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Effect of Foreign Ownership, Audit Committee, and Financial Performance on Company Value

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Abstract

Corporate value is used by management in running the business to maximize shareholder wealth. Audit committees, foreign ownership, and financial performance have prospects in the future so that investors will be interested in investing. This population is a manufacturing company that pays out dividends during the period 2016 to 2021 which are listed on the Indonesia Stock Exchange. The sampling technique is 222 companies. The method used is panel data regression. The findings of foreign ownership, debt to equity, total asset turnover, net profit margin, and return on assets significantly affect company value, but audit committees, current ratios, and dividends have no significant effect on company value. It is suggested that the company can improve its financial performance to maximize profit, which reflects the company internally. In addition, foreign ownership can make decisions in the company's strategy to increase the value of the company.

Keywords: Foreign Ownership, Audit Committee, Financial Performance, Company Value

1. Introduction

The capital market in Indonesia has begun to develop rapidly and has encouraged investors to allocate some assets to be invested in financial assets to generate profits, so investors need to make decisions based on facts, data, and analysis to reduce the high risk caused by macro and micro factors. Companies that have achieved an optimal level of success will certainly see the company's value in determining the capital structure and financing policy by looking at the company's prospective situation efficiently (Vernimmen et al., 2018). Management runs the company not only to maximize the profits earned but on how to increase company value and business continuity in the future. On the other hand, investors only compare stock prices between companies that see good quality to get maximum profit. The phenomenon of stock prices in Indonesia experiencing instability based on the news release from www.okezone on 10 May 2022. the Jakarta Stock Exchange Composite Index decreased by 396 shares, stabilized at 140 shares, and increased by 162 shares. Therefore, this phenomenon can result in gains or losses for the companies and investors involved.

One phenomenon that occurs is the decline in shares in the company PT. Unilever Indonesia Tbk (UNVR) experienced a decline of 22.91% resulting in negative returns throughout 2021 with a listed share price of IDR 4,700/share where UNVR shares have decreased in the last five years by 45%, on the contrary, it is hoped that shareholders will continue to improve company performance to be able to increase company value news release from www.cnbcindonesia on 18 March 2021. that the growth of company value in Indonesia changes every year depending on public interest in the stock exchange while low company value means the cost of replacing company assets is high than the stock price so the stock is undervalued otherwise high company value means company stock is more expensive than the cost of assets. In this case, the stock price is considered high.

Company value is one of the future benefits where to optimize the value of the company management cooperation is required to improve the company's performance as much as possible. In addition, financial reports provide a signal about the company's growth prospects as the first consideration for investors before investing, while corporate governance can build a reliable business environment and strengthen the company's competitiveness to increase corporate value.

Factors that affect the value of the company. the first is foreign ownership with findings that are not always consistent, research conducted by Rely & Arsjah (2018) states that foreign ownership is significant to company value. On the other hand, foreign ownership provides a positive signal in encouraging rapid company growth and gaining good credibility as one that can increase company value. while the second is the audit committee. Research conducted by Hossain & TohidulAlam (2019) states that the influence of the audit committee is not significant on company value, and research results are not always consistent, so further research is needed. On the other hand, the audit committee can reduce agency problems by monitoring optimally as a factor that is beneficial to company value, and the third is that financial performance provides reliable information signals for investors to invest, which will later become good prospects that can increase company value, so investors and creditors assess good and bad financial performance to avoid losses in investment decisions. This study uses the following financial performance measures: debt to equity, total asset turnover, net profit margin, return on assets, current assets, and dividends. The research put forward by Ardian et al. (2021) research states that debt to equity is significant for company value. while the findings by Seno & Thamrin (2020) state that total asset turnover significantly affects company value. While the findings by Ichsani et al. (2021) state that the net profit margin significantly affects company value. Meanwhile, the findings by Endri & Fathony (2020) state that return on assets is significant for company value. Meanwhile, the findings by Colline (2022) state that the current ratio does not have a significant effect on company value. and findings by Lumapow & Tumiwa (2017) dividend policy has no significant effect on company value. Having debt is a means for companies to develop optimal business operations, besides that, the company investing more in assets will increase sales which have ahaspact on increasing net profit by following the issue of dividends will affect the value of the company.

We contribute by assessing the impact of economic changes by focusing on Indonesia which has undergone several reforms in the last six years which are of concern to the company in the future. The collapse of a manufacturing company causes a loss of investor confidence, so a balance is needed between corporate governance and financial performance which can affect investor interest and market regulation in making investment decisions by utilizing the findings of this study.

2. General Instructions

Agency Theory

Agency theory explains the relationship between the agent and the principal in which the agent acts in the interests of the principal, and the agent can act on opportunism that causes several losses. In this case, the agency theory is a company's anxiety about a conflict of interest that could later arise against unfavorable prospects in the future which can reduce the value of the company could (Mallin, 2019).

Signaling Theory

Signal theory explains the information that has been carried out by management regarding the company for achieving good company performance. Besides that, as a signal to investors about the company's opportunities in the future. In this case, the signal theory allows investors to distinguish between companies that have good and bad company values when making investments through financial statement information. In addition, it is good news that investors have confidence in the company to invest (Brigham & Houston, 2017).

Company Value

Company value is an investor's picture of the company's success, which is often associated with stock prices. A high company value indicates good company credibility. Therefore, a company value that is greater than one explains that the company earns higher returns, whereas a value less than one explains that the company does not earn high returns (Robinson et al., 2020).

Foreign Ownership

Foreign ownership is the total shares owned by foreign nationals and foreign business entities that contribute to strengthening the expected higher capital structure. In addition, foreign ownership will lead to improved performance, so this has a role in technology, innovation, and broad insight that positively impacts the company. Meanwhile, foreign ownership can be monitored effectively, contributing to good company performance and consistently increasing company value (Kartika & Utami, 2019).

Financial Performance

Financial performance helps identify the company's strengths and weaknesses in the decision-making process, which reports the previous period to predict the future. In addition, good financial performance can reduce agency costs, encouraging management to disclose more detailed financial statements to maximize the value of the company, which will later capture financial performance as an information signal before investing (Kieso, et al., 2019).

Foreign Ownership on Company Value

Foreign ownership that contributes to the growth of the capital market in Indonesia is an important factor in the ownership structure. In addition, foreign ownership brings benefits to companies such as managerial ability, support in financial crisis conditions, and superior technology that can increase production and distribution. Asan information signals to stakeholders that the company is maximizing the value of the company from the experience of foreign ownership, this will certainly be of interest to stakeholders, especially investors, in investing their capital. It can be interpreted that the greater the foreign ownership, the greater the value of the company. This is by agency theory which describes the relationship between foreign ownership and management, which can monitor management performance to increase the value of the company. Findings made by Tangke et al. (2021) state that foreign ownership significantly affects company value. H1: Foreign ownership affects company value

Audit Committee on Company Value

The audit committee aims to ensure that supervision procedures can improve the risk management system and companies, thereby helping to improve the quality of audits and financial statement information. The existence of the audit committee is considered useful for internal and external auditors, which includes: the nomination committee, audit scope, audit results, and internal control. It can be concluded that the role of this audit committee is to act as an independent institution to reduce agency problems that can improve the quality of the company's financial statements. This can make investors good view a good view of companies that can optimize company value. This can give investors a good view of companies that optimize company value. Found in line with agency theory, which is expected to be able to deal with disputes between management and external auditors that contribute to detecting fraudulent financial reporting that can affect the value of the company. Findings made by Özcan (2021) stated that the audit committee's accounting and financial expertise significantly a company value. H2: Audit committee affects company value

Debt to Equity on Company Value

The debt to equity ratio is used to find out external funds provided by creditors. Besides that, there are fewer o Liabilities consisting of short-term debt and long-term debt in the future, and both, directly and indirectly, have an impact on the price to book value, which can reduce risk if, in this case, investors can see how management uses profit efficiently to optimize company value. It can be interpreted that the lower the debt to equity, the better the company's ability to survive in a crisis so that it is still able to fulfill its obligations to creditors, which, of course, will not affect the stock price of the Indonesian capital market. Companies using debt in business activities result in profits for investors, so it has a positive impact on company value. It was found that Winata et al. (2021) stated that debt to equity does not affect company value. H3: Debt to equity affects company value

Total Asset Turnover on Company Value

Total asset turnover is effectiveness the effectiveness of a company in managing its funds, where asset turnover is high to generate sales that can generate every rupiah invested in the company. On the contrary, slow asset turnover indicates that the assets owned are too large compared to the ability to sell, to maximize the welfare of shareholders who give confidence to investors to invest their capital. It can be concluded that the more productive the assets owned by the company, the more its operating activities will increase. In the end, it will increase the company's profit to produce sales volume that can maximize the value of the company. This result is by signal theory, which gives signal information about the company's prospects to generate high sales for users of financial statements, which can influence financial decisions. The results of research conducted by Simorangkir (2019) state that asset turnover significantly affects company value. H4: Total asset turnover affects Company value

Net Profit Margin on Company Value

Profit margin is used to see the company's ability to generate net profit from sales revenue. Make it easier for investors to value companies to make a profit on their sales by pricing their products properly and running costs well. In addition, net income not only reflects the company's ability to fulfill its obligations but also expresses an assessment of aspects of the company's vision and mission in the future to be able to assess the risk of investing in the company, which is calculated based on the previous record net income. It can be interpreted that the greater the net profit margin from sales, the higher the net profit from the sale, which will attract investors and increase the share price. The results of research conducted by Munawar (2019) stated that net profit margin significantly affects company value. H5: Net profit margin affects company value

Return to Assets on Company Value

Return on assets measures the ability of management performance efficiently in managing its assets to gain profits within a certain period, besides that which has an important role in the company's survival in the future. Effect the resulting value will be greater so that investors will respond as a positive signal which is expected to optimize the value of the company. It can be interpreted that the greater the return on assets, the better the company's performance In addition, the rate of return on investment is better. The findings are in line with the signal theory used by the company to attract investors to invest, which has a higher impact on stock prices and company value. Therefore, the higher the positive perception of investors investing in a company will take advantage of the company's growth opportunities. The results of research conducted by Bon & Hartoko (2022) stated that return on assets significantly affects company value. H6: Return on asset affects company value

Current Ratio on Company Value

Current assets are something that a company can expect to convert into cash in one period to determine liquidity so that management can know the business operations on the other hand creditors and investors keep an eye on the current asset account to assess whether a business can pay its obligations. The lower the current assets, the less it pays its obligations. On the other hand, high current assets do not guarantee that it is said to be good, so it is necessary to look again at the company's performance, if the performance is good, it will fulfill its obligations to avoid problems with financial difficulties or bankruptcy risk. The findings of Dewi et al. (2021) show that current assets significantly affect company value. H7: Current Asset affects company value

Dividend on Company Value

Dividends represent company profits that will be distributed to shareholders as dividends or will be retained as retained earnings to finance investment in the future. Conversely, the lower the company's retained earnings, which hinders the company's development. In this case, management provides information signals to ensure that the financial condition is better than that reflected in the share price, which in turn will help shareholders and optimize the value of the company. It can be interpreted that the increase in dividends is expected to be better financially, which can optimize the value of the company. This finding is in line with agency theory suggesting that managers must manage their dividend policy effectively to avoid conflicts of interest affecting company value. The findings of Liviani & Rachman (2021) show that dividend policy significantly affects company value. H8: Dividend affects company value.

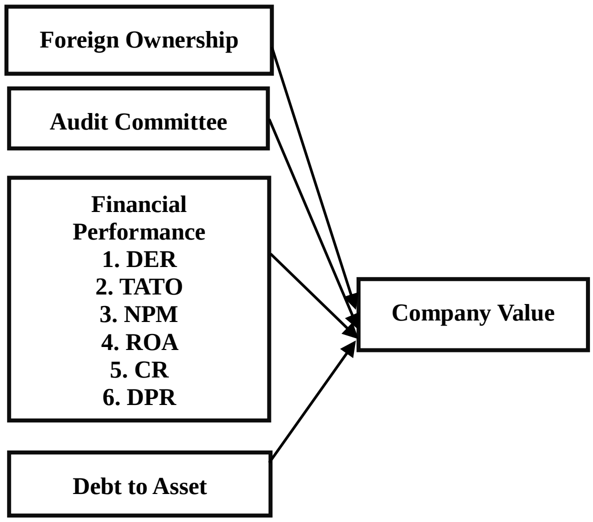

Figure 1: Research Framework

3. Style Guidelines and Topics

According to Sugiyono (2018) this research uses quantitative data with a secondary data approach. Designed to collect data that describe characteristics, events, and situations by testing hypotheses to determine the relationship between the dependent, independent, and control variables. The dependent variable is the company value with the proxy used as a price to book value. While the independent variables used are foreign ownership, audit committee, debt to equity, total asset turnover, net profit margin, current as, sets and dividends. As for the control variable, debt to assets is used to control this variable which is thought to be positively influenced. The variables in this study determine the possibility of a relationship. The research data was obtained from the annual financial reports of each company whose closing price was found through IDX's official website. This research involves one of the objects of research using a manufacturing company listed on the Indonesia Stock Exchange. Using a purposive sampling method, namely companies that distribute dividends for six years during the 2016-2021 period.

TABLE 1

OPERATIONAL VARIABLES

Variables	Formula	Source
PBV	Price per share / Book Value per Share	Aggarwal & Padhan (2017)
FO	Shared Ownership Institution Foreign / Number of Shares Outstanding	Oyedokun et al. (2020)
AC	Audit Committee Finance and Accounting Expertise Total Number of Audit Committee	Azam & Wang (2021)
DER	Total Liabilities / Total Equity	Nguyen et al. (2021)
TATO	Net Sales / Total Assets	Luu (2021)
NPM	Net Profit / Net Sales	Budiharjo (2019)

ROA	Net Profit / Total Assets	Ayuba et al. (2019)
CR	Total Current Asset / Current Liabilities	Salim & Prasetia (2022)
DPR	Total Dividend / Net Profit	Seth & Mahenthiran (2022)
DAR	Total Liabilities / Total Assets	Dang & Do (2021)

Data analysis uses Panel Data Regression where the time dimension of this study involves observations at a certain period (time series) at a certain time from the number of companies through the website www.IDX.co.id (cross-section), using the General Least Squared (GLS) estimation method to get more precise, efficient and stable results. as follows: Y (PBV) = β1FOit + β2ACit+ β3DERit + β4TATOit + β5NPMit + β6ROAit + β7CRit + β8DPRit + β9DARit +e

Description:

PBV= Price to Book Value

FO= Foreign Ownership (X1)

AC= Audit Committee (X2)

DER= Debt to Equity (X3)

TATO= Total Asset Turnover (X4)

NPM= Net Profit Margin (X5)

ROA= Return on Asset (X6)

CR= Current Asset (X7)

DPR= Dividend (X8)

DAR= Debt to Asset (C1)

Descriptive Statistic

Data processing activities with Eviews version 12 are used to help determine the best model to analyze the data used in conducting the significance test of panel data regression analysis, as follows: (1) Descriptive statistical test. (2) Selection of the Classical Assumption Test Regression Model. (3) Hypothesis Testing. Descriptive data analysis is used to describe the results of the research data consisting of the minimum, maximum, mean, and standard deviation of each of the variables studied. The number of samples that meet the criteria is 37 companies. For a total of six years, there were 222.

TABLE 2

RESULTS OF DESCRIPTIVE STATISTICS

	N	Min	Max	Mean	Std. Dev
PBV	222	0.189	78.298	5.205	9.596
FO	222	0.000	0.941	0.337	0.306
AC	222	0.000	1.000	0.606	0.253
DER	222	0.003	3.751	0.709	0.671
TATO	222	0.138	3.157	1.04	0.534
NPM	222	-0.111	0.384	0.093	0.073
ROA	222	-0.199	0.446	0.093	0.081
CR	222	0.605	10.479	2.751	1.805
DPR	222	-0.060	1.767	0.435	0.299
DAR	222	0.063	0.789	0.360	0.167

Company value has a min value of 0.189 and a max value of 78.298, while the average value is 5.205, and the standard deviation is 9.596. The average value is lower than the standard deviation of 5.205<9.596, which means that the PBV can be said to be bad because of the very large gap between the highest and lowest and the average value above one so the PBV is high during that period. Observation period 2016-2021.

Foreign ownership has a min value of 0.000 and a max value of 0.941, while the mean value is 0.337 and the standard deviation is 0.306. The mean value higher than the standard deviation is 0.337>0.306, which means that foreign ownership can be said to be good because there is no gap between the highest and the lowest and the average value is below 50% which means that foreign ownership is low during the 2016-2021 observation period.

The audit committee has a min score of 0,000 and a max value of 1,000, while the average value is 0.606, and the standard deviation is 0.253. The mean value higher than the standard deviation is 0.606>0.253, which means the audit committee can be said to be good because there is no gap between the highest and the lowest and the average value is above 50%, so the audit committee is high during the 2016-2021 observation period.

Debt to equity has a min value of 0.003 and a max value of 3.751 while the mean value is 0.709. and a standard deviation of 0.671. The mean value higher than the standard deviation is 0.709>0.671, which means that DER can be said to be good because there is no gap between the highest and the lowest, and the average value is above 50% of business turnover. mostly financed by debt rather than capital injections during the 2016-2021 observation period.

Total asset turnover has a min value of 0.138 and a max value of 3.157 while the mean value is 1.040. and a standard deviation of 0.534. The mean value is higher than the standard deviation is 1.040>0.534, which means that TATO can be said to be good because there is no gap between the highest and lowest values and the mean value is above 100%, so TATO is high during the 2016-2021 observation period.

The net profit margin has a minimum value of -0.111 and a max value of 0.384, the mean is 0.093, and the standard deviation is 0.073. The mean value higher than the standard deviation is 0.093>0.073 which means that the NPM can be said to be good because there is no gap between the highest and the lowest and the average value is below 20%, explaining that the company is an unhealthy condition during the 2016-2021 observation period.

Return on assets has a min value of -0.199 and a max value of 0.446 while the mean value is 0.093. and a standard deviation of 0.081. The mean value is higher than the standard deviation is 0.093>0.081 which means that the return on assets can be said to be good because there is no gap between the highest and the lowest and the average value is above 5.98%. Net profit growth continued to grow during the 2016-2021 observation period.

Current assets have a min value of 0.605 and a max value of 10.479 while the mean value is 2.751. and a standard deviation of 1.805. The average value is greater than the standard deviation, which is 2.751> 1.805. Current assets can be said to be bad because there is a very large gap between the highest and lowest values and the average value is 2.751 during the 2016-2021 observation period.

The dividend has a min value of -0.060 and a max value of 1,767 while the average value is 0,435. and a standard deviation of 0.299. The average value of t which is greater than the standard deviation is 0.435 > 0.299 which means that the DPR can be said to be good because there is no gap between the highest and the lowest and the distribution of dividends is quite good. After all, it is around 30% - 40% during the 2016-2020 observation period.

Debt to assets has a min value of 0.063 and a max value of 0.789 while the mean value is 0.360. and a standard deviation of 0.167. The mean value higher than the standard deviation is 0.360 > 0.167, which means that the DAR can be said to be good because there is no gap between the highest and lowest average values and the lowest where the DAR is smaller than the average value. 0.5. This means that assets are mostly financed by capital during the 2016-2020 observation period.

Regression Data Panel

The results of this study require a panel data regression selection test by going through the Chow test, Hausman test, and Lagrange Multiplier test. In addition, the estimating model that was chosen twice was the Fixed Effect Model which was used as the best equation model for this research. Performed a panel data regression analysis and the results are given in Table 3 as follows.

TABLE 3

PANEL DATA EQUATION

Dependent Variable: PBV
Method: Panel EGLS (Cross-section weights)
Date: 11/17/22 Time: 11:18
Sample: 2016 2021
Periods included: 6
Cross-sections included: 37
Total panel (balanced) observations: 222
Linear estimation after one-step weighting matrix

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.829711	1.030841	1.774969	0.0776
FOREIGN	-1.256516	0.609816	-2.060484	0.0408
AC	0.551031	0.689264	0.799448	0.4251
DER	-0.695610	0.373399	-1.862913	0.0341
TATO	2.454372	0.442575	5.545664	0.0000
NPM	-6.712694	3.436367	-1.953428	0.0424
ROA	14.98145	4.273558	3.505615	0.0006
CR	-0.033768	0.090249	-0.374168	0.7087
DPR	0.128554	0.301988	0.425693	0.6709
DAR	1.851252	1.939972	0.954267	0.3413

Effects Specification

Cross-section fixed (dummy variables)

Weighted Statistics

R-squared	0.890910	Mean dependent var	12.99109
Adjusted R-squared	0.863017	S.D. dependent var	11.42087
S.E. of regression	4.033343	Sum squared resid	2863.142
F-statistic	31.94094	Durbin-Watson stat	1.723809
Prob(F-statistic)	0.000000		

Unweighted Statistics

R-squared	0.773306	Mean dependent var	5.205211
Sum squared resid	4614.205	Durbin-Watson stat	1.675682

Classic Assumption Test

Testing classical assumptions with the panel data regression approach does not all have to be tested. We only need to use multicollinearity and heteroscedasticity tests. In addition, the normality test is not an absolute requirement, and autocorrelation is only used for time series data (Basuki & Prawoto, 2017) as follows. The results of this study indicate that the Variance Inflation Factor of the eight independent variables has a Variance Inflation Factor value below 10. It can be concluded that this study is free from multicollinearity problems with several independent variables used for the period 2016 to 2021. The results of the heteroscedasticity test using the Harvey test by looking at the significant value of the independent variable which shows a significant value greater than 0.05. Then it is concluded that there are no symptoms of heteroscedasticity in the regression model.

Hypothesis Results

In this case, the results of the F test were obtained with an F value of 31.940 with a significant level of 0.00 <0.05. In conclusion, the model used in this study can be made. In this regression model, it can be concluded that the independent variables (foreign ownership, audit committee, and financial performance) affect the dependent variable (company value), using the control variable (debt to asset ratio). The R square value obtained is 0.890. The coefficient results can explain the variation in company value by 89%. The remaining 11% is explained by other influences outside the variables studied. The statistical test shows how far the influence of the relationship between the independent variables (foreign ownership, audit committee, and financial performance) is in explaining the dependent variable (Company value). The results of the t-test are as follows.

Discussion

Foreign Ownership on Company Value

The foreign ownership variable with a significant value is 0.040 which means the significance is less than 5%. In this case, it can be said that foreign ownership has a negative and significant effect on company value. local ownership does not respect the idea of foreign ownership in developing corporate governance which results in a decrease in company value, besides that company profit growth requires foreign capital inflows. It can be suggested that foreign ownership can be used as a tool to assess price to book value in manufacturing companies. This finding is in line with Bustaman et al. (2020) stated that foreign ownership has a significant effect on company value, while the findings of Setiany et al. (2020) stated that foreign ownership is not significant to company value. This finding can reduce the problem of agency theory that foreign ownership can contribute to the progress of the company, while this finding by the theory signals that low-risk capital in a company needs to increase foreign capital to finance more profitable operations and reduce debt.

Audit Committee on Company Value

The audit committee variable shows a significance value of 0.425, meaning that the significance is greater than the 5% significance level. In this case, it can be said that the audit committee has a positive and insignificant effect on company value. The audit committee as one of them an important element in reviewing financial reporting that has an impact on increasing company value, besides that the audit committee does not improve the quality of corporate governance. It can be suggested that the audit committee cannot be used as a tool to assess price to book value in manufacturing companies. This finding is in line with Bouaine & Hrichi (2019) who state that the audit committee is not significant to company value, and according to Iheyen (2021) who state that the audit committee is significant to company value. These findings are inconsistent with agency theory which explains that audit committees that do not contribute to detecting fraudulent financial reporting have not been able to prevent agency costs arising from managers and shareholders in a global economic environment. Meanwhile, these findings do not support the signal theory that the existence of an audit committee has not been able to improve the integrity of financial reporting.

Debt to Equity on Company Value

The debt to equity variable with a significance value of 0.034 means that the significance is less than 5%. In this case debt to equity has a negative and significant effect on company value. A relatively high debt to equity will be bad news for investors because of changes in financial conditions which will result in a decrease in company value. In addition, if the proportion of debt to equity is considered, it will have a good impact. It can be suggested that debt to equity can be used as a tool to assess price to book value in manufacturing companies. The results of this study are in line with the results of research conducted by Sasongko (2019) which states that debt to equity is significant to company value, according to Ibrahim & Isiaka (2020) which states debt to equity is not significant to company value. This finding is in line with agency theory that the composition of total debt is greater than the total capital itself so that there is supervision by creditors to managers, which can reduce monitoring costs from share ownership and management conflicts. Therefore, creditor trust greatly influences investors' decisions to invest, while this finding is in line with the signal theory which explains that debt can be a deduction from income tax so that investors do not see the size of the debt owned by the company.

Total Asset Turnover on Company Value

The total asset turnover variable with a significance value of 0.000 means that the significance is less than 5%. In this case, it is concluded that total asset turnover has a positive and significant effect on company value. High asset turnover causes company management to be more efficient in using its assets to generate net income which has an impact on increasing company value. It can be suggested that total asset turnover can be used as a tool to assess prices to book values in manufacturing companies. This finding is in line with the findings of Ichsani et al. (2021) which state that asset turnover is significant to company value, and according to Jacob & Taslim Jacob & Taslim (2017) who state that asset turnover does not affect company value. These findings are in line with agency theory where increased profits encourage management to disclose detailed financial statements to maintain investor confidence, while the results of these results are in line with a signal theory which explains that investors will capture high asset turnover, this is the better the company is in managing assets. owned by the company to increase sales results to maximize the value of the company and to be a promising prospect for investors to invest.

Net Profit Margin on Company Value

Net Profit Margin variable with a significance value of 0.042 which means that the significance is less than 5%. In this case, the net profit margin has a negative and significant effect on company value. Net profit margin is seen by investors as an uncertain company condition that has an impact on decreasing company value, besides that companies that are productive in reducing costs can increase profits. It can be suggested that net profit margin can be used as a tool to assess price to book value in manufacturing companies. This finding is in line with the findings of Mulyadi et al. (2020) which state that net profit margin affects company value, and according to Chen Chen et al. (2021) which states that net profit margin does not affect company value. This finding is in line with agency theory which explains that high net margins can reduce agency costs this is a consideration for investors to invest in. Although these findings are consistent with a signal theory which explains that a high net profit margin indicates a profit caused by low costs and good product pricing which has an impact on investor interest because they are considered capable of managing sales well to obtain maximum net profit.

Return on Assets on Company Value

The variable return on assets with a significance value of 0.006 means that the significance is less than 5%. In this case, the return on assets has a positive and significant effect on company value. Better company growth is a good prospect for the company in the eyes of investors which has the impact of maximizing company value. It can be suggested that return on assets can be used as a tool to assess price to book value in manufacturing companies. This finding is in line with Endri & Fathony (2020) which states that return on assets affects company value, according to Firdaus (2020) which states that return on assets does not affect company value. These findings are in line with agency theory which explains increased profits, this encourages management to disclose detailed financial statements to increase demand for shares, while these findings are in line with the signal theory that companies must provide positive signals through reliable financial reports that high asset returns indicate good prospects of companies using assets to generate profits thereby also motivate investors to maximize the value of the company. In addition, it will indirectly increase the stock price which can maximize the value of the company.

Current assets on Company Value

A current asset variable with a significance value of 0.708 means the significance is greater than 5%. In this case, Current assets have a negative and insignificant effect on company value. High current assets cannot guarantee the fulfillment of company obligations, which can reduce the value of companies that lack investor confidence to invest. It can be suggested that Current assets cannot be used as a tool to assess prices to book values in manufacturing companies. This finding is in line with Husna & Satria (2019) who state that current assets are not significant to company value, and according to Harahap et al. (2019) who state that Current assets have a significant effect on company value. This finding is in line with the agency theory that high current assets allow the act of withholding dividends which can lead to shareholder conflict which causes a decrease in company value. Meanwhile, this is not in line with the signal theory that non-standard cash flow values will be a negative signal to invest.

Dividend on Company Value

The dividend variable with a significance value of 0.670 means that the significance is greater than 5%. In this case, the dividend has a positive and insignificant effect on company value. The bigger the dividend, the higher the profit for shareholders which has an impact on increasing company value, besides that the smaller retained earnings can be an obstacle to developing a business. It can be concluded that the dividend cannot be used as a tool to assess price to book value in manufacturing companies. This finding is in line with Sutomo & Budiharjo (2019) who state that dividend policy is not significant to Company value, and according to Qi et al. (2022) who state that dividends are significant to company value. This finding is in line with the agency theory that dividing income into dividends and retained earnings can increase agency costs. Meanwhile, in this case, it is not in line with the signal theory that the company's condition becomes a measure of dividends when it is unstable, which is bad news for investors.

4. Conclusions

Based on the results that have been done in this study it can be concluded that the audit committee, current assets, and dividends have no significant effect on company value whereas foreign ownership, debt to equity, total asset turnover, net profit margin and return on assets have a significant effect on company value. The debt to asset variable which acts as a control variable weakens the influence of the audit committee and dividends on company value, this explains the decrease in the coefficient. In addition, foreign ownership, debt to equity, total asset turnover, net profit margin, return on assets and current assets act as control variables to become reinforcement based on the increasing coefficient. The debt to asset ratio which aims to control the relationship between foreign ownership, audit committee, and financial performance on company value, is to avoid errors in the empirical model used in this study. From the results obtained, most of the independent variables affect company value.

Suggestion

The results of this study can help companies maintain company stability by increasing company value which needs to be considered from large foreign ownership in companies that have good operating performance as effective monitors in business continuity that influence decisions taken by management which have an impact on company value that good. conversely in terms of financial performance, namely debt to equity, total asset turnover, net profit margin, and asset return. these four factors have an impact on manufacturing companies which has an impact on public trust thereby increasing stock prices. This research can help investors who want to invest in manufacturing by looking at the financial performance of companies with good growth to reduce investment risk. It is proven that debt to equity can be suggested by using external funds. This is not a big problem for the company, but we must pay attention to agency costs arising from bank interest costs that are too large, besides that high total asset turnover illustrates the condition of an efficient company in generating large profits. In addition, the high net profit margin and return on assets illustrate profit growth from year to year which can be a positive signal in making investment decisions. Further research is recommended. A more in-depth investigation to obtain detailed and correct information about the audit committee and financial performance. The role of the audit committee cannot be seen from the background alone, but there are other things such as meeting attendance, while financial performance cannot be seen from current assets and dividends because there are other things such as quick ratios and dividends per share.

Limitation

This study has limited time to have an observation period. Because of that, further research is expected to expand over the years to provide valid data results and find new problems to study. In addition, other factors affect company value, such as return on investment, earnings management, risk management, inflation, tax avoidance, and audit quality. While this study uses stock exchanges in developing countries, it may be possible to use stock exchanges in developed countries such as the Japan Exchange Group, and this study uses a proxy price to book value so other measurements affect company value such as price earning ratio and Tobin's Q to explain the actual state of the company.

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