

## **Analysis of Financial Performance *Economic Value Added Market Value Added* to Company Value (Empirical Study of PT Toba Pulp Lestari Tbk 2019-2023)**

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**Abstract.** This study aims to examine the influence of financial performance indicators (current ratio, debt-to-equity ratio, inventory ratio, net profit margin) and economic value added, as well as market value added, on firm value as represented by the price-to-earnings ratio. This research employs a quantitative methodology. The data is obtained from secondary sources, specifically the financial records of PT Toba Pulp Lestari TBK from 2019 to 2023. The employed method is multiple linear regression analysis with EViews 12. Conclusions can be derived from the study titled Analysis of Financial Performance of Economic Value Added and Market Value Added in Relation to Company Value at Toba Pulp Lestari TBK from 2019 to 2023. Current Ratio (CR) positively and significantly influences company value, while Debt to Equity Ratio (DER) negatively and significantly impacts company value. Inventory Turnover (ITO) also has a negative and significant effect on company value. Net Profit Margin (NPM) positively affects company value but is insignificant. Economic Value Added (EVA) and Market Value Added (MVA) both positively and significantly enhance company value.

**Keywords:** Company Value, Company Performance, Economic Value Added, Market Value Added.

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### **1. Introduction**

Companies are established to generate substantial profits and can influence a nation's economy. Transitory financial conditions frequently lead to corporate failures; therefore, it is essential to meticulously assess the financial status and management of the company to ensure its sustainability. Financial reports are documents that comprehensively detail a company's financial status. Financial data is generated for each organization to assess its performance over a specified duration. Financial data serves as a standard for assessing the performance of each company's operations, determining their health status.

According to Gitman and Zutter (2015), firm value is defined as the worth of shares acquired by investors when the company's assets are liquidated in accordance with the prevailing share price. The

dependent variable in this study is corporate value, evaluated using the price to earnings ratio (PER). PER is a corporate evaluation tool that demonstrates an investor's acceptance of the company's current earnings (Brigham, ef, 2018), indicating the investor's willingness to fund each profit derived from the reported income.

According to Hutabarat Francis (2020), financial performance is an examination conducted to assess the degree to which a company has executed its activities in accordance with suitable financial policies. According to Rahayu (2020), financial performance denotes the success, achievement, or operational capability of a corporation in generating value for the organization or its capital owners in an effective and efficient manner. The assessment of financial ratios encompasses solvency, liquidity, profitability, and activity ratios.

Liquidity ratios indicate a company's capacity to fulfill short-term obligations, solvency ratios assess its ability to meet long-term commitments, activity ratios reflect the efficiency of a company's operations in marketing, sales, inventory management, and other functions, while profitability ratios demonstrate a business's capability to generate income through the utilization of its resources. EVA assesses management performance by evaluating the incremental value generated. The EVA model assists management in ascertaining capital costs. Based on assumptions (Brigham, ef, 2018).

EVA represents the excess of net operating profit after tax (NOPAT) relative to the cost of capital. According to Purba (2022), EVA is a metric utilized to assess overall value generation inside an organization. Additionally, there is MVA, utilized to assess the company's performance in generating wealth for its stakeholders. According to assumptions by Segoro, Waseso, and Agustina (2022), MVA represents a comparison between the capital spent throughout a period and the current earnings, defined as the difference between market value and book value across all levels of capital demand. According to assumptions by Hayat et al. (2021), MVA represents the aggregate outcome of a company's performance derived from numerous past and future investments.

PT Toba Pulp Lestari is a pulp manufacturing industry established on April 26, 1983. The company's financial data indicates that its situation may vary, so affecting the quality of its financial operations. Conducting financial data analysis is crucial for evaluating financial performance. Company financial information pertains to the evaluation of its financial performance.

**Table 1.** *Financial Information Related To Financial Performance Assessment Of Financial Data & Profit And Loss Data Of PT Toba Pulp Lestari*

No	Information	Year				
		2019	2020	2021	2022	2023
1.	CR	51%	72%	214%	273%	118%
2.	DER	221%	202%	205%	245%	58%
3.	ITO	2.71%	4.02	2.79%	0.37%	0.37%
4.	NPM	-18.7%	3.0%	0.5%	0.1%	0.1%
5.	<i>Economic Value Added</i>	11,142,420	(6,274,100)	686,094,420	(4,451,350)	2,924,050
6.	<i>Market Value Added</i>	1,666,569,789,009	1,319,438,964,979)	1,499,993,790,246	1,576,382,574	1,388,773,101,000

Table 1 shows that there will be a decrease in CR in 2023 by 155% as a result of the company's economic difficulties in meeting its short-term obligations. There was an increase in DER in 2022 it will be 40%, the impact will be the greater the company's capital from debt, there will be a decrease in ITO in 2021 by 1.23, this implies weak sales, there will be a decrease in NPM in 2020 by -15.7% and in 2022 it will decrease by 0.4 % This shows that the company's performance is not good, there was a negative EVA value in 2020 of Rp. 6,274,100 and in 2022 it will be IDR -4,451,350.

### Formulation of the problem

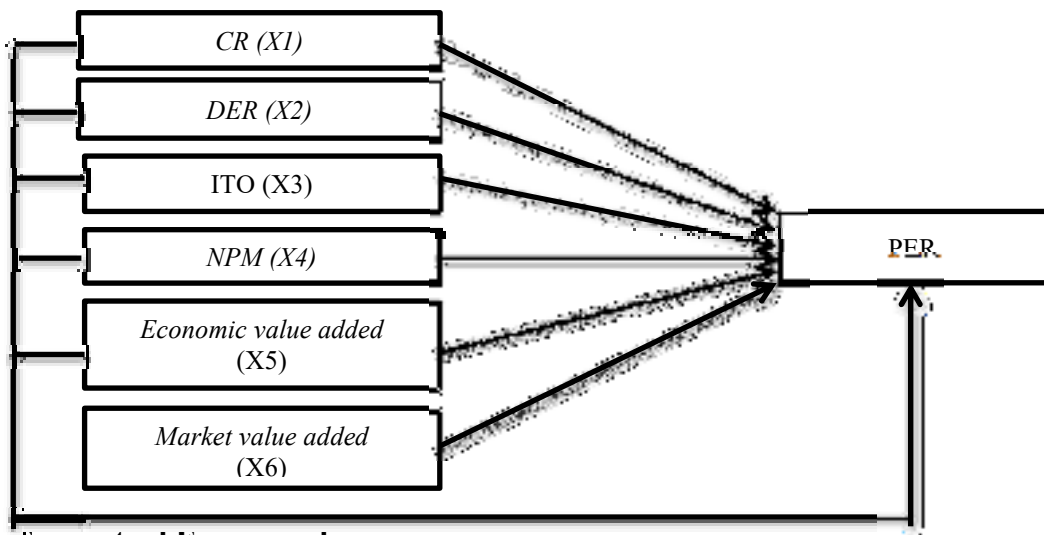
1. Does CR have an effect on company value?
2. Does DER have an effect on company value?
3. Does ITO have an effect on company value?
4. Does NPM have an effect on company value?
5. Does EVA have an effect on company value?
6. Does MVA have an effect on company value?

### Research purposes

1. In order to test and analyze how much impact CR has on company value
2. In order to test and analyze how much impact DER has on company value
3. In order to test and analyze how much impact ITO has on company value
4. In order to test and analyze how much impact NPM has on company value
5. In order to test and analyze how much impact EVA has on company value
6. In order to test and analyze how much impact MVA has on company value

### Research Hypothesis

According to (Wardani Kusuma Dian, 2020) a study hypothesis is a temporary prediction whose facts must be proven again, testing is the stage of carrying out experiments to observe facts, then hypothesis testing is carrying out temporary prediction experiments to observe facts.



### Conceptual Framework

Figure 1. Conceptual Framework

### 2. Research Methods

#### Research approach

This study takes a quantitative approach. This study uses annual *financial information sources* released by PT Toba Pulp Lestari TBK which are verified on the IDX, namely balance sheet and profit and loss data which is carried out to assess the company's *financial performance*. This study uses multiple linear regression analysis using SPSS media

### 3. Research Results And Discussion

#### Research result

To analyze *financial data*. The author wants to try to analyze the results of *financial ratio calculations* for financial performance. Where *financial ratios* can provide an illustration of the company's performance based on *financial data* formed by the company which can be observed in a table in the form of.

#### Descriptive Statistical Test

**Table 2.** Descriptive Statistics

	CR	DER	ITO	NPM	EVA	MVA	PER
Mean	1.275500	2.296000	1.672000	0.116000	-290621.7	1.16E+12	2.52E+08
Median	1.260000	2.185000	1.395000	0.065000	-71473.50	1.14E+12	1.23E+08
Maximum	2.730000	3.370000	4.020000	0.400000	323475.0	2.05E+12	1.38E+09
Minimum	0.420000	1.950000	0.270000	0.000000	-2652589.	7.99E+11	179688.0
Std. Dev.	0.735981	0.385629	1.126338	0.116185	686577.1	2.78E+11	3.26E+08
Skewness	0.389219	1.616653	0.702282	1.144827	-2.537702	1.560991	2.303370
Kurtosis	1.876861	4.546289	2.503696	3.223675	8.710396	6.095905	8.394986
Jarque-Bera	1.556171	10.70440	1.849265	4.410457	48.64029	16.10950	41.93993
Probability	0.459284	0.004738	0.396677	0.110225	0.000000	0.000318	0.000000
Sum	25.51000	45.92000	33.44000	2.320000	-5812433.	2.33E+13	5.04E+09
Sum Sq. Dev.	10.29170	2.825480	24.10412	0.256480	8.96E+12	1.47E+24	2.01E+18
Observations	20	20	20	20	20	20	20

Source : data processed by Eviews , 2024

1. Based on table 2 above shows CR has connection against PER. With average value 127.55 matter This to signify company capable pay debt term in short so that condition company own sufficient liquidity .
2. Based on table 2 above shows DER has connection against PER. With average value 229.60 matter This to signify company in use debt For to finance purchase an asset or operate A project rated Good .
3. Based on table 2 above shows ITO has connection against PER. With average value 167.20 matter This to signify company sell product with Enough fast .

4. Based on table 2 above shows NPM no own connection against PER. With average value 0.116 things This to signify company No manage cost And produce profit high clean .
5. Based on table 2 above shows EVA has connection against PER. With average value -290621.7 things This to signify average profit value economy not enough more amounting to -290621.7 units in 5 years final
6. Based on table 2 above shows MVA has connection against PER. With average value 1.16E+12 things This to signify that average level value ability return how much dividend to investors of 1.16E+12
7. Based on table 2 above shows PER has average value . 2.52E+08 This is show that company has a multiple of 2.52E+08 times from profit shares received by investors

## Classic Assumption Test Results

### a. Normality Test Results

Below are presented the results of normality testing from data processing of financial reports at PT Toba Pulp Lestari Tbk, in table 3 below.

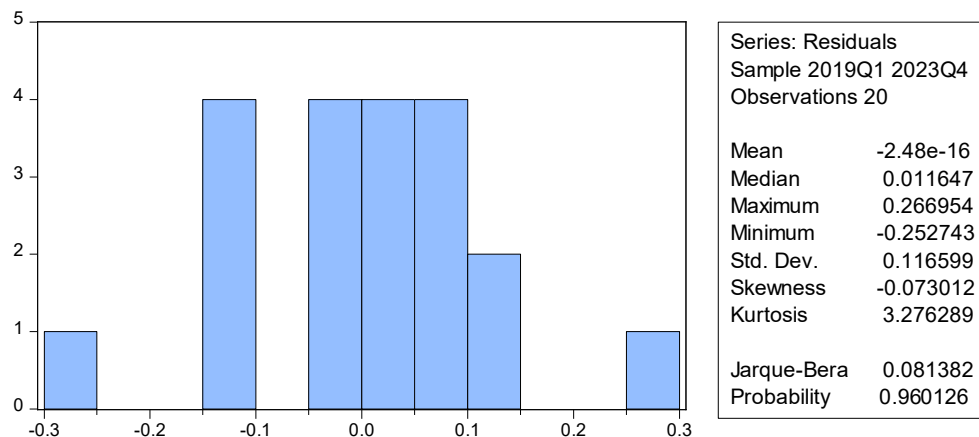


Figure 2 above show that Jarque-Bera probability value of 0.960 ( $> 0.05$ ) then can concluded that the data is distributed normally ( passed) normality )

### b. Results Test Multicollinearity

Table 3. Results test multicollinearity

	Coefficient	Uncentered	Centered
Variable	Variance	VIF	VIF
C	0.119128	119.9078	NA
CR	0.017851	3.969363	1.273480

DER	0.101402	70.76891	2.221655
ITO	0.002853	2.528228	1.245097
NPM	8.722501	2.764385	2.245708
EVA	9.17E-05	51.62164	1.181976
MVA	0.016022	23.04824	1.182979

Source : data processed by Eviews, 2024

Table 3 above show that for the variables CR, DER, ITO, NPM, EVA, MVA are known VIF value  $< 10$ , so can concluded that the regression model on No happen symptom multicollinearity which means No There is correlation One each other between variable independent .

#### c. Results Test Heteroscedasticity

Table 4. Results test heteroscedasticity

Heteroskedasticity Test: Breusch -Pagan-Godfrey

F-statistic	0.556598	Prob. F(6,13)	0.7572
Obs *R-squared	4,087,728	Chi-Square Prob.(6)	0.6648
Scaled explained SS	1,965,650	Chi-Square Prob.(6)	0.9228

Source : data processed by Eviews , 2024

On Table 4 can seen the probability obs \*squared value is 0.6648 ( $> 0.05$ ), it can be concluded that assumption test heteroscedasticity , already fulfilled or data already pass test heteroscedasticity .

#### d. Results test autocorrelation

On table 6. Results test autocorrelation

Mean dependent variable	0.252014
SD dependent var	0.325605
Akaike information criterion	-0.811452
Black criterion	-0.462946
Hannan -Quinn critter .	-0.743420
Durbin-Watson stat	2,177,343

Source : data processed by Eviews , 2024

Based on table Durbin watson ( with amount data observation as many as 20 and amount variable 7) can known that :

$$dL = 0.691$$

$$dU = 2.162$$

Durbin Watson value results analysis of 2.177343

Testing No convincing because  $4 - dU \leq d \leq 4 - dL$

$$2.162 < 2.177343 < 4 - 2.162$$

$$1,838 < 2,177343 < 3,309$$

Due to Durbin Watson method does not Can convincing For testing autocorrelation , then test autocorrelation use LM test .

#### Test Autocorrelation LM Test Method

Breusch -Godfrey Serial Correlation LM Test:

F-statistic	0.699432	Prob. F(2,11)	0.5177
Obs *R-squared	2.256438	Chi-Square Prob.(2)	0.3236

Based on test autocorrelation use LM Test method above No there is problem autocorrelation Because The probability value of Obs \* R-squared Breusch -Godfrey Serial Correlation LM Test is 0.3236 Where mark This more big from 0.05

### 1. Results Analysis Regression

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.909694	0.345149	2,635,652	0.0206
CR	0.408563	0.133608	3,057,912	0.0092
DER	-0.988502	0.318436	3,104,239	0.0084
ITO	-0.196559	0.053418	3,679,676	0.0028
NPM	0.842878	2,953,388	0.285393	0.7798
EVA	0.033944	0.009576	3,544,613	0.0036
MVA	0.983304	0.126578	7,768,363	0.0000
R-squared	0.871765	Mean dependent variable		0.252014



Adjusted R-squared	0.812580	SD dependent var	0.325605
SE of regression	0.140961	Akaike information criterion	-
Sum squared residual	0.258309	Black criterion	-
Log likelihood	1,511,452	Hannan -Quinn critter .	-
F-statistic	1,472,944	Durbin-Watson stat	2,177,343
Prob (F-statistic)	0.000040		

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Source : data processed by Eviews , 2024

On table regression analysis on show results testing multiple linear regression with results that is :  $PER = -0.909694 + 0.408563(CR) - 0.988502(DER) - 0.196559(ITO) + 0.842878(NPM) + 0.033944(EVA) + 0.983304(MVA)$ . Next This description as following :

1. The value of a ( constant ) is -0.909694 And worth negative meaning CR will decrease as big as -0.909694 with assumption variables CR, DER, ITO, NPM, EVA, MVA and have mark coefficient still zero (0).
2. CR with mark coefficient as big as 0.408563 and worth positive , meaning when happen increase One unit so mark company will increase as big as 0.408563
3. DER with mark coefficient as big as 0.988502 And has a negative value , meaning when happen increase one by one so mark company will increase as big as 0.988502 .
4. ITO with mark coefficient as big as 0.196559 and worth Positive , meaning when happen increase one by one so mark company will increase as big as 0.196559 .
5. NPM with mark coefficient as big as 0.842878 And has a negative value , meaning when happen increase one by one so mark company will increase as big as 0.842878 .
6. EVA with mark coefficient as big as 0.033944 and worth positive , meaning when happen increase one by one so mark company will increase as big as 0.033944 .
7. MVA with mark coefficient as big as 0.983304 and worth positive , meaning when happen increase one by one so mark company will increase as big as 0.983304 .

**a. Results test Partial ( T Test )**

1. CR has an effect positive significant against PER because probability value of 0.0092 Where mark This more small from 0.05.
2. DER is influential negative significant against PER because probability value of 0.0084 Where mark This more small from 0.05.
3. ITO is influential negative significant against PER because probability value of 0.0028 Where mark This more small from 0.05.
4. NPM does not influential significant against PER because probability value of 0.7798 Where mark This more small from 0.05.



5. EVA has an effect positive significant against PER because probability value of 0.0036 Where mark This more small from 0.05.
6. MVA is influential positive significant against PER because probability value of 0.0000 Where mark This more small from 0.05.

#### **b. Results Test Simultaneous ( F Test )**

The variables CR, DER, ITO, NPM, EVA, and MVA are together or simultaneous influential significant against PER because mark Prob (F-statistic) is 0.000040 where mark This more small from 0.05

#### **c. Results Test Coefficient Determination**

Adjusted R-squared value is 0.812580, which means that CR, DER, ITO, NPM, EVA, and MVA variables have an influence of 81.2580% against PER while the remaining 18.742% is influenced by other variables outside study This .

### **DISCUSSION**

#### **1. The influence of CR on the company value of PT Toba Pulp Lestari TBK 2019-2023**

The statistical tests indicate that CR has a partial, positive, and significant effect on the firm value of PT Toba Pulp Sustainable TBK (estimated t value > t table,  $3.057 > 1.724$  at significance level  $0.009 < 0.05$ ). This indicates that corporate responsibility (CR) is a crucial component of firm value, as a robust CR enhances the organization's capacity to meet its present or short-term duties effectively. In the absence of a robust current ratio, the company's valuation will be insufficient to service its short-term liabilities, rendering it significantly more perilous in the eyes of potential investors. This finding aligns with the research undertaken by Lumain et al. (2021), which indicates that cur has a substantial favorable impact on corporate value. Following the analysis of data and prior studies, the researcher determined that CR exerts a substantial beneficial influence on company value, hence validating hypothesis H1 is accepted.

#### **2. The influence of DER on the company value of PT Toba Pulp Lestari TBK 2019-2023**

The statistical tests indicate that the Debt-to-Equity Ratio (DER) has a partial negative and substantial impact on firm value, as evidenced by a calculated t value of -3.104, which exceeds the t table value of 1.724, with a significance level of 0.008, which is less than 0.05. This indicates that the DER value is elevated, suggesting that the company's utilization of debt to finance asset acquisitions or project execution is seen favorable. In the absence of a high Debt-to-Equity Ratio (DER), the corporation will incur less liabilities in the future. These findings align with the research undertaken by Lumain et al. (2021), which indicates that DER significantly negatively impacts firm value. Following the analysis of data and prior studies, the researcher determined that DER adversely and significantly impacts firm value, hence validating hypothesis H2 is accepted.

#### **3. The Influence of ITO on the Company Value of PT Toba Pulp Lestari TBK 2019-2023**

The findings of the statistical tests indicate that ITO exerts a partial negative and significant effect on business value (t count < t table,  $-3.679 < 1.724$  at sig  $0.002 > 0.05$ ), demonstrating that ITO influences company value. This analysis's conclusions contradict the findings of Shufi et al. (2023), which indicate

that ITO positively and significantly influences corporate value. Following the analysis of data and prior studies, the researcher determined that ITO exerts a negative and significant impact on firm value, hence validating hypothesis H3 is accepted.

#### **4. The Influence of NPM on Company Value at PT Toba Pulp Lestari TBK 2019-2023**

The statistical tests indicate that NPM has a partial, positive, and insignificant effect on company value (estimated t value > t table,  $0.285 > 1.724$  at significance level  $0.779 < 0.05$ ). This indicates that NPM does not affect corporate value, allowing the organization to manage costs more effectively and generate better net profits. This outcome contradicts the findings of research conducted by Lumain et al. (2021), which indicates that NPM has a substantial negative impact on corporate value. Following the analysis of data and prior studies, the researcher determined that NPM exerts a negative albeit minor impact on company value, leading to the rejection of the H4 hypothesis.

#### **5. The Effect of EVA on Company Value at PT Toba Pulp Lestari TBK 2019-2023**

The statistical tests indicate that EVA has a partial, positive, and substantial impact on firm value (estimated t value > t table,  $3.544 > 1.724$  at significance level  $0.003 < 0.05$ ). Consequently, it may be inferred that the EVA variable affects company value, such that an increase in company value positively influences investors' interest in equity investment. If the EVA value is low, the company's worth will be diminished, leading to reduced investor interest in purchasing shares. The results contradict the findings of Sobahi et al. (2019), which indicate that EVA adversely impacts firm value. Following an analysis of data and prior research, the researchers determined that EVA positively and significantly influences company value, hence validating hypothesis H5 is accepted.

#### **6. The Influence of MVA on Company Value at PT Toba Pulp Lestari TBK 2019-2023**

The statistical tests indicate that MVA has a partial, positive, and substantial impact on company value (calculated t value > t table,  $7.768 > 1.724$  at significance level  $0.000 < 0.05$ ). Consequently, it may be inferred that the MVA variable significantly impacts firm value, indicating effective management practices. Consequently, investors will be more satisfied as this demonstrates enhanced value to shareholder money. If MVA is low, the company's value diminishes, necessitating enhancements in value creation. This contradicts the findings of research undertaken by Sobahi et al. (2019), which indicates that MVA has a considerable negative impact on firm value. Following the analysis of data and prior study, the researcher determined that MVA positively and significantly influences company value, hence validating hypothesis H6 is accepted.

#### **4. Conclusion**

Based on the results of the study entitled Analysis of Financial Performance of Economic Value Added Market Value Added Against Company Value at Toba Pulp Lestari TBK 2019-2023, the following conclusions can be drawn:

1. CR has a positive and significant effect on company value
2. DER has a significant negative effect on company value
3. ITO has a negative and significant effect on company value
4. NPM has a positive and insignificant effect on company value

5. EVA has a positive and significant effect on company value
6. MVA has a positive and significant effect on company value

## SUGGESTION

The suggestions conveyed by researchers are:

1. Companies should further improve their financial performance and be able to manage all existing resources in order to maintain and increase company profits for the following year.
2. Companies can include Economic Value Added (EVA) and Market Value Added (MVA) in their financial reports. With the existence of financial ratios, EVA and MVA measurements in the company's financial reports are able to determine the company's financial condition and are able to create wealth for the company itself and its shareholders.
3. For future researchers, it is hoped that for six more years and adding the use of other financial ratios to measure the company's financial performance so that the analysis results obtained can be better.

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