The Effect of Net Working Capital and Good Corporate Governance on Working Performance of Companies by Economic Value Added (Eva) Measurement in the Goods Consumer Sector Companies Listed in Idx 2014-2016

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Abstract

This study aimed to analyze the influence of net working capital and ownership structure against company performance measured by economic value added (EVA). The research object was consumer goods companies listed on Indonesia Stock Exchange from 2014 to 2016. The dependent variable of this study was company performance, and the independent variables were net working capital, managerial ownership, and foreign ownership. Statistical analysis tools used in this research were multiple linear regression and test using STATA for Windows version 12,4. The results show that variable concentration of foreign ownership significantly influences economic value-added while net working capital and managerial ownership did not significantly influence economic value added.

Keywords
Net Working Capital, Ownership Structure, Economic Value Added.

1. Introduction
Economic growth in the consumer goods sector in 3 years has become a positive market in Indonesia with an average growth of above 10%. Indonesia's gross domestic product (GDP) per capita of US $ 3,500 surpasses competing countries in ASEAN, such as the Philippines and Vietnam, according to (Suwismo, 2016). Therefore, consumer goods industry companies must be able to manage their working capital well to continue to improve economic growth. Corporate cash is the main thing that the company maintains because of operational funding, meeting capital needs, investment considerations and payments. Short-term business requires short-term funds or working capital, while in the long run, the company has a goal to remain to stand and maintain the company's performance. One of the long-term financial investments is Working capital. Net working capital in the company that the company uses in its operations and business strategies to achieve maximum profit by minimizing debt lending and vice versa, increasing current asset income. If the net working capital results are negative or usually called a working capital deficit, the company is experiencing liquidity problems. According to (Marfuah, & Zulhilmi, 2015)companies with negative net working capital will generally create cash reserves, while companies with large net working capital will automatically reduce cash balances. The company's available capital must be enough to finance expenses or daily operations in the presence of efficiency and effectiveness of working capital. The company is expected to increase operating profits because the faster the working capital turnover, the sooner the working capital becomes cash. This is because investors take advantage of net working capital to find out the company's financial health when it conducts investment activities.

The company's financial performance can be seen from the economic added value of the company's activities or strategies. Investors expect increased wealth in the company's investment. Investors generally use financial ratio analysis in measuring the company's financial performance as a means of consideration for investing. However, the use of financial ratio analysis has a weakness, namely ignoring the cost of capital, so it is difficult to detect whether companies have succeeded in creating a value or not. With these weaknesses, in the 80s, Stern & Stewart created a management technique called Economic Value Added (EVA). In 2010 Termasek Holdings in (Garrison, R.H., Noreen, E.W., Brewer, P.C., Cheng N.S., Yuen, 2015), the Singapore government obtained a total investment of S $186 billion, including active shareholders and investors from various industries including financial services, telecommunications and media, technology, transportation, factories, factories, science, food, real estate, energy, and raw materials. Termasek Holdings said the company's successful performance indicators were revenue, profit after tax, minority interest (NCI), EVA, change of EVA, and market capitalization (on shareholder equity). Therefore, EVA is considered an effective measurement tool to assess how a company can create economic value against the capital it uses for a certain period.

In achieving its goals, the company will hand over its management to a more professional party, namely the manager. The manager is chosen by the capital owner, who sees his performance which maximizes the company's values in creating prosperity for the capital owner. The manager then utilizes EVA techniques to make better investment decisions, identify opportunities for performance improvement and consider short-term and long-term benefits for the company. If managers put their interests above the interests of shareholders, a conflict of interest will arise (conflict of interest).

According to Jensen and Meckling in (Ratih&Damayanthi 2016: 1515-1516), Agency relationships always cause conflicts of interest between owners and agents because of differences in mindset and prominent differences in interests. The right mechanism to reduce agency problems is managerial ownership. One important aspect of managerial ownership is a form of corporate governance. In overseeing and monitoring the behaviour of shareholders, managers will incur monitoring costs (Agency Cost). To minimize expenditure on supervision, shareholders can increase managerial ownership. The aim is to provide an opportunity for managers to engage in share ownership by equalizing the interests of shareholders. With the involvement of managerial ownership, managers will consider all the risks and motivate themselves to improve their performance in managing the company. Foreign ownership is another important aspect of corporate governance. According to (Mihai, 2014), if the foreign capital, which is the host in a domestic country, can provide innovative technological appeal, integration in international trade and the creation of a more competitive business environment. Companies with foreign capital are the main form of foreign direct investment in a country. Generally, foreign investors are considered a source of development, modernization and economic growth. So that the productivity of foreign capital companies can provide more rapid development than domestic capital, it is suspected that foreign ownership can be used to support corporate governance mechanisms due to the increasing number of foreign companies increasing competition in the Indonesian market. Based on the description above, the research title that will be taken is "THE EFFECT OF NET WORKING CAPITAL AND GOOD CORPORATE GOVERNANCE OF COMPANY PERFORMANCE MEASURED BY USING ECONOMIC VALUE ADDED (EVA) IN THE CONSUMER GOODS SECTOR COMPANY WHICH IS LISTED ON IDX 2014-2016".

Based on the problem background discussed, the formulation of the problem can be discussed as follows:

1. Does *Net Working Capital* have a positive effect on company's performance?
2. Does managerial ownership have a positive effect on company's performance?
3. Does foreign ownership have a positive effect on company performance?

The objectives that can be achieved by conducting this research are as follows:

1. To find out whether Net Working Capital influences company's performance.
2. To find out whether managerial ownership affects the company's performance.
3. To find out whether foreign ownership affects company's performance.

1.1 Theory Basis and Hypothesis

The emergence of a conflict of interest can be explained by the agency theory of Jensen and Meckling in (Ratih&Damayanthi 2016: 1515-1516). The agency relationship always causes problems between the owner and the

agent because of differences in mindset and prominent differences in interests. The right mechanism to reduce agency problems is managerial ownership. Jensen and Meckling in (Liviani et al. 2016: 103) state that agency theory explains the agency relationship that occurs between one or more people (principal) with others (agents) in a contract, where agents are asked to represent the principal in making decisions. The agent is the company's management, while the principal is the owner (shareholder). Agency theory describes the separation of company property rights and accountability for decision making. As the person responsible for his decisions on the internal side, the manager then uses EVA techniques to make better investment decisions, identify opportunities for performance improvement, and consider short-term and long-term benefits for the company. According to (Husnan S., &Pudjiastuti, 2015), EVA assesses managerial effectiveness for a particular year.

Using EVA analysis will show a good measure of the extent to which the company has provided additional value to the owner of the company by maximizing capital. According to (Wicaksono T. 2014), Good Corporate Governance is a system that regulates and controls companies to create added value for stakeholders. In operating a company, it is necessary to do activities to maximize capital. According to (Marfuah&Zulhilmi, 2015), companies with negative net working capital will generally create cash reserves, while companies with large net working capital will automatically reduce cash balances. The available capital in the company must be enough to be able to finance expenses or daily operations in the presence of efficiency and effectiveness of working capital. The company is expected to increase operating profits because the faster the working capital turnover, the sooner the working capital becomes cash.

To determine whether the mechanism of net working capital and ownership structure has a significant effect on company performance, two types of ownership structures are used, namely managerial ownership and foreign ownership. (Figure 1)

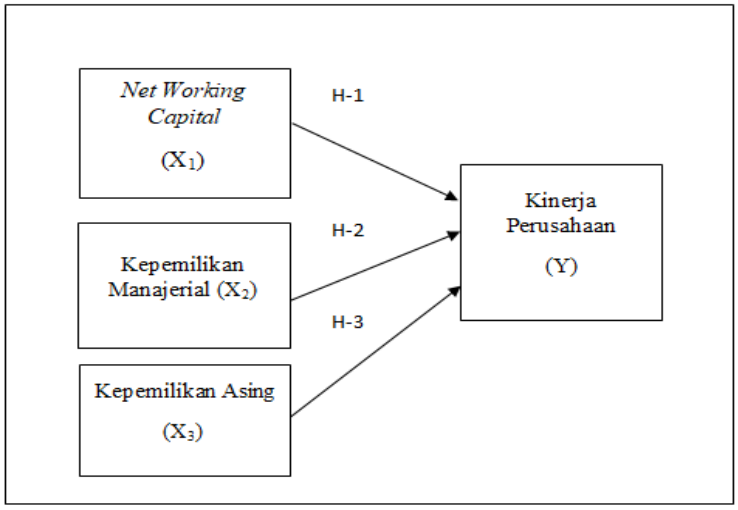

Figure 1. Capital

1.1.1 Net Working Capital has a positive effect on Company's Performance

The results of research conducted by Lotus (2015: 307) revealed that working capital has a positive effect on profitability. This is because sales have a significant effect on net income because if sales of the company's production increase, it is expected to increase net income and net working capital, which is more than enough to reduce risk and increase company profits. Research conducted by (Hafsah & Sari 2015) says net cash capital positively affects company performance. Companies that have high growth tend to have high debt. Companies that have good growth rates demonstrate the ability of companies to pay interest on their debt. The increase in debt company makes the company obtain debt with lower interest rates (the cost of debt capital is smaller than the cost of capital stock). This makes the weighted average cost of capital (although the cost of capital stock increases) and increases the economic value added (EVA). So that the utilization of net working capital will be more optimal for the needs and add value to the company. Research conducted by (Anggarani D., &Ficilia, 2014) revealed that net working capital had a negative effect on company performance. If profitability has increased, net working capital

will decrease, and vice versa. If profitability decreases, then net working capital will increase. That is because there is an emphasis on company operational costs and the use of equipment for existing production processes more efficiently. With this research, try to use EVA to test the effect of liquidity. Based on these explanations, it can be concluded that the hypothesis for this study is:

H_1: Net Working Capital has a positive effect on Company's Performance.

1.1.2 Managerial Ownership has a positive effect on Company's Performance

(Hermiyetti & Katlanis, 2016) revealed that managerial ownership has a positive influence on a company's performance. It was concluded that with the increasing proportion of share ownership by managerial, the EVA value of the company would increase and increase the company's performance. Vani's research (2017: 129) reveals that managerial ownership negatively influences a company's performance. That is because the ownership of shares by managers in companies the percentage is still very small, so it is possible managers have not felt the benefits of such ownership. (Wida, NP. PD, 2014)' s research revealed that managerial ownership had a negative influence on company performance. The small amount of managerial ownership covers the possibility of being able to align the interests of management and shareholders so that the company's goals of achieving high company value cannot be achieved. Managers have interests that they tend to fulfil than achieving overall company goals. Based on these explanations, it can be concluded that the hypothesis for this study is:

H_2: Managerial Ownership has a positive effect on Company's Performance.

1.1.3 Foreign Ownership positively influences Company's Performance

(Mihai, 2014)' s research revealed that foreign ownership negatively influences a company's performance. Foreign ownership does not have a large effect, but different impacts can occur on foreign and domestic investment in various countries. It was concluded that the company had to digest and properly assess the condition of the performance of the foreign company before accepting it to cooperate in managing the company's capital because there were domestic companies that did not compete with foreign companies. With foreign investment, the company's capital increases so that EVA from investment can be calculated as how much profit is achieved from the foreign capital. (Hermiyetti., &Katlanis, 2016) research reveals that foreign ownership positively influences a company's financial performance. Foreign ownership makes a major contribution to corporate decision making to improve company performance. Foreign owners can voice the owner's interests widely if there are adverse management policies due to a conflict of interest between management and the owner. Foreign ownership also actively oversees the company's development by making direct confirmation to the management of any actions taken for the company. Research by Moez et al. in (Hartini, 2016) revealed that foreign ownership positively influences profitability. The increasing number of foreign ownership will also increase investor voting rights. This can make it easier for foreign investors to monitor management actions in line with the interests of shareholders. Based on these explanations, it can be concluded that the hypothesis for this study is:

H_3: Foreign ownership positively influences company performance.

2. Research Method

This study uses 78 data from consumer goods companies listed on the Indonesia Stock Exchange in accordance with purposive sampling determined by the 2014-2016 time horizon). This research method uses quantitative research. Quantitative research emphasizes objective statistical phenomena, and the authors apply associative quantitative research. According to Sugiyono (2017: 2), associative quantitative research is research to determine the effect of both variables, namely the independent and dependent variables. The analysis used is hypothesis testing research (explanatory research). According to Sugiyono in (Kurnia 2017), the explanatory research method is a research method that aims to explain the position of the variables studied and the influence of one variable on another variable so that it can find out how much the contribution of independent variables to the dependent variable and the magnitude the direction of the relationship.

2.1 Data Analysis Method

2.1.1 Descriptive Statistics

The descriptive analysis method is to analyze statistical data by providing a description or description of the data collected by forming the amount and percentage with the provisions. Descriptive statistical methods are used to provide information from data to be tested, such as minimum, maximum, mean, and standard deviation. This study

tested descriptive statistical analysis separately between ratio scale data and nominal scale data. The size used in ratio scale data is the minimum value, maximum value, average value, and standard deviation. For nominal scale data, the measurements used are frequency and percentage.

2.2 Hypothesis Testing

Hypothesis testing is done using multiple linear regression models. The independent variable used in this study is more than one and analyzed simultaneously, so this study uses multiple regression. Hypothesis testing is used to test each independent variable's contribution and influence on the dependent variable. The regression models that will be tested in this study are as follows:

Net Working Capital Regression Model and Ownership Structure

$$\textbf{Company performance} = \beta_0 + \beta_1.NWC + \beta_2.MOWN + \beta_3.FOWN + \varepsilon$$

Note

Y : Company performance
β_0 : constant*(intercept)*
X_1 :Independent Variable 1 (*Net Working Capital*)
X_2 :Independent Variable 2 (GCGManagerial ownership)
X_3 :Independent Variable3 (GCGForeign ownership)
$\beta_{1.2.3}$: Regression Coefficient
e : Mistake*(standard error)*

2.3 Definition of Variable Operations

2.3.1 Dependent Variable

The dependent variable in this study is Company Performance. EVA is the profit left after deducting the cost of capital invested in producing the profit. This approach measures the company's performance based on value, which shows the absolute number of shareholders created or damaged in a period. Usually within one year. According to (Amri, N., Prasetya, E.B., 2017), EVA calculations:

EVA = NOPAT *(Net Operating After Tax)* – (WACC (*Weighted Average Cost of Capital)% * all invested Capital)*

2.3.2 Counting EVA

According to (Amri, N., Prasetya, E.B., 2017), calculating EVA is done by after-tax operating income / NOPAT reduced by the total cost of capital / WACC. There are five steps in EVA calculation, namely:

1. Calculate Net Operating Profit After Tax (NOPAT)
   NOPAT (Net Operating After Tax) is the operating profit after tax calculated by:

   NOPAT = Operating Income + Interest Income + Equity Income (- Losses Equity) + Other Investment Income - Income Tax - Debt Taxes on Interest Costs

2. Calculating the Total Capital Invested (Invested Capital)
   Invested Capital (IC) is total debt, and equity shows some portion of each rupiah of own capital, which is used as collateral for the debt. Interest-free short-term loans are loans used by companies whose repayment and repayment will be made in the short term (one year from the balance sheet date) using current assets owned by the company, and the loans are not subject to interest, such as trade payables, tax payable, fees accrued, and others. Invested capital is calculated by:

   Invested Capital = (long term + Equity) - short term liabilities

3. Identifying and Calculating Cost of capital (WACC)
   WACC (Weighted Average Cost Capital) is a weighted average capital cost or a calculation of the capital portion of the debt and the portion of the equity in the company. WACC is calculated by:

$$WACC = [(D \times rd)(1-Tax) + (E \times re)]$$

Explanation:

WACC = Weighted average capital costs

Capital Level (D) = $\frac{\text{Total Amount of debt}}{\text{Total Debt and Equity}} \times 100\%$

Cost of Debt (rd) = $\frac{\text{Interest expense}}{\text{Long-term debt Total}} \times 100\%$

Capital and Equity Levels (E) = $\frac{\text{Total Equity}}{\text{Total Debt and Equity}} \times 100\%$

Cost of Equity (re) = $\frac{\text{Net profit after tax}}{\text{Total Equity}} \times 100\%$

Tax rate (Tax) = $\frac{\text{Tax Charges}}{\text{Net Income Before Tax}} \times 100\%$

4. Counting *Capital Charges*
   Capital Charges = WACC (*Weighted Average Cost of Capital)% * all invested*
5. Counting EVA
   EVA = NOPAT – *Capital Charges*

According to (Amri, N., Prasetya, E.B., 2017), if EVA> 0, then there has been an increase in the company's economic value. If EVA = 0, then the meaning is that the company is "break-even" economically because all profits are used to pay obligations to funders, both creditors and shareholders. If EVA <0, then there is no increase in added value to the company because the available profits cannot meet the funders' expectations (especially shareholders).

2.3.3 Independent Variable

1. *Net Working Capital* (NWC) (X_1)

Working capital is the main factor that every company must own to start a business. Every business entity needs working capital to run its business. According to (Marfuah&Zulhilmi, 2015), net working capital is measured by dividing the reduction into current assets and current liabilities by total assets.

$$\textit{Net Working Capital} = \frac{\text{Current Assets - Current Payables}}{\textit{Total Assets}} \times 100\%$$

2. *Corporate Governance* (Managerial ownership) (X_2)

According to (Ismiati, P.I. &Yuniati, 2017), managerial ownership is measured by the proportion of shares owned by the company at the end of the year expressed as a percentage. The formula for calculating managerial ownership is as follows:

$$\text{Kepemilikanmanajerial} = *\frac{\text{Jumlahsahammanajerial}}{\text{Jumlahsaham yang beredar}} \times 100\%$$

* Total managerial shares = shares of managers, directors, and commissioners

Dummy Variable for Managerial Ownership

Explanation	Index
No Managerial Ownership	0
There is Managerial Ownership	1

3. *Corporate Governance* (Foreign Ownership) (X_3)

Foreign ownership is indicated by the percentage of company shares owned by individuals, legal entities, governments or companies that have foreign status and are not from Indonesia. According to Son et al. in (Hartini, 2016), the percentage of foreign ownership can be obtained through calculations:

Foreign ownership = Percentage (%) of shares owned by foreign individuals and institutions

Dummy Variable for Foreign Ownership

Explanation	Index
No Foreign Ownership	0
There is Foreign Ownership	1

3. Results and Discussion

Table 1. Calculation of Dependent and Independent Variables of Consumer Goods Sector Companies Listed on the Indonesia Stock Exchange in 2014-2016

Code CO	Year	NWC	MOWN	MOWN_DUMMY	FOWN	FOWN_DUMMY	EVA	LN EVA
ADES	2014	0.16637	0.00000	0	0.91939	1	22245524031	23.83
ADES	2015	0.11781	0.00000	0	0.91939	1	23393696805	23.88
ADES	2016	0.16176	0.00000	0	0.91524	1	30138522861	24.13
AISA	2014	0.33684	0.00000	0	0.65318	1	159638060	18.89
AISA	2015	0.18907	0.00000	0	0.65318	1	233258562	19.27
AISA	2016	0.37223	0.00000	0	0.65318	1	430790561	19.88
BUDI	2014	0.01752	0.00000	0	0.00000	0	20598885	16.84
BUDI	2015	0.00038	0.00000	0	0.00000	0	139096778	18.75
BUDI	2016	0.00053	0.00000	0	0.00000	0	32931814	17.31
DLTA	2014	0.66492	0.00000	0	0.00000	0	118963959573	25.50
DLTA	2015	0.73348	0.00000	0	0.00000	0	52910771091	24.69
DLTA	2016	0.75997	0.00000	0	0.00000	0	35253608924	24.29
DVLA	2014	0.59376	0.00000	0	0.92661	1	59406731562	24.81
DVLA	2015	0.54315	0.00000	0	0.92661	1	48873813630	24.61
DVLA	2016	0.45354	0.00000	0	0.92125	1	51133961854	24.66
GGRM	2014	0.25328	0.00920	1	0.00000	0	10343269104407	29.97
GGRM	2015	0.29168	0.00920	1	0.00000	0	12522409164750	30.16
GGRM	2016	0.32238	0.00920	1	0.00000	0	10763793820376	30.01
HMSP	2014	0.25289	0.00000	0	0.00000	0	9758259839149	29.91

HMSP	2015	0.66478	0.00000	0	0.00000	0	11361071428184	30.06
HMSP	2016	0.64032	0.00000	0	0.00000	0	4204482063469	29.07
ICBP	2014	0.29620	0.00000	0	0.00000	0	1506444220572	28.04
ICBP	2015	0.29966	0.00000	0	0.00000	0	1685348350733	28.15
ICBP	2016	0.31491	0.00000	0	0.00000	0	2338689115713	28.48
IIKP	2014	0.02347	0.00000	0	0.00000	0	2472762116	21.63
IIKP	2015	0.00030	0.00000	0	0.00000	0	8234805301	22.83
IIKP	2016	-0.06219	0.00028	1	0.00000	0	2547725806	21.66
INAF	2014	0.14589	0.00000	0	0.00000	0	9466957727	22.97
INAF	2015	0.14437	0.00000	0	0.00000	0	6175744323	22.54
INAF	2016	0.10754	0.00000	0	0.00000	0	4633128914	22.26
INDF	2014	0.21324	0.00015	1	0.50067	1	2086257198537	28.37
INDF	2015	0.19284	0.00015	1	0.50067	1	2190683576950	28.42
INDF	2016	0.11884	0.00015	1	0.50067	1	1427682358852	27.99
KAEF	2014	0.39353	0.00000	0	0.00000	0	1349730390609	25.63
KAEF	2015	0.29355	0.00000	0	0.00000	0	1273462895377	25.57
KAEF	2016	0.26244	0.01426	1	0.01084	1	1864389932999	25.95
KICI	2014	0.56618	0.00227	1	0.39441	1	964186687	20.69
KICI	2015	0.45312	0.00227	1	0.39441	1	12486382554	23.25
KICI	2016	0.46177	0.00227	1	0.39441	1	517657180	20.06
KLBF	2014	0.46103	0.00000	0	0.00000	0	1169625936835	27.79
KLBF	2015	0.46601	0.00000	0	0.00000	0	8566713536138	27.48
KLBF	2016	0.47651	0.00000	0	0.00000	0	8671101196532	27.49
MBTO	2014	0.52959	0.00094	1	0.00000	0	5649926476	22.45
MBTO	2015	0.49044	0.00094	1	0.00000	0	13882194100	23.35
MBTO	2016	0.44718	0.00094	1	0.00000	0	5167952499	22.37
MERK	2014	0.65469	0.00000	0	0.93873	1	68920788126	24.96
MERK	2015	0.54741	0.00000	0	0.04333	1	65575167708	24.91
MERK	2016	0.52154	0.00000	0	0.04333	1	54174127281	24.72
MLBI	2014	-0.34616	0.00000	0	0.83673	1	1085621356	20.81
MLBI	2015	-0.24051	0.00000	0	0.81782	1	92180059	18.34

MLBI	2016	-0.18681	0.00000	0	0.81782	1	1135434259	20.85
MYOR	2014	0.32962	0.00000	0	0.00000	0	584072689623	27.09
MYOR	2015	0.37935	0.00000	0	0.00000	0	1131067128115	27.75
MYOR	2016	0.37576	0.25220	1	0.00000	0	1235091035995	27.84
ROTI	2014	0.05260	0.00000	0	0.39250	1	58031394459	24.78
ROTI	2015	0.15411	0.00000	0	0.39250	1	80381678897	25.11
ROTI	2016	0.21541	0.00000	0	0.37867	1	61180325515	24.84
SIDO	2014	0.59533	0.81000	1	0.00000	0	130025557430	25.59
SIDO	2015	0.54482	0.81000	1	0.00000	0	86160725087	25.18
SIDO	2016	0.52833	0.81000	1	0.00000	0	146835953282	25.71
SKBM	2014	0.18771	0.03124	1	0.61343	1	78793162603	25.09
SKBM	2015	0.04775	0.03100	1	0.60405	1	45133441482	24.53
SKBM	2016	0.05021	0.03228	1	0.60543	1	29034862458	24.09
SQBB	2014	0.61472	0.00000	0	0.97971	1	69693365317	24.97
SQBB	2015	0.56720	0.00000	0	0.97971	1	90564754087	25.23
SQBB	2016	0.56357	0.00000	0	0.97971	1	97735265481	25.31
TCID	2014	0.20934	0.05202	1	0.60835	1	77624400307	25.08
TCID	2015	0.42733	0.00136	1	0.68970	1	116876549494	25.48
TCID	2016	0.43530	0.00142	1	0.60835	1	30806380236	24.15
TSPC	2014	0.44163	0.00000	0	0.00000	0	332039077575	26.53
TSPC	2015	0.41504	0.00000	0	0.00000	0	422144389247	26.77
TSPC	2016	0.41478	0.00000	0	0.00000	0	354043611502	26.59
UNVR	2014	-0.17700	0.00000	0	0.00000	0	746647509517 8	29.64
UNVR	2015	-0.22279	0.00000	0	0.00000	0	752872946416 7	29.65
UNVR	2016	-0.25618	0.00000	0	0.00000	0	774373793861 3	29.68
WIIM	2014	0.41982	0.47522	1	0.22478	1	162983230269	25.82
WIIM	2015	0.48195	0.43642	1	0.22478	1	144783456207	25.70
WIIM	2016	0.51950	0.44109	1	0.22478	1	88053489599	25.20
TOTAL				**27**		**37**		

Table 2. Descriptive Statistics Test Results

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. summarize NWC MOWN FOWN EVA
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Variable	Obs	Mean	Std. Dev.	Min	Max
NWC	78	.306391	.2527581	-.3461629	.7599717
MOWN	78	.0543169	.1772373	0	.81
FOWN	78	.284466	.360555	0	.9797109
EVA	78	24.92163	3.175758	16.84075	30.15854

Table 1 and Table 2 shows that the amount of data used Obs from this study there were 78 data. The variable net working capital (NWC) has a maximum value of 0.7599717, a minimum value of -0.33461629, an average value of 0.306391, and has a standard deviation of 0.2527581. A positive average net working capital (NWC) value indicates that the average consumer goods company listed on the IDX has sufficient net working capital to cover its current liabilities. The managerial ownership variable (MOWN) shows the number of shares owned or held by directors and managers both directly and indirectly in a company. The maximum value is 0.81. The minimum value is 0, the average value is 0.543169, and has a standard deviation of 0.1772373. The average value of the managerial ownership variable is 54.32% of all shares outstanding in the market. This means that the average percentage of company shares controlled by management is 54.32%. The foreign ownership variable (FOWN) shows the number of shares owned by individuals, legal entities, governments, or companies that have foreign status and are not from Indonesia. The maximum value is 0.9797109, the minimum value is 0, the average value is 0.284466, and it has a standard deviation of 0.360555. The average value of the managerial ownership variable is 28.45% of all shares outstanding in the market. This means that the average percentage of shares of companies controlled by foreign parties is 28.45%. Positive economic value added (EVA) variables indicate the creation of added value for shareholders by the company. The maximum value is 30.15854, the minimum value is 16.84075, the average value is 24.92163, and has the standard deviation of 3.175758. The average value of the EVA variable is 24.92% of all shares outstanding in the market. This means that the average percentage of companies that are able to create added value is 24.92% (Table 3).

Table 3. Test Results F, T and Regression Analysis

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. regress EVA NWC MOWN_DUMMY FOWN_DUMMY
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Source	SS	df	MS		
Model	102.555946	3	34.1853153	Number of obs	= 78
Residual	674.023027	74	9.10841929	F(3, 74)	= 3.75
				Prob > F	= 0.0144
Total	776.578973	77	10.0854412	R-squared	= 0.1321
				Adj R-squared	= 0.0969
				Root MSE	= 3.018

EVA	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
NWC	2.425734	1.371569	1.77	0.081	-.3071766	5.158644
MOWN_DUMMY	.8186637	.734791	1.11	0.269	-.6454393	2.282767
FOWN_DUMMY	-1.826635	.6954506	-2.63	0.010	-3.21235	-.4409193
_cons	24.7615	.6508057	38.05	0.000	23.46474	26.05826

3.1 Test Results F

Table 3 outlines the test value of 0.0144. If the test value f<0.05, then the F Test accepts H1 at a significance level of 5%, or that means all the independent variables simultaneously have a significant effect on the dependent variable. Therefore, the variables net working capital, managerial ownership, and foreign ownership affect the company's performance variables as measured by economic value added.

3.2 T Test Results

In Table 4, column t is a partial t-test value. It is said to be significant at the 5% level if in the right-hand column that is P> [t] or also called p-value/significance <0.05. Based on the results from Table 2, it is explained that P> | t | NWC (net working capital) and MOWN (managerial ownership) exceed 0.05, which is valued at 0.081 and 0.269. Therefore, the conclusion for this partial test is that the two variables accept Ho, while in FOWN (foreign ownership), it is explained that P> | t | smaller than 0.05, which is valued at 0.010. Thus, the foreign ownership variable is stated to reject Ho and is stated to be significant in accepting alternative hypotheses.

Table 4. Partial t-test value

Hypothesis	Explanation	Result
H-1	*Net Working Capital* does not significantly influence Company Performance	Accept Ho
H-2	Managerial Ownership does not significantly influence Company Performance	Accept Ho
H-3	Foreign Ownership significantly influences Company Performance	Reject Ho dan Accept H3

3.3 Regression Analysis Results

Based on Table 4 above, multiple linear regression analysis in this study was conducted using net working capital (NWC), managerial ownership (MOWN) and managerial foreign (FOWN) as independent variables, company performance as the dependent variable.

$$\mathbf{Y = 24{,}762 + 2{,}426\ X_1 + 0{,}819\ X_2 - 1{,}827\ X_3 + e}$$

4. Conclusion

1. *Net Working Capital* has no significant effect on Company Performance.
   Table 1 outlines the companies GGRM, KLBF and WIIM in the three periods that continue to experience an increase in net working capital. In 2014 GGRM had an NWC of 0.253, in 2015 of 0.291 and in 2016 of 0.322. In 2014 KLBF had an NWC of 0.461, in 2015 of 0.466, and in 2016 of 0.476. In 2014 WIIM had an NWC of 0.419, in 2015 of 0.481 and in 2016 of 0.519. So, this study stated the large proportion of net working capital means the company cannot manage working capital properly so that the company has decreased profitability. Therefore, EVA measurement tools which are stated as working capital measurement media, can give results that the company has not been significant in providing added value to the company. Under these circumstances, the hypothesis made by the researcher is supported by research conducted by (Anggarani D., &Ficilia, 2014).
2. Managerial ownership does not significantly influence Company Performance.
   In Table 1, the data presented by the author are only 27 proportion of managerial ownership owned by the consumer goods sector of 78 with a total percentage of 49%. The lack of managerial ownership cannot be felt by the contribution of the manager's responsibility because not all profits obtained by the company can be enjoyed by management. This gives the possibility that there will be less than optimal management by management. Therefore, the results of the study are supported by research conducted by Vani (2017: 129) as well as the results of the study are also in line with research by (Wida, NP PD, 2014). So that the possibility of managerial ownership that was studied was also obtained with a small percentage so that the EVA carried out by management could not yet feel the benefits for the company.
3. Foreign ownership has a significant positive effect on Company Performance.
   In Table 1, there are 37 samples that have foreign ownership, and in the percentage of foreign ownership, the average percentage owned by foreign parties is high. Therefore, the high percentage of foreign

ownership in companies gives an illustration that foreign parties believe that the capital they invest can be played back so that it can provide more added value to them. This is evident from the increase in EVA, which increased for three years at ADES companies (Akasha Wira International Tbk in the amount of 23.83, 23.88 and 24.13 and SQBB (Taisho Pharmaceutical Indonesia Tbk) by 24.97, 25.23 and 25,31 Then foreign ownership is one of the variables which is stated as a factor that can increase the company's added value and is in line with the research of Moez et al. In (Hartini, 2016) and research conducted by (Hermiyetti., &Katlanis, 2016) Foreign ownership contributes greatly to corporate decision making to improve company performance. Foreign owners are able to voice the interests of the owner widely if there are adverse management policies due to a conflict of interest between management and the owner. Foreign ownership also actively supervises the development of the company by making direct confirmation to the management of every action taken for the company.

Suggestions to be conveyed for further research are as follows:

1. Future studies are expected to use other data samples, such as companies engaged in other sectors.
2. Future studies are expected to add a longer research period so that the influence of the net working capital mechanism and ownership structure on company performance can be felt like more than three periods.
3. Future studies are expected to increase the number of ownership structures such as institutional ownership, public ownership, domestic ownership, and private ownership to compare ownership impacts that affect company performance.

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Biography

Silvia Julianty studied Accounting at Bina Nusantara University. Setiani Putri Hendratno is a lecturer of Accounting at Bina Nusantara University.