



# Assessment of Financial Performance Using Market Value Added (MVA) Methods Company PT. Unilever Indonesia Tbk Period 2019–2021

Nadila Halfa Aulia and Sri Murwanti<sup>(✉)</sup>

Management Department, Faculty of Economic and Business, Universitas Muhammadiyah Surakarta, Surakarta, Indonesia  
sm127@ums.ac.id

**Abstract.** The purpose of this research is to evaluate the financial performance of PT. Unilever Indonesia Tbk for 2019–2021 as determined by the Market Value Added (MVA) approach. This research type is Quantitative Research; this research's population consists of industrial manufacturing firms in the Fast Moving Consumer Goods (FMCG) sector listed on the Indonesia Stock Exchange (IDX); this research's sample consists of PT. Unilever Indonesia Tbk.. The documentation method and the format of PT Unilever Indonesia Tbk's annual financial report will be used to acquire data for 2019–2021. The MVA approach measures the company's financial performance based on value creation. The research authors reveal that PT. Unilever Indonesia Tbk's market value is bigger than its invested Capital, indicating that the company can generate profits and grow its bottom line. The financial performance of PT. Unilever Indonesia Tbk is deemed satisfactory based on these figures.

**Keyword:** Financial Performance · Market Value Added (MVA)

## 1 Introduction

As a result of unrestricted competition, corporate advancements are becoming increasingly sophisticated and swift. Companies will compete for investment opportunities across the nation [7]. The progression of the company's success can be observed at any time through the financial statements. The financial situation is disclosed in the company's financial statements, which can be used as a test to determine and evaluate the company's financial status at a given moment. Financial statements in the form of balance sheets and income statements are used to assess a company's wealth within a specific period.

Financial statements are one of the final results of a quantitative accounting process. They are utilized as a management tool for decision-making by both internal (managers) and external parties (creditors, investors and the government). Internal parties utilize financial reports as a tool for management accountability to shareholders while simultaneously describing the level of creditworthiness. Governments typically use financial statements to evaluate the success of economic policies and as a basis for establishing further policies [16].

© The Author(s) 2024

H. Maulana et al. (Eds.): ICOEBS 2022, AEBMR 247, pp. 295–303, 2024.

[https://doi.org/10.2991/978-94-6463-204-0\\_26](https://doi.org/10.2991/978-94-6463-204-0_26)

Market Value Added (MVA) is the added value provided by the company to investors which can be measured using the difference between the market value of shares and equity. MVA data also shows the potential for companies to generate value added money per share [1]. The greater the value of MVA, the greater the added value of capital provided to investors, and this will increase investor interest in the company's shares, thereby increasing share prices, or MVA has a positive relationship with stock prices [12].

PT. Unilever Indonesia Tbk is a multinational corporation that distributes nutritional and health products to consumers. Consumer convenience is the company's first goal, as seen by its efficient processing and operations. In addition, it can deliver the best beauty outcomes and a more comfortable and pleasurable lifestyle [6].

The findings of Zulfikar's research indicate that PT. Alumindo Light Metal Industri, Tbk's financial performance utilizing the Market Value Added (MVA) technique between 2012 and 2017 created an unhealthy value. This may be the result of PT. Alumindo Light Metal Industry, Tbk's poor financial performance during 2012–2017 prevents the company from increasing profits [20]. Ramadhanty's research, which analyzes financial performance evaluation using the Market Value Added (MVA) technique from 2014 to 2018, has a good value, as seen by the positive Market Value Added (MVA) company outcomes for each year. Consequently, the company can deliver market-added value and generate money for investors [15].

## 2 Literature Review

This research's objective is to apply the Market Value Added approach to determine the rise in the company's economic value and the degree to which it maximizes its share capital. So that it can be used as a reference and give investors and businesses information.

### 2.1 Financial Performance

Financial performance describes a company's success and can be viewed as the success attained in numerous operations. Performance is the act of doing work and the results of that work. Performance is a measurement of how efficiently and effectively a management or organization achieves sufficient objectives [4]. Financial performance is a regular evaluation of productivity and efficiency based on management and financial reports that indicate the organization's success. Financial performance is an analysis that determines the extent to which a corporation has implemented its financial implementation guidelines appropriately and effectively [18].

### 2.2 Financial Statements

Financial statements analysis can be interpreted as a process of discovering and evaluating the company's financial report to forecast its future financial performance. It also tries to offer enterprises with a certain level of profitability and risk greater consideration [5].

Essentially, financial statements represent the numerous transactions that occur within a company. Transactions and occurrences of a financial character are recorded, categorized, and summarized in money units before being interpreted for various reasons. The company's financial statements are prepared and presented as income statements, balance sheets, statements of capital movements, and cash flow statements. For financial information to be valuable, it must be pertinent to users' needs during the decision-making process.

### 2.3 Financial Performance Assessment

Evaluation of a company's financial performance has significance in the decision-making process for both internal and external stakeholders. Financial statements serve as a benchmark for predicting a business's financial position, operations management, and operating results [19]. The financial performance evaluation objective [10] is To determine the liquidity level. Liquidity demonstrates a company's capacity to satisfy its immediate financial obligations.

### 2.4 Market Value Added (MVA)

*Market Value Added (MVA)* is a metric used to evaluate the success of a corporation that optimizes shareholder wealth through optimal resource allocation [2]. MVA can also be understood as one of the reductions between the market value of the company (debt and equity) and the total capital that will be invested in the company. It can be used to determine if a corporation is committed to shareholder prosperity [3]. In other words, MVA is a concept or method for evaluating a corporation's financial performance from an external perspective.

### 2.5 Strengths and Weaknesses of MVA

The benefit of the MVA approach is that it can reflect the market actions of a company manager who has effectively improved company performance, particularly financial performance, and can inspire investors' confidence to invest in the company [3].

The shortcoming of MVA is that it can only be used for enterprises that have gone public, disregarding the opportunity cost of Capital spent in the company [3].

MVA is currently regarded as the best indicator for determining whether or not a public company is well managed [9].

### 2.6 Theoretical Framework

Based on the above framework, it can be explained that the researchers took data from the financial statements of the company PT. Unilever Indonesia Tbk which is processed and measured using the Market Value Added (MVA) method to determine the financial performance of a company, after knowing the calculations and then explaining the figures resulting from these calculations. The explanation is adjusted to the indicators applied in the theory and in the end will draw conclusions about whether the company can add value or not and whether it can be used as a benchmark for the performance achieved by a company (Fig. 1).

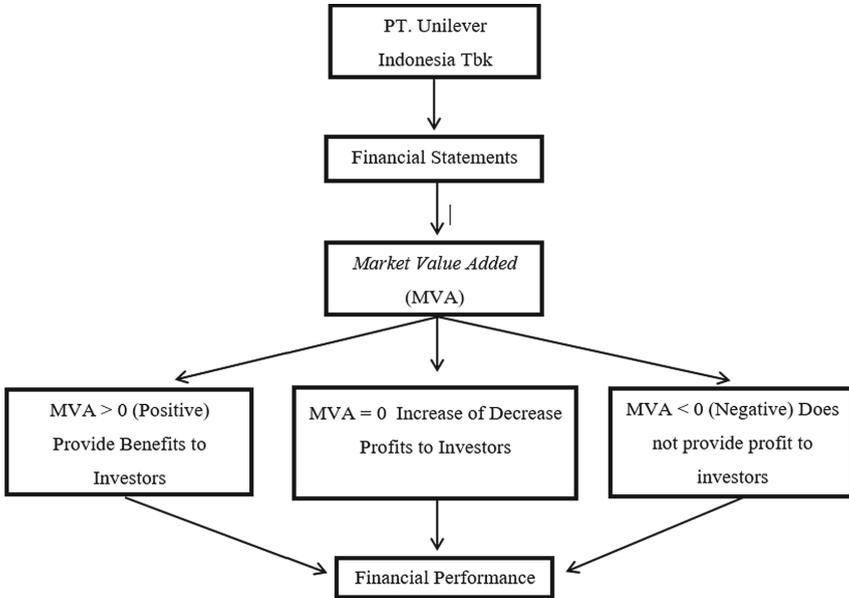


Fig. 1. Research Framework. Source: From processed data, 2022.

### 3 Methodology

Calculation of *Market Value Added* (MVA) is a method that may quantify the correct performance and analyze the success or failure of a company in creating wealth for its owners. The firm’s market value is the sum of its debt and equity. Therefore, the investment capital is the total amount of funds invested in a company.

The use of this research method was descriptive quantitative and the data collection method is documentation. So that this research is used to measure the growth value at PT. Unilever Indonesia Tbk Period 2019–2021.

#### 3.1 Market Value of Shares

Market value is the price that results from the stock market’s negotiating process, which enables the determination of the market price when shares are sold on the stock market. Market Value is also recorded on the balance sheet of the company [13]. The formula can calculate market value [17]:

$$\text{Market Value of Shares} = \text{Number of Outstanding Shares} \times \text{Share Price End of Year}$$

#### 3.2 Invested Capital (IC)

IC represents the total firm debt, excluding interest-free short-term loans such as taxes payable, trade payables, and accumulated expenses. Formula permits calculation of

*Invested Capital* [8]:

$$\text{Invested Capital} = (\text{Total debt} + \text{Equity}) - \text{Total Current Debt}$$

### 3.3 Market Value Added (MVA)

MVA is the difference between the company's market value and total invested Capital. A positive MVA shows that the company has been successful in generating shareholder wealth. A negative MVA, on the other hand, shows that shareholder assets have been lost. MVA can be determined with the following formula [11]:

$$\text{MVA} = \text{Market Value of Shares} - \text{Invested Capital (IC)}$$

### 3.4 Analysis Based on the MVA Standard

*Market Value Added (MVA)* is measured to evaluate the impact of managers activities on shareholder welfare. MVA serves as a measure of *Market Value Added (MVA)* [14] following of these:

- a.  $\text{MVA} > 0$ , a Positive value indicates that the company's management has improved the value of shareholders' Capital or that the company's performance is satisfactory.
- b.  $\text{MVA} = 0$  demonstrates that management is not creating new value or diminishing the capacity of the stock market based on the market stock price (stock price) being equal to the book value (equity per share).
- c.  $\text{MVA} < 0$ , Negative value, indicating that the company's management is unsuccessful or unable to raise the capital value and shareholder wealth or that the company's performance is poor.

## 4 Result

### 4.1 Market Value of Shares

In Table 1, PT Unilever Indonesia Tbk's market value for 2019–2021 is Rp. 320.460.000.000.000- Then, in 2020, it dropped to Rp. 280,402,500,000,000,- and in 2021, it will diminish to Rp. 156.796.5000.000.000,-.

### 4.2 Invested Capital (IC)

According to Table 2, the amount of PT. Unilever Indonesia Tbk's *Invested Capital* for 2019–2021, namely in 2019, is as follows: Rp. 7.584.063.000.000- Then, in 2020, it dropped to Rp. 7,177,096,000,000, and in 2021, it will drop again to Rp. 6,623,380,000,000.

**Table 1.** The calculation results of the Market Value of Shares

Year	Number of Outstanding Shares	Share Price End of Year	Market Value of Shares
2019	7.630.000	42.000	320.460.000
2020	38.150.000	7.350	280.402.500
2021	38.150.000	4.110	156.796.500

(In Millions of Rupiah)

Source: Data Processed 2022

**Table 2.** The calculation results Invested Capital (In Millions of Rupiah)

Year	Total Debt	Equity	Total Current Debt	Invested Capital
2019	15.367.509	5.281.862	13.065.308	7.584.063
2020	15.597.264	4.937.368	13.357.536	7.177.096
2021	14.747.263	4.321.269	12.445.152	6.623.380

Source: Data processed 2022

**Table 3.** Results of the Market Value Added Calculation (In Millions of Rupiah)

Year	Market Value of Shares	Invested Capital	MVA
2019	320.460.000	7.584.063	312.875.937
2020	280.402.500	7.177.096	273.225.404
2021	156.796.500	6.623.380	150.173.120

Source: Data processed 2022

### 4.3 Market Value Added (MVA)

Based on the *Market Value Added* (MVA) in PT calculation results Table 3. Every year's results for the 2019–2021 period for PT. Unilever Indonesia Tbk, with 2019 showing Rp. 312.875.937.000.000,- then in 2020, it dropped to rise to Rp. 273,225,404,000,000, after which it will again decrease to Rp. 150,173,120,000,000 in 2021.

## 5 Discussion

Based on the calculations, the outcomes of the MVA in 2019 resulted in an MVA value  $> 0$ , indicating that the MVA value is positive and capable of increasing the company's value (profit) in 2019 by 312.875.937.000.000,- and in 2020 it dropped to

Rp. 273.225.404.000.000,- then in 2021 decreased to Rp. 150.173.120.000.000,-. This indicates that PT. Unilever Indonesia Tbk's market value exceeds its invested Capital. With this, PT Unilever Indonesia Tbk financial performance is strong, and the company can create shareholder value.

## 6 Conclusion

Based on the research results, it can be seen that the financial performance assessment at PT. Unilever Indonesia Tbk for the 2019–2021 period using the Market Value Added (MVA) method is in very good condition and can be proven during the research year period, because the results of the company's MVA value are always positive ( $MVA > 0$ ) and the financial performance assessment decreases every year but always provide profit, this shows that the company's management has succeeded in creating economic added value because it has increased the value of capital invested by funders and resources allocated appropriately. Therefore, the hypothesis can be accepted by stating that PT. Unilever Indonesia Tbk's performance as measured by the Market Value Added (MVA) approach is good and proven to be accurate.

**Acknowledgments.** The author has realized that the success of this research cannot be separated from the prayers of my beloved parents and the support from various parties. The author also does not forget to thank Mrs. Sri Murwanti, S.E., M.M as the supervisor who has guided and taught in this research and for those who have contributed thoughts and ideas for the realization of this research.

## References

1. Al-Awawdeh, H. A., & Kareem Al-Sakini, S. A. (2018). The Impact of Economic Value Added, Market Value Added and Traditional Accounting Measures on Shareholders' Value: Evidence from Jordanian Commercial Banks. *International Journal of Economics and Finance*, 10(10), 40. <https://doi.org/10.5539/ijef.v10n10p40>
2. Argeswara, D. R. (2020). Economic Value Added, and Market Value Added as a Measure of The Company's Financial Performance (Study on LQ45 Companies Listed on the IDX for the 2016–2018 Period). *Feb Student Scientific Journal*. <https://jimfeb.ub.ac.id/index.php/jimfeb/article/view/6433>
3. Cahyandari, A., Yusuf, H. F., & Rachmawati, L. (2021). Analysis of Economic Value Added (Eva), Financial Value Added (Fva) and Market Value Added (Mva) as a Measure of Financial Performance. *JIAI (Indonesian Scientific Journal of Accounting)*, 6(2). <https://doi.org/10.32528/jiai.v6i2.5713>
4. Cantika, I. B. (2017). the influence of capital structure, liquidity, sales growth and company size with financial performance as a mediating variable on manufacturing companies listed on the IDX for the 2020 period. *Scientific Journals*, 3, 1–21.
5. Edy Firmansyah, Anto Tulim, Dina Hastalona, & Desliani Zalukhu. (2022). Effect of Cash Turnover, Receivables Turnover and Working Capital Turnover on Rentability at PT Wijaya Karya. *AKUA: Journal of Accounting and Finance*, 1(1), 18–27. <https://doi.org/10.54259/akua.v1i1.270>

6. Fildzania, A. H., Sahputri, A., & Kom, M. (2021). Analysis of Business Opportunities During the Pandemic (Case Study on Pt Unilever Indonesia Tbk). *Journal of Audit and Accounting, Faculty of Economics*, 10(2), 65–71. <https://jurnal.untan.ac.id/index.php/jaakfe>
7. Mawarni, A. Fitri. (2020). *Market Value Added (Mva) Method Analysis Of Financial Performance Appraisal Of Pt Fastfood Indonesia, Tbk (2015–2018 Period)*. 1–12.
8. Muhajir, A. (2020). Financial Performance Analysis using the Economic Value Added (EVA) Method (Study at PT. Behin Works 2015–2019 ). *JES (Journal of Sharia Economics)*, 5(2), 109–119. <https://doi.org/10.30736/jesa.v5i2.91>
9. Muhammad Rizal Utomo, Mutia Aprilianti Nur Azizah, Mutiara Rahmi Fadillah, Nadila Sholehah, Nadyya Putri Marthiana, Nazela Suci Akbari, Neneng Badriah, & Setya Mulyawan. (2020). Financial Performance Analysis of Eva and Mva Methods at Pt Waskita Karya (Persero) Tbk Company in 2017–2019. *ACCELERATION: National Scientific Journal*, 2(1), 17–27. <https://doi.org/10.54783/jin.v2i1.104>
10. Munawir. (2019). *Profit and Loss Analysis on Cv. Wulandarie Catering*. 7–17. <http://elibrary.unikom.ac.id/id/eprint/2498>
11. O'Byrne, Y. &. (2001). Financial Performance Analysis Using Economic Value Added (Eva) And Market Value Added (Mva) Approaches In State-Owned Mining Sector Companies Listed In Bei Period 2011–2015. *Student Online Journal (JOM) of Accounting*, 2(2).
12. Oka, S., Kepramareni, P., Dewi, P. T., & Price, S. (2021). *Earning Per Share, Dividend Payout Ratio, Stock Trading Volume, Total Assets Turnover and Market Value Added On The Stock Price Of Banking Companies*. 228–233.
13. R. Juwita Effendy, & Razmjoo, D. A. S. (2022). The Effect of Market Value Added (MVA), Liquidity and Solvency Ratio and Dividend Policy on Stock Return with Firm Size as the moderating variable (Study on LQ45 Companies in Indonesia Stock Exchange). *Journal of Economics, Finance and Accounting Studies*, 4(1), 244–253. <https://doi.org/10.32996/jefas.2022.4.1.16>
14. Rahmani, S. A., & Mauluddi, H. A. (2020). Analysis of The Company's Financial Performance using Du Pont System. *Journal of Applied Islamic Economics and Finance*, 1(1), 225–232. <https://doi.org/10.35313/jaief.v1i1.2407>
15. Ramadhanty, D., Supramono, S., & Yudhawati, D. (2020). Analysis of economic value added (eva) and market value added (mva) methods to measure financial performance. *Manager: Journal of Management Science*, 3(1), 123. <https://doi.org/10.32832/manager.v3i1.3840>
16. Suhendro, D. (2018). Analysis of the company's financial performance assessment using financial ratios at PT Unilever Indonesia Tbk which is listed on the Indonesia Stock Exchange (IDX). *AT-Tawassuth: Journal of Islamic Economics*, 3(1), 23. <https://doi.org/10.30821/ajei.v3i1.1710>
17. Tarigan, Y. &. (2007). Science and Technology for Calculating Market Value Added Value on Investment Decisions. *Journal of Science and Technology accounting for the public*, 4(2), 44. <https://doi.org/10.32400/jiam.4.2.2020.34073>
18. Wijaya, I. U. (2020). *The Effect of Fintech on Islamic Banking Financial Performance*. 21(1), 1–17.

19. Yuan, F., Rimbawati, D., Management, P. S., Economics, F., Business, D. A. N., & Surakarta, U. M. (2022). *Assessment Of Financial Performance Using The Market Value Added (Mva) Method At Pt Garudafood Putra Putri Tbk For The 2018–2021 Period*.
20. Zulfikar, Patabang, L., & Putra, M. A. (2018). Financial Performance Analysis Using Economic Value Added and Market Value Added Methods at PT Alumindo Light Metal Industry, Tbk. *Journal of Multi-Dimensional Accounting (Jamdi)*,1(1),25–30.

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

