in the future. Investment options are an opportunity to grow, but often companies cannot always carry out all investment opportunities in the future. Companies that cannot take

advantage of investment opportunities will experience higher expenses compared to the value of the lost opportunities, Alamsyah (2021).

Investment opportunities owned by the company impact the views of managers, owners, creditors and investors' views on the company's profitability and growth prospects. In addition, a series of investment opportunities cannot be observed, thus requiring the selection of proxies that can be related to other variables in the company. MBVA is the ratio used to assess the market value of assets compared to their book value; this ratio is often used in financial analysis to evaluate company or investment performance. If the market ratio is more than 1, then it shows that the asset's market value is higher than the book value Overvalued. This could mean that the market expects the asset to be worth more than what is recorded in the company's accounting books. Conversely, if the MBVA ratio is less than 1, it indicates that the market value of the asset is lower than the book value, which means that the market considers that the asset is not as valuable as recorded in the company.

2.6 Hypothesis

a. Influence of Corporate Financial Performance on Firm Value in Index Compass 100 Companies

Good company financial performance gives a good signal for investors to invest in the company. This is because investors feel comfortable because they think companies with good financial performance are far from financial crisis conditions, so investors will get a return on their investment. EVA is used as a company performance appraisal method, which focuses on creating company value and can help management to find out how much the actual cost of capital of companies and businesses is so that a net rate of return on capital is obtained and what the actual amount of capital is invested in the industry. The basic concept of EVA is to estimate the added value (value creation) created by the company which exceeds the rate of return required or expected by the company's creditors and equity investors.

H1: It is suspected that there is an influence of Corporate Financial Performance on Firm Value in Index Compass 100 companies

b. The Influence of Corporate Financial Performance on Firm Value in Index LQ45 Companies

Things that the company must consider to attract investors, one of which is showing good financial performance. Investors will only invest or buy company shares if it has good financial performance. Good company financial performance will be a positive signal for investors because, with good financial performance, there is hope that investors depend on the maximum rate of return that investors will receive.

Companies that are successful in creating added value for investors (investors and creditors), namely minimizing investment which will reduce interest rates on capital and maximize rates of return and are characterized by stable financial performance measurement results and have certainty of the company's business continuity to compete in the industry, then this increase the confidence of investors in the company and will increase their interest in investing their capital in the company and will increase the value of the company.

H2: It is suspected that there is an influence of Corporate Financial Performance on Firm Value in LQ45 index companies

c. The Effect of Investment Opportunity Set on Firm Value in Index Compass 100 Companies

The signal theory explains that investment decisions or investment opportunities made on the Compass 100 index described in the report will be good signals that will attract investors' attention to the company's prospects in the future. The maximum firm value will be obtained by selecting investments with a positive net present value. The company's value, which is formed through indicators of the stock market value, is strongly influenced by investment opportunities.

Investment spending gives a positive signal about the company's growth in the future, thereby increasing the stock price, which is considered an indicator of the company's value. The company's decision to make an investment will signal the company's prospects to investors. The signals captured by investors when a company makes an investment decision indicate a high level of company performance because the company can open up good new investment opportunities in the future. Investors believe that a company with a high investment decision will cause an increase in the demand for the company's shares and increase the share price of the company's value. This investment opportunity gives a positive signal about the company's growth in the future so that it increases stock prices as an indicator of company value.

H3: It is suspected that there is an influence of Investment Opportunity on Company Value in the Index Compass 100 Company

d. The Effect of Investment Opportunity Sets on Firm Value in LQ45 Index Companies

The signal theory explains the reaction of investors to company reports that contain opportunities for investment decisions made by companies that provide good signals to investors if they contain good prospects. This is a positive signal for investors to invest their capital in the company. In general, the greater the available IOS, the greater the company's growth potential, thereby increasing the value of the company. When a company can manage capital for its operational activities properly, its performance will definitely improve, and it is likely that the company will experience growth so that its share price will increase. This makes investors believe that companies with high investment decisions will cause an increase in demand for the company's shares and increase the share price of the company's value. However, if the company cannot manage iOS properly, this growth potential will not be realized and can actually reduce the value of the company.

H4: It is suspected that there is an influence of Investment Opportunity on Firm Value in LQ45 Index companies

e. Comparative Analysis of Corporate Financial Performance and Investment Opportunity Set on Firm Value in Index Compass 100 Companies and LQ45 Index

Performance is a reflection of the company's ability to manage and allocate its resources and also the achievements of the company in a certain period that reflect the company's soundness. The company's financial performance is one factor that potential investors consider to determine stock investment. For a company, maintaining and improving financial performance is a must so that these shares continue to exist and remain in demand by investors so that they will increase the value of the company.

Investment Opportunity Set is an investment decision in the form of a choice of a combination of company assets and several Zida future investment options (2021, Investment Opportunity Set is an investment opportunity value and is an option for making

investments in the future and is closely related to the company's future growth opportunities. The investment opportunity set views the value of the company as a combination of assets in place (owned assets) with investment options (investment options) in the future; with good investment choices in the company, this will increase the value of the company.

The treatment of financial performance carried out by each of the Compass 100 and LQ 45 indices is different; this is influenced by the composition of the companies in the index and the number of companies in each index. With varying types of companies, of course, there are differences in each company in managing their working capital needs and cash flow priorities. This becomes interesting when the national economic conditions are not good. An index that is able to maintain financial performance and investment opportunities is the strongest index. This will certainly make it easier for investors to invest their capital because an index that has been tested to be able to survive the economic crisis is an index that investors can consider to invest so that investors will have a sense of security from the risk of low returns and the risk of decreasing company value.

H5: It is suspected that there are differences in Corporate Financial Performance and Investment Opportunities Set to Company Value in the Compass 100 Index Company and the LQ4 Index

III. Research Methods

The objects in this study are companies listed in the Compass 100 and LQ45 indexes for 2017-2021 whose financial statements are listed on the Indonesia Stock Exchange (IDX). This study will analyze and compare the regression results of companies listed on the Compass 100 and LQ45 indexes for 2017-2021. The researcher chose to compare the two company indices because Compass 100 and LQ45 are stocks with high liquidity on the stock exchange, representing 70% market capitalization. However, in 2019 both of these indexes experienced a decline in performance on the stock market. They could not recover until 2021, which contains companies with good market performance and are often used as a reference for novice investors in investing their capital. The process of adding compass index 100 and LQ 45 samples is as follows.

IV. Result and Discussion

4.1 Descriptive Statistics

Table 1. Descriptive Statistics Compass 100

	Y	Cor_Fin_Perform (X1)	X2_IOS
Mean	2.445141	-0.397829	2.396994
Median	1.362000	0.089000	1.322000
Maximum	17.80900	20.57800	17.67800
Minimum	0.540000	-34.27600	0.444000
Std. Dev.	2.804858	5.943454	2.759634
Skewness	3.295465	-3.241017	3.454165
Kurtosis	15.51501	20.84143	16.60431
Jarque-Bera	1417.133	2552.362	1649.016
Probability	0.000000	0.000000	0.000000
Sum	415.6740	-67.63100	407.4890
Sum Sq. Dev.	1329.562	5969.865	1287.033
Observations	170	170	170

Table 2. Descriptive Statistics

	Y	X1_FINPER	X2_IOS
Mean	2.686856	-1.119167	2.641849
Median	1.436500	0.034000	1.358100
Maximum	17.80900	26.72300	17.67830
Minimum	0.540000	-39.90300	0.685800
Std. Dev.	3.495545	8.904722	3.451391
Skewness	2.947355	-2.733141	3.059145
Kurtosis	11.28060	13.79803	11.90544
Jarque-Bera	387.4345	549.2909	437.7763
Probability	0.000000	0.000000	0.000000
Sum	241.8170	-100.7250	237.7664
Sum Sq. Dev.	1087.476	7057.172	1060.177
Observations	90	90	90

4.2 Model Feasibility Test

a. Coefficient of Determination Test (R^2)

The coefficient of determination is used to measure the extent to which the percentage ability of the independent variables influences the dependent variable simultaneously. In this study, the independent variables used, namely, Firm Value, Corporate Financial performance, and Investment Opportunity, Set in the test of the coefficient of determination the researcher used adjustR

Table 3. Coefficient of Determination Test Compass 100

Root MSE	0.966824	R-squared	0.880481
Mean dependent var	2.445141	Adjusted R-squared	0.849264
S.D. dependent var	2.804858	S.E. of regression	1.088979
Akaike info criterion	3.193930	Sum squared resid	158.9074
Schwarz criterion	3.857981	Log likelihood	-235.4840
Hannan-Quinn criter.	3.463394	F-statistic	28.20470
Durbin-Watson stat	2.174530	Prob(F-statistic)	0.000000

Table 4 Coefficient of Determination Test LQ45

Root MSE	1.261548	R-squared	0.868287
Mean dependent var	2.686856	Adjusted R-squared	0.865259
S.D. dependent var	3.495545	S.E. of regression	1.283115
Akaike info criterion	3.369223	Sum squared resid	143.2353
Schwarz criterion	3.452550	Log likelihood	-148.6150
Hannan-Quinn criter.	3.402825	F-statistic	286.7623
Durbin-Watson stat	1.981472	Prob(F-statistic)	0.000000

The test results for the coefficient of determination R Square Compass 100 is 85 or 85%. Which means the independent variables in this study (Corporate Financial performance and Investment Opportunity Set) simultaneously affect the variable Firm Value by 85%.

The test results for the coefficient of determination R Square LQ45 is 0.87 or 87%. This means the independent variables in this study (Corporate Financial performance and Investment Opportunity Set) simultaneously affect the variable Firm Value by 87%.

b. F-Statistical Test (Simultaneous)

The F statistic test is used to determine whether or not there is an effect of all the independent variables (simultaneous) included in the multiple regression model simultaneously on the dependent variable.

Table 5. F-Statistical Test Compass 100

Root MSE	0.966824	R-squared	0.880481
Mean dependent var	2.445141	Adjusted R-squared	0.849264
S.D. dependent var	2.804858	S.E. of regression	1.088979
Akaike info criterion	3.193930	Sum squared resid	158.9074
Schwarz criterion	3.857981	Log likelihood	-235.4840
Hannan-Quinn criter.	3.463394	F-statistic	28.20470
Durbin-Watson stat	2.174530	Prob(F-statistic)	0.000000

Table 6. F-Statistical Test Test LQ45

Root MSE	1.261548	R-squared	0.868287
Mean dependent var	2.686856	Adjusted R-squared	0.865259
S.D. dependent var	3.495545	S.E. of regression	1.283115
Akaike info criterion	3.369223	Sum squared resid	143.2353
Schwarz criterion	3.452550	Log likelihood	-148.6150
Hannan-Quinn criter.	3.402825	F-statistic	286.7623
Durbin-Watson stat	1.981472	Prob(F-statistic)	0.000000

Based on the F test comparison table above, it shows that LQ45 and Compass 100 simultaneously affect firm value. In terms of f tables and statistics, the results show a simultaneous effect on firm value.

c. T-Statistical Test (Partial)

The t statistical test is used to determine whether there is or is not the effect of each independent variable (x) partially or individually assigned to the dependent variable. Smaller than 0.05, it can be concluded that the individual independent variables affect the dependent variable. The following are the results of the t-test conducted by the researcher.

Table 7. F-Statistical Test Compass 100

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.658197	0.313105	2.102162	0.0374
X1_FIN_PER	0.058783	0.061764	0.951735	0.3429
X2_IOS	1.018438	0.173400	5.873339	0.0000

Table 8. F-Statistical Test Test LQ45

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.193428	0.175125	1.104514	0.2724
X1_FINPER	-8.32E-05	0.015803	-0.005334	0.9958
X2_IOS	0.943784	0.040258	23.44363	0.0000

The independent variable Corporate Financial performance has no significant effect on Firm Value; this can be seen from the significant value in the Corporate Financial performance table, which is much larger at 0.3429 than the α value of 0.05.

The Investment Opportunity Set variable significantly affects Firm Value; this is indicated by the Sig Investment Opportunity Set value of 0.000, which is much smaller than the α value of 0.05.

The independent variable Corporate Financial performance has no significant effect on Firm Value; this can be seen from the significance value in the Corporate Financial performance table, which is much larger at 0.0.9958 than the α value of 0.05

The Investment Opportunity Set variable significantly affects Firm Value; this is indicated by the Sig Investment Opportunity Set value of 0.000, which is much smaller than the α value of 0.05.

d. Analisis Regresi Linier Data Panel

The panel data regression model is an analysis that explains the influence of one or more variables on other variables.

Table 9. Analisis Regresi Linier Compass 100 **Table 10.** Analisis Regresi Linier Test LQ45

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.658197	0.313105	2.102162	0.0374
X1_FIN_PER	0.058783	0.061764	0.951735	0.3429
X2_IOS	1.018438	0.173400	5.873339	0.0000

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.193428	0.175125	1.104514	0.2724
X1_FINPER	-8.32E-05	0.015803	-0.005334	0.9958
X2_IOS	0.943784	0.040258	23.44363	0.0000

$$Y = 0.658197 + 0.058783X1 + 1.018438X2$$

$$Y = 0.193428 - 8.31312X1 +$$

$$0.943784X2$$

1. The constant value of the compass 100 indexes is 0.658197, indicating that if the independent variable is considered absent, the firm value will increase by 0.658197.
2. The regression coefficient of the Compass 100 index for Corporate Financial Performance is 0.058783, which means that if there is a change in the unit of measure for Corporate Financial Performance, there will be an increase in the dependent variable of Firm Value by 0.058783.
3. The regression coefficient of the compass index 100 for the Investment Opportunities Set variable is 1.018438; this shows that adding 1 unit from the Investment Opportunity Set will increase the Firm Value variable by 1.018438.

4. The constant value of the LQ45 index is 0.193428, indicating that if the independent variable is considered absent, there will be an increase in firm value of 0.193428.
5. The regression coefficient of the LQ45 index for Corporate Financial Performance is - 8.31312, which means that if there is a change of 1 unit of measure of Corporate Financial Performance, there will be a decrease in the dependent variable of Firm Value by 8.31312.
6. The regression coefficient of the LQ45 index for the Investment Opportunities Set variable is; 0.9437; this shows that if there is an addition of 1 unit from the Investment Opportunity Set, it will increase the Firm Value variable by 0.9437.

4.3 Discussion

a. The Effect of Corporate Financial Performance on Company Value on the Index Compass 100

The results of the H1 hypothesis test show that the Corporate Financial Performance variable does not affect firm value. Table 4.29 above shows a positive Corporate Financial Performance coefficient of 0.058783 with a Sig value of 0.3429 greater than α of 0.05. With the explanation above, it can be concluded that Corporate Financial Performance does not positively affect the firm value on the Compass 100 index, meaning that whether or not the company's performance is proxied by EVA, it will not affect the decline in the company value.

Corporate Financial Performance does not affect Firm Value, in accordance with previous research conducted by Ochejo (2019) and Eka (2019), which states that Corporate Financial Performance does not affect Firm Value.

Financial performance is generally used to assess whether a company is feasible or not to receive investment from investors. Performance reflects the company's ability to manage and allocate its resources and also the achievements of the company in a certain period that reflect the soundness of the company. For investors, financial performance is important in providing an overview of the level of achievement of the implementation of a company's activities in realizing the goals, objectives, mission and vision of an organization contained in the strategic planning of a company.

b. The Effect of Corporate Financial Performance on Firm Value on the LQ 45 Index

The results of the H2 hypothesis test show that the Corporate Financial Performance variable has no effect on Firm Value on the LQ 45 index. Table 4.39 above shows the Corporate Financial Performance coefficient of -8,323 with a Sig value of 0.996, greater than α of 0.05. With the explanation above, it can be concluded that the H2 hypothesis is rejected, and it can be concluded that Corporate Financial Performance has no effect on Firm Value on the LQ 45 index, meaning that whether or not the company's performance is proxied by EVA, it will not affect the decline in company value.

Corporate Financial Performance does not affect Firm Value, in accordance with previous research conducted by Kristanti (2021) and Jao (2020), which states that Corporate Financial Performance affects Firm Value.

Performance reflects the company's effectiveness in managing and distributing available resources in a certain period to achieve the cost of capital and record profits that reflect the company's soundness. For investors, financial performance is important in providing an overview of the level of achievement of the implementation of a company's activities in realizing the goals, objectives, mission and vision of an organization contained in the strategic planning of a company.

c. The Influence of Investment Opportunity Set on Company Value on Index Compass 100

The results of the H3 hypothesis test showed that the Investment Opportunity Set variable affects Firm Value on the Compass 100 index. Table 4.39 above shows the Investment Opportunity Set coefficient of 1.108 with a Sig value of 0.000, which is less than α of 0.05. With the explanation above, it can be concluded that the H3 hypothesis is accepted, and it can be concluded that Investment Opportunity is Set Against Firm Value on the Compass 100 index, meaning that the greater the investment opportunity in the future owned by a Compass 100 company, the better the company value.

d. The Effect of Investment Opportunity Set on Firm Value on the LQ 45 Index

Based on Table 4.39, the results of the H4 hypothesis test showed that the Investment Opportunity Set variable affects firm value on the LQ45 index. Table 4.39 above shows the Investment Opportunity Set coefficient value of 0.944 with a Sig value of 0.000 less than α of 0.05. With the explanation above, it can be concluded that the H4 hypothesis is accepted, and it can be concluded that Investment Opportunity Set Against Firm Value on the LQ45 index, meaning that the greater the future investment opportunity owned by an LQ45 company, the better the company value.

e. Comparative Analysis of Corporate Financial Performance on Company Value between the LQ 45 Index and the Compass 100 Index

Based on the comparison table that has been made in each Descriptive Statistics test, classical assumptions and hypothesis testing, it was found that in descriptive statistics, it was found that companies listed in LQ 45 had better growth in corporate value in aggregate in the last 5 years compared to the Compass 100 index. This is proven by the average value of the company, which is proxied using Tobin's Q Compass 100 at 2.69. the ratio figure of 2.69 shows that the comparison between the company's stock price is lower than the profits earned by the shareholders. Or the amount of money investors invest in shares is less to pay for each reported profit figure. Investment in assets that generate profits with a higher value than investment expenditure will stimulate new investment.

V. Conclusion

1. Corporate financial performance on the Compass 100 index does not affect company value. Kompas 100 has a negative 45% EVA, but investors understand that at the time of the research year, there was a global financial crisis situation; the company's financial performance was not a top priority in selecting investments by investors, but in other cases, the company could survive through the crisis and avoid financial distress is already a good signal for investors.
2. Corporate financial performance on the LQ45 index does not affect company value. LQ45 has 41% of companies with Negative EVA, but this is not a bad or good signal for investors. LQ45 investors do not prioritize good financial performance during a pandemic and global crisis but towards the opportunities for LQ45 companies to grow in the future.
3. The Investment Opportunity Set on the Compass 100 index affects company value. Compass 100 has an MBVA 1 index of 71% of the sample, meaning that investors perceive that 71% of Compass 100 companies have good company growth prospects, so this attracts investors to invest in the Compass 100 index, thereby increasing company value.

4. Investment Opportunity Set on the LQ45 index affects company value. LQ45 Has 82% of companies with an MBVA value above 1, meaning that LQ45 companies have more opportunities to grow for the better in the future. This attracts investors to invest in this company so that it will increase the value of the company.
5. Good Corporate Governance does not affect the relationship between income smoothing and firm value. In the company sample, good corporate governance, such as being present with only a formality for administrative needs and not being able to control income smoothing actions or enter into the accounting process carried out by management.
6. The LQ45 company index has a better company value than the Kompas 100 Index. This can be seen from the value of the LQ45 descriptive statistics, which has a better company value than the Compass 100, meaning that better investment opportunities owned by LQ45 companies will have an impact on managers' views. Owners, creditors and investors influence their views on the company's profitability and growth prospects. With a good IOS average of 2.64, above number 1 in the JCI owned by the LQ45 company, it signals to investors that this index is worth considering for investing because it has good profitability opportunities and good growth prospects. And based on the coefficient of determination, LQ45 has a figure of 87% better than Compass 100. This means that the financial performance and IOS variables are very strong and greatly influence fluctuations in the value of the company's LQ45 index. This means that these two variables have strongly accommodated things that cause significant fluctuations in company value on the LQ45 Index.

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