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**Financial Performance Based on Financial Value Added of BUMN  
Companies Listed in Jakarta Islamic Index**

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**ABSTRACT:**

The presence of the capital market is important in helping the country's economy. The capital market is a tool to raise or reduce funds, both foreign and domestic. In particular, in the practice of conventional economic activities in the capital market, there are some contemplations that violate Islamic financial principles. The financial instruments used and the transaction process distinguish the conventional capital market from the Islamic capital market. On the other hand, issuers must know the difference between the Islamic stock index and the conventional stock index as a standard stock that must be achieved.

To generate added value for investors, businesses must perform well compared to their shareholders' expectations. The performance of a business is reflected in its financial statements, which include earnings and cash flow from operations. Financial analysis tools are used as an assessment of financial performance in the company. One of the financial analysis tools is financial statements. Economic Value Added and Financial Value Added are used to analyze financial statements.

This paper uses quantitative descriptive methodology. The data used in the study is secondary data sourced from OJK. The sample in the study was BUMN companies listed on the Jakarta Islamic Index (JII) in 2018-2022. The results showed that the value of Financial Value Added at PT Telkom Indonesia (Persero) Tbk. was declared good, with an average value of 540,44. PT Aneka Tambang (Persero) Tbk. declared good, with an average value of 629,86. PT Semen Indonesia (Persero) Tbk. declared good, by obtaining an average value of 808,26. PT Bank Syariah Indonesia Tbk. declared good with an average value of 268,72.

**Key words:** *Financial Performance, Financial Value Added, JII*

## **INTRODUCTION**

Company value is very crucial because it illustrates the company's achievements and very easily has an impact on the shareholders' views of the company. Good company performance is reflected in the high value of the company. Firm value is the view of shareholders on the prospects of the company which is linked to the share price. This means that the higher the company's share price, the company's value will also increase. Apart from stock prices, firm value is also influenced by profitability. Increasing company profits will affect the increase in company value. The high value of the company is the hope for investors because this value will show the high prosperity of these investors. In this study, the ratios used to calculate company value are the Financial Value Added (FVA) methods.

FVA is one of the value-based company performance measurements that has not been widely studied. FVA is a company performance measurement that measures the financial added value of a company that considers the contribution of fixed assets in generating the company's net profit.

The growth of company profitability is one of the indicators used to estimate the company's prospects in the future. With this indicator, investors can find out the extent to which the company can generate returns in accordance with the investment made. Profitability provides an overview

of the benefits of financial investment, which means profitability has an influence on the value of the company due to increasing internal sources. The higher the development of the company's profitability indicates the better the company's performance in the future, and the company's value will also be better for shareholders. Profitability ratio is a ratio that explains the company's capacity to create profits. The high ratio of this ratio, then indicates the good of a company in running its operations. This is what makes a company look good in the eyes of investors.

Every company must want its company value to continue to increase to the maximum. The value of a company's shares can be assessed from the level of return received by shareholders. If the company earns a large profit, the value of the company's shares will also increase. However, if the company experiences losses even to the point of bankruptcy, then the share value of the company will also decrease. The development of the capital market in Indonesia is currently experiencing increasingly rapid development, this can be proven by the existence of many companies listed on the Indonesia Stock Exchange (Kristiana and Sriwidodo, 2012).

The world of business is currently experiencing very rapid development both on a large scale or small scale. This cannot be separated from the development of increasingly advanced technology. Every company has a demand to develop its business to the maximum. One of the ways companies develop their business is by entering the capital market competition. When the company has a good track record, investors will continue to invest their shares in the company. The capital market can create opportunities for companies to meet long-term or medium-term needs from investors' funds.

The presence of the capital market has a major impact in supporting the economy of a country. The capital market is a means that can be used to mobilize or minimize funds, both funds from abroad and funds from within the country. Moreover, in conventional economic practices in the capital market there is an element of speculation that is contrary to Islamic financial principles. The difference between conventional capital markets and Islamic capital markets can be seen from the financial instruments used and the transaction process. Meanwhile, the difference between the Islamic stock index and conventional stocks can be seen from the stock criteria that must be met by the issuer. The criteria for becoming a sharia stock is that the company's business activities do not conflict with Islamic law where the company may not produce or sell goods that are prohibited by Islamic law.

Public companies are companies whose capital comes from investors. One of the instruments of securities that can be of interest to investors from various circles is shares. Shares are securities that are very popular among investors because shares can provide very attractive benefits. The income obtained by shareholders such as dividend income (dividend yield) and capital gains (capital again). Dividend yield is used to measure the amount of dividends per share against the share price. Capital again is the difference between the market price in the current period and the market price in the previous period. Dividend yield and capital again are the total return that will be received by investors in the long term for investors providing an injection of funds in the company. That way, if the higher the market price, it also shows that the shares are increasingly in demand by investors.

Investors can also be referred to as shareholders. Investors not only see how the stock moves historically, but the overall performance of the company must be measured. On the other hand, company performance is no longer the responsibility of internal companies only, but also to investors as providers of funds. Measurement of overall company performance is a benchmark for an investor as a consideration for investing or not selling existing shares in the company.

Performance measurement is something very important where performance measurement can already attract attention in the industrial world begins. There are many types of stocks traded in the capital market, especially in the grouping of Islamic stock types. One of the Islamic stock indices is the Jakarta Islamic Index (JII). JII is a stock index in Indonesia from calculating the average share price index for types of stocks that meet sharia criteria. JII consists of 8 sectors that do not conflict with Islamic sharia principles, namely mining, trade service & investment, misc industry, chemical industry, property & construction, finance, infrastructure & transportation and consumer goods. When determining the criteria for the selected stocks, the JII involves the Sharia Supervisory Board (DPS) as a hope to increase investor confidence in developing sharia investments.



**Figure 1.** Composition of companies listed in JII in 2018-2022

While in status there are 12 state-owned companies recorded in and out of the Jakarta Islamic Index during 2018-2022. PT Telkom Indonesia Tbk and PT Wijaya Karya (Persero) Tbk are companies that are always consistently in the Jakarta Islamic Index. Companies that do not routinely distribute dividends during this research period are marked in red.

The reason the company joined the JII is because the JII company when calculating the stock index is in accordance with the average share price index in several types of shares that meet sharia criteria. JII also answers the problems of investors who want to invest in sharia without fear of being mixed with usury funds. The company manages the funds provided by investors have a goal that will be achieved by the company. The main objective is to increase the value of the company in other words maximizing shareholder welfare. Financial statements can be analyzed using several ratios, such as profitability ratios, liquidity ratios, solvency ratios, activity ratios and others. The company's financial statements are the spirit of the company's information source.

Measurement of company financial performance is generally more often measured using financial ratio analysis during a certain period. However, measuring financial performance using ratios has weaknesses, such as not paying attention to the cost of capital in the calculation. Financial ratio analysis also has the disadvantage that it cannot measure company performance in terms of company value, financial ratios only measure profitability, solvency, liquidity. From the weaknesses of financial ratios, there is Financial Value Added (FVA) methods as new financial performance

measurement tools to improve the weaknesses of financial performance measurement using ratio analysis tools.

Financial performance assessment can use the Financial Value Added (FVA) method. FVA is a new method for measuring company performance and company value added. FVA is the difference between operating profit after tax (NOPAT) and equivalent depreciation that has been reduced by depreciation. If these events occur in the company, it will be able to increase the return on capital that has been invested in the company, so as to increase shareholder wealth. According to Nora and Samuel (2010), this method strongly considers the contribution of fixed assets to generate net profit.

Several studies have been conducted on Financial Value Added (FVA). The results of research from Ayu Indriyani, Patricia Dhiana Paramita and Marsiska Ariesta (2019) which concluded that FVA has a negative and significant effect on the value of pharmaceutical companies listed on the IDX. Furthermore, research by Eka Muliawati and Muhammad Saifi (2019) concluded that FVA has a negative insignificant effect on firm value.

Meanwhile, L. R. Maria Pangaribuan, Yeni Rafita Sihombing, Siska Satriani Hasugian and Devi Lesnawati Purba (2019) concluded that FVA has an effect and is significant in Property and Real Estate sector companies listed on the JII in 2014-2017. Furthermore, Elvis Simanjuntak and Desrini Ningsih (2020) concluded that FVA has a significant effect on the value of companies listed in the JII.

With the existence of a gap phenomenon where the company sector studied is different and the results of previous research are inconsistent, it is necessary to conduct further research that discusses financial performance based on Financial Value Added. As for this study, researchers will use state-owned companies from various sectors in the Jakarta Islamic Index to serve as research objects.

## **METHODS**

According to Heny (2018) Financial Value Added (FVA) is one of the company's performance measurements based on value based that has not been widely studied. FVA is a company performance measurement that measures the financial added value of a company that considers the contribution of fixed assets in generating the company's net profit.

There are 3 decisions in financial management that will become value drivers for the creation of Financial Value Added. The three decisions are:

1. Operating Decision is a decision that must be taken by the company in generating sales volume and managing costs incurred both variable costs and fixed costs in such a way as to produce operating profit margin for the company. Sales volume growth is an indicator of company growth that can create FVA. With high sales growth and a certain income tax rate, it will increase the operating profit margin, which in turn will increase FVA.
2. Financing Decision is a corporate financing decision where the company must determine the most efficient source of funds, which is reflected by the cost of capital paid during a certain period. If the cost of capital is smaller, the greater the FVA value.
3. Investment Decision is a management decision on investment options that normatively must be able to maximize the value of the company. The company must think about the sources of funds used, because the large amount of working capital and fixed capital will reduce the value of FVA, because the total resources become larger.

There are several advantages of the FVA method, which are:

1. If reviewed, FVA through equivalent depreciation integrates all asset contributions to company performance, as well as the opportunity cost of corporate financing. This contribution applies throughout the investment project.
2. FVA clearly includes the contribution of the concept of value growth duration or the time of the value creation process as a value-adding element.
3. FVA highly prioritizes the concept of equivalent depreciation and accumulated equivalent which more accurately describes financing costs.
4. FVA provides a solution to the control mechanism in each period.

When reviewed, FVA also has a weakness, namely FVA is less practical in anticipating events if the company runs a new investment in the middle of the calculated investment period.

The Financial Value Added formula is as follows:

$$\text{FVA} = \text{NOPAT} - (\text{ED} - \text{D})$$

EVA Element	Formula
NOPAT	Net operating income (1 - Tax Rate)
ED	Total costs with depreciation expense
D	Total expenses in the year

**Table 1.** The flow of calculation of Financial Value Added

Description :

NOPAT : Net Operating Profit After Tax ED

: Equivalent Depreciation

D : Depreciation

The interpretation of the FVA measurement results can be explained as follows:

1.  $\text{FVA} > 0$  atau bernilai positif (+), shows that the company has succeeded in creating financial value added for the company. atau there is a financial value more manakala the net profit of the business is able to cover the ED (equivalent depreciation).
2.  $\text{FVA} < 0$  at or bernilai negatif, indicating that there is no process of financial tambah value for perusahaan atau the net profit of perusahaan is not able to cover ED.
3.  $\text{FVA} = 0$  at or impas point, indicates that the company has not been able to gain any additional value or financial loss due to the fact that the net profit of the company has been used to cover the ED.

Financial Value Added (FVA) with a Time Series Approach is a relevant financial performance evaluation benchmark used to determine the extent of the success of a company's investment in terms of added value (value based). This study uses a quantitative approach to examine financial statement data from BUMN companies included in the Jakarta Islamic Index, from 2018 to 2022. The subjects of this research are:

No.	Code	Company Name	Company Sector
1	TLKM	PT Telkom Indonesia (Persero) Tbk.	Infrastructure & Transportation
2	ANTM	PT Aneka Tambang (Persero) Tbk.	Mining
3	SMGR	PT Semen Indonesia (Persero) Tbk.	Chemical Industry
4	BRIS	PT Bank Syariah Indonesia Tbk.	Finance

**Table 2.** Company profile's subjects of this research

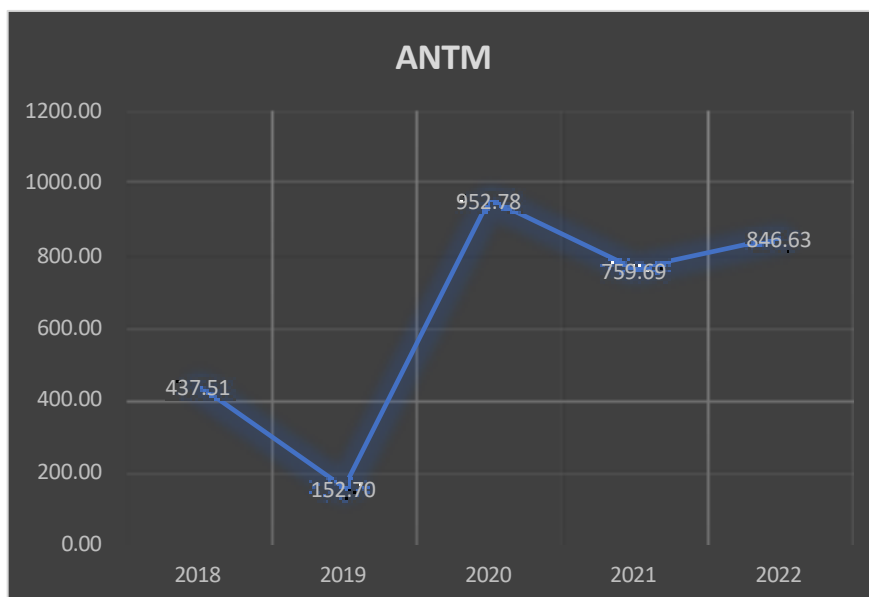
Quantitative data analysis techniques are based on secondary data from the company's financial accounts collected through the idx.com website, then processed and evaluated as needed. The financial statement analysis procedure is as follows: To begin with, collecting the required financial data from the annual financial statements of SOEs from 2018 to 2022. Financial Added Value is then calculated and analyzed. Draw conclusions from the findings of the data analysis.

## RESULT



**Figure 2.** PT Telkom Indonesia (Persero) Tbk.'s Financial Value Added 2018-2022

From the graph above, the TLKM company shows that in 2018 it reached 245.73, in 2019 it reached 453.30, in 2020 it was 829.87, in 2021 it was 531.79, in 2022 it was 641.56. Achievement of the highest FVA value in 2020 amounted to 829.867. The average FVA value of TLKM companies is 540.44. The achievement of the FVA value of the TLKM company can be concluded that if the value of financial value added is positive, it means that the company is able to provide more value to the company over a period of 5 years.



**Figure 3.** PT Aneka Tambang (Persero) Tbk.'s Financial Value Added 2018-2022

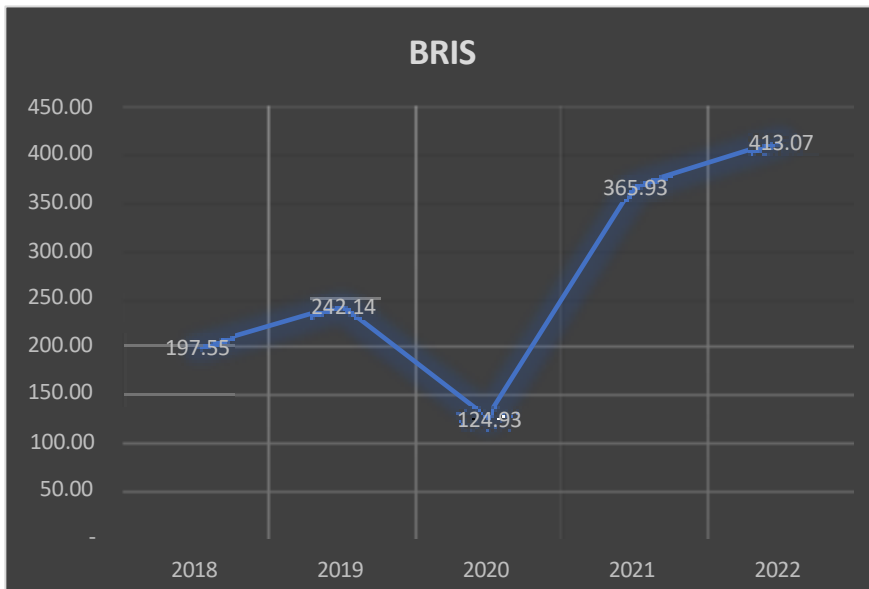
From the graph above, the ANTM company shows that in 2018 it reached 437.51, in 2019 it reached 152.70, in 2020 it was 952.78, in 2021 it was 759.69, in 2022 it was 846.63. Achievement

of the highest FVA value in 2020 amounted to 952.78. The average FVA value of ANTM companies is 629.86. The achievement of the FVA value of ANTM companies can be concluded that if the value of financial value added is positive, it means that the company is able to provide more value to the company over a period of 5 years.



**Figure 4.** PT Semen Indonesia (Persero) Tbk.'s Financial Value Added 2018-2022

From the graph above, the SMGR company shows that in 2018 it reached 967.21, in 2019 it reached 576.28, in 2020 it was 721.54, in 2021 it was 854.98, in 2022 it was 921.27. Achievement of the highest FVA value in 2018 amounted to 967.21. The average FVA value of SMGR companies is 808.26. The achievement of the FVA value of the SMGR company can be concluded that if the value of financial value added is positive, it means that the company is able to provide more value to the company over a period of 5 years.



**Figure 5.** PT Bank Syariah Indonesia Tbk.'s Financial Value Added 2018-2022

From the graph above, the BRIS company shows that in 2018 it reached 197.55, in 2019 it reached 242.14, in 2020 it was 124.92, in 2021 it was 365.93, in 2022 it was 413.07. Achievement of the highest FVA value in 2022 amounted to 413.07. The average FVA value of BRIS companies is 268.72. The achievement of the FVA value of the BRIS company can be concluded that if the

value of financial value added is positive, it means that the company is able to provide more value to the company over a period of 5 years.

## DISCUSSION

The results showed that the value of Financial Value Added of BUMN companies including TLKM, ANTM, SMGR, BRIS has a good value, because the value is more than 0 so it is positive even though there are fluctuations every year. These results are in accordance with the research of Masyiyan and Deannes (2019) which states that the average value of FVA generated by 3 sample companies in a period of 5 years, produces an FVA value that has a positive result value.

## CONCLUSION

Based on the results and discussion, that the value of value based on financial value added in state-owned companies is all positive, which shows that the company is able to succeed in providing financial value added to the company. The value of finansial tambah for perusahaan atau ada finansial tambah for perusahaan atau there is a finansial tambah for perusahaan more manakala profitan bersih perusahaan able to cover ED (equivalent depreciation).

There are 3 decisions in financial management that will become value drivers for the creation of Financial Value Added, namely Operating Decision, Financing Decision and Investment Decision.

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