GSJ: Volume 8, Issue 2, February 2020, Online: ISSN 2320-9186
www.globalscientificjournal.com

THE EFFECT OF FINANCIAL PERFORMANCE ON THE FIRM'S VALUE WITH FOREIGN SHAREHOLDER AS INTERVENING IN THE STATE-OWNED ENTERPRISE COMPANIES LISTED IN INDONESIA STOCK EXCHANGE

Muhaliya, Osman Lewangka, Andi Ratna Sari Dewi, IdayantiNursyamsi

Muhaliya, Masters in Management and FinanceOf Economics and Business Faculty, Hasanuddin University, Indonesia. E-mail: muhaliya93@yahoo.com
Osman Lewangka, Economics and Business Faculty, Hasanuddin University, Indonesia
Andi Ratna Sari Dewi, Economics and Business Faculty, Hasanuddin University, Indonesia. a.ratnasaridewi@gmail.com
Idayanti Nursyamsi, Economics and Business Faculty, Hasanuddin University, Indonesia

KeyWords
Financial Performance, Foreign shareholders, firm value, state-owned companies

ABSTRACT
Financial performance is one of the company's internal factors and Foreign Shareholder is the company's external factors that can increase the company's valuation which add to while foreign shareholder in state-owned companies are limited to below 51%. this researchto determine the effect of financial performance on company value with foreign shareholders as an intervening variable on state-owned companies listed on the IDX. The sample of this research is stateowned companies that went public since 2013-2017. Research data is quantitative data in the form of financial performance data used as a measure in this study areROA and DER, and financial reports relating toForeign Shareholdersand calculation of company value from the results of company publications on the IDX website and or the site of each stateowned companies. The data and information are analyzed byAnalysis path analysis method or path analysis using Smart PLS 3 software for windows. This method is used to solve problems and prove the truth of research hypotheses. results of this research indicate that ROA has no significant effect on company with a P value of 0.824, but DER has a significant effect value with a P value of 0,000. ROA has a positive influence on foreign shareholders with P. value of 0,000 Similarly, DER has a positive effect on foreign shareholders of P value of 0,000. Furthermore, foreign shareholders have no significant effect on the, company value P value of 0.097. The value of the influence of Foreign shareholders as an intervening variable on ROA on the company value is P value 0.099 and on theDER on the company value is P value 0.26. It was concluded that although financial performance has a significant and or not significant effect on company value, but because foreignshareholders do not have a significant effect on company value, foreign shareholders cannot be intervening variables on the effect of financial performance on company value

Masters in Management and Finance, Faculty of Economics and Business

INTRODUCTION

The SOE company is engaged in several sectors, namely the Mining and Excavation sector, the Manufacturing Industry sector, the electricity, gas, steam / hot water and cold air sector, the construction sector, the transportation and warehousing sector, the information and communication sector, and thefinancial and insurance services sector . The SOE companies listed on the Indonesia Stock Exchange can be seen in Table 1. According to Law No. 8 of 1995: Capital markets are activities concerned with public offerings and securities trading, Public companies related to securities issued, and institutions and professions related to securities. The buying and selling of stocks and bonds began in the 19th century. The capital market is a meeting place for sellers and buyers to conduct transactions in obtaining capital (Kasmir, 2002). Some institutions that play an important role in the Indonesia Stock Exchange (IDX) include OJK, KPEI, KSEI, TICMI, Indonesia SIPF, PHEI, PEI and PEFINDO. The dynamics in the capital market besides the institutions on the Indonesian stock exchange and companies that go public, are investors.

Investorsareindividualsorindividualsandinstitutionsor institutionsoriginating from anywhere that make investments or capital investments in accordance with the type of investment chosen both in the short term and in the long term. Investors makeinvestments such as buying shares aimed at gaining profits from the capital invested in a company that is chosen. SOE investor investors in the capital market consist of the Government, management, and the public. Public investors consist of individuals or individuals and institutions or institutions that come from domestic or domestic shareholders and from foreign or foreign shareholders.

Thegovernmentalwaysinvitesinvestorsfrombothe the domesticcommunity with the "let's save shares" program, also opening up opportunities for foreign investors or foreign shareholders. The participation of foreign shareholders on the IDX has shown results that can be seen in data on stock trading conditions on the Indonesia Stock Exchange from 2009 to 2017 can be seen in Figure 1.

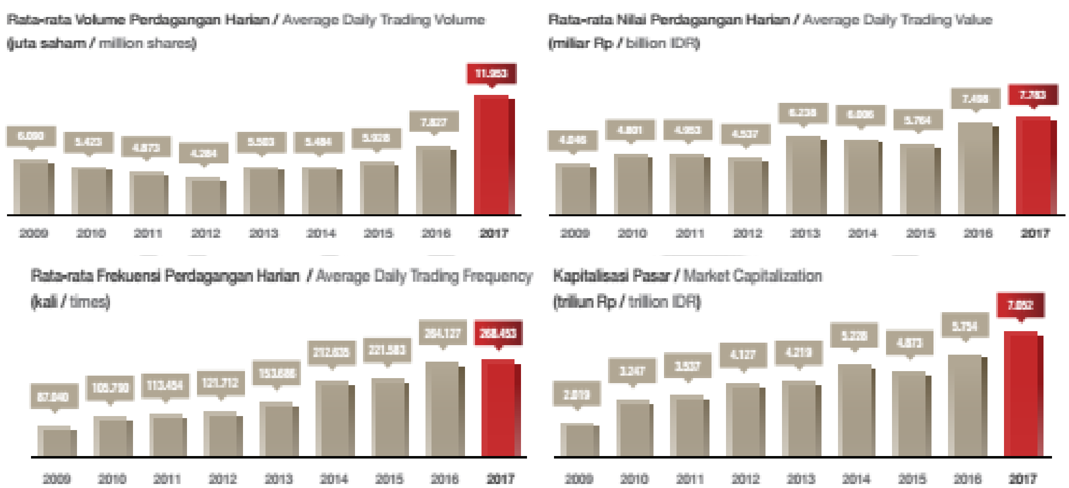


Figure 1 Chart of stock trading on the ISE
(Source : https://www.idx.co.id ,)

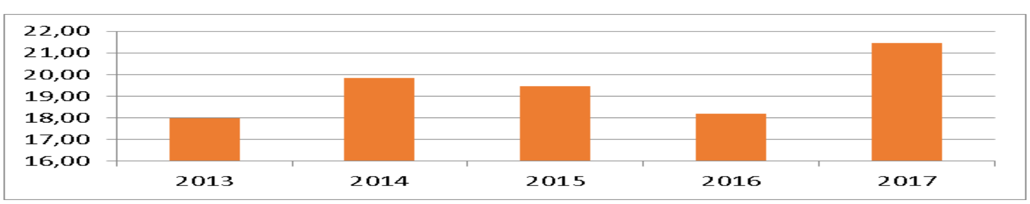


Figure 2 Chart of the Average Foreign Shareholders of
SOE Companies Go Public Since 2013-2017
(Source: https://www.idx.co.id. which has been processed)

Quoted in a brief book from Indonesia Stock Exchange that in 2017, stock trading on the Indonesia Stock Exchange broke a record of the highest achievements in the history of the Exchange. This is inseparable from the joint efforts of all Indonesian Capital Market stakeholders to continue to develop investment interest in the capital market in the wider community. In figure 1, it can be seen the percentage of foreign shareholders from 2012-2018 around 26% to 46% of the total share ownership on the Indonesia stock exchange. Specific foreign shareholders of the State-Owned Enterprise companiesfrom 2013 to 2017 can be seen in Figure 2.

According to UU No. 19 of 2003, a SOE company in the form of a limited liability company whose capital is divided into shares which is wholly or at least 51% (fifty one percent) of its shares is owned by the Republic of Indonesia whose main purpose is to pursue profit. This means that the portion of share ownership other than the government, namely public parties such as foreign shareholders, is only provided below 51%. This condition makes researchers to examine the role of foreign shareholders as a company external factor in increasing company value.

In Figure 2, the highest average value of foreign shareholders occurred in 2017, namely 21.47% and the lowest value in 2013, which was 17.97%. However, when compared between State-Owned Enterprise companies, the highest Foreign Shareholder Value is 40.08% at PT. Telekomunikasi Indonesia (Persero) Tbk in 2016 and 2017 and the lowest foreign shareholder value was 3.66% at PT. Timah (Persero) Tbk in 2013. Generally foreign investors choose to invest their capital or buy shares in a state-owned company, first analyzing the company's performance, especially the company's financial performance as an internal factor of the company in question.

SOE companies go public must have a reliable financial management department, because according to the Capital Market UU No. 8 of 1995 article 1, "Material information or facts are important and relevant information or facts regarding events, events or facts that can affect the price of securities on the stock exchange, and/or the decision of investors, prospective investors or other parties with an interest in such information or facts". Investor information about the company's condition can be seen from the financial performance. Financial performance is said to be an assessment of financial conditions and achievements. This is in accordance with Martono's (2004) opinion that the financial performance of a company is very beneficial for various parties (stakeholders) such as investors, creditors, analysis, financial consultants, brokers, government and management themselves. Effective and efficient financial management can be done by calculating financial ratio analysis. This is the main role is financial management. Research by Dewi et al (2018) revealed that management capacity has a positive effect on the quality of financial statement information and that the quality of internal auditor services has a positive effect on the quality of financial statement information. Therefore, to improve the quality of information from financial statements, the commitment of management and internal auditors is needed if the quality of management capabilities and services must be improved.

A financial management obligation of a publicly traded company to prepare financial statements. The financial statements are used to provide an overview of the company's finances for one year. According to Sule and Saefullah (2006) that financial management is a management activity based on its function which in essence seeks to ensure that the business activities carried out are able to achieve its objectives economically, that is measured by profit. Financial management is equired to carry out its functions effectively. The company's management in carrying out its business requires a financial performance measurement tool to evaluate the company. Measurement of the company's financial performance by using a ratio measure has become a fairly common parameter at this time. Measurement of financial performance has several objectives, among others, aiming to determine the level of profitability, which shows the ability of the company to make a profit for a certain period. The level of profitability is usually used by shareholders to find out the income that will be received later (Syamsuddin, 2011). Measurement of earnings in terms of assets and capital owned shows the company's ability to be able or not to manage existing assets (Laurensia, 2015). Measurement of the company's financial performance by using a ratio measure has become a fairly common parameter at this time. The ratio describes a relationship or a balance (mathematical relationship) between a certain amount with another amount (Munawir, 2000).

Financial ratio analysis shows the pattern of relationships or balances between certain accounts or items with other accounts or items in the financial statements. This analysis further illustrates the financial position, especially if the calculated ratio numbers are then compared with the comparison ratio numbers used as a standard (Warsono, 2003). Mardiyanto (2009) states that profitability is a measure of a company's ability to generate profits. Profitability Ratios can be known through the ROA proxy. According to Weston and Brigham (1998) that companies with high levels of return on assets, generally use relatively small amounts of debt. This is due to the high return on assets, making it possible for companies to make capital with retained earnings alone. But that's not all, another assumption says that with high return on assets, it means that the company's net profit is high, so if the company uses a large debt it will not affect the capital structure, because the company's ability to pay fixed interest is also high. High rates of return make it possible to finance most of the funding needs with funds generated internally. Mardiyanto (2009) states that ROA is a ratio used to measure a company's ability to generate profits derived from investment activities. This means that ROA has a role in increasing foreign shareholders and corporate value.

Besides ROA, the ratio used as a proxy for financial performance is DER. Debt to Equity Ratio (DER) is a comparison between total debt to total shareholders equity owned by a company. Total debt here is total short-term debt and total long-term debt. Whereas Shareholders' Equity is total own capital (total paid-in capital and retained earnings) owned by the company. The DER ratio is commonly used to measure a company's financial leverage (Syamsudin, 2007). Weston and Brigham (2006) define financial leverage as the level of use of debt as a source of company costs. Liembono (2013) which states the higher the DER ratio, the lower the share price. According to Horne and Wachowicz (2012) states that theDER ratio to test how much the use of capital borrowed by the company compared with total corporate debt (including hortterm liability) with total equity. This means that DER has a role in the quantity of foreign stakeholders and firm value.

Mulyadi (2001) states that performance appraisal is a periodic determination of the operational affectivity of an organization, its organizational sections and employees based on predetermined targets, standards and criteria. Company performance is a common word to describe the success or success of a company. Good performance shows that the company is well managed. In the operational world of the company's business world can be formulated as work results obtained from activities or operations carried out by the company during a certain period of time, and profit is one of the important benchmarks in assessing company performance (financial accounting standards, 2001).

Based on the theory, the facts described above, it appears that there is a relationship between financial performance, foreign shareholders and firm value. Therefore, I am interested in researching and discussing "The Effect of Financial Performance on Firm Value with Foreign Shareholders as Intervening Variables in SOEs Listed on the Indonesia Stock Exchange". In this study the financial performance ratios that can be used as a measure in this study are Return On Assets (ROA) and Debt To Equity Ratio (DER). ROA is used to measure the company's ability to return company assets through the company's net income or the use of the ROA ratio is to evaluate the use of funds by the company, and the DER ratio is used to see the company's ability to handle all debts owned by the company through its own capital or funds the company gets from investors. In addition, this study will also analyze the role of foreign shareholders as intervening in financial performance and corporate value.The purposes of this study are as follows To test and analyze: (1) The effect of ROA on the firm's value of the company in State-Owned Enterprise companies on the Indonesia Stock Exchange, (2) The effect of DER on the firm's value of the company in State-Owned Enterprise companies on the Indonesia Stock Exchange (3) The effect of ROA on foreign shareholders in State-Owned Enterprise companies on the Indonesia Stock Exchange, (4) the effect of DER on foreign shareholders in State-Owned Enterprise companies on the Indonesia Stock Exchange, (5) The effect of foreign shareholders on the firm's value of the company in in State-Owned Enterprise companies on the Indonesia Stock Exchange, (6) the indirect effect of ROA on firm's value through foreign shareholders as an intervening variable in State-Owned Enterprise companies on the Indonesia Stock Exchange, (7) the indirect effect of DER on firm's value through foreign shareholders as an intervening variable in State-Owned Enterprise companies on the Indonesia Stock Exchange

Literature Review

A. State-Owned Enterprise companies

According to UU No. 19 of2003, article 1, that 1. State-Owned Enterprises, hereinafter referred to as BUMN, are business entities whose capital is wholly or largely owned by the state through direct participation from the separated state assets. 2. Company Company, hereinafter referred to as Persero, is a BUMN in the form of a limited liability company whose capital is divided into shares which are all or at least 51% (fifty one percent) of its shares owned by the Republic of Indonesia whose main purpose is to pursue profit

B. Capital market

UU no. 8/1995 article 13 concerning the capital market defines the capital market as: Activities related to public offerings and securities trading, public companies related to securities issued, and institutions and professions related to securities.

The capital market is a means for the process of capital allocation. The capital market also functions as a continuous valuer of the value of a company. An efficient capital market must provide liquidity with minimum transaction costs as a condition for the formation of price efficiency that reflects the intrinsic value of a company (Achsien, 2003).

Share price is the price of a stock on the market that is taking place on a stock exchange. Shareholders will receive a return on their capital in the form of dividends and capital gains (Sunariyah, 2006).

Darmadji and Fakhruddin (2001) stock prices were formed because of requests and offers for shares. The demand and supply occur because of many factors, both specific to the stock (the performance of the company and the industry in which the company is engaged) and macro factors such as the country's economic conditions, social and political conditions, as well as developing information.

C. Stock

Ownership of shares by the public in this case is defined as how many shares owned by the public are individuals outside management, and do not have a special relationship with the company (Karnadjaja et al, 2007).

D. Financial performance

Measurement of the company's financial performance by using a ratio measure has become a fairly common parameter at this time. The ratio describes a relationship or a balance (mathematical relationship) between a certain amount with another amount (Munawir, 2000)

Financial ratio analysis shows the pattern of relationships or balances between certain accounts or items with other accounts or items in the financial statements. This analysis further illustrates the financial position, especially if the ratio numbers calculated are then compared with the comparison ratio numbers used as a standard (Warsono, 2003).

Financial performance assessment has several roles for companies. Financial performance appraisal can measure the level of costs of various activities carried out by the company, to determine or measure the efficiency of each part, process or production and to determine the degree of profit that can be achieved by the company concerned, to assess and measure the results of work on each the portion of individuals who have been given authority and responsibility, and to determine whether or not new policies or procedures need to be used to achieve better results (Wild and Halsey, 2005).

GSJ: Volume 8, Issue 2, February 2020
ISSN 2320-9186

Return on Asset (ROA) analysis measures a company's ability to generate profits by using the total assets (wealth) that a company has after adjusting for costs to fund these assets (Hanafi and Halim, 2009). Mardiyanto (2009) states that ROA is a ratio used to measure a company's ability to generate profits derived from investment activities.

This ratio can be formulated as follows:

$$\text{Return On Assets (ROA)} = \frac{\text{Net profit}}{\text{Total Aktiva}} \times 100\%$$

Husnan and Pudjiastuti (1998) said if the company's ability to generate profits increased, the share price would increase. In other words, profitability will affect stock prices.

Debt to Equity Ratio (DER) is a comparison between total debt to total shareholders equity owned by a company. Total debt here is total short-term debt and total long-term debt. Whereas Shareholders' Equity is total own capital (total paid-in capital and retained earnings) owned by the company. Mathematically Debt to Equity Ratio (DER) can be formulated as follows (Ang, 1997):

$$\text{Debt to Equity Ratio (DER)} = \frac{\text{total corporate debt}}{\text{total equity.}} \times 100\%$$

Liembono (2013) which states the higher the DER ratio, the lower the share price. According to Horne and Wachowicz (2012) states that the DER ratio to test how much the use of capital borrowed by the company compared with total corporate debt (including short-term liabilities) with total equity.Weston and Brigham (2006) define financial leverage as the level of use of debt as a source of company costs.

E. Foreign Shareholder

According to Article 1 paragraph 8 of UU No.25 Year 2007 states that Foreign Capital is Capital that is owned by a foreign country, a foreign national, and an Indonesian Legal Entity which is partly or wholly owned by a foreign party. According to Daniri (2005) that foreign shareholding is the proportion of share ownership owned by foreign parties (foreign) both individuals and institutions to shares of business entities in Indonesia.

Napitupulu (1975) said that the Government of Indonesia's policy in dealing with foreign capital showed a desire to provide a reasonable proportion of the economic potential of foreign countries through an adequate selection and direction system with its sole sovereignty.

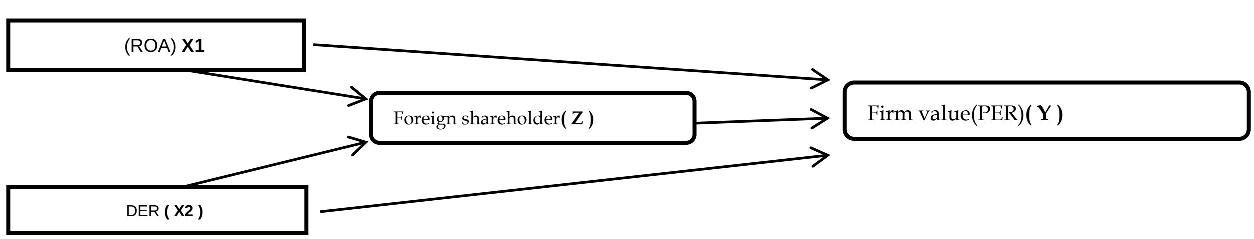
F. The Firm Value

According to Keown (1999) the value of the company is the market value of the debt securities and shareholder equity in circulation. Company value is an investor's perception of the company's success rate often associated with stock prices. According to Tandelin (2007) PER is involving the company's stock price with earnings per share in shares. PER is a function of changes in profitability that are expected to come. The greater the PER, the greater the company to grow can increasingly increase the value of the company. PER can be calculated by the formula:

$$\text{PER} = \frac{\text{Market price per share}}{\text{Earnings per Share}}$$

There are several previous studies that are a comparison and reference of this research. The studies were adjusted to the variables used in this study.

The framework of thought in this study can be seen in the following framework:



G. Hypothesis Formulation

Based on the theoretical basis and framework above, the hypothesis proposed in this research is as follows : **H1**: ROA has a significant effect on firm Value, **H2**: DER has a significant effect on firm Value, **H3**: ROA has a significant effect on foreign shareholder, **H4**: DER has a significant effect on foreign shareholder, **H5**: foreign shareholder has a significant effect on firm Value, **H6**: ROA has an indirect effect on firm value through foreign shareholders, **H7**: DER has an indirect effect on firm value through foreign shareholders

RESEARCH METHODOLOGI

This research is a quantitative approach because the data used is in the form of numbers. The data used in this research is secondary data. Secondary data in this study are in the form of annual financial reports and documentary data of publicly listed SOE companies listed on the Indonesia Stock Exchange (IDX) for the period 2013-2017. Secondary data sources obtained from the company's annual financial statements published through the website. The intended website is www.idx.co.id the official website of the Indonesia Stock Exchange and the official website of the StateOwned Enterprise companies that will be examined. The data needed is the financial performance data used as a measure in this study such as Return On Assets (ROA) and Debt To Equity Ratio (DER), and financial statements relating toStocks, Foreign Shareholders and the calculation of Company Values in the period of the year 2013-2017 in a row.

A. Population and Sample

The population in this study is public SOE companies listed on the Indonesia Stock Exchange (IDX). This study uses a purposive sampling technique, a sampling technique based on certain criteria. The research sample criteria are as : (1)A publicly listed State-Owned Enterprise companies listed on the Indonesia Stock Exchange, (2) Companies that always make financial reports every year in the period 2013-2017 in a row, published by the issuers of the Indonesia Stock Exchange, namely https://www.idx.co.id , and or the sites of each company object of research. (3) State-Owned Enterprise companies that are Internal Public Offtering before 2013. (4) The company presents the required variable data in full. Based on the above criteria, State-Owned Enterprise companies as samples in this study are 16 companies and the number of observation years is used 5 years in a row, so the number of observations in the study is 16 companies multiplied by 5 years of observation is 80 research observations.

B. Method of collecting data

Data collection method used in this study is in the form of documentation method. The data is collected from the publications of State-Owned Enterprise companies that go public on the IDX website www.idx.co.id , www.bumn.go.id and / or the sites of every company that is the object of research. The data is published from the company at the end of the annual period in the form of an annual report of each company.

C. Identification of Research Variables

This type of research is based on associative objectives. Based on the level of exploration is explanatory. According to Sugiyono (2012) explanatory research is research that aims to explain the position of the variables studied and the relationship between one variable with another. The research variables will be three groups, namely:

- The independent variable in this study is financial performance (X) which influences or causes changes or the emergence of Company Value as the dependent variable. Financial performance data consists of two namely the ratio of Return of Assets (X1) and the ratio of Debt to Equity Ratio (X2).
- The dependent variable in this study is firm Value (Y) which is influenced by financial performance as an independent variable
- Intervening variables or connecting variables between independent variables and dependent variables. Intervening variable in this study is Foreign Shareholder (Z) which makes an indirect relationship between financial performance as an independent variable with firm Value as the dependent variable. Foreign Shareholder as an intervening variable is a variable located between financial performance as an independent variable and firm Value as the dependent variable, so that the dependent variable is not directly affected by the independent variable. This means that intervening variables are variables that can strengthen or weaken the relationship between independent and dependent variables

D. Operational definition

The operational definition of the independent variable, the dependent variable and the intervening. The explanations for each of the variables of this study are:

- The independent variable (X) in this study is Financial Performance using profitability ratios and liquidity ratios. For the analyzed profitability ratio data that is Return On Assets or ROA (X1) solvability ratio data data analyzed is Debt to Equity Ratio or DER (X2). Return On Assets (ROA) measures the company's ability to generate profits by using the total assets (wealth) owned by the company after adjusting for costs to fund these assets (Hanafi and Halim, 2009). Debt to Equity Ratio (DER) is a comparison between total debt to total shareholders equity owned by a company. Total debt here is total short-term debt and total long-term debt. Whereas Shareholders' Equity is total own capital (total paid-in capital and retained earnings) owned by the company.
- The dependent variable (Y) in this study is firmValue (Y) using PER. PER is the ratio between the company's share price and earnings per share in shares. PER is a function of changes in profitability that is expected in the future and it is probable that the company will grow, so PER is used as a parameter of firm value.
- Intervening variable (Z) in this study is Foreign Shareholder. According to (Daniri, 2005) that foreign shareholding is the proportion of share ownership owned by foreign parties (foreign) both individuals and institutions to shares of business entities in Indonesia.

E. Data analysis method

Data and information obtained from companies related to this study were analyzed in order to solve the problem and prove the truth of the hypothesis that had been previously proposed with the Analysis path analysis method or path analysis using SmartPLS 3 software for windows. This analysis method was also carried out by Kaok, Mardiana and Dewi (2019) in analyzing the influence of two independent variables on the dependent variable of the study, namely path analysis using Smart PLS2.0 software for windows.

ANALYSIS AND DISCUSSION

This research requires variable data including financial performance data, foreign shareholders and firm value of State-Owned Enterprise companies listed on the Indonesia Stock Exchange since 2013-2017.Path analysis results in a pattern of relationships that reveals the effect of financial performance variables on firm value variables, both directly and through foreign shareholder variables as intervening variables.SmartPLS 3 application is used for data processing, through calculating PLS Algorithm and calculate bootstraping. After processing the data, the research hypothesis can be answered so that it can be discussed based on the references obtained. According to Ghozali (2013) that path analysis determines the pattern of relationships between three or more variables and can be used to confirm or reject imaginary causality hypotheses.

Calculate PLS Algorithm analyzes variable data so as to produce test data requirements that are feasible to be examined, data validity test, variable data correlation test and structural model test.Calculate bootstrapping analyzes the hypothesis of the direct influence of financial performance on firm value and analyzes the role of foreign shareholders as an intervening variable in this study.

A. Calculate PLS Algorithm

This study uses a reliability test with two criteria, namely the value of composite reliability and Cronbach's alpha. The use of Cronbach's alpha tends to underestimate variable reliability compared to composite reliability so it is recommended to use composite reliability (Haryono in Elsa Felina Effendi, 2019). A construct can be said to be reliable if the value of Cronbach's alpha is greater than 0.70 and according to Ghozali (2005) the variable is said to be reliable if the value of composite reliability is above 0.70.

In Table 1, it can be seen that the results of Cronbach's alpha analysis and composite reliability of this study are the same, namely 1,000, greater than 0.70, which means that the variable is reliable. While the validity test of this study uses the average variance extracted (AVE) value with a limit value above 0.50 and the analysis results obtained are 1,000, which means the variable is valid.

TABLE I. CONSTRUCT RELIABILITY AND VALIDITY

	Composite Reliability	Cronbach's Alpha	Average Variance Extracted (AVE)
X1	1,000	1,000	1,000
X2	1,000	1,000	1,000
Y	1,000	1,000	1,000
Z	1,000	1,000	1,000

TABLE II. DISCRIMINANT VALIDITY VALUE

	X1	X2	Y	Z
X1	**1,000**			
X2	-0,508	**1,000**		
Y	0,257	-0,394	**1,000**	
Z	0,282	0,278	0,057	**1,000**

In Table II, Discriminant correlation test conducted this study to see the correlation between variables with other variables. If the square root value of each AVE is greater than the correlation value between the construct and other constructs in the model, it can be concluded that the construct has a good level of validity.

TABLE III. R-SQUARE

	R Square	R Square Adjusted
Y	0,186	0,153
Z	0,319	0,301

In Table III, the results of the analysis of this study after conducting a structural model test to see the relationship between the construct, significance value and R Square of the research model. The value of R Square can be used to assess the effect of certain independent variables on the dependent variable, and the value of R Square shows the effect of financial performance on firm value is 0.186 or 18% and the value of R Square influences financial performance on Foreign Shareholders is 0.301 or 30%.

R-Square results show that financial performance and foreign shareholders have an influence on the value of the company of 0.186 or 18%, this means that the remaining 81% is the value of factors other than financial performance that can affect the value of the company. While the R Square value of 0.301 or 30% indicates the magnitude of the effect of financial performance on Foreign Shareholders, which means that there are factors other than financial performance that affect foreign shareholders as much as 70%.

B. Calculate PLS Bootstrapping

Calculate bootstrapping produces path coefficient and indirect effect to answer the hypothesis of this study. In the path coefficient calculates the amount of direct influence of each independent variable on the dependent variable, while the indirect effect, calculates the amount of the indirect effect of the independent variable on the dependent variable because it is through an intervening variable.Hypotheses are accepted when the significance level is less than 0.05 or the t-value exceeds its critical value (Hair et al, 2014). T statistics value for the significance level of 5% is 1.99. Statistical t values were obtained from (= TINV (0.05;77).

TABLE IV. PATH COEFFICIENT RESULTS

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics |O/STDEV|)	P Values	decision
X1 -> Y	-0,035	-0,025	0,155	0,223	0,824	Rejected
X1 -> Z	0,571	0,569	0,105	5,432	0,000	accepted
X2 -> Y	-0,466	-0,463	0,130	3,583	0,000	accepted
X2 -> Z	0,568	0,570	0,110	5,179	0,000	accepted
Z -> Y	0,196	0,193	0,118	1,663	0,097	Rejected

Source: Research results, processed with Smart PLS 3.0, 2019

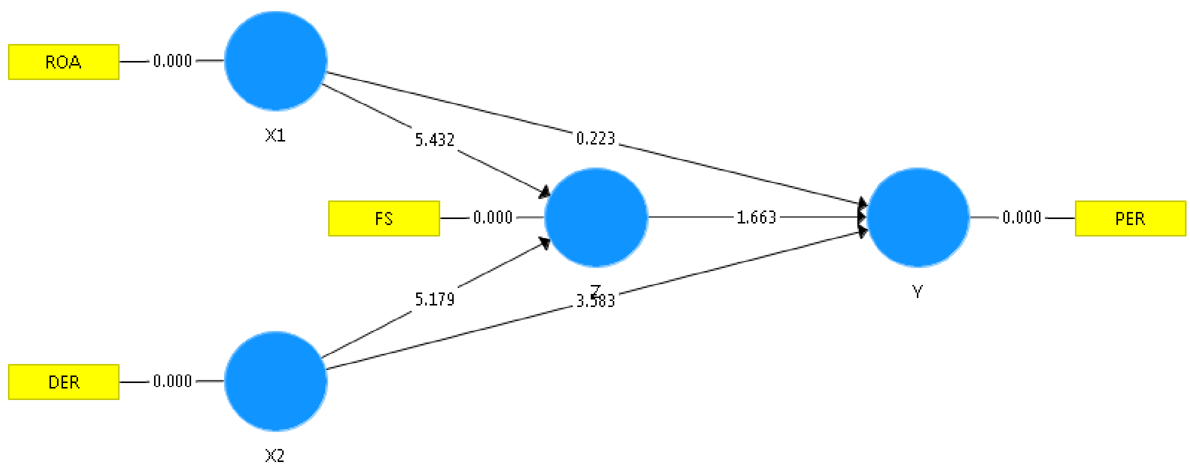


Fig. 1. figure PLS bootrstrapingcaption

Table IV and V, shows the direct effect of ROA, DER, and foreign shareholders on firm value, and the direct effect of ROA and DER on foreign shareholders. Based on the P value, the hypothesis can be accepted or rejected, while the description from Hypothesis 1 (**H1)** to Hypothesis 7 (**H7**) of this study is:

H1 : X1 → Y, rejected because the significance level of 0.824 is greater than 0.5 and the t-value is 0.223 under t statistics 1.99. This shows that ROA can not affect the firmvalue with PER proxy, which means that the 1st hypothesis of ROA has a significant effect on the firmvalue in State-Owned Enterprise companies on the Indonesia Stock Exchange is rejected. This is according to research by Frengky David Sijabat and Anak Agung Gede Suarjaya (2018) that Return on Assets has no effect on Price Earning Ratio. These results indicate that ROA which is the company's ability to generate profits by using the total assets (wealth) owned by the company after adjusting for costs to fund these assets has no influence PER as a proxy for the value of the company.

H2 : X2 → Y, accepted because the significance level of 0,000 is smaller than 0.5 and the t-value is 3.583 above t statistics 1.99. Similarly, the original value is negative, which is -0.466, which means it has a negative effect. This shows that DER has a significant negative effect on firm value with PER proxy, which means that the second hypothesis DER has a significant effect on the firmvalue in State-Owned Enterprise companies on the Indonesia Stock Exchange is accepted. This is according to Ningrum and Asandimitra's (2017) research showing the results of the study that DER has an effect on firm value. The same study from I Gede Gora Wira Pratama and Ni Gusti Putu Wirawati (2016) and Wiwit Setyawati (2019) found that Debt to Equity Ratio had a significant negative effect on company value and research by Frengky David Sijabat and Anak Agung Gede Suarjaya (2018) obtained the result that Debt to Equity Ratio has a negative and significant effect on Price Earning Ratio. These results indicate that the DER which is a ratio to test how much the use of capital borrowed by the company compared to the company's total debt (including short-term liabilities) with total equity has a significant negative effect on PER as a proxy for the firm value.

H3 : X1 → Z, accepted because the significance level of 0,000 is smaller than 0.5 and the t-value is 5.432 above t statistics 1.99. the original value is positif, which is 0.570, which means it has a positif effect. This shows that ROAa significant positif effect on foreign shareholder. which means that the third hypothesis ROA has a significant effect on foreign shareholder in State-Owned Enterprise companies on the Indonesia Stock Exchange is accepted. The opinion of Lestari and Sugiharto (2007) that ROA is the ratio used to measure the net profit gained from the use of assets. Therefore, the higher this ratio, the better the productivity of assets in obtaining net profits. This will further increase the attractiveness of the company to investors including foreign shareholders. These results indicate that ROA is the company's ability to generate profits by using the total assets (wealth) owned by the company after adjusting for costs to fund these assets have a significant effect on foreign shareholders.

H4 : X2 → Z, accepted because the significance level of 0,000 is smaller than 0.5 and the t-value is 5.179 above t statistics 1.99, the original value is positif, which is 0.568, which means it has a positif effect. This shows that DER a significant positif effect on foreign shareholder. which means that the fourth hypothesis DER has a significant effect on foreign shareholderin State-Owned Enterprise companies on the Indonesia Stock Exchange is accepted. DorodjatunKontjoro-Jakti in Azmi (2017) that the improvement of the economy in many of these countries, as a result is "interdependence" ultimately creating a higher degree of economic openness in the world, which is seen not only in the flow of goods but also in the flow of services and flows money and capital. In turn, investment flows in the world increasingly follow the development of this openness, so that today the increase in investment flows is what drives the flow of trade in the world. and research.This research is in accordance with the research of SatriyoGiriSaputra (2004) that the DER results have a significant negative effect on the proportion of foreign share ownership, even though the effect value is different where the results obtained in this study are positive. These results indicate that the DER is a ratio to test how much the use of capital borrowed by the company compared to the company's total debt (including short-term liabilities) with total equity has a significant positive effect on foreign shareholders.

H5 : Z → Y, rejected because the significance level of 0,097 is more than 0.5 and the t-value is 1.663below t statistics 1.99, the original value is positif, which is 0.196, which means it has a positif effect. This shows that foreign shareholder a significant positif effect on the firm value. which means that the fifth hypothesis Foreign shareholder has a significant effect on firm valuein State-Owned Enterprise companies on the Indonesia Stock Exchange is rejected. Makhdalena research (2012) that partially Foreign Ownership has no effect on Firm Value in companies listed on the Indonesia Stock Exchange and research by Kristie Onasis and Robin (2016) found that foreign ownership has no effect on firm value. These results indicate that foreign shareholders, which are the number of company shares owned by foreign parties, both individually and institutionally, do not have a significant influence on PER as a proxy for company value

H6 :X1→ Z→ Y, rejected because the significance level of 0.099 is more than 0.5 and the t-value is 1.652below t statistics 1.99 and **H7 :**X2→ Z→ Y, rejected because the significance level of 0.126 is more than 0.5 and the t-value is 1.534below t statistics 1.99. This shows that foreign shareholders are still unable to mediate the relationship between financial performance variables both ROA and DER to PER as firm value, which means: the sixth hypothesis, ROA indirectly influences firm value through foreign shareholders In State-Owned Enterprise companies on the Indonesia Stock Exchange is rejected and the seventh hypothesis, DER has an indirect effect on firm value through foreign shareholders In State-Owned Enterprise companies on the Indonesia Stock Exchange is rejected.

Some things that also point to the sixth and seventh are rejected, namely the fifth hypothesis of this study which shows that foreign shareholders do not affect the value of the company and research Kristie Onasis and Robin (2016) get the results that foreign ownership has no influence on the value of the company. This shows that if the intervening variable does not significantly influence the dependent variable, then the intervening variable is automatically unable to mediate the independent variable to the dependent variable and in the opinion of Ghozali (2014), that a variable is said to be intervening if the relationship between A to B is significant and B to C is also significant. Therefore this study results that foreign shareholders as an intervening variable are not able to mediate financial performance against firm value.

TABLE V. INDIRECT EFFECTS

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	decision
X1 -> Y	0,112	0,107	0,068	1,652	0,099	Rejected
X1 -> Z						
X2 -> Y	0,111	0,110	0,073	1,534	0,126	Rejected
X2 -> Z						
Z -> Y						

Source: Research results, processed with Smart PLS 3.0, 2019

Conclusion

- ROA which is the company's ability to generate profits by using the total assets (wealth) owned by the company after adjusting for costs to fund these assets has no influence on PER as a proxy for firm value.
- DER which is a ratio to test how much the use of the company's borrowed capital compared to the company's total debt (including short-term liabilities) with total equity has a significant negative effect on PER as a proxy for firm value.
- ROA has a significant effect on foreign shareholders
- DER has a significant effect on foreign shareholders
- Foreign shareholders which are the number of company shares ownedbyforeign parties both individually andas institutions do

not have a significant influence on PER as a proxy for firm value.

- Foreign shareholders as an intervening variable are not able to mediate the effect of ROA on firm value.
- Foreign shareholders as an intervening variable are not able to mediate the effect of DER on firm value

References

[1] Achsien, Iggi H. Investasi Syariah di Pasar Modal. Jakarta: PT. GramediaPustaka Utama, 2003.
[2] Ang, Robert. BukuPintar Pasar Modal Indonesia, Edisi 1 . Jakarta: Mediasoft Indonesia, 1997.
[3] Astuti, Dewi. ManajemenKeuangan Perusahaan. CetakanPertama. Jakarta: Ghalia Indonesia, 2004.
[4] Azmi, Novia . "PengaruhGlobalisasiTerhadapPeredaranNarkotika Di Asia Tenggara Tahun 2011-2015." (JOM FISIP) Vol. 4 No.1 (Februari2017).
[5] Barlian, R.S.ManajemenKeuangan. EdisiKelima.CetakanKedua. Yogyakarta: Literata Lintas Media, 2003.
[6] Brigham, E. F., and J. F. Houston. ManajemenKeuangan, Edisi Bahasa Indonesia. Jakarta: PenerbitErlangga, 1999.
[7] Brigham, E.F, and J.F Houston. ManajemenKeuanganJilidDuaEdisi Bahasa Indonesia. Jakarta: SalembaEmpat, 2011.
[8] Chandra, Rudy . "AnalisisPemilihanSaham oleh Investor Asing di Bursa Efek Indonesia." (Bisnis&Birokrasi, JurnalIlmuAdministrasi dan Organisasi) 17 No.2 (Mei-Agus 2010): 101-113.
[9] Daniri, M. A. Good Corporate Governance Konsep dan PenerapannyadalamKonteks Indonesia. Jakarta: PT. Ray Indonesia, 2005.
[10] Darmadji, Tjiptono, and Hendi M. Fakhruddin. Pasar Modal Di Indonesia: Pendekatan Tanya Jawab. EdisiPertama. Jakarta: SalembaEmpat, 2001.
[11] Dendawijaya, Lukman. ManajemenPerbankan. Jakarta: Ghalia Indonesia, 2003.
[12] Dewi, Ratna Sari. "Relationship Between Total Quality Management In Education Performance." INTERNATIONAL JOURNAL OF SCIENTIFIC & TECHNOLOGY RESEARCH VOLUME 7, ISSUE 2,, 2018.
[13] Dj, Alfredo Mahendra ,LuhGede Sri Artini, and A.A GedeSuarjaya. "PengaruhKinerjaKeuanganTerhadap Nilai Perusahaan Pada Perusahaan Manufaktur Di Bursa Efek Indonesia." JurnalManajemen, StrategiBisnis, dan Kewirausahaan (UniversitasUdayana) 6, no. 2 (Agustus 2012): 130-138.
[14] Effendi, ElsaFelina . AnalisisKeterkaitan Store Image, Customer Satisfaction dan Repurchase Intention : Survei Pada Pelanggan SJS Plaza. Padang: FakultasEkonomiUniversitasAndalas, 2019.
[15] Fahmi, Irham. PengantarManajemenKeuangan, Teori dan Jawab Soal.Bandung: ALFABETA, 2014.
[16] Gamayuni, Rindu Rika . "The Effect Of Intangible Asset, Financial Performance And Financial Policies On The Firm Valie." International Journal Of Scientific & Technology Research 4, no. 01 (January 2015).
[17] Ghozali, Imam. Analisis Multivariatedengan Program SPSS.Yogyakarta: BPFE, 2013.
[18] —. Structural Equation Modeling MetodeAlternatifdengan Partial Least Square (PLS) dilengkapi Software Smartpls 3.0 Xlstat 2014 dan WarpPLS 4.0. Semarang: Badan PenerbitUniversitasDiponegoro, 2014.
[19] Hair, et al. Multivariate Data Analysis. Edisi 6. New Jersey: Pearson Education, 2006.
[20] Haliah, MasnawatySangkala, Andi Ratna Sari Dewi, and Hasniaty. "The Study Of Developing Strategy Model Of Qualified Financial Statement." n.d.
[21] Hanafi, Mahmud M., and Abdul Halim. AnalisisLaporanKeuangan. EdisiKeempat. CetakanPertama. Yogyakarta: STIE YKPN, 2009.
[22] Hanafi, Mamduh H, and A. Halim. AnalisisLaporanKeuangan, edisi 3.Yogyakarta: Penerbit UPP STIM YKPN, 2007.
[23] Harahap, SofyanSyafri. AnalisisKritisAtasLaporanKeuangan.Jakarta: Raja GrafindoPersada, 2008.
[24] https://www.idx.co.id,
[25] https://www.bumn.co.id,
[26] https://www.sahamok.com
[27] Horne, James C. Van , and John M. Wachowiez. Prinsip-PrinsipManajemenKeuangan. Edisi XIII.CetakanKedua. Jakarta: SalembaEmpat, 2012.
[28] Husnan, Suad, and EnnyPudjiastuti. Dasar-Dasar TeoriPortofolio dan AnalisisSekuritas. Edisi 2. Yogyakarta: UPP AMP YKPN, 1998.
[29] kram, Andi Aiyul, dan Ratna Sari Dewi. "The Influence Of Proactive Personality On Career Succcess Through Political Influence Behavior OfEmployees Pt. Bank Sulselbar." International Journal Of Scientific & Technology Research 7, no. 4 (apr 2018).
[30] Jogiyanto. TeoriPortofolio dan AnalisisInvestasi. Yogyakarta: BPFE, 2008.
[31] Junaidi, Muksan, HeruSulistyo, and Sri Harjanto. "AnalisisPengaruhKebijakanHutang Dan ProfitabilitasTerhadapHargaSahamDenganKebija-kanDividen Dan Nilai Perusahaan SebagaiVariabelMediasi." (STIE Dharmaputra Semarang) November 2016.
[32] Kaok, Maria, Ria Mardiana Y, and Andi Ratna Sari Dewi. "Effect of Style Leadership and Talent Management to Employee Development in PT. Marsyavin Jaya District Merauke." Hasanuddin Journal of Applied Business and Entrepreneurship (neliti.com) 2 No.1 (Januari 2019): 46-59.
[33] Karnadjaja, A, Wijaya C Edianto, B Tanujaya, and J Efendi. Smart Investment For Mega Profit. Jakarta: PT. Alex Mediakomputindo, 2007.
[34] Karuniadi, Ahmad Jalil, and Ulil Hartono. "PengaruhKebijakanDividen,KepemilikanManajerial, Profitabilitas dan LikuiditasTerhadap Nilai Perusahaan Pada Perusahaan Sektor Trade, Service dan Investment yang Terdaftar di Bursa Efek Indonesia Periode 2011 – 2015." Jur-nalIlmuManajemen Volume 5 Nomor 3 (FakultasEkonomiUniversitas Surabaya), 2017.
[35] Kasmir. Bank Dan Lembaga KeuanganLainnya. Jakarta: PT. Raja GrafindoPersada, 2002.
[36] Keown, Arthur J. Dasar-dasarManajemenKeuangan. Jakarta: BPE, 1999.

[37] Laurensia, S. "PengaruhKinerjaKeuanganTerhadapHargaSahamMelaluiPengungkapan CSR Pada Perusahaan KonstituenIndeks SriKehati." (AGORA) 3 (2015): 491-497.
[38] Lestari, Maharani Ika, and Toto Sugiharto. "Kinerja Bank Devisa Dan Bank NonDevisa Dan Faktor-Faktor Yang Mempengaruhinya. Proceeding PESAT (Psikologi, Ekonomi, Sastra, Arsitek&Sipil)." (FakultasEkonomi, UniversitasGunadarma) 2 (Agustus 2007).
[39] Liembono, RH. Analisis Fundamental. Surabaya: Brilliant, 2013.
[40] Makhdalena. "Pengaruh Ownership Structure Dan Corporate Performance Terhadap Firm Value." (JurnalEkonomi dan Keuangan) 20 No.3 (September 2016): 388 – 412.
[41] Mardiyanto, Handon. IntisariManajemenKeuangan. Jakarta: PenerbitGrasindo, 2009.
[42] Martono, andAgusHarjito D. Manajemenkeuangan. Yogyakarta: Ekonosia, 2004.
[43] Marzuki. MetodePenelitian Survey. Jakarta: LP3ES, 2005.
[44] Mian, Rehman, and Kyoko Nagata. "Foreign Institutional Ownership and the Valuation Effect of Investment and Payout Decisions." Journal of inance and Economics (Science and Education Publishing) Vol. 3, No. 5 (2015): 97-104.
[45] Mulyadi. SistemAkuntansi. Jakarta: SalembaEmpat, 2001.
[46] Munawir. AnalisisLaporanKeuanganEdisiKeempat. Yogyakarta: Liberty, 2000.
[47] Munawir, S.AnalisisLaporanKeuangan. EdisiKeempat. Cetakankesebelas. Yogyakarta: Liberty, 2002.
[48] Napitupulu, B. Joint Ventures di Indonesia. Jakarta: Erlangga, 1975.
[49] Ningrum, UlfaNindya, and Nadia Asandimitra. "PengaruhKinerjaKeuangan, Struktur Modal Dan Ukuran Perusahaan Terhadap Nilai Perusahaan Dengan GCG Dan CSR SebagaiVariabel Moderating Pada Perusahaan PeringkatPertama ARA, ISRA Dan PeringkatEmas Proper Yang Listing Di BEI Periode 2011-2015." (JurnalIlmuManajemen) 5 (2017).
[50] Onasis, Kristie, and Robin. "Pengaruh Tata Kelola Perusahaan Terhadap Nilai Perusahaan Pada Perusahaan SektorKeuangan yang Terdaftar di BEI." (Bina Ekonomi. UniversitasInternasionalBatam) 20 No.1 (2016).
[51] Pratama, IGede Gora Wira, and Ni Gusti Putu Wirawati. "PengaruhStruktur Modal Dan ProfitabilitasTerhadap Nilai Perusahaan DenganKepemilikanManajerialSebagaiPemoderasi." (E-JurnalAkuntansiUniversitasUdayana) 15 No. 3 : 1796-1825, no. 2302-8556 (Juni 2016).
[52] Rakhimsyah, LeliAmnah, and Barbara Gunawan. "Pengaruh Keputusan Investasi, Keputusan Pendanaan, KebijakanDividendan TingkatSuku Bunga Terhadap Nilai Perusahaan." (JurnalInvestasi) Vol 7 No.1 (2011): 31-45.
[53] Rusdin. BisnisInternasionaldalampendekatanPraktek. Jilid 1.Bandung: Alfabeta, 2002.
[54] Santoso, Singgih. SPSS versi 10.0 Mengolah Data StatistikSecaraProfesional. Jakarta: PT. Elex Media Komputindo, 2001.
[55] Sarwono. AnalisisJalurUntukRisetBisnis. Yokyakarta: Andi, 2007.
[56] Setyawati, Wiwit. "PengaruhStrukturKepemilikan, Struktur Modal, ProfitabilitasTerhadap Nilai Perusahaan EnganKebijakanDividenSebagaiModerasi (StudiEmpiris Pada Perusahaan SektorPertambangan Yang Terdaftar Di BEI Periode 2011-2015." (JurnalAkuntansiBerkelanjutan Indonesia) 2 No.2 (Mei 2019).
[57] Sijabat, Frengky David , and Anak Agung GedeSuarjaya. "PengaruhDPR, DER, ROA dan ROE Terhadap Price Earning Ratio Pada Perusahaan Manufaktur." E-JurnalManajemenUnud (FakultasEkonomiUniversitasUdayana) 7, no. 07 (2018): 3681-3708.
[58] Sugiarto. Struktur Modal, StrukturKepemilikan Perusahaan, Permasalahankeagenan, dan AsimetrisInformasi. Yogyakarta: GrahaIlmu, 2009.
[59] Sugiyono. MetodePenelitianuntukBisnis (PendekatanKuantitatif, Kualitatif, dan R&D. Cetakan ke-15. Bandung: Alfabeta, 2012.
[60] Sule, ErnieTisnawati, and Kurniawan Saefullah. PengantarMamajemen. EdisiPertama. Jakarta: Prenada Media, 2006.
[61] Sulistyawati, Poppy Dyah, and Mahfudz. "AnalisisPengaruh Return On Equity, Debt To Equity Ratio, dan Current Ratio Terhadap Price EarningRatio :Studi pada Perusahaan Consumer Goods yang Terdaftar di Bursa Efek Indonesia Periode 2012-2015." Diponegoro Journal Of Management (Fakultas Ekonomika dan Bisnis Universitas Diponegoro) 5, no. 4 (2016): 1-12.
[62] Sunariyah. Pengetahuan Pasar Modal. UPP STIM. Yogyakarta: Penerbit YKPN, 2006
[63] Sunyoto, andSusanti. ManajemenKeuanganuntuk Perusahaan. CetakanPertama. Yogyakarta: CAPS (Center of Academic Publishing Service), 2015.
[64] Suteja, J. ManajemenKeuangan Perusahaan, Edisi 1. Bandung: Medio, 2012.
[65] Syamsuddin, Lukman. ManajemenKeuangan Perusahaan: KonsepAplikasiDalamPerencanaanpengawasan dan pengambilanKeputusan.Jakarta: PT. Raja GrafindoPersada, 2011.
[66] —. ManajemenKeuangan Perusahaan. Jakarta: Raja GrafindoPersada, 2007.
[67] Tandelilin, Eduardus. AnalisisInvestasi dan Manajemen. Yogyakarta: BPFE, 2007.
[68] Taufiq, Rizky , Sri MangestiRahayu, and Devi Farah Azizah. "AnalisisPengaruh Return On Equity (ROE), Debt Equity Ratio (DER), dan Dividend Payout Ratio (DPR) Terhadap Price Earning Ratio (PER) : Studi Pada Saham-Saham Perusahaan Perbankan yang Terdaftar di Indeks LQ 45 Bursa Efek Indonesia Periode 2007-2011." Jurnal Administrasi Bisnis (JAB) 21 (April 2015).
[69] Undang-undang No.8 tahun 1995
[70] Undang-undang No.19 tahun 2003
[71] Warsono. Manajemen Keuangan Perusahaan. Jilid Pertama. Edisi Ketiga. Malang: Bayumedia Publishing, 2003.
[72] Weston, J. F., and E. F. Bringham. Dasar-dasar Manajemen Keuangan Edisi Kesembilan. Jakarta: Erlangga, 2006.
[73] Weston, J. Fred, and E. F. Bringham. Manajemen Keuangan, Terjemahan Wasana, Jaka A. Jilid 1. Jakarta: Binarupa Aksara., 1998.
[74] Wild, John J., and Robert F. Halsey. Analisis Laporan Keuangan, edisi 8 Buku 2, Penerjemah: Bachtiar dan Harahap. Jakarta: Salemba Empat, 2005.