

**THE IMPACT OF MANAGERIAL ABILITY TOWARDS FIRM MARKET
VALUE**

Undergraduate Thesis

**Presented as Partial Fulfillment of the Requirement for the Degree of
Sarjana Ekonomi (S1) in Accounting Program Faculty of Economics**

Universitas Atma Jaya Yogyakarta



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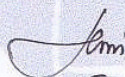
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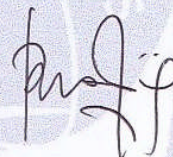
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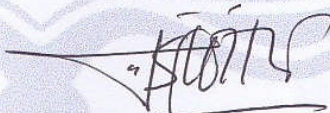


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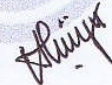
AUTHENTICITY ACKNOWLEDGEMENT

I hereby declare that the thesis with the title:

**THE IMPACT OF MANAGERIAL ABILITY TOWARDS FIRM MARKET
VALUE**

Is really my own thinking and writing. I fully acknowledge that my writing does not contain others' or part(s) of others writing, except for those that have been cited and mentioned in references.

Yogyakarta, July 13, 2015



Stefani Yoan Setiawan

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It is thanks to God that I can write and finish my undergraduate thesis entitled **“The Impact of Managerial Ability towards Firm Market Value”**. I also feel grateful because many people support me from the start until I finish my undergraduate thesis. I would like to use this chance to say thank you to them personally. Those people are:

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I am aware that my undergraduate thesis is far from perfect. I expect that readers can give comments and suggestion to enrich my undergraduate thesis. Finally, I hope this research can benefit the readers.

Yogyakarta, July 12, 2015

Stefani Yoan Setiawan

Motto

With pain comes strength.

“Apa saja yang kamu minta dalam doa dengan penuh kepercayaan, kamu akan menerimanya.” Matius 21:22

Whenever you think about giving up, think about why you’ve kept going on for this long.

“You don’t always win your battles, but it’s good to know you fought.”

Lauren Bacall

I dedicate this work to:

Jesus Christ

My family

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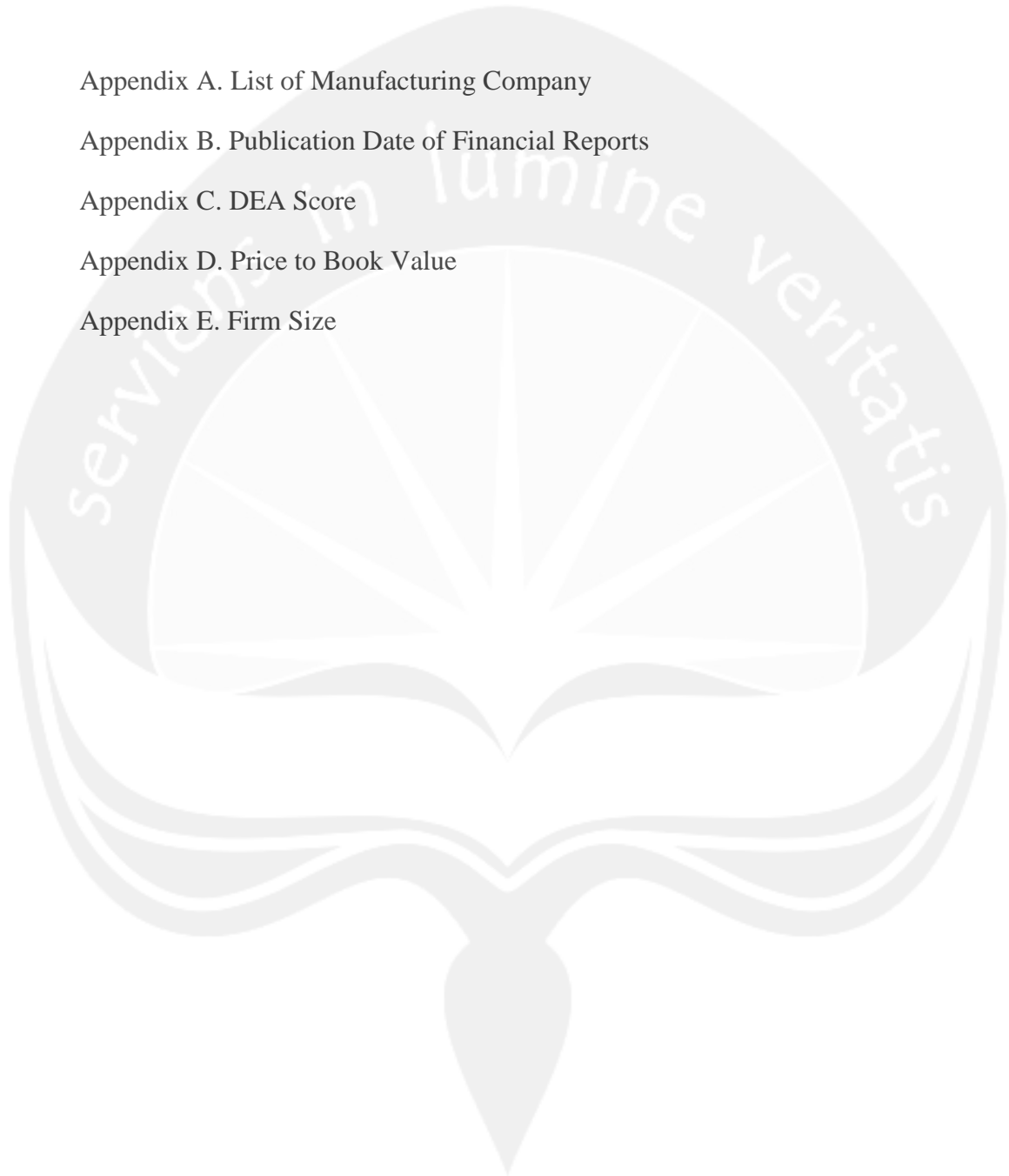
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Abstract

The objective of this study is to investigate the impact of managerial ability towards firm market value.

The sample of the study is the manufacturing companies listed in the Indonesian Stock Exchange (IDX). The number of the samples of the company is 284 companies. The managerial ability is measured using Data Envelopment Analysis (DEA). The firm market value is measured using Price to Book Value (PBV). The result indicated that the managerial ability has a positive impact on firm market value, therefore, the owners of the company must be more selective in choosing manager as a person who manages the company in order to increase the firm market value of the company. The owner of a company should choose a qualified and capable manager in order to fulfill the objectives of the company in improving the prosperity of the owners or shareholders (Suyono, 2011).

Keywords: managerial ability, price to book value, Data Envelopment Analysis (DEA)