

ABSTRACT

The purpose of this study are to measure the score of profit-efficiency of the banking sector in Indonesia Stock Exchange in the period of 2008-2017, to define the determinants variables that affect profit-efficiency scores and to find out the effects of profit-efficiency against the firm value performance (TobinsQ). This research method used a quantitative approach from secondary data type. The method to measure the profit-efficiency scores and the determinant variables were by using parametric approach: Stochastic Frontier Analysis (SFA). The bank firm value performance were measured by TobinsQ method. The result of the profit-efficiency scores from SFA was tested with the TobinsQ value by using Ordinary Leased Square (OLS). The results showed the average score of Indonesian Bank profit-efficiency scores is 0.43 with Bank Rakyat Indonesia (Persero) Tbk as the bank with the highest level with 0.69. The study also showed significant determinants that affect bank profit are Total Loans (Y1), securities (Y3), Price of Labour = personal expense / total asset (W2) and inflation (Z). The calculation result of the firm value performance showed Bank Central Asia Tbk company as the highest TobinsQ value with 1.41. The result of the regression test showed that profit-efficiency has insignificant effects against TobinsQ. This study brought an implication that banking sector in Indonesian Stock Exchange need to improve its profit-efficiency score by optimizing all determinant variable that have significant effect to profit-efficiency score. Also from this study we got a conclusion that profit-efficiency has insignificant effects against firm value performance (TobinsQ). Therefore banking sector need to aware others internal and external factor that potentially affect firm value performance in market, even though banking sector still need to pay attention with efficiency score since it is a fundamental factor in banking business operation for maximizing profit.

Keyword: profit-efficiency, Stochastic Frontier Analysis, TobinsQ