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PROFITABILITY, MANAGERIAL OWNERSHIP, AND AUDIT COMMITTEE ON STOCK RETURNS IN INDONESIAN COMMERCIAL BANKS

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ABSTRACT

Profitability shows the managerial ability to generate profits for the company. A high level of profitability gives a signal to investors about the company's better prospects in the future, thereby attracting investors and ultimately increasing stock prices. Managerial ownership also shows investors that managers are concerned about the company's development, so investors will assume that managers will work better if they are also shareholders. Meanwhile, the audit committee is in charge of internal supervision for the company. This study analyses profitability, managerial ownership, and audit committee to stock return in Indonesian commercial banks during the Covid-19 pandemic. The population of this study is companies in the banking sector listed on the Indonesia Stock Exchange from 2018 to 2020. Sampling was done through the purposive sampling technique, thus obtaining 44 companies as research samples. The analysis technique used multiple linear analyses. The results of this study indicate that profitability has a significant negative effect on stock returns. It could have happened due to the COVID-19 pandemic in 2020, which caused all stocks to drop drastically. In contrast, managerial ownership and the audit committee have no partial effect on stock returns because managerial ownership has a minimal influence. So, it is considered less effective in influencing administrative actions in decision making and the audit committee, which does not affect whichever several auditors will not affect the company's performance through the total assets or profits that the company will obtain. This study implies that, during the COVID-19 pandemic, the variables studied have a minimal effect on stock returns because psychological factors influence stock prices in the form of investor panic, which makes banking sector stocks have low and even negative returns.

KEYWORDS

Profitability (ROA), Managerial Ownership, Audit Committee, Stock Return, Indonesia

1. INTRODUCTION

The economy in Indonesia is progressing; this can be measured in various ways, one of which is by looking at the development of the capital market and securities industries in Indonesia. Investors use the capital market for investment facilities where there is a risk in investment. As for companies that have gone public to get additional funds, the capital market is the choice so that companies can survive and compete with other companies.

Stock return is the rate of return from investment or buying and selling shares. In the sale and purchase of shares, investors do not always bear profits but will also experience losses. An investor is constantly faced with unexpected risks. Thus investors are risking a present value for an expected value in the future. Investors, in general, before making investment decisions look at the fundamental analysis obtained from the analysis of the issuer's financial statements. Fundamental analysis is information related to the company's condition, which is generally addressed in the financial statements, which measure the company's performance. Fundamental analysis conducted in this study includes the ratio of profitability proxied by Return on Assets (ROA), managerial ownership, audit committee, to stock returns.

Profitability is proxied by Return On Assets (ROA). ROA illustrates that the level of profit earned from the company will be the same as the level of investment invested. The higher the Return On Assets value, the better the company will use its assets to make a profit. The higher the ROA, the company's profitability will increase, which will impact the stock returns obtained by investors. It makes investors interested in buying company shares, which will impact rising stock prices and returns (Kasmir, 2017). Rachmad et al. (2016) show that profitability significantly affects stock returns. But in contrast, Zahro (2012) indicates that Return on Assets does not positively affect stock returns.

Managerial ownership is share ownership in a company where the manager owns the shares. Providing opportunities for managers to be involved in shared ownership aims to balance the interests of managers with those of shareholders. Therefore, by including management as the owner, the manager will be more careful in making decisions because the consequences of every management decision-making also bear the loss (Jannah & Khoiruddin, 2017). It is in line with Rachmad et al. (2016), who show that managerial ownership affects stock returns, while this is different from Hirawan et al. (2020), which state that managerial ownership does not affect stock returns.

The audit committee is a committee formed by the board of commissioners in charge of carrying out independent oversight of the financial reporting process and external audit. Then, suppose the audit committee finds things expected to interfere with the company's activities. In that case, it must submit it to the board of commissioners no later than ten working days (Salipadang et al., 2017). The audit committee's task is to oversee the company's financial reporting process, risk management, audit implementation, and implementation of corporate governance of companies. In this case, Rachmad et al. (2016) and Hirawan et al. (2020) stated that the audit committee affects stock returns. But not with Roiyah & Priyadi (2019), who said that the audit committee does not influence returns hare.

Based on the explanations and descriptions above and several research results, it will be re-examined in the banking sector, where according to the point of view of the existing capital market researchers in the industry tends to be stable. Here the researcher uses the Return On Assets, managerial ownership, and audit committee variables on stock returns in the 2018-2020 period, in which 2020 was the beginning of Indonesia experiencing the covid-19 pandemic. The purpose of this study is to analyze whether profitability, managerial ownership, and audit committee affect stock returns.

1.1. Agency Theory

Agency theory is the relationship or contract between the agent and the principal, first introduced by Jensen and Meckling (1976). In the article by Jensen and Meckling (1976), agency conflicts may arise in the relationship between bondholders (principals who provide capital to shareholders and shareholders (agents who hold capital control and transfer capital for their interests). The principal hires agents to perform tasks in the principal's interests. Agency relationships occur when one of the parties acts as the party who hires another party or principal to perform a service and delegates the authority to make decisions to the hired party (the agent). An agency relationship can result in several disadvantages related to the opportunism or self-interest of the agent (Farag et al., 2018).

1.2. Return

Return Shares result from investors from stock investments in capital gain (loss) and dividend yield (Jogiyanto, 2017). Return allows investors to compare the actual or expected returns provided by various assets at the desired rate of return. The success of an investment is influenced by internal and external factors of the company. Internal factors include management quality and reputation, capital structure, debt structure, and the level of profit achieved by the company. On the other hand, external factors include political turmoil, changes in savings interest rates, foreign exchange rates, and inflation (Salipadang et al., 2017). Agoes & Trisnawati (2016) define return as the total profit or loss obtained by investors in a certain period with the initial investment income. Return is an investment's total profit and loss during a specific period. It is calculated by dividing the distribution of assets in cash for one period plus changes in the value of the investment at the beginning of the period. Ang (1997) The concept of return is the level of profit investors enjoy on an investment they make. The formula calculates stock return:

$$\boxed{SR = [Pt - (Pt - 1)] / Pt-1}$$

where:

SR =Stock Return

Pt = stock price for the current period

Pt-1 = Stock Price of the previous period

1.3. Profitability

Profitability is the company's ability to generate profits during a specific period as measured by the company's success and the ability to use its assets productively by comparing the profits earned in a period with the total assets or capital of the company (Munawir, 2016). According to Fahmi (2016), profitability measures the overall management's effectiveness as indicated by the size of the profit level with sales and investment. In this study, the profitability ratio is proxied using Return on Assets (ROA) which is formulated as follows:

ROA = (Earning After Tax / Total Asset) x 100%

The relationship between profitability and stock prices indicates good company performance. According to this, the data used are accounting data that cannot be separated from estimates, leading to various distortions so that the company's financial performance is not measured precisely and accurately. Thus, hypothesis H_1 is as follows:

H_1: Profitability affects stock returns.

1.4. Managerial ownership

Jensen & Meckling, (1976) state that managerial ownership is critical in minimizing agency conflicts between managers and shareholders. The presence of investors who come from the company's management is considered an effective monitoring mechanism in strategic making, so it is not easy to believe in earnings manipulation.

Managerial ownership is beneficial for the company because the manager participates in the decision-making of the company's share ownership. The large proportion of ownership by managers becomes effective in monitoring every company activity. Management is the manager, as well as the owner of the company, who will act in the company's interests if shares are given to management (Hirawan et al., 2020). In measuring managerial ownership, the following formula is used:

MO = (Management Shareholding/Number of shares outstanding) x 100%

Dewi & Abundanti (2019), stated that managerial ownership is a measuring tool to unite the interests between management and owners. Managerial ownership can be measured by comparing the percentage of shares owned by directors and commissioners with the number of shares outstanding. Thus, hypothesis H_2 is as follows:

H_2: Managerial ownership affects stock returns.

1.5. Audit Committee

In Bapepam Decree No. Kep-29/PM/2004, it is stated that the audit committee consists of at least one independent commissioner who acts as chairman of the audit committee and at least two other members who come from outside the issuer or public company. The size of the Audit Committee can be calculated through the:

$$\text{Audit committee size} = \text{audit committee members}$$

The confidence of capital market players will increase if the company's audit committee can effectively oversee the company's financial reporting process, which is prepared through an audit process with the integrity and objectivity of the auditors. It will convince shareholders and investors of the credibility of the financial statement information submitted to the public. Public confidence and trust in the audit committee report credibility will create investors' high expectations of stock returns in the future (Salipadang et al., 2017). Thus, hypothesis H_3 is as follows:

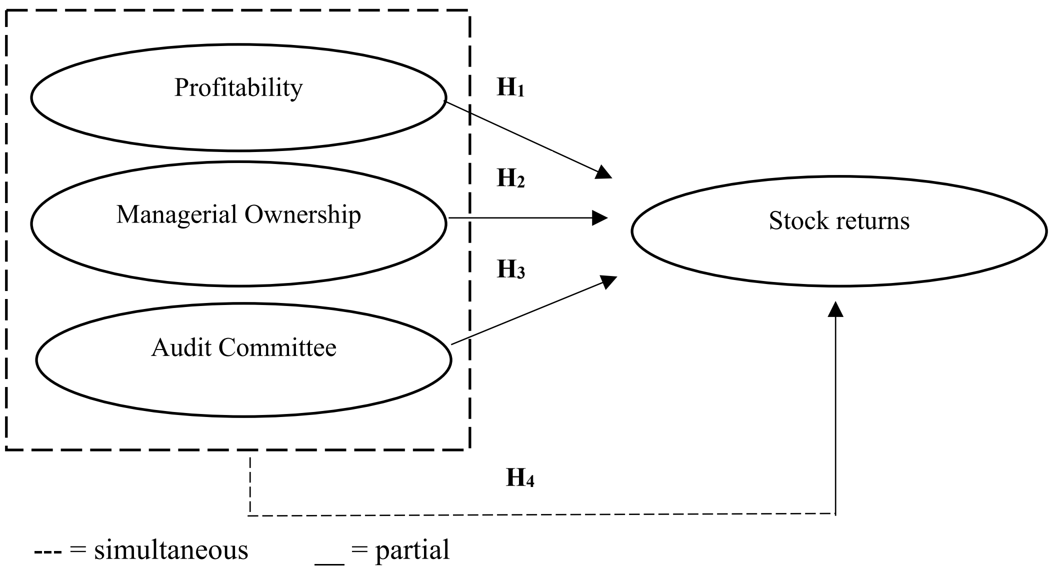
H_3: The audit committee affects returns.

H_4: Profitability, managerial ownership, and the audit committee simultaneously affect returns.

Framework

Based on the theoretical basis and hypotheses that have been described, to describe the relationship between the dependent variable and the independent variable can be explained in an analytical model, Figure 1, as follows:

Figure 1. Conceptual framework



2. METHODS

This type of research is quantitative by analysing secondary data from banking companies listed on the Indonesia Stock Exchange (IDX). The data used is the annual financial report data for the period 2018 - 2020.

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The data in this study was taken from the Indonesia Stock Exchange through the official website www.idx.co.id. The population is all banking companies listed on the Indonesia Stock Exchange. Sample selection using the purposive sampling method by using predetermined criteria thus obtained 44 samples. This study analyses the data using multiple linear regression analysis by testing the classical assumptions first.

3. RESULTS AND DISCUSSION

Test Results Description of Research Data

Table 1. Description of Each Variable

	N	Mean	Std. Deviation
ROA	132	.004707	.0218353
MO	132	.261761	.4653751
AC	132	3.848485	1.2630077
Stock returns	132	.302871	1.6976004
Valid N (listwise)	132		

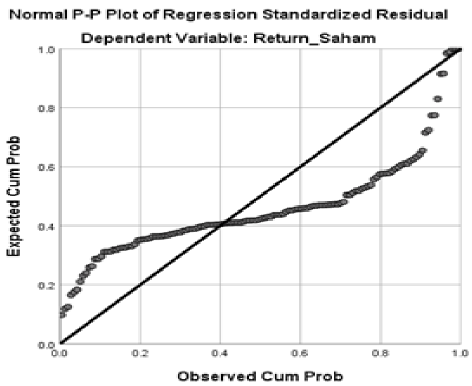
Source: (SPSS, 2022)

Table 1 shows that the Return on Assets (ROA) variable has a standard deviation of 0.0218353 and a mean of 0.004707. The Managerial Ownership (MO) variable has a standard deviation of 0.4653751 and a mean of 0.261761. The Audit Committee (AC) variable has a standard deviation of 1.2630077 and a mean of 3.848485. The Stock Return has a standard deviation of 1.6976004 and a mean of 0.302871.

3.1. Classic assumption test

Normality test: the normality test was carried out to see whether the independent variable regression model on stock return has a normal distribution. The basis for making decisions from the normality test is if the data spread around the diagonal line and follows the direction of the diagonal line showing a regular distribution pattern, then the regression model meets the normality assumption. And vice versa (Sugiyono, 2017).

Figure 2. Normality Test Result



Source: (SPSS, 2022)

Based on the test results indicated in Figure 2, it can be concluded that the regression model used is normally distributed. Because the data spread around the diagonal line and follows the direction of the diagonal line, the regression model in this study fulfils these assumptions.

Multicollinearity Test

The multicollinearity test was used to determine whether the line determined a high correlation between the independent variables. Detect multicollinearity can be seen from the value of tolerance and variation factors (VIF). If the VIF value is not more than 10 and the tolerance value is more than 0.10, the model is declared not to contain multicollinearity (Suliyanto, 2018).

Table 2. Multicollinearity Test Results

Model	Tolerance	VIF
Return on assets (ROA)	0.954	1.048
Managerial Ownership (MO)	0.951	1.051
Audit Committee (AC)	0.990	1.010

Source: (SPSS, 2022)

The test results in Table 2 show that all independent variables have a value of tolerance > 0.1 and a value of VIF < 10, so it can be concluded that the variables in this study as a whole did not occur in multicollinearity.

Autocorrelation Test

The autocorrelation test aims to find out whether there is a correlation between the members of a series of observation data described by time (times series) or space (cross-section) (Suliyanto, 2018). The method used to detect the presence or absence of autocorrelation. Durbin-Watson (DW) is a viral test to test whether there is an autocorrelation problem from the estimated empirical model. This test was first introduced by Durbin & Watson (1951). The testing mechanism Durbin-Watson (DW-test) used is DU < DW value < 4–DU, where there is no positive or negative autocorrelation (Ghozali, 2016). The basis for decision-making on whether there is autocorrelation is as follows:

Table 3. Autocorrelation Test Results

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.336a	.113	.092	1.6176019	2.134
a. Predictors: (Constant), AC, ROA, MO					
b. Dependent Variable: Stock Return					

Source: (SPSS, 2022)

Based on the test results shown in Table 3, it is known that the value of Durbin – Watson amounted to 2,134. And based on the table DW obtained the value of DU = 1.74658 and 4 - DU = 4 - 1.74658 = 2.2534. So

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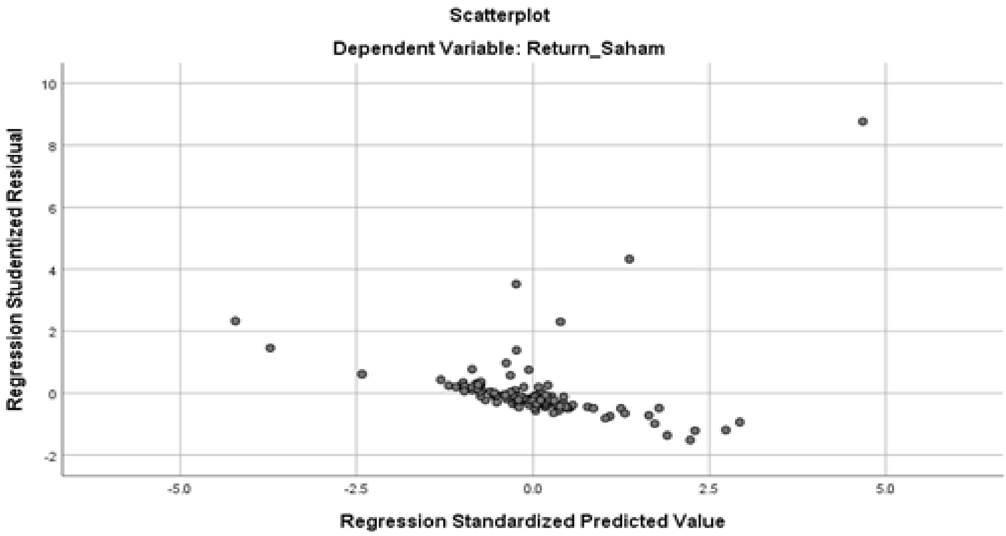
it can be concluded that the value of DU < DW < 4-DU = 1.74658 < 2.134 < 2.25342, then the autocorrelation test in the regression model stated that there was no correlation.

Heteroscedasticity Test

Heteroscedasticity means a variable variance in the regression model that is not the same (constant). On the other hand, if the variance of the variables in the regression model has the same value, it is called homoscedasticity. What is expected in the regression model is homoscedasticity. The way to detect the presence or absence of heteroscedasticity is by using the *Glacier* method.

Figure 3. Heteroscedasticity Test Results



Based on Figure 3 it can be concluded that the regression model has no heteroscedasticity because there is a clear pattern as the dots spread above and below the number 0 on the axis.

Linearity Test

According to Sugiyono & Susanto (2015), linearity can be used to determine whether the dependent and independent variables have a significant linear relationship. Linearity tests can be done through an examination of linearity. The criterion that applies is that if the significance value of linearity is 0.05, it can be interpreted that there is a linear relationship between the independent variable and the dependent variable.

Table 4. Linearity Test Results

Connection	FHit	Sig.	Information
Profit→Stock returns	16.556	0.000	Not Linear
Manaj Ownership →Stock returns	4.766	0.000	Not Linear
Audit Committee→Stock returns	0.113	0.995	Linear

Source: (SPSS, 2022)

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Based on the ANOVA Table, it is known that Sig. F hit for the relationship between Profitability and Managerial Ownership with Stock Return is not linear, while the relationship between the audit committee and Stock Return is linear.

3.2. Multiple Linear Regression Coefficient Test

In this study, the researcher used multiple linear regression analysis, namely the analysis of the relationship between one dependent variable and two or more other independent variables.

Table 5. Test Results of Multiple Linear Regression Coefficient

Coefficients							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.735	.469		1.568	.119		
ROA	-26.275	6.626	-.338	-3.965	.000	.954	1.048
MO	-.297	.311	-.081	-.953	.342	.951	1.051
AC	-.060	.112	-.045	-.533	.595	.990	1.010
a. Dependent Variable: Stock_Return							

Source: (SPSS, 2022)

Based on the results of multiple linear regression testing carried out with the help of the SPSS (Statistical Product and Service Solutions) for the windows program, the following regression equation was obtained:

$$Y = 0.735 - 26.275X1 - 0.297X2 - 0.060X3$$

Interpretation: The constant value with a positive sign of 0.735 states that in the absence of independent variables (profitability, managerial ownership, and audit committee) that affect stock returns, the stock return is 0.735 from the measurement scale used. If X1, Return On Assets (ROA), changes by 1, it is harmful to stock returns (Y) and gives a difference of -26,275. If X2, Managerial Ownership (MO) changes by 1, is negative for stock returns (Y) and provides a change of -0.297. If X3, the Audit Committee (AC), experiences a change of 1 and is negative for stock returns (Y) and gives a difference of -0.060.

3.3. Multiple Coefficient of Determination Test

The coefficient of determination (R^2) knows the magnitude of the independent variables' influence on the dependent variable. Adjusted R Square is used in this study because the independent variable used in this study is more than one. The magnitude of the coefficient of multiple determination (R^2) can be seen in the following table:

Table 6. Multiple Determination Coefficient Test Results

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.336a	.113	.092	1.6176019	2.134
a. Predictors: (Constant), AC, ROA, MO					
b. Dependent Variable: Stock Return					

Source: (SPSS, 2022)

Table 6 shows that the correlation between the independent and dependent variables is low because R = 0.336 is between 0.2 - 0.39. Whereas Adjusted R square of 0.092 means a 9.2% variation of change stock return is caused by the Return on assets (ROA), managerial ownership (MO), and audit committee (AC). In comparison, the remaining 90.8% variation of changes in stock returns is caused by other variables that are not included in this study.

3.4. Hypothesis Test Results

t-test

Table 7. t-test results

Coefficients							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.735	.469		1.568	.119		
ROA	-26.275	6.626	-.338	-3.965	.000	.954	1.048
MO	-.297	.311	-.081	-.953	.342	.951	1.051
AC	-.060	.112	-.045	-.533	.595	.990	1.010
a. Dependent Variable: Stock_Return							

Source: (SPSS, 2022)

Hypothesis 1. Based on the t-test that has been presented, it can be seen that the t count for the Return On Asset variable is -3.965, and the significance value is 0.000. Because the value of t count < t table is -3.965 < -1.979 and has a significant level of 0.000 <0.05, Ho is rejected, and Hi is accepted. So the Return On Assets (ROA) has a partially substantial effect on stock returns.

Hypothesis 2. Based on the t-test that has been presented, it can be seen that the t count for the Managerial Ownership (MO) variable is -0.953, and the significance value is 0.342. Because the t count > t table is -0.953

> -1.979 and has a significant level of 0.342 > 0.05, then Ho is accepted and Hi is rejected. So that the Managerial Ownership (MO) variable does not have a significant effect partially on stock returns.

Hypothesis 3. Based on the t-test that has been presented, it can be seen that the t count for the Audit Committee (AC) variable is -0.533, and the significance value is 0.595. Because the t count > t table is -0.533 > -1.979 and has a significant level of 0.595 <0.05, Ho is accepted, and Hi is rejected so the Audit Committee (AC) variable does not have a significant effect partially on stock returns.

F Uji test

Table 8. F. Test Results

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	42,593	3	14,198	5.426	.002b
	Residual	334,929	128	2,617		
	Total	377.522	131			
a. Dependent Variable: Stock_Return						
b. Predictors: (Constant), ROA, MO, AC						
Source: (SPSS, 2022)						

Based on the test results in the table above, it can be seen that the F count value is 5.426, with a significant level of 0.002. Furthermore, for the number of samples, as many as 132,3 independent variables studied, it can be seen that the magnitude of F table is 3,067. Because F count > F table, which is 5.426 > 3.067, and has a significant level of 0.002, which is smaller than 0.05, Ho is rejected, and Hi is accepted. Thus, it can be concluded that the Return on Assets (ROA), Managerial Ownership (MO), and the Audit Committee (AC) have a joint or simultaneous effect on the stock return variable.

3.5. Discussion

Profitability is the company's ability to generate profits during a specific period as measured by the company's success and the ability to use its assets productively by comparing the yields earned in a period with the total assets or capital of the company (Munawir, 2016). According to Fahmi (2016), profitability measures the effectiveness of overall management as indicated by the size of the profit with sales and investment. The relationship between profitability and stock prices indicates good company performance. According to this, the data used are accounting data that cannot be separated from estimates which can lead to various distortions so that the company's financial performance is not measured precisely and accurately. The results of this study are the same as those carried out by Zahro (2012), which shows that Return on Assets has a significant but negative effect on stock returns. It is because the ROA method tends only to pay attention to profit. But does not consider the cost of capital incurred by the company. This results in the level of profit obtained by using the ROA ratio being often less accurate because it does not include all elements in the income statement and company balance sheet. According to Sari et al. (2020), ROA looks at the extent to which investments have been invested and can provide a return as expected. If the ROA is too high, the stock price will decrease.

In addition, the Covid-19 pandemic that emerged in 2020 caused all stocks to drop drastically. It is due to the psychological unpreparedness of investors in dealing with the pandemic. It has been discussed in research by (Ady et al., 2013); (Ady, 2015); (Ady, 2018) stated that most investors trade stocks based solely on emotion/psychology with fear and greed behaviour. So that the stock price that occurred at that time was not a stock price that adjusted to the company's fundamental conditions, but the fluctuations in stock prices due to overbought and oversold caused by investor psychology (Ady et al., 2020). So, it can be concluded that investor psychology greatly influences stock prices and investor decisions in stock trading. When the Covid-19 pandemic occurred, investors experienced massive psychological pressure, so investors tended not to dare to trade shares or even sell their shares due to panic selling. This is what causes stock prices to fall even though ROA increase.

Jensen & Meckling (1976) state that managerial ownership is critical in minimizing agency conflicts between managers and shareholders. The presence of investors who come from the company's management is considered an effective monitoring mechanism in strategic making, so it is not easy to believe in earnings manipulation. Managerial ownership is beneficial for the company because the manager participates in the decision-making of the company's share ownership. The large proportion of ownership by managers becomes effective in monitoring every company activity. Management is the manager, as well as the owner of the company, who will act in the company's interests if shares are given to management (Hirawan et al., 2020).

Based on the Managerial Ownership (MO) variable t-test, this does not affect stock return, because the results in this study indicate the average managerial ownership data of the company is 0.261. The possible cause of the non-influence of managerial ownership on stock return company is because the company failed to give a signal to investors through managerial ownership because macro market conditions were getting worse, indicating market participants' pessimism, so investors no longer saw managerial ownership as urgent information at this time to influence stock prices and returns, so it is considered less effective to influence managerial actions in the decision-making process. The results of this study align with Roiyah & Priyadi (2019) and Hirawan et al. (2020), which prove that managerial ownership has no significant effect on stock returns. In bad market conditions, whatever stock options are purchased by investors, will be high risk and tend to give negative returns. The research period of this study was taken when market conditions worsened due to the COVID-19 pandemic. Under these conditions, even high managerial ownership will not increase returns. Likewise, this study's Audit Committee (AC) research results do not affect stock returns (SR). The confidence of capital market players will increase if the company's audit committee can effectively oversee the company's financial reporting process, which is prepared through an audit process with the integrity and objectivity of the auditors. It will convince shareholders and investors of the credibility of the financial statement information submitted to the public. Public confidence and trust in the audit committee report credibility will create investors' high expectations of stock returns in the future (Salipadang et al., 2017). The study results show that the Audit Committee (AC) does not affect stock return (SR) because regardless of the number of auditors in the company will not affect the performance of the company through the total assets or profits that the company will obtain. Therefore, the audit committee is not a guarantee and consideration of investors in assessing gains return shares to be acquired in the future. The existence of an audit committee in the number of meetings is not enough to convince investors about return shares in the future, so investors want a tangible form that the audit committee can provide in addition to the number of meetings that have been held. It is in line with what was done by (Devinta et al., 2020) and Roiyah & Priyadi (2019), which proves that the audit committee has no significant effect on return share.

Based on the F test, it can be concluded that Return on Assets (ROA), Managerial Ownership (MO), and the Audit Committee (AC) affect the Stock Return (SR) variable simultaneously. The increase in Return on Assets (ROA), managerial ownership (MO), and the Audit Committee (AC) will be offset by an increase in stock returns (SR). So the fourth hypothesis, which states "profitability, managerial ownership, and the audit committee affect stock returns in the banking sector listed on the Indonesia Stock Exchange for the period 2018 - 2020", can be accepted.

4. CONCLUSION

This study aimed to test and analyze the effect of profitability proxied by Return On Assets (ROA), managerial ownership (MO), and audit committee (AC) on stock returns (SR) The sampling method used purposive sampling, thus obtaining as many as 44 company data in the banking sector listed on the Stock Exchange. The Indonesian effect for the period 2018 - 2020. The data analysis method used in this study is multiple linear regression. Based on the test results, hypothesis 1 states that Return On Assets (ROA) affects stock returns (SR). Hypothesis 2 states managerial ownership (MO) does not affect returns (SR), and Hypothesis 3 says that the audit committee (AC) does not affect stock returns (SR). In contrast, hypothesis 4 states that Return on Assets (ROA), managerial ownership (MO), and the audit committee (AC) simultaneously impact stock returns (SR).

Suggestion

From the research, discussion, and conclusions in the previous chapter, some suggestions are made as follows:

The results of this study indicate that among the independent variables studied, only the profitability variable affects stock returns. At the same time, managerial ownership and the audit committee have no partial effect, so these variables must be considered when assessing a company. In addition, these variables can be taken into consideration in making investment decisions. Investors and potential investors who will make investment decisions should not only rely on information about the variables in this study but also need to analyse other variables outside this research, such as fundamental analysis.

The research sampled is companies in the banking sector listed on the Indonesia Stock Exchange. So, it is recommended that it be possible to cover the industry understudies, such as the financial sector, manufacturing, and other sector companies, to provide better and more accurate results.

Based on the conclusions from the results of the research above, suggestions for further research should be able to consider adding other variables that can affect firm value, such as inflation, liquidity, interest rates, and other measuring variables.

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