

FINANCIAL PERFORMANCE OF THE MAIN PALM OIL COMPANIES IN INDONESIA AND THE INFLUENCING FACTORS

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Abstract: Palm oil is a promising agricultural commodity in Indonesia. Many companies enter this industry. Business development and area expansion done to fulfill the world market needs for oil palm plantation products, especially Crude Palm Oil (CPO). Business development requires capitals. Capitals obtained by oil palm plantation companies from investors and creditors through shares and loans. Investors and creditors need a criteria to invest in this industry. The criteria commonly used is seeing the company's financial performance. The company's financial performance can be analyzed using Economic value added. In this study, there are seven Indonesian oil palm companies that will be analyzed using Economic value added (EVA). EVA is chosen because it can decide the companies' financial performance properly. There are several factors that affect the value of EVA. These factors are the Rupiah exchange rate, the Indonesian bank interest rate, corporate profits, pandemic dummy and CPO prices. These factors are seen for their influence on the value of EVA by using panel data regression analysis. The factors that affect the value EVA are the rupiah exchange rate and the company's profit. Oil palm companies can maximize the opportunity of those impacted factors to gain profit and fix their financial performance.

Keywords: palm oil companies, financial performance, EVA, panel data regression

Abstrak: Kelapa sawit merupakan komoditas pertanian di Indonesia yang menjanjikan. Banyak perusahaan yang masuk ke dalam industri ini. Pengembangan usaha dan perluasan area guna mencukupi kebutuhan pasar dunia terhadap produk perkebunan kelapa sawit, utamanya adalah Crude Palm Oil (CPO). Pengembangan usaha memerlukan modal. Modal diperoleh perusahaan perkebunan kelapa sawit dari investor maupun kreditur melalui saham dan pinjaman. Investor dan kreditur memerlukan suatu kriteria khusus agar mereka dapat menginvestasikan dana mereka di perusahaan perkebunan kelapa sawit dengan tepat. Kriteria yang umum digunakan adalah dengan melihat kinerja keuangan perusahaan. Kinerja keuangan perusahaan dapat dianalisis dengan menggunakan Economic value added. Dalam penelitian ini, terdapat tujuh perusahaan perkebunan kelapa sawit yang akan dianalisis kinerja keuangannya menggunakan Economic value added (EVA). EVA dipilih karena dapat menentukan kinerja keuangan perusahaan secara tepat. Terdapat beberapa faktor-faktor yang mempengaruhi nilai dari Economic value Added. Faktor-faktor tersebut adalah nilai tukar Rupiah, kurs bunga bank Indonesia, laba perusahaan, dummy pandemic dan harga CPO dunia. Faktor-faktor tersebut dilihat pengaruhnya terhadap nilai economic value added dengan menggunakan alat analisis regresi data panel. Faktor yang berpengaruh terhadap nilai economic value added adalah nilai tukar rupiah dan laba perusahaan. Perusahaan kelapa sawit dapat memaksimalkan faktor-faktor tersebut untuk mencapai profit dan memperbaiki kinerja keuangan perusahaan mereka.

Kata kunci: perusahaan kelapa sawit, kinerja keuangan, EVA, regresi data panel

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INTRODUCTION

The Indonesian agricultural sector is one of the sectors that continues to grow among other business sectors. There are several sub-sectors within Indonesia's large agricultural sector, one of which is the plantation sub-sector whose contribution to the agricultural sector is among the largest.

Palm oil is considered as the most promising plantation commodity among several other plantation and agricultural commodities. Even the oil palm commodity is able to compete with other important plantation commodities. This very high amount of production of the palm oil commodity is of course supported by the large number of actors involved in the palm oil industry. The majority of business actors engaged in oil palm plantations are in the form of companies. Companies in the palm oil industry have survived until now because the prospects for refined palm oil are still promising.

Business development carried out by the company requires capital. Capital can be obtained by companies from debt, shares, and own capital. The capital used by the company to run its business through debt is obtained by means if there are creditors who are interested in providing loans to the company. The capital obtained by the company from shares to carry out its business operations is the capital obtained from investors who are interested in buying the company's shares. Investors and creditors certainly have criteria or eligibility to be able to provide financing or capital, either shares or loan funds to a company. How to assess the feasibility of a company can be seen from the company's financial statements.

The information presented through the data contained in the financial statements needs to be evaluated further. It aims to obtain a conclusion about the company's performance. A company can be said to be working well if it can be concluded that the company has positive financial performance. Gumanti (2000) says that conclusions regarding company profits are indeed important, but it is necessary to look again at other information from financial reports that have not been combined. Rinawati et al. (2020) said that a financial report can show us about financial position and performance by an analysis.

Financial ratios are still not perfect in analyzing the company's financial performance. Financial ratios still have deficiencies. The drawback of the company's financial performance evaluation method using this financial ratio is that this method is very dependent on the preparation of each company's financial statements. According to Bakar (2010), financial ratios ignore several variables that make up value creation. Triatmojo (2011) added that the variable that is lacking in financial ratios thereby reducing value creation is that this ratio ignores the variable cost of capital. The analytical tool found to help with the problem of ignoring capital variables in financial ratios is economic value added (EVA). This analysis tool will later be used in this study.

The profits and losses obtained by the company are related to the financial situation that occurs in the country of Indonesia. One of the external factors that often affects the financial condition of oil palm plantation companies and all companies in Indonesia is the condition of interest rates prevailing in Indonesia in a certain period. Another thing that is also still related to interest rates and also has a large influence on the value of company profits or losses is the Rupiah exchange rate. These two external factors in the financial sector can then affect the value of the company's income.

Another external factor that may be closely related to the value of company revenues, especially oil palm plantation companies, is world oil prices or world Crude Palm Oil (CPO) prices. The fluctuating world price of CPO also has an impact on the size of the income of oil palm plantation companies. Generally, if the world oil price is high and the CPO production of oil palm plantation companies in Indonesia is also high, then it is not impossible that the profits obtained by oil palm plantation companies will also be large. If world oil prices are dropping and Indonesia's palm oil production is not good, it is not impossible that many oil palm plantation companies will suffer losses.

The quality of the company's financial performance can be known from the analysis of the evaluation of the company's financial performance. Evaluation of the company's financial performance can be done using the Economic value added analysis tool. The use of this tool is because EVA can be a measurement of financial performance of a company by seeing the return of capital and capital expenses Masyiyan dan Isynuwardhana (2019).

The purpose of this study was to analyze the value of financial performance among companies in the oil palm plantation sub-sector and to analyze the influence of the factors that influence the financial performance of companies in the oil palm plantation sub-sector in Indonesia.

METHODS

The data used is a secondary data type. The secondary data used is data from the financial statements of the oil palm plantation companies to be studied as well as other sources that support and can provide information about the data needed from the companies to be studied. Other secondary data aside from data from the company's financial statements are data on the Rupiah exchange rate (against the USD) and interest rate values obtained from BPS and from BI as well as world CPO price data originating from Bappebti.

The type of data used in this study is panel data. Panel data consists of time series data and cross sections. The data collection technique used in this study was purposive and convenient sampling. The data of oil palm plantation companies used in this study are data from the financial reports of seven oil palm companies. The data period used in this study is financial report data from 2015 – 2021. The list of plantation sub-sector companies that will be examined in this study can be seen in Table 1.

Table 1. Oil palm company and its emiten code

Company	Emiten
Astra Agro Lestari Tbk	AALI
Austindo Jaya	ANJT
Bakrie Sumatra Plantation Tbk	UNSP
Bumitama Gunajaya Agro	BGA
Sampoerna Agro Tbk	UNSP
Salim Ivomas Pratama Tbk	SIMP
Sinarmas (SMART Tbk)	SMAR

The causes of differences in the value of the company's financial performance are analyzed by the factors. The data needed to analyze the factors that cause differences in financial performance are also secondary data. The analysis is done from 2021 until early 2023 in Bogor, because the collecting data step is done online. Supporting data for analyzing the effect of financial performance, namely data on interest rates and the rupiah exchange rate, were obtained from Bank Indonesia.

The main analysis used is an analysis of financial performance using the Economic Value Added (EVA) analysis tool of each company before and when the pandemic occurred. The next analytical tool used to look at differences in financial performance before and when the pandemic occurred was panel data regression analysis. Linear regression is used lastly to relate and see the effect of the rupiah exchange rate, interest rates, and current ratio on Economic Value Added. Descriptive analysis is also used in this research to describe the data in common without making any generalizations (Sugiyono, 2014).

The EVA calculation comes from calculating the variable net profit after tax, the weighted average cost of capital (WACC), and the combined sum of short-term loans and long-term loans. Wau et al. (2017) said that EVA will be resulted in 3 ways, which are positive means good financial performance, negative that means poor financial performance, and zero that means in normal form. When NOPAT is more than investment cost then the company have had increased their financial performance (Stewart, 1991; Lee and Kim 2009; Iazzolino et al. 2014). That statement is close to Uyemura et al. (1996) that said EVA is so related with profit and capital of company. According to a statement of Sunarto (2005) which said that if the EVA is positive, that means the company's profit is beyond the expected return, otherwise if EVA is negative.

The formula is:

$$\text{Economic value added} = \text{NOPAT} - (\text{WACC} \times \text{Invested Capital})$$

Information: NOPAT (Net operating profit after tax); WACC (Weighted average cost of capital); Invested Capital (Total invested capital)

$$\text{NOPAT} = \text{Profit after tax} + \text{interest after tax}$$

$$\text{Profit after tax} = \text{Profit before tax} - \text{tax expense}$$

$$\text{Interest after tax} = \text{Interest} \times (1 - \text{tax rate})$$

$$\text{Invested Capital} = (\text{Total debt} - \text{equity}) - \text{current liabilities}$$

$$\text{WACC} = [(D \times R_d) \times (1 - \text{Tax}) + (E \times R_e)]$$

Information: D (Level of capital from Debt); R_d (Cost of debt rate); Tax (Tax rate); E (Level of debt and equity); R_e (Cost of equity rate)

Capital level of debt	= (Total of debt)/(Total of debt and equity) x 100%
Cost rate of debt	= (Interest expense)/(Total of debt) x 100%
Tax rate	= (Tax expense)/(Profit before tax) x 100%
Level of debt and equity	= (Total of equity)/(Total of debt and equity) x 100%
Cost of equity rate	= (Net profit after tax)/(total of equity) x 100%

In panel data regression, the data used is combined data from cross section data and time series data. Cross section data is data collected from one time to many individuals. Time series data is data collected from time to time on one individual.

The dependent variables which are factors that can affect the financial performance of oil palm plantation companies are company profits (X_1), the rupiah exchange rate (X_2), interest rates (X_3), world CPO prices (X_4), and the pandemic period (D_1). The exchange rate and world CPO prices is chosen because it will affect the companies' sales and will affect the financial performance. The interest rate is chosen because it can affect the capital structure of the companies which will make the companies financially affected. The pandemic was chosen because it has a big impact on all of any kind of business, including the palm oil industry. Those are external variables. The internal variable is the company's profit which is the part and the main factor of the EVA calculation. The form of the equation is as follows:

$$\text{LnY}_{it} = \alpha + \beta_1 \text{LnX}_{1t} + \beta_2 \text{LnX}_{2t} + \beta_3 \text{LnX}_{3t} + \beta_4 \text{LnX}_{4t} + \beta_5 D_{1t} + \varepsilon$$

Information: α (Constant); β (Coefficient); X_{1t} (It-it observation of the company's profit value variable); X_{2t} (It-it observation of the rupiah exchange rate variable); X_{3t} (It-it observation of the variable interest rate value); X_{4t} (It-it observation of the CPO price value variable); D_{1t} (Dummy during the pandemic ($D1 = 1$ if the pandemic occurred and $D1 = 0$ if the pandemic did not occur)).

The hypothesis of each factor has a positive effect on the value of the company's financial performance.

1. Company profit (X_1)

$\beta_1 > 0$, meaning that if the company's profit increases, then the value of financial performance (through economic value added) will also increase.

2. Rupiah exchange rate (X_2)

$\beta_2 > 0$, meaning that if the Rupiah exchange rate increases against the USD, the value of financial performance (through economic value added) will also increase.

3. Interest rate value (X_3)

$\beta_3 > 0$, meaning that if the value of the interest rate increases, the value of financial performance (through economic value added) will also increase.

4. CPO price value (X_4)

$\beta_4 > 0$, meaning that if the selling price of CPO increases, the value of financial performance (through economic value added) will also increase.

5. The period before or during the pandemic (D_1)

$\beta_5 > 0$, meaning that when the pandemic had not yet occurred, the value of financial performance (through economic value added) could also increase.

The model in this study is using panel data. In general, there are 3 models used, pooling least squares (PLS), Fixed Effect Model (FEM), and Random Effect Model (REM). To select the model used, the Chow Test, Hausman Test and Lagrange Multiplier Test were carried out.

The Chow test was used to choose between the PLS models without the Dummy or FEM variables. After the Chow Test was carried out, the Lagrange Multiplier Test was carried out to choose between PLS and REM, then the Hausman Test was carried out to choose between REM and FEM. After the test is completed, in using regression analysis it is necessary to carry out the classic assumption test, namely the heteroscedasticity test, normality test, autocorrelation, and multicollinearity.

RESULTS

Based on the Economic Value Added value data contained in the table below, it is known that the seven oil palm plantation companies have EVA values that fluctuate every year. During the period from 2015 to 2021, there was only one oil palm plantation company that managed to record a positive EVA value every year, namely PT Bumitama Gunajaya Agro. The rest are oil palm plantation companies that have recorded negative EVA values.

The company PT Astra Agro Lestari Tbk experiences economic value added every year except for 2019. In 2019, PT Astra Agro Lestari Tbk was unable to record a positive economic value added, so it can be said that the financial performance of the company Astra Agro Lestari was not good that year. The net profit generated by Astra Agro every year, including in 2019, is not able to create economic value added to financial performance.

Negative economic value added values were also experienced by the oil palm plantation company PT Austindo Nusatara Jaya Tbk in 2015, 2018, 2019 and 2020. In 2018 this company was unable to record a profit until a negative economic value added occurred. However, in 2015 and 2020, this company was able to generate profits but has not been able to record good company financial performance.

The plantation company PT Bakrie Sumatera Plantations Tbk was only able to record positive economic value added in 2019 and 2020 only. Apart from 2019 and 2020, this company has not been able to generate positive economic value. Unstable company income also affects the economic value added of this company. It was noted that the company PT Bakrie Sumatera Plantation has not been able to generate profits for four years out of seven years of observational data, namely in 2015, 2016, 2018 and 2020. For 2020 this company has not yet generated profits but has recorded positive economic value added.

The economic value added of PT Salim Ivomas Pratama Tbk occurred in 2015, 2016, 2017 and 2021. This is in line with the income obtained by this company, in which PT Salim Ivomas Pratama Tbk was able to obtain profits in these years. Apart from these years, this company has not been able to record positive economic value added, even though in 2020 Salim Ivomas recorded a profit.

Similar to PT Salim Ivomas Pratama Tbk, another plantation company, namely PT Sampoerna Agro Tbk, was also able to generate economic value added in 2015, 2016, 2017 and 2021. In these years too, this company was able to generate profits, the same as other plantation companies. PT Salim Ivomas Pratama Tbk. In 2018 and 2019, PT Sampoerna Agro has made a profit, but has not been able to create positive economic value.

One of the largest oil palm plantation companies in Indonesia, namely PT Sinarmas Agribusiness and Technology (SMART) Tbk, has not been able to record economic value added every year. Sinarmas has not been able to show good financial performance in 2015 alone, which is also the year Sinarmas has not been able to generate a profit. After that year, the company was able to record profits and positive economic value added.

The only oil palm plantation company that is able to record positive economic value added every year from 2015 to 2021 is PT Bumitama Gunajaya Agro. This is highly reflected in the income received by this company. Bumitama company is able to generate profit every year.

When the pandemic started, namely in late 2019, several oil palm plantation companies experienced the impact of the pandemic that hit the world. From 2019 to 2021, almost all oil palm plantation companies have experienced poor financial performance as reflected in negative economic value added. Even three companies, such as Austindo, Salim Ivomas, and Sampoerna Agro have had to feel the impact of the pandemic on the company's financial performance which is showing signs of not being good. Slowly in 2021, when the pandemic has started to subside, six out of seven oil palm plantation companies are able to record positive economic value added again. Summary of descriptive statistical data values from the EVA value of oil palm plantation companies can be seen in Table 2.

Calculations to obtain financial performance values using the Economic Value Added analysis tool are based on the company's financial data that has been released through the company's financial reports. EVA is a concept of financial performance calculation that focuses on value added of the companies and determines the way of companies to reach profit (Sambuaga, 2020).

The company's financial performance using economic value added analysis tools only uses data and financial information from financial reports. There are no variables or other factors outside of financial information to obtain financial performance value through economic value added. In fact, the company's financial performance must be affected by one or many factors outside of financial information.

Another factor besides financial data and information that influences the financial performance of oil palm plantation companies is the prevailing interest rate at a time. Interest rates will affect financial performance, especially in terms of financing and cash flow.

Another factor that can affect financial performance is the exchange rate of the Indonesian rupiah against the United States Dollar. Currency exchange rates will affect the company's sales and revenue. Another factor that is very likely to affect the company's financial performance is the world price of palm oil (CPO). The trade of Indonesian CPO in the international market will be a matter of great concern in the world of palm oil industry. The influence of other factors outside of financial data and information on financial performance (economic value added) can be seen using panel data regression analysis. The function of panel data regression is executed and generated with the help of the Eviews 12 application program.

The classical assumption test is carried out before testing the hypothesis. It aims to get the best guessing model. A good estimation model is a model that produces an unbiased linear estimator (best linear unbiased estimator/BLUE). Classical assumption tests

are usually carried out to find out if the predictive model has elements of multicollinearity, heteroscedasticity, autocorrelation, and normality. The classic assumption test carried out for research using panel data is the heteroscedasticity test.

The heteroscedasticity test is the variance of the residuals. In a regression model it is required that there is no element of heteroscedasticity in the model. The heteroscedasticity test in this study was carried out using the Heteroscedasticity Test in the Eviews 12 application program. If the significance value of the heteroscedasticity test shows that it is greater than the alpha (α) or 0.1 value, then the variables in the alleged model do not contain elements of heteroscedasticity. Based on the heteroscedasticity test on the presumptive model, this study found that there was no element of heteroscedasticity in the presumptive model. This means that the tests performed show that there is no heteroscedasticity.

Analysis of the factors that influence the value of economic value added uses economic value added analysis as the dependent variable and four independent variables. Three of the four independent variables in the alleged model of the panel data regression analysis are factors other than the financial data used which were obtained not from financial reports. Independent variables that are not derived from the financial statement data are interest rates, the Rupiah exchange rate against the United States Dollar, and CPO prices. One independent variable derived from financial statement data is the net profit of oil palm plantation companies.

Table 2. Economic value added of each company

Company	Year						
	2015	2016	2017	2018	2019	2020	2021
PT Astra Agro Lestari Tbk	1.856.080	3.216.257	3.216.149	2.056.341	-132.837	739.565	2.703.025
PT Austindo Nusantara Jaya Tbk	-2.517	166.276	885.288	-45.961	-114.824	-12.914	730.336
PT Bakrie Sumatra Plantation Tbk	-1.452.615	-411.716	1.972.442	-1.126.646	1.472.908	162.492	-11.754
PT Bumitama Gunajaya Agro	1.124.796	1.205.913	1.872.394	1.340.397	723.808	1.877.446	2.819.441
PT Salim Ivomas Pratama Tbk	69.874	53.567	156.057	-1.324.373	-2.219.360	-504.361	1.000.230
PT Sampoerna Agro Tbk	353.087	240.019	47.753	-259.850	-568.477	-402.116	599.449
PT SMART Tbk	-400.938	2.496.016	949.435	192.035	469.541	1.163.916	1.710.404

The results of the analysis of the equation of the factors that affect the company's financial performance or economic value added can be seen in Table 3. The function or equation of the factors that affect the economic value added from the estimated model produced by Eviews 12 can be written as follows:

$$\text{Ln Economic Value Added} = -27,541 + 0,623 \text{ Ln Company Profit} - 0,578 \text{ Ln Interest Rate} + 0,065 \text{ Ln Rupiah Exchange Rate} - 1,127 \text{ Ln CPO Price} + 0,042 \text{ Dummy During the Pandemic.}$$

Based on the results of the estimation analysis of the factors that influence economic value added, the R-Squared value is 60.2 percent. The R-Squared value or coefficient of determination of 61.5 percent means that 61.5 percent of the diversity of the performance value of oil palm plantation companies or economic value added can be explained jointly by the model. The rest, which is about 38.5 percent of the diversity of economic value added, is explained by variables outside the model.

The significance value of F-count in the economic value added function can be seen in Table 3. The F-count significance value is 0.00004, which means it is smaller than the alpha (α) value of five and one percent. This shows that all the variables in the predictive model, if tested together or simultaneously, have a significant effect on the economic value added of the company.

The variables included in the equation model are thought to have an influence on the economic value added. Based on the results of the calculation of the estimated model using the Eviews 12 application program, it is known that of the four variables tested, not all of them have an effect on the economic value

added at the real or alpha (α) level of ten or twenty percent. Variables are known to have influence to the value of economic value added in the prediction model can be known through the P-Value of each variable. If the variable's P-value is below the real level or alpha (α) of ten or twenty percent, then the variable is thought to have an influence on the economic value added.

In the results of the estimation calculations from the Eviews 12 application program, it is known that two variables have an influence on the economic value added. The first variable that has an influence is the variable profit or company profit which has a significant effect on the 10 percent significance level and even has a significant effect on the five percent significance level. The second variable that has a significant influence on the value of economic value added at the real level of twenty percent is the rupiah exchange rate. The remaining two variables, namely the variable interest rate and CPO price, cannot show a P-value that is smaller than the real level value of either ten or twenty percent, so that these two variables do not have a significant influence on the company's financial performance.

In this research panel data regression which was processed with the help of the Eviews 12 application program, it is known that the type of model suspected of panel data regression in this study is the fixed effect model (FEM). This was obtained after the Hausman test was carried out by comparing the results of the data processing of the alleged fixed effect model (FEM) and random effect model (REM). The results of the Hausman test show that if the P-value is below the real level or alpha (α) of five percent, it means that the selected model is the fixed effect model (FEM).

Table 3. Data panel function

Variable	Coefficient of Regression	Standard of Error	P-Value
Intercept	-27.541	37.628	0.410
Ln Company Profit	0.623**	0.231	0.003
Ln Interest Rate	-0.578	1.266	0.689
Ln Rupiah Exchange	0.065*	3.865	0.200
Ln CPO Price	-1.127	1.012	0.376
Dummy of Pandemic	0.042	0.171	0.432
R-Squared = 0.615	P F-count = 0.00004		
\sum Sampel = 49			

Note: **) 10 percent significance, *) 20 percent significance

The results of the parameter estimation of the equation of the factors that affect the company's financial performance or economic value added, show that the company's profit variable has a P-value that is smaller than the real level or alpha (α) of ten percent, which is equal to 0.003. This shows that company profits have a significant effect on the financial performance of each company. The sign value of the regression coefficient parameter of the company's profit variable in the estimation of the equation of the factors affecting the company's financial performance is positive, which is equal to 0.623. This value means that if there is an improvement or addition to company profits by one percent, it will be able to increase the financial performance value of each company by 0.623 percent, assuming other variables are fixed (*ceteris paribus*).

Although the profit value of each oil palm plantation company is not always positive, or earns a profit, every year, this company's profit factor greatly influences the value of the company's financial performance. The influence of company profits on the value of the company's financial performance is well realized by every company, not just oil palm plantation companies. Therefore, every company always tries to achieve profit and improve its financial performance so that it can still attract investors to invest in them.

The following is an explanation of the meaning of the regression coefficient and p-value of the factors that affect the value of economic value added at the twenty percent level of significance:

The rupiah exchange rate variable in the estimated function of the effect of the value of financial performance has a P-value of 0.200. This P-value is less than or equal to twenty percent of the real level or alpha (α). This indicates that the Rupiah exchange rate variable has a significant effect on the economic value added.

The Rupiah exchange rate variable is thought to have a significant influence in determining the financial performance of a company, especially oil palm plantation companies. The main superior product from palm oil, namely CPO, which is mostly exported to the international market, has contributed to determining the relationship between the rupiah exchange rate variable and the financial performance of oil palm plantation companies.

The increase in the Rupiah exchange rate which is directly proportional to the value of economic value added can be seen from the value of the regression coefficient of the positive value of the rupiah exchange rate variable of 0.065. The value of this regression coefficient means that every one percent increase or strengthening of the Rupiah against the United States Dollar will increase the value of the financial performance or economic value added of oil palm plantation companies by 0.065 percent. Strengthening the value of the Rupiah against the dollar has had a positive impact on oil palm plantation companies in terms of seeking funds from both investors and debtors due to an improvement in the value of the company's financial performance. The results of calculating the effect of the Rupiah exchange rate on financial performance are in line with Pertiwi and Hidayat's research (2020), which states that the Rupiah exchange rate has a significant effect on the financial performance of oil palm plantation companies.

Based on the results of the estimation of the function parameters of the factors that influence the financial performance of oil palm plantation companies, it is known that the interest rate variable has a P-value that is greater than the real level or alpha (α) value of ten percent, which is equal to 0.689. The p-value which is greater than the significant level means that the interest rate variable does not have a significant effect on the financial performance of oil palm plantation companies. The regression coefficient value of the interest rate variable is negative, which is -0.578, which means that every increase or addition of one percent of the interest rate variable unit will reduce or reduce the value of the financial performance of oil palm plantation companies by 0.578 percent assuming other variables in the model are considered. fixed (*ceteris paribus*).

Although interest rates are not directly related to the search for economic value added, this variable greatly influences the accounts in the financial statements where these accounts become one of the components in the search for economic value added Interest rate variables do not have a significant effect on the financial performance of oil palm plantation companies is in line with Artauli and Sadalia (2017). Artauli's statement is not in line with research by Yusfan et al. (2014) who said that interest rates affect the financial performance of plantation companies.

The CPO price variable in the equation for the estimation of factors affecting financial performance shows a P-value that is greater than the significant level or alpha (α) at both the ten and twenty percent significance levels. This value is 0.376, which means that CPO prices have no direct significant effect on the financial performance of oil palm plantation companies. Meanwhile, the value of the regression coefficient of the CPO price variable is negative, which means that each increase in CPO price is inversely proportional to the value of the financial performance of oil palm plantation companies. The regression coefficient value of the CPO price variable is -1.127. This value means that every one percent increase in CPO price will reduce the value of the palm oil plantation company's financial performance by 1,127 percent, assuming the variables are fixed (*ceteris paribus*). This is different from Manalu's research (2020), Suroso et al. (2020), and Tey et al. (2020) which says that the world CPO price variable affects the financial performance of oil palm plantation companies. The unrelated value of the company's financial performance and the price of CPO can be caused because this variable is not included in the calculation to find the value of the company's financial performance. Although this variable is closely related to the palm oil industry, it has no direct relationship to the value of the company's financial performance. It is not related to the statement of Qianqian (2011) that said the CPO price affect the to the company's growth and the productivity and in the long period, if it getting worse it can affect the macroeconomic like unemployment (Brown dan Yücen, 2002; Lardic dan Mignon, 2006).

The pandemic period variable in terms of factors affecting the financial performance of oil palm plantation companies has a P-value greater than ten and twenty percent alpha (α), which is equal to 0.432. This value means that the dummy variable during the pandemic has no significant effect on the financial performance of oil palm plantation companies. The dummy variable planting season has the symbols 0 and 1, where the value 0 represents the period before the Covid-19 pandemic (in this study it started from 2015 to 2018) and the value 1 is the time when the Covid-19 pandemic started (in this study it started from 2019 to 2021). The dummy variable during the pandemic has a regression coefficient value of 0.042, which means that before the Covid-19 pandemic, the financial performance value of oil palm plantation companies increased by 0.042 percent. Effect of pandemic can be a short and long

period to the macro and microeconomic (Shang, 2021). Sharma et al. (2021) said that the pandemic made uncertainty in many things that should be anticipated by any organizations, including government and oil palm companies to gain more profit and improve the financial performance of these companies.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The first conclusions that can be drawn from the results of this study is that all seven oil palm plantation companies in Indonesia generally have good corporate financial performance. Several listed companies have unsatisfactory economic value added. The oil palm plantation company that has the most unsatisfactory financial performance in this study is PT Bakrie Sumatera Plantations Tbk. This is because the company has recorded negative economic value added for five years. The oil palm plantation company that has the most satisfying company financial performance in this study is PT Bumitama Gunajaya Agro which has managed to record positive economic value added values from 2015 to 2021. The second and the main conclusion is that several factors are analyzed in relation to the financial performance of oil palm plantation companies. These factors are company profits, the Rupiah exchange rate (against the USD), interest rates, and world CPO prices. After being analyzed using the panel data regression equation and using the Eviews 12 application, the results show that the factors that have a significant effect on the value of the financial performance of oil palm plantation companies are only company profits (at a real level of ten percent) and the Rupiah exchange rate (at a real level of twenty percent). The rest variables have no impact on EVA, which are not related to hypothesis.

Recommendations

In order to be able to include other variables that can affect the financial performance of oil palm plantation companies outside of the variables described in this study, such as the inflation rate variable, the stock price of each company, and per capita income of Indonesia and or the rate of economic growth. In order to be able to compare analytical tools to see the company's financial performance between using financial ratio analysis tools (three types of financial ratios) and

economic value added. Create a strategy for each company using an analytical method of preparing a particular strategy based on the calculation results of the financial performance analysis using the EVA.

This research can be good guidance for the author and other readers because it can help us to know how good is the financial performance of oil palm companies so we can make some little contribution to help this business. Not only has it had a good impact, this research also needs more improvements, because this research has some flaws and needs to be improved by next research.

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