COMPARISON OF FINANCIAL PERFORMANCE NON-MANUFACTURING COMPANIES IN JAKARTA ISLAMIC INDEX (JII) USING MARKET VALUE ADDED (MVA) AND FINANCIAL VALUE ADDED (FVA) METHODS

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ABSTRACT

Purpose: This research aims to analyze the comparison of financial performance assessments of non-manufacturing sector companies listed on the Jakarta Islamic Index (JII) using the Market Value Added (MVA) and Financial Value Added (FVA) methods. Methods: Comparative quantitative research type. The data used is secondary data in the form of financial reports from 2016 to 2020. Analysis data: Data analysis using horizontal analysis is an analysis carried out by comparing financial reports for several periods. Result and discussions: Non-manufacturing companies registered with JII are: PT Telekomunikasi Indonesia Tbk, PT XL Axiata Tbk, PT Media Citra Nusantara Tbk and PT Surya Citra Media Tbk. Using the added value method in the form of MVA, three companies can increase invested capital because the MVA value is> 0 or positive, while PT Media Citra Nusantara Tbk's MVA value is <0 or negative value. Using the FVA method, three companies have positive FVA values, so the companies succeed in providing added financial value for funders; net profits and depreciation can cover the equivalent of depreciation. PT XL Axiata, which has an FVA value <0 or negative. Conclusion: This comparison shows that each company can create added value that varies according to the company's level of performance.

Keywords: **Market Value Added (MVA, Financial Value Added (FVA)**

INTRODUCTION

Good financial management can allocate funds for investment effectively as well as efforts to collect funds to finance investment or spending (Sartono, 2008:6). In this decision, the financial manager should be able to determine the best solution, therefore the manager must have a forward orientation.

Investment is indeed a productive activity that is profitable when viewed from a theological point of view, and is a profit-and-loss experience when viewed from an economic perspective, because it cannot be separated from the existence of uncertainty

(uncertainty of loss) in human life, and must be carried out in accordance with the rules - syar'i rules (Rahmawati, 2015:19). These provisions have been explained in the Koran. Allah SWT says.

Meaning: "The parable of (the income spent by) those who spend their wealth in the way of Allah is similar to a seed thatgrows seven ears, on each ear a hundred seeds. Allah multiplies (rewards) for whom He wills. And Allah is All-Encompassing (His bounty) and All-Knowing."(QS Al Baqoroh (2):261) (Al Qur'an and its translation Al Quddus, 2014:14).

According to Shihab (2000), this verse states that those who want to invest their wealth in the way of Allah are very lucky, and implicitly provides information to those who want to invest in the way of Allah that they will get multiple profits. A financially wealthy person uses his wealth for the benefit of the poor through productive efforts, when in fact he is helping the poor for productive purposes. When someone invests their shares in the sharia capital market, their aim is only to spend their wealth for Allah, as explained in the holy book above. Because by investing and getting results, it will be easy for the person to channel his wealth for good, especially in the way of Allah.

Company performance can be seen by measuring its financial performance. This financial performance can be known by analyzing the company's financial reports (Kasmir, 2015:7). Company performance can not only be known through profitability, liquidity and solvency ratios but can also be known through Model Value Added (MVA) and Financial Value Added (FVA). This method has the concept of creating company value and management to find out some of the true costs of capital (Cost of Capital) of the business, so that the net rate of return on capital can be shown clearly (Ekaningsih, 2011:18).

Market Value Added(MVA) is used to measure how much wealth a company can create for shareholders and for the company itself. The company has the main goal of maximizing shareholder prosperity, in addition to providing its own benefits for investors. This can also ensure that scarce company resources are allocated efficiently and provide economic benefits (Sartono, 2008: 103). Considering the contribution of fixed assets in generating a company's net profit is the method used in Financial Value Added (FVA) (Iramani, 2005: 100). This method can provide an explanation of value creation efforts and determine indicators that are responsible for adding or reducing value.

The purpose of this researchto analyze the comparison of financial performance assessments of Non-Manufacturing Companies in the Jakarta Islamic Index (JII) using the Market Value Added (MVA) and Financial Value Added (FVA) methods.

THEORETICAL BASIS

Sharia Financial Management

Sharia financial management is the management of financial functions with a frameworkshariaIslam relating to corporate financial matters. Where this is based on the Qur'an and Al Hadith. Sharia financial management includes financial planning activities, financial analysis and financial control based on sharia principles (Muhamad, 2016:1). The function of sharia financial management is related to company financial decisions, which have three main functions, namely funding decisions, investment decisions, and dividend or profit sharing decisions. Each decision must be oriented towards achieving company goals. If the company's main goal is achieved, it will boost the optimal element of company value (Muhamad, 2016: 8)

Financial statements

According toCashmere(2015:7) financial reports are reports that show the company's financial condition in a certain period.Financial reports are general because they are intended for parties with different interests. Investors or owners or investors are interested in understanding the potential of investment capital. The government uses financial reports to determine the taxes charged by companies. Meanwhile, the company itself uses this report to find out the original condition of the company.Financial reports are a form of evidence of human progress. Recording financial reports honestly is a teaching of Islamic law, so that we can convey our trust to others correctly. In accordance with the Qur'an Surah An-Nisa' (4) verse 58. According toShihab (2000:457) means this verse is that Allah commands believers to convey all messages to those entitled to them fairly. It is not permissible to cheat in determining the law.In accordance with Surah An-Nisa' paragraph 58 above, it can be concluded that as believers we should record transactions with other people honestly and correctly, so that every transaction activity has evidence to account for it. Recording reports honestly and correctly, as well as conveying trust properly is one form of sharia-compliant financial reporting.

Company Sharia Financial Performance

Performance assessmentveryIt is important for companies that have gone public as a company merger process so that the value of the company will be known. organizational consolidation steps so that the value of the organization will be known. Implementation evaluation is also important for developmentreturnimplementation of business recovery programs, for organizations that are open to the world and it is helpful if the organization will offer its organization to the general public (commerce) must lead the assessment to decide the fair value of the offer offered to the people in general.

To measure financial performance, it is done by analyzing the company's financial reports.Methodused are financial ratios. However, in using this financial ratio, there are several weaknesses in using financial ratios. Reported profits do not include the cost of capital element. So that financial performance assessment was developed, namely using a value-based method. There are 4 types of company financial performance measurements, namely, Refined Economic Value Added (REVA), Economic Value Added (EVA), Marketing Value Added (MVA) and Financial Value Added (FVA). However, this research uses Market Value Added (MVA) and Financial Value Added (FVA). MVA is the difference between the market equity of a company and the book value as presented in the balance sheet, the market value is calculated by multiplying the share price by the number of shares outstanding (Brigham, 2012: 111).FVA is used to measure company performance based on the company's added value where this method considers the contribution of fixed assets in generating the company's net profit (Bakar, 2010:22).

HYPOTHESES

A hypothesis is a temporary answer to a research problem formulation, where the problem formulation has been formed in a question (Sugiyono, 2016: 134).In this research, the hypothesis is applied according to the problem formulation that has been determined, as follows:

Ha = It is suspected that there is a comparison of the financial performance of sharia shares in non-manufacturing companies listed on the Jakarta Islamic Index (JII) in terms of added value using Market Value Added (MVA) and Financial Value Added (FVA).

Ho = It is suspected that there is no comparison of the financial performance of sharia shares in non-manufacturing companies listed on the Jakarta Islamic Index (JII) in terms of added value using Market Value Added (MVA) and Financial Value Added (FVA).

METHOD

This research uses a type of comparative research. Comparative research is comparing one nominal with another nominal (Subagiyo, 2013:14). This research compares a particular company's financial report with the financial report of a different company using the added value of Market Value Added (MVA) and Financial Value Added (FVA).

Market Value Added(MVA) or market value added is the difference between the company's market value (including equity and debt) and the overall capital invested in the company (Young and O'Byrne, 2001:26). The formula used to calculate market value added (MVA) is as follows (Young and O'Byrne, 2001:26):

$$\boxed{\text{MVA} = \text{Market Value of Equity} - \text{Equity Capital Paid Up by Investors}}$$

Information:

Market Value of Equity :Share Price x Number of Shares Outstanding Value
Equity Capital : As presented in the Balance Sheet

The provisions used to measure the MVA value are as follows (Young and O'Byrne, 2001:27):

a. MVA > 0, has a positive value, meaning that the company has succeeded in increasing the added value of capital invested by funders.
b. MVA= 0, this indicates a breakeven position
c. MVA < 0, has a negative value, meaning the company has failed to increase the added value of capital invested by funders

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

FinancialValue Added(FVA)ismethod for measuring company performance and added value. This method considers the contribution of fixed assets in generating the company's net profits (Keown, 2006:94). According to Rodrigues (2002:90) the calculation of Financial Value Added (FVA) can be obtained using the following systematic formula:

Information:

NOPAT =*Net Profit After Tax*
ED =*Equivalent Depreciation*
D =*Depreciation*/ depreciation

The results of the FVA calculation can be interpreted as follows:

a. If FVA > 0, it indicates that there is added financial value for the company and profits for funders
b. If FVA = 0 then it shows that the company is at the break-even point
c. If FVA < 0, it indicates that there is no added financial value for the company and no profits for funders.

Population ofstudyThese are all companies listed on the Jakarta Islamic Index (JII). Sampleispart of the number and characteristics possessed by the population (Sugiyono, 2016:81). The samples in this research are non-manufacturing companies registered on the Jakarta Islamic Index (JII). The sampling technique used in this research uses a purposive sampling technique, a technique for determining samples with certain considerations (Sugiyono, 2016: 126). This quantitative research uses ratio data which is aimed at measurement results that can be differentiated, ordered, have a certain distance and can be compared (Subagiyo, 2013:17).This research uses secondary data, which is data collected by researchers from all existing sources (Subagiyo, 2013:77).

The data analysis technique used in this research is the horizontal analysis technique. According to Kasmir (2011:69) horizontal analysis is an analysis carried out by comparing financial reports for several periods. From this analysis you will see the company's development from one period to another.

RESULTS AND DISCUSSION

This research was conducted on four companies registered on the Jakarta Islamic Index (JII), namely PT Telekomunikasi Indonesia Tbk, PT XL Axiata Tbk, PT Surya Citra Media Tbk and PT Media Citra Nusantara Tbk. The Jakarta Islamic Index (JII) is wrongstock indexwhich exist inIndonesiaby calculating the average price indexsharefor types of shares that meet the criteriasharia. This index has been developed since June 3, 2000, until finally launched on March 13, 2003.Each period the number of shares entered is 30 shares, provided they meet sharia criteria (Indonesian Stock Exchange, 2020).ObjectiveformationJII, to increase investor confidence in investing in sharia-based shares and provide benefits for investors in implementing Islamic sharia to invest on the stock exchange. JII is also expected to support the process of transparency and accountability for sharia-based shares in Indonesia (Indonesian Stock Exchange, 2020).

MVA added value is the difference between the share market value and the amount of capital invested by funders or investors. If MVA > 0 means good, which shows the manager succeeded in creating added value for the company, whereas if the MVA value < 0 means it is not good, it shows that the manager failed.increate added value for the company. The research results show that there is a comparison of MVA between non-manufacturing sector companies listed in*Jakarta Islamic Index*(JII) for the 2016 to 2020 period, namely: PT Telekomunikasi Indonesia Tbk, PT XL Axiata Tbk, PT Surya Citra Media Tbk, and PT Media Citra Nusantara Tbk. The highest added value occurred at PT Surya Citra Media Tbk in 2016 with an amount of IDR 37,233. 392,-. Meanwhile, the lowest added value occurred at PT Media Citra Nusantara Tbk in 2018 with an amount of -IDR 791,865.-. The comparisons that occur are related to large quantities, this is because company prices always fluctuate, sometimes rising, sometimes falling. Apart from that, it is also motivated by market values which are always changing, either because capital is always going up and down or debt is decreasing and increasing. This shows that the company manager can carry out the mandate entrusted to him well and can meet the expectations of shareholders. As QS. al Ma'arij (70) verse 32 as follows:

وَٱلَّذِينَ هُمۡ لِأَمَٰنَٰتِهِمۡ وَعَهۡدِهِمۡ رَٰعُونَ ٣٢

It means: "*And those who keep the mandates (which they bear) and their promises*" (QS. al Ma'arij (70):32) (Holy Qur'an translation team, 2016:567)

According to Shihab's interpretation (2000:1.264)The verse above explains that a good believer must guard and carry out whatever is entrusted to him, and not only make promises, but can keep those promises. In accordance with the paragraph above, the company has carried out its mandate well, and can keep its promises, namely being able to provide added value for the company and shareholders who have entrusted their funds to be managed.

FVA added value is a calculation of the company's ability to overcome expenses as wellcontrolshrinkage. If FVA > 0 it means good, which shows the manager succeeded in creating added financial value for the company and increased shareholder wealth, whereas if the FVA value < 0 means it is not good, it shows that the manager failed in creating added financial value. These results show that there is a comparison of FVA in non-manufacturing sector companies listed on*Jakarta Islamic Index*(JII) during the 2016 to 2020 period, namely: PT Telekomunikasi Indonesia Tbk, PT Media Citra Nusantara Tbk, PT Surya Citra Media Tbk, and PT XL Axiata Tbk. Where the highest value occurred at PT Telekomunikasi Indonesia Tbk in the 2020 period with an amount of IDR 4,838. 675,623,-. Meanwhile, the lowest value occurred at PT XL Axiata Tbk in the 2018 period with an amount of – Rp69,066,461,-. The comparison of the Financial Value Added (FVA) value for each company is linked to many values, this is because the net profit after tax (NOPAT) of each company is different, apart from that, it is also motivated by the equivalent depreciation (ED) which always experiences increases and decreases and is caused by the depreciation value always increases and decreases every year. Dcan provide added financial value for the company and provide benefits for funders,in accordance with the Qur'an Surah An-Nisa' (4) verse 58 which reads:

إِنَّ ٱللَّهَ يَأۡمُرُكُمۡ أَن تُؤَدُّواْ ٱلۡأَمَٰنَٰتِ إِلَىٰٓ أَهۡلِهَا وَإِذَا حَكَمۡتُم بَيۡنَ ٱلنَّاسِ أَن تَحۡكُمُواْ
بِٱلۡعَدۡلِۚ إِنَّ ٱللَّهَ نِعِمَّا يَعِظُكُم بِهِۦٓۗ إِنَّ ٱللَّهَ كَانَ سَمِيعَۢا بَصِيرٗا ٥٨

Meaning: "Indeed, Allah orders you to convey the message to those who are entitled to receive it, and (orders you) when you determine a law between people, so that you determine it fairly. Indeed, Allah will give you the best teaching. Indeed, Allah is All-Hearing, All-Seeing" (QS An-Nisa' (4):58) (Al Quddus Translation Team, 2014:86).

According to Shihab (2000:457) the meaning of the verse above is truly Allahinstructto believers to convey all of Allah's mandates or other people's mandates to those entitled to them fairly. Do not cheat in transactions. Allah is always All-Hearing of what is said and All-Seeing of what is done. Allah knows those who carry out mandates and those who do not, and those who determine laws fairly or unjustly. Each will get their reward.There is a comparison of the added value of using*Market Value Added*(MVA) and*Financial Value Added*(FVA), this is in accordance with the Ha hypothesis, as follows:

Ha = It is suspected that there is a comparison of the financial performance of sharia shares in non-manufacturing companies listed on the Jakarta Islamic Index (JII) in terms of added value using Market Value Added (MVA) and Financial Value Added (FVA).

CONCLUSION

There is a comparison of the sharia financial performance of non-manufacturing companies listed on the Jakarta Islamic Index (JII), namely: PT Telekomunikasi Indonesia Tbk, PT XL Axiata Tbk, PT Media Citra Nusantara Tbk and PT Surya Citra Media Tbk using the added value method in the form of Market Value Added (MVA).) and Financial Value Added (FVA). This comparison shows that each company has the ability to create added value that varies according to the company's level of performance. Suggestion bfor future researchers to add to the sample of companies, in addition to adding to the ratios used, either using added value such as Economic Value Added (EVA), Refined Economic Value Added (REVA) and other ratios such as profitability ratios, liquidity ratios, solvency ratios, apart from that for using a longer time period, in order to describe financial performance conditions from a longer year.

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