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THE INFLUENCE OF PROFIT MANAGEMENT AND FINANCIAL PERFORMANCE ON COMPANY VALUE IN BUILDING MATERIALS CONSTRUCTION SUB-SECTOR COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE FOR THE 2018-2021 PERIOD

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Abstract
This study examined the effect of earnings management, profitability, capital structure, and liquidity on the firm value in building materials construction sub-sector companies listed on the Indonesia Stock Exchange during 2018-2021. This study used secondary data in the form of financial statements of each company in the building materials construction sub-sector. The sample in this study consisted of 16 building materials construction sub-sector companies listed on the Indonesia Stock Exchange. The data analysis method used was multiple linear regression using Eviews 12. The results partially indicated showed that earnings management and liquidity had no significant effect on firm value, while profitability and capital structure had a positive and significant effect on firm value. Meanwhile, the simultaneous test results showed that earnings management, profitability, capital structure, and liquidity significantly affected firm value in building materials construction sub-sector companies listed on the Indonesia Stock Exchange from 2018 to 2021.

Keywords: Profit Management, Profitability, Capital Structure, Liquidity, and Firm Value.

INTRODUCTION

The development of a company is inseparable from the value that is owned by a company in the capital market. Investors themselves will glance at every company that has good profitability, this is because investors themselves always prioritize profitability in investing their funds in the capital market. This is as explained by Darmawan in Ali and Faroji (2021) where companies are established with the intent and purpose of achieving maximum profits, welfare of shareholders and maximizing company value. Firm value is defined as the price that potential investors are willing to pay if the company is to be sold.

A company is expected to be able to compete in order to survive in the market and continue to grow in a long period of time. In order to increase the value of the company, shareholder welfare is the top priority for a company that goes public. The high level of profit that will be received by shareholders, namely in the form of dividends, can be seen from the higher stock prices, because stock prices can be used as a benchmark in maintaining the prosperity of the owners (stakeholders) (Antari and Dana, 2013).

The construction and building sub-sector is one of the mainstay sectors for driving economic growth and is always required to continue to be able to increase its contribution through benchmarks to national GDP. According to Sutrisno (2019) companies in the construction and building materials sub-sector as a national mainstay always face tough challenges considering that the global economy is currently being hit by a crisis which is worrying that it will have an impact on increasing the cost of the infrastructure production process and decreasing the company's own liquidity. In the journal Ali and Faroji (2021) it is explained that according to a study conducted by BPS it shows that the construction sector is currently in third position as the main source of economic growth in Indonesia. Where the growth reached 5.01% with GDP reaching 10.38%.

Firm value is an investor's perception of the level of success of managers in managing the company's resources entrusted to them which is often associated with stock prices. According to Indrarini, 2019: 2) company value is something that is very important for the company because an increase in company value will be followed by an increase in stock prices. The market will believe not only in the company's current performance but also in the company's prospects in the future with an increase in company value.

One of the factors that affect the value of the company is the existence of earnings management carried out by the manager of a company to increase earnings aggressively. This is because the goal of managers doing earnings management is to increase the value of a company, especially when the company is making an initial public offering (Initial Public Offering). As explained by Scott (2015) where earnings management is a method of reporting earnings that aims to maximize management efficiency and increase market value by selecting management accounting policies.

Profitability is one of the factors that can affect the value of a company. The greater the profitability or ability of the company to earn profit, the company will have one of the important points in increasing its value in the capital market. Andreas in Wulandari and Efendi (2022) explains that profitability has the objective of measuring a company's ability to invest all funds in activities used for the company's operating activities with the aim of generating profits by utilizing its assets.

Another factor that can affect the value of the company is the capital structure. This is as explained by Myers in Irawan and Kusuma (2019) where in the trade-off theory it is explained that if the position of the capital structure is below the optimal point, then any additional debt will increase the value of the company. Conversely, every position of the capital structure is above the optimal point, so any additional debt will reduce the value of the company. Therefore, at the optimal capital structure target point has not been achieved, the trade-off theory predicts a positive influence between capital structure and firm values. In previous research conducted by Santoso and Susilowati (2019) regarding company size moderating the effect of capital structure on firm value, where in his research concluded that capital structure has a negative effect on firm value. However, in research that was conducted by Ukhriyawati and Dewi (2019) regarding the effect of capital structure, company growth, and company size on company value. Where in his research concluded that capital structure has no effect on firm value.

Liquidity itself is one of the factors that can affect company value. This is because liquidity is a ratio that shows a company's ability to meet short-term obligations by using its current assets. This is as explained by Uli, et al (2020) where a company that has high liquidity indicates that the company has the ability to pay its current debts in a timely manner with its current assets without disrupting the operational activities of the company. In previous research that was conducted by Dewi, et al (2020) regarding the effect of liquidity and sales growth on company value, in which her research concluded that liquidity has a significant effect on company value.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

The value of the company

Firm value is a company's success in increasing its share price so that it can prosper the owners of capital. The higher the increase in stock prices can increase the company's stock price as well. A company has a main goal in maximizing the value of the company. The company value is the selling value as an operating business that is being run by the company (Sartono, 2017). According to Brigham and Houston (2018) The value of a company is the price available to be paid by potential buyers if the company is sold.

Based on the description of some of the opinions of the experts above, it can be concluded that the company's value is the company's value which is reflected in the market value of its shares if the company has gone public, if it has not gone public, then the company's value is the value that occurs when the company is sold.

Profit management

Earnings management is an action taken by company management to influence reported earnings which can provide information about economic benefits that the company does not actually experience, which in the long term these actions can be detrimental to the company. According to Wirakusuma (2016) earnings management is a deliberate process within the limits of financial accounting standards to direct earnings reporting at a certain level.

Harahap (2018) explains that earnings management is an accounting trait that contains a lot of estimates, judgments and accrual properties that open up opportunities to be able to manage profits. Earnings management is done by playing with the accruals component in financial statements or manipulating it, because accruals are components that are easy to manipulate according to the wishes or goals of the person who records the financial statements. Meanwhile, Manurung and Isynurwardha (2017) explain that earnings management can be defined as intentional management intervention in determining profits in the process of preparing external financial reporting with the aim of obtaining personal benefits by increasing or decreasing profits earned by the company.

Based on the description of some of the opinions of the experts above, it can be concluded that earnings management is an effort made by company management in order to take advantage of changes in information determined by managers by increasing company profits stably.

Profitability

Profitability in the company's operational activities is a very important element to ensure the survival of the company in the future. The success of the company can be seen from the company's ability to compete in the market. According to Harahap (2018) profitability is that which describes a company's ability to earn profits through all existing capabilities and resources such as sales activities, cash, capital, number of employees, number of company branches, and so on. According to Sartono (2017) profitability is a company's ability to earn profits in relation to sales, total assets, and own capital. Meanwhile, according to Sutrisno (2009) profitability is the company's ability to generate profits with all the capital working in it.

Based on the description of some of the opinions of the experts above, it can be concluded that profitability is a company's ability to generate profits by using its company's resources such as sales, assets, and also capital. The tool used to measure profitability is the profitability ratio.

Capital Structure

Capital structure is a comparison or scale of a company's long-term funding shown by a comparison between long-term debt and equity (Martono and Harjito, 2014). Meanwhile, according to Ali and Rodoni (2014) capital structure is the proportion in determining the fulfillment of company spending needs in which funds are obtained using a combination or blend of sources originating from long-term funds consisting of two northern sources, namely those originating from within and from outside. company.

Based on the description of some of the opinions of the experts above, it can be concluded that the capital structure is a mix or combination of long-term debt and own capital. Where short-term debt and long-term debt can be obtained by the company from external parties.

Liquidity

Liquidity is an indicator of a company's ability to pay all short-term financial obligations at maturity using available current assets. Liquidity is not only related to the overall financial condition of the company, but also related to its ability to convert certain current assets into cash (Syamsuddin, 2009). According to Kasmir (2019) liquidity is a ratio that shows or measures a company's ability to fulfill its obligations when they are due, both obligations to parties outside the company (business entity liquidity) and within the company (company liquidity).

Based on the description of some of the experts' opinions above, it can be concluded that liquidity is a company's ability to fulfill its short-term obligations which can be shown by the size of current assets or assets that are easily converted into cash, securities, receivables, and inventories.

Hypothesis Development

The Effect of Earnings Management on Firm Value

Earnings management is an accounting trait that contains a lot of estimates, judgments, and accruals that open up opportunities to be able to manage profits. Earnings management is done by playing with the accruals component in financial reports or manipulating it, because accruals are an easy component to play with according to the wishes or goals of the person recording the financial statements (Harahap, 2018). In general, earnings management is one of the factors that can reduce the credibility of financial statements. However, in the process the existence of information asymmetry between managers and company owners provides an opportunity for managers to carry out earnings management which increases the value of the company at certain times, so that it can mislead other stakeholders regarding the true value of the company.

H1: Earnings management has a positive and significant effect on firm value

Effect of Profitability on Firm Value

Profitability is the ratio used to measure a company's profitability over a certain period of time, profitability is used to monitor the development of profits earned by the company (Hanafi and Halim, 2016). Andreas in Wulandari (2022) states that the profitability ratio is a ratio that is useful for measuring a company's ability to invest all funds in activities used for the company's operating activities with the aim of generating profits by utilizing its assets. This shows that the higher the value of profitability obtained by a company, it will increase the value of the company as a whole because the company has the ability to earn profits from its assets.

H2: Profitability has a positive and significant effect on firm value

Effect of Capital Structure on Firm Value

Capital structure is a comparison or scale of a company's long-term funding shown by a comparison between long-term debt and equity (Martono and Harjito, 2014). Myers and Majluf in Irawan and Kusuma (2019) explain that in the trade-off theory if the position of the capital structure is below the optimal point, then any additional debt will increase the value of the company. Conversely, every position of the capital structure is above the optimal point, so any additional debt will reduce the value of the company. Thus, the greater the capital structure, the firm value will also increase. However, it is impossible for a company to use 100% debt in its capital structure. This is because the greater the company's debt, the greater the company's financial risk.

H3: Capital structure has a positive and significant effect on firm value

The Effect of Liquidity on Firm Value

Liquidity is a ratio that shows or measures a company's ability to meet its obligations when they are due, both obligations to parties outside the company (business entity liquidity) and within the company (company liquidity) (Kasmir, 2019). Wulandari in Dewi, et al (2020) explains that the higher the liquidity value, the better the financial position, there is a possibility for the company to pay its obligations on time, the company's ability to pay short-term obligations will be responded positively by the market, the market will put trust in the company when high level of liquidity, this shows that the company has good performance. Then liquidity has a positive influence on firm value. Uli,

H4: Liquidity has a positive and significant effect on firm value

RESEARCH METHODS

Research sites

This research was conducted on each of the financial reports of building material construction sub-sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period. Where the object of this research relates to earnings management, profitability, capital structure, liquidity, and company value in building materials companies listed on the Indonesia Stock Exchange for the 2018-2021 period. The data in this study were accessed via the idx.go.id website.

Population and Sample

The population is an area of generalization that occurs from an object or subject which becomes a certain quantity and characteristic set by researchers to be studied and then conclusions can be drawn by researchers (Gaddafi, 2019). The population in this study are all construction materials sub-sector companies listed on the Indonesia Stock Exchange until 2022, namely 20 companies.

In determining the sample in this study determined by non-probability sampling method. According to Sugiyono (2016) the non-probability sampling technique is a sampling technique that does not provide equal opportunities or opportunities for each element or member of the population to be selected as a sample. The type of non-probability sampling used in this study is purposive sampling. Purposive sampling is a sample collection technique with certain considerations (Sugiyono, 2016). Based on the sample selection criteria using the purposive sampling method, the samples that will be used in this study are 16 building material construction sub-sector companies during the 2018-2021 period with a total of 64 observations.

Data analysis method

The data analysis method is a method used to manage research results in order to obtain conclusions (Ghozali, 2016). The technique used in this study is multiple linear regression analysis with the aim of knowing how the independent variables influence the dependent variable. This analysis was processed using Eviews version 12. Hypothesis testing was carried out by conducting statistical tests, statistical tests were carried out to determine whether to accept or reject the proposed hypothesis. The multiple linear regression equation in this study is as follows:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \varepsilon$$

Information:
Y: Company Value
α: Constant
β: Regression Coefficient
X1: Earnings Management
X2: Profitability
X3: Capital Structure
X4: Liquidity
ε: Term error

RESULTS AND DISCUSSION

Chow test

Table 1. Chow test results

Effect Test	*Statistics*	*df*	*Prob.*
Cross-section F	93.013904	(15,44)	0.0000
Cross-section Chi-Square	223.210176	15	0.0000

Processed data (2022)

Based on the results of the Chow test in the table above, it shows that the probability value obtained is 0.0000 or less than the significant level used, which is 0.05 (0.0000 <0.05). Therefore, the fixed effect model is the best model, because the fixed effect model is the best model, the Hausman test must be carried out to compare the fixed effect model with the random effect model to find out which model to use in research.

Hausman test

Table 2. Hausman Test Results

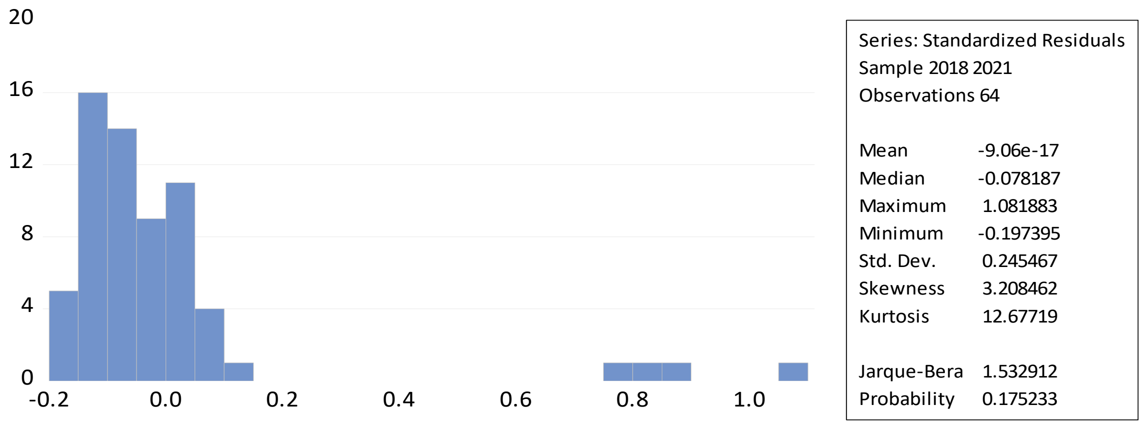
Test Summary	*Chi-Sq. Statistics*	*Chi-Sq. Df*	*Prob*
Random cross-sections	**5.078772**	**4**	**0.2793**

Processed data (2022)

Based on the results of the Hausman test in the table above, it shows that the probability value obtained is 0.2793 or greater than the significant level used, namely 0.05 (0.2793 > 0.05). Therefore, it can be concluded that the random effect model is the best model and is the model that will be used in this study.

Data Normality Test

Figure 1. Normality Test Results



Based on the results of the data normality test in the image above, it can be seen that the probability value obtained is 0.175233 or greater than 0.05 (0.175233 > 0.05) and obtains a Jarque-Bera (JB) value of 1 .532912 or smaller than the Chi-Square value of 9.48773 (1.532912 < 9.48773) so it can be concluded that the data in this study were normally distributed.

Multicollinearity Test

Table 3. Multicollinearity Test Results

	X1	**X2**	**X3**	**X4**
X1	1.000000	0.249141	-0.438268	0.592498
X2	0.249141	1.000000	-0.242353	0.323518
X3	-0.438268	-0.242353	1.000000	-0.727526
X4	0.592498	0.323518	-0.727526	1.000000

Processed data (2022)

Based on the results of the multicollinearity test in the table above, it shows that all the independent variables used in this study, which consist of earnings management, profitability, capital structure, and liquidity, have a correlation value below 0.8. So it can be concluded that the data in this study did not have multicollinearity problems.

Heteroscedasticity Test

Table 4. Heteroscedasticity Test Results

Variables	*Coefficient*	*std. Error*	*t-Statistics*	*Prob.*
Profit management	-0.788399	1.897607	-0.415470	0.6793
Profitability	23.29770	6.721272	1.466263	0.1210

Capital Structure	9.162690	4.485961	2.042526	0.4562
Liquidity	1.321942	1.312787	1.006974	0.3181

Processed data (2022)

Based on the results of the heteroscedasticity test in the table above, it shows that all the independent variables used in the study consisting of earnings management, profitability, capital structure, and liquidity have a probability value greater than 0.05. So it can be concluded that the data in this study did not have heteroscedasticity problems.

Autocorrelation Test

Table 5. Autocorrelation Test Results

*sum. Squared residence*0.124607		*F-Statistics*	29.37470
*Durbin-Watson stat*1.630271		*Prob(F-Statistic*0.000000	

Processed data (2022)

Based on the autocorrelation test results above, the Durbin Watson stat value is 1.630271 or 1.4659 < 1.630271 < 2.2697. This shows that the data in this study did not have autocorrelation problems. So it can be concluded that the regression model is feasible to use.

Hypothesis test

Partial Test

Table 6. Partial Test Results

Variables	*Coefficient*	*std. Error*	*t-Statistics*	*Prob.*
C	0.177761	0.107885	1.647690	0.1047
Profit management	-0.014375	0.026201	-0.548655	0.5853
Profitability	0.653717	0.108162	6.043859	0.0000
Capital Structure	0.873286	0.112224	7.781641	0.0000
Liquidity	0.028302	0.021679	1.305476	0.1968

Processed data (2022)

Based on the partial test results in the table above, the result is that the probability of earnings management (X1) is 0.5853 or greater than the significant level used, namely 0.05 (0.5853 > 0.05) and the Tcount is of -0.548655 or smaller than the Ttable value of 1.99773 (-0.548655 <1.99773) and obtains a coefficient value of -0.014375. So it can be concluded that earnings management has no significant effect on firm value. Therefore, the hypothesis which states that earnings management has a positive and significant effect on company value in building material construction sub-sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period is rejected (H1 is rejected).

The profitability probability value is 0.0000 or less than the significant level used, namely 0.05 (0.0000 <0.05) and the Tcount value is 6.043859 or greater than the Ttable value, which is 1.99773 (6.043859 > 1.99773) and obtained a coefficient value of 0.653717. So it can be concluded that profitability has a positive and significant effect on firm value. Therefore, the hypothesis which states that profitability has a positive and significant effect on company value in building material construction sub-sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period is accepted (H2 is accepted).

The capital structure probability value is 0.0000 or less than the significant level used, namely 0.05 (0.0000 <0.05) and has a Tcount value of 7.781641 or greater than the Ttable value of 1.99773 (7 .781641 > 1.99773) and obtained a coefficient value of 0.873286. So it can be concluded that the capital structure has a positive and significant effect on firm value. Therefore, the hypothesis which states that capital structure has a positive and significant effect on company value in building material construction sub-sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period is accepted (H3 accepted).

The probability value of the liquidity variable is 0.1968 or greater than the significant level used, namely 0.05 (0.1968 > 0.05) and obtains a Tcount value of 1.305476 or less than the Ttable value of 1.99773 (1 .305476 < 1.99773) and has a coefficient of 0.028302. So it can be concluded that liquidity has no significant effect on firm value. Therefore, the hypothesis which states that liquidity has a positive and significant effect on firm value in building material construction sub-sector companies listed on the Indonesia Stock Exchange is rejected (H4 is rejected).

Simultaneous Test

Table 7. Simultaneous Test Results

sum. Squared residence	0.124607	*F-Statistics*	29.37470
Durbin-Watson stat	1.630271	*Prob(F-Statistic*	0.000000

Processed data (2022)

Based on the simultaneous test results in the table above, it can be seen that the probability value F is 0.000000 or less than the significant level used, namely 0.05 (0.000000 <0.05) and has an Fcount of 29. 37470 or greater than Ftable, namely 2.52 (29.37470 > 2.52). So it can be concluded that the independent variables consisting of earnings management, profitability, capital structure, and liquidity together have a significant effect on the dependent variable, namely firm value. Therefore, the hypothesis which states that earnings management, profitability, capital structure,

Determination Coefficient Test

Table 8. Test Results for the Coefficient of Determination

Root MSE	0.044125	*R-squared*	0.665720
Mean dependent var	0.069250	*Adjusted R-squared*	0.643057

Processed data (2022)

Based on the test results for the coefficient of determination in the table above, it can be seen that the adjusted r-square value projected as the coefficient of determination is 0.643057. This shows that the company value of building materials construction sub-sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period is influenced by earnings management, profitability, capital structure and liquidity of 64.31%. Meanwhile, the remaining 35.69% of company value in building material construction sub-sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period is influenced by other variables not used in this study.

Multiple Linear Regression Analysis

Multiple linear regression analysis was carried out to test the effect of more than one independent variable on the dependent variable (Ghozali, 2018). Multiple linear regression analysis in this study aims to determine the effect of earnings management, profitability, capital structure, and liquidity on firm value. The multiple linear regression equation in this study is as follows:

$$Y = 0.177761 - 0.014375X1 + 0.653717X2 + 0.873286X3 + 0.028302X4$$

Information:
Y: Company Value
X1 : Profit management
X2 : Profitability
X3 : Capital Structure
X4 : Liquidity

Based on the results of the multiple linear regression equation above, the result is that the coefficient value of earnings management is -0.014375. This shows that if earnings management increases by 1%, the company value of building material construction sub-sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period will decrease by 1.4%. The coefficient value of profitability is 0.653717. This shows that if profitability increases by 1%, the company value of building material construction sub-sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period will increase by 65.37%. The coefficient value of the capital structure is 0.873286. This shows that if the capital structure increases by 1%, then the company value of building materials construction sub-sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period will increase by 87.33%. The coefficient value of liquidity is 0.028302, which means that if liquidity increases by 1%, the company value of building materials construction sub-sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period will increase by 2.8%.

Discussion

The Effect of Earnings Management on Firm Value

Based on the results of the research that has been done, the results show that earnings management has a probability value greater than the significant level used and has a negative coefficient value. So it can be concluded that earnings management has no significant effect on company value in building material construction sub-sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period.

The results of this study are in line with the results of research previously conducted by Hirmansah (2021) concerning the effect of earnings management and financial performance on firm value in building materials construction subsector companies in 2017-2019, where in his research concluded that earnings management does not affect firm value. . Then, in another study that was conducted by Asngari, et al (2020) concerning the effect of earnings management and financial performance on firm value with managerial ownership and audit committees as moderating variables, in which his research also found that earnings management had no effect on firm value.

Effect of Profitability on Firm Value

Based on the results of the research that has been done, the results show that profitability has a probability value that is smaller than the significant level used and has a positive coefficient value. So it can be concluded that profitability has a positive and significant effect on company value in building material construction sub-sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period.

The results of this study are in line with the results of research previously conducted by Astuti and Yadnya (2019) concerning the effect of profitability, liquidity, and company size on firm value through dividend policy, where in their research concluded that profitability has a positive and significant effect on firm value. Then in the research that was conducted by Dewi and Abundanti (2019) about the effect of profitability, liquidity, institutional ownership, and managerial ownership on firm value, in which his research also concluded that profitability has a positive and significant effect on firm value.

Effect of Capital Structure on Firm Value

Based on the results of the research that has been done, the results show that the capital structure has a probability value that is smaller than the significant level used and has a positive coefficient value. So it can be concluded that capital structure has a positive and significant effect on company value in building material construction sub-sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period.

The results of this study are in line with the results of previous research conducted by Kusumawati and Rosady (2018) regarding the effect of capital structure and profitability on firm value with managerial ownership as a moderating variable, in which their research concluded that capital structure has a positive and significant effect on firm value. Then the previous research that was conducted by Zuraida (2019) concerning the effect of capital structure, company size, profitability, and dividend policy on firm value, in which his research also concluded that capital structure has a positive and significant effect on firm value.

The Effect of Liquidity on Firm Value

Based on the results of the research that has been done, the results show that liquidity has a probability value greater than the significant level used and has a positive coefficient value. So it can be concluded that liquidity has no effect on company value in building material construction sub-sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period.

The results of this study are in line with the results of research previously conducted by Hirmansah (2021) concerning the effect of earnings management and financial performance on company value in the building materials construction subsector, where his research concluded that liquidity has no effect on firm value. Then in the research that was conducted by Lumoly, et al (2018) about the effect of liquidity, company size, and profitability on firm value, in which his research also concluded that liquidity does not affect company value.

The Effect of Profit Management, Profitability, Capital Structure, and Liquidity on Company Value

Based on the results of the research that has been done, the results show that earnings management, profitability, capital structure, and liquidity simultaneously obtain a probability value that is smaller than the significant level used. So it can be concluded that earnings management, profitability, capital structure, and liquidity simultaneously or jointly affect company value in building material construction sub-sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period.

The results of this study are in line with the results of research previously conducted by Hirmansah (2021) regarding the effect of earnings management and financial performance on firm value, where his research concluded that simultaneously earnings management and financial performance have a significant effect on firm value. Then, in research that was conducted by Asngari, et al (2020) concerning the effect of earnings management and financial performance on firm value, they also found that earnings management and financial performance simultaneously had a significant effect on firm value.

CONCLUSIONS AND SUGGESTIONS

Based on the results of research that has been conducted on the effect of earnings management and financial performance on firm value in building materials construction subsector companies for the 2018-2021 period, the results obtained are that earnings management and liquidity partially have no significant effect on firm value. While profitability and capital structure have a positive and significant effect on firm value. Meanwhile, the simultaneous test results show that earnings management, profitability, capital structure, and liquidity have a significant effect on company value in building materials construction sub-sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period.

Based on the results of the research and conclusions above, the suggestions that can be given by the authors in this study are for the management of building material construction sub-sector companies in Indonesia to prioritize profitability and capital structure in running the company, this is because the research obtained results that profitability and structure Capital is one of the factors that can increase the value of the company, with the increasing value of the company, investors will be more interested in investing their funds in the company.

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