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Analysis of factors affecting market performance with financial performance as an intervening variable

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Abstract

This study aims to determine the effect of diversification of business, working capital efficiency, and income variability on market performance with financial performance as intervening variables. The population used in this study is a company listed in IDX Quality 30 on the Indonesia Stock Exchange in 2020-2021 with purposive sampling as a method in sample selection and obtained sample of 36 companies. The data obtained is processed using regression analysis, path analysis, t test and F test. The results of this study showed the coefficient of determination was 38,6% and the remaining 61,4% was explained by other variables. Simultaneously diversified business, working capital efficiency, income variability and financial performance affect the market performance. Partially diversified and income variables do not affect the market performance, working capital efficiency has negative effects on market performance while financial performance has a positive effect on market performance. Meanwhile, financial performance is only able to mediate the relationship between working capital efficiency on market performance and unable to mediate the relationship of diversification of business and income variability on market performance.

Keywords: Market Performance, Diversification of Business, Working Capital Efficiency, Income Variability, Financial Performance

INTRODUCTION

In 2020, the world experienced an outbreak known as *Coronavirus Disease or Covid-19 where the* World Health Organization *(WHO) officially designated Covid-19* as a global pandemic in March 2020 (Kompas.com). The COVID-19 pandemic has caused many countries to *lockdown* as an effort to prevent the spread of COVID-19. As a result, not a few businesses have regressed so that in some cases companies are forced to cut wages and even lay off their employees (katadata.co.id). This is done by the company as an effort to maintain its business continuity.

During the COVID-19 pandemic, the Indonesia Stock Exchange (IDX) formed a new stock index known as IDX *Quality* 30. This index is a factor index that can be used as a new reference for investors to invest, where issuers listed in this index are the results of selection from IDX80 members who are considered to have good credibility (bisnis.com). Issuers listed in IDX *Quality* 30 of course go through various rigorous selection processes. IDX *Quality* 30 is a 30-quality stock where historically these stocks have high profitability, good solvency, and generate stable profit levels.

Table 1. Share Price of Companies Included in IDX Quality 30 (2020-2021)

No	Company	2020	2021
1	PT. Bank Central Asia Tbk	6.770	7.300
2	PT. Gudang Garam Tbk	41.000	30.600
3	PT. Mayora Indah Tbk	2.710	2.040
4	PT. Unilever Indonesia Tbk	7.350	4.110

Source: Data Processed by Researchers, 2023

Table 1. above shows the stock price history of several IDX *Quality* 30 companies that experienced an average decline. This shows that the company's market performance has decreased during the Covid-19 pandemic. So that companies must pay attention to factors that can affect market performance. One of the things that can affect a company's market performance is its financial performance. According to (Gunawan et al., 2016), financial performance is an assessment carried out to determine the financial developments produced by the company on its operational activities. The development of the company's financial performance is reflected in the financial statements published by the company. One of the assessments in measuring the company's financial performance is to look at the profit obtained by the company. The higher the company generates profits, the company is able to provide prosperity for shareholders so that the *returns* expected by investors will be higher (Budi Setyawan, 2021). When the company can provide prosperity for shareholders, there will be many investors who are interested in the company so that it will increase the stock price. Thus, the company's market performance will increase.

Table 1. Net Profit of Companies Including IDX Quality 30 (2020-2021)

No	Company	2020	2021
1	PT. Bank Central Asia Tbk	27,1	31,4
2	PT. Gudang Garam Tbk	7,6	5,6
3	PT. Mayora Indah Tbk	2,1	1,2
4	PT. Unilever Indonesia Tbk	7,2	5,8

Source: Data Processed by Researchers, 2023

Based on table 1 and table 2, it can be seen that although the covid-19 pandemic caused many companies to experience a decline in performance, the companies listed in IDX *Quality* 30 were able to achieve positive performance while still generating profits, even in some cases experiencing an increase in profits and an increase in stock prices during the covid-19 pandemic as happened to PT. Bank Central Asia Tbk. and PT. Mayora Indah Tbk. This is certainly caused by many factors that can affect the condition.

There are so many factors that can affect the company's performance, both from internal and external companies. The first factor that is thought to have an influence on market performance is business diversification which is a way used by companies to expand business and markets (Iskandar et al., 2017) One of the objectives of the diversification strategy is to optimize the size and diversity of the business, thus the company can obtain results in the form of high profits from several business segments (Puspita Rani, 2015). In addition, business diversification is carried out by the company to distribute the risks borne by the company (Sinarti &; Darmajanti, 2019). However, a high level of diversification will cause high costs that must be incurred so that business diversification must be carried out by companies with good management competencies. The phenomenon that occurs that companies are currently diversifying many businesses both related and unrelated to be able to maintain their business amid economic uncertainty. Research conducted by (Zuhaikal, 2018) and (Roslita & Anggraeni, 2019) states that business diversification has a positive effect on the company's financial performance. But on the contrary, research conducted by (Suci Atiningsih, 2019) states that diversification strategies have no effect on financial performance. Meanwhile, research conducted by (Roslita & Anggraeni, 2019) and (Arieska & Harto, 2019) suggests that business diversification has a positive influence on market performance. However, the results of the study (Pijoh et al., 2019) stated that the diversification strategy has no effect on market performance.

Then, one of the things that can be considered to find out the company's ability to earn profits is to see how the company manages its working capital (Haedar, 2019). Working capital is the funds used by the company to run its business. The size of working capital can be regulated by the company because it has a flexible nature (Mahulae, 2020). Good working capital management is very important to be understood by management because if there is an error in working capital management, the company's activities will be hampered. One of the working capital efficiencies can be seen through the turnover of working capital from related companies. Working capital turnover occurs when the cash owned by the company is converted into working capital components used for company activities that end until it becomes cash again (Mahulae, 2020). Research conducted by (Mahulae, 2020) states that working capital efficiency has a positive effect on profitability which shows the company's financial performance. However, (Febreany, SE., M.Ak., 2021) stated the opposite that working capital turnover negatively affects financial performance. In addition, research conducted by (Setiawan et al., 2021) states that working capital turnover has a positive effect on the value of companies that show market performance. And (Jonnardi, 2020) also stated that working capital turnover negatively affects market performance.

Finally, revenue variability is a condition where the income obtained by the company can increase or decrease (Abhimanyu & Wirasedana, 2015). Companies with stable income will be followed by a stable level of profit as well, in contrast to companies that have ups and downs in revenue. The smaller the level of revenue variability, the more stable the company's income level so that the profit obtained by the company will be greater (Pina Lestari & Putu Wirawati, 2021) meaning that revenue variability has a negative influence on company performance. This happens because companies with a high level of revenue variability will find it difficult to gain the trust of investors and creditors to participate in the company's profit (Natasha Miraza & Muniruddin, 2017).

This study aims to determine the analysis of factors that affect market performance with financial performance as an intervening variable in IDX Quality 30 companies listed on the IDX 2020-2021. This research refers to research conducted by (Roslita &; Anggraeni, 2019). The difference is by adding the variables of working capital efficiency and income variability as independent variables. This research can provide input for companies in making investment decisions as an effort to improve market performance. This study also contributes to the existence of a new variable used to predict the company's market performance, namely the variable of revenue variability.

LITERATUR REVIEW

Integer Financial Management

Financial management basically talks about how finances are managed that can be done by individuals, companies, or the government (Husnan &; Pudjiastuti, 2015). So it can be concluded that financial management is financial management that can be carried out by various parties ranging from individuals, companies, and governments related to activities related to decision making in order to achieve certain goals. The decisions related to financial management are as follows: (1) Investment Decisions; (2) Funding Decisions; (3) Working Capital Decisions; (4) Income Distribution Decisions.

Signalling *Theory*

Signalling *theory* explains the company's actions that will convey information in the form of signals about the company's future prospects to interested parties with the aim of suppressing the occurrence of asymmetric information so that investors can assess the company's good and bad conditions (Eugene F. Brigham, 2010). Signal theory assumes that management has more information about the company than external parties. Therefore, management provides information that can be a signal and is expected to suppress information asymmetry so that investors get confidence to provide funds owned to the company. The signals conveyed can be known through financial statements or reports that explain the company's performance in achieving the expected goals.

Resource *Based View*

Resource Based View (RBV) explains that competitive advantage is obtained from internal resources which helps companies find opportunities and suppress threats so that they can develop strategies that lead to sustainable company competitiveness (Fred R. David, 2009). *The resource-based view* emphasizes strategic choices by maximizing the function of the main resources owned to optimize company value continuously. Business diversification can be formed because companies have more resources and want to be used for something productive so that competitive advantages can be created (Sri &; Chen, 2019). Based on RBV, the company is able to maximize its ability to obtain profits by utilizing its internal resources through diversification (Subramaniam & Wasiuzzaman, 2019). Utilization of resources through diversification can bring out the company's competitive superiority not only in one line of business, so that the targeted market coverage becomes wider.

HYPOTESIS DEVELOPMENT

Business Diversification on Market Performance

Business diversification is carried out to increase the company's sales volume obtained from various business segments. In addition, this is done by management to maintain business continuity and company flexibility. With the concept of diversification, the Company can gain profits from outside the company's main business, this is certainly an added value for the company and a positive signal for investors so that the market will react to the information and ultimately improve market performance. Research conducted (Roslita & Anggraeni, 2019), (Arieska &; Harto, 2019) states that business diversification has a positive influence on market performance. This is because companies with diverse business segments will have a wider market and are able to excel in increasingly fierce business competition than companies with a single business. Thus, hypotheses that can be formed are:

H1: Business diversification has a positive effect on market performance

Working Capital Efficiency on Market Performance

When management manages the company's working capital well, the party who has funds, both investors and creditors, will provide the funds they have to the company in the hope of getting profits in the future. Research conducted by research conducted by (Setiawan et al., 2021) states that working capital turnover has a positive effect on the value of companies that show market performance. The faster the turnover of working capital, the faster the profit generated will be obtained. This makes market performance better because external parties can trust the company's ability to manage its working capital. Therefore, working capital efficiency is thought to have a positive influence on market performance. So that the hypothesis formed is:

H2: Working capital efficiency positively affects market performance

Revenue Variability to Market Performance

Revenue variability is the rate of change in revenue that occurs in each accounting period. Revenue variability means that the income obtained by the company in unstable conditions in the sense that it can go up can also go down (Abhimanyu &; Wirasedana, 2015). Companies with a high level of revenue variability indicate that the income obtained by the company is unstable, which will cause investor and creditor confidence to decrease because they assume that the company will not be able to manage the funds it has. However, the smaller the level of revenue variability, meaning that the more stable the income obtained by the company so that it can be said that the company has good prospects. Therefore, the hypotheses that can be formed are as follows:

H3: Revenue variability negatively affects market performance

Financial Performance against Market Performance

Financial performance is the ability of management to manage company finances so that they can obtain an expected profit. Good financial management will result in good financial performance as well. Therefore, every decision taken will affect the company's financial performance. In signal theory, external parties will get signals through information provided by management about the company's condition. The signal given can be *good news* or *bad news,* and the market will react following the signal. Good financial performance will be a positive signal for investors. The level of profitability generated by the company is very important to always pay attention to profit-oriented companies. Investors expect returns when investing, so companies with high returns will be favored by investors. That is, the better the company's financial performance, the market performance will increase. So that the hypotheses that can be formed are:

H4: Financial performance has a positive effect on market performance

Business Diversification to Market Performance Through Financial Performance as an Intervening Variable

Business diversification is done so that the resources owned by the company can be used for something productive and can create a competitive advantage of the company compared to other companies. By diversifying, the company is considered to be able to avoid the risk of loss when the main business is not running as expected, this is because other business segments can cover these losses (Zuhaikal, 2018). The more diversified the company, the company will have sources of income from various segments so that the profit obtained will be higher which means that financial performance increases so that it can improve the company's market performance. Therefore, the hypotheses formed are as follows.

H5: Business diversification affects market performance through financial performance as an intervening variable

Working Capital Efficiency on Market Performance Through Financial Performance as an Intervening Variable

Working capital is a current asset owned by the company which in this case is used to support the company's operational activities in the short term. Working capital efficiency shows management's ability to manage its working capital, one of which can be measured by the working capital turnover ratio. The more efficient the use of working capital, the better financial performance will be so that it will improve market performance. Based on this explanation, the hypothesis formed is:

H6: Working capital efficiency affects market performance through financial performance as an intervening variable

Variability of Income to Market Performance Through Financial Performance as an Intervening Variable

Revenue variability is the level of diversity of income obtained by the company in the sense that it can go up and down (Abhimanyu &; Wirasedana, 2015). The level of income will be related to the level of profit earned. The higher the level of revenue variability, the company's ability to make sales in an unstable state. In financial management, companies are faced with funding decisions that will be used to run their business, but with a high level of revenue variability, companies will find it difficult to get funds that will be used to run company operations. This happens because the fund owner thinks that companies with ups and downs in revenue are feared to be unable to produce the expected *return* so that the company's financial performance will be disrupted. Thus, the higher the level of income variability, the smaller the profit obtained and cause financial performance in a bad state so that market performance will decrease. Therefore, the hypotheses that can be formed are as follows:

H7: Income variability affects market performance through financial performance as an intervening variable

The Conceptual Framework

Based on the theory and hypothesis development above, the hypothetical framework in this study is as follows:

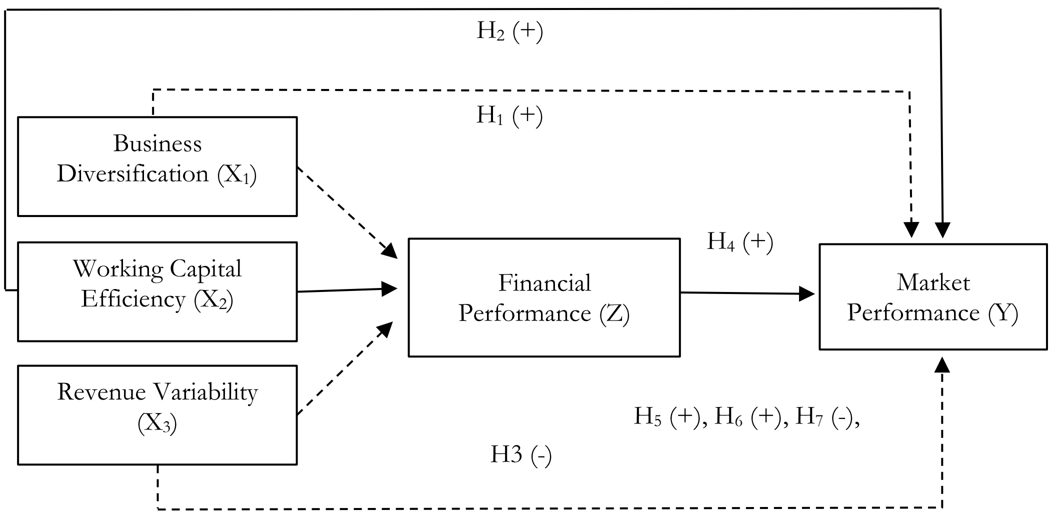


Figure 1. Research Hypothesis Framework

RESEARCH METHODS

The method used in this study is a descriptive method of analysis with a quantitative approach. The data source used in this study used secondary data. The focus of this research was carried out on IDX Quality 30 companies listed on the Indonesia Stock Exchange (IDX) for the period 2020 – 2021. The sampling technique used in this study was purposive sampling.

The dependent variable used in this study is market performance with Tobin's measurement Q = (EMW +D)/TA. The intervening variable is financial performance with the measurement of ROE = Net income/Equity. While the independent variables consist of: (1) Business diversification measured by IHL = tt-1(^{segsales})2/tt-1 $^{(sales)}$2; (2) Working capital efficiency as measured by WCT = Net sales/Working capital; (3) Revenue variability measured by VP = ∫Revenue/Average revenue.

Data analysis techniques are carried out with the following stages: descriptive statistical analysis, normality test, outlier test, classical assumption test and hypothesis testing with multiple regression analysis and *Path Analysis*.

RESULTS AND DISCUSSIONS

Based on the purposive sampling technique, 36 companies were obtained with a period of 2 years so that 72 data were obtained, but there were 4 outlier data so that the data used was 68. Data analysis begins with conducting descriptive statistical analysis, performing normality tests through skewness and kurtosis values. Data analysis is then continued by conducting classical assumption tests, hypothesis tests with multiple regression analysis and *Path Analysis*.

Results of Descriptive Statistical Analysis

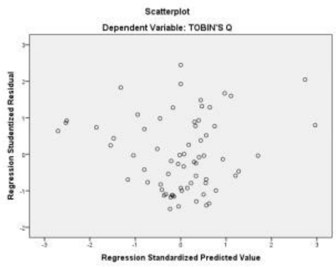
Table 3. Analisis Statistik Deskriptif

Descriptive Statistics					
	N	Min	Max	Mean	Std. Dev
Q	68	.814	14.415	2.387	2.183
ROE	68	.026	1.451	.201	.226
HHI	68	.249	1.00	.619	.268
WCT	68	-9.48	9.12	1.305	3.349
VP	68	.029	.405	.155	.081
Valid	68				

Source: Data Processed, 2023

Classical Assumption Test Results

Table 4. Classical Assumption Test Results

One Sample K-S		Coefficients[a]			Heteroskedastisitas
	Residual	Model	Collinearity Statistics		
N	68		Tolerance	VIF	
Mean	.0000000	HHI	.950	1.052	
Std. Dev	.48619057	WCT	.740	1.351	
Absolute	.094	VP	.823	1.216	
Positive	.094	ROE	.837	1.195	
Negative	-.065				
Sig.(2-tailed)	.094				

Source: Data Processed, 2023

Hypothesis Test Results

Table 5. Multiple Regression Test Model 1

Coefficients[a]		
	Unstandardized Coefficients	
Model	B	Std. Error
1 (Constant)	-8.989	2.602
HHI	.236	.168
WCT	2.097	.798
VP	-.070	.168

Table 6. Model 2 Multiple Regression Test Results

Coefficients[a]			
	Unstandardized Coefficients		Standardized Coefficients
Model	B	Std. Error	Beta
1 (Constant)	5.701	2.234	
HHI	-.064	.135	-.047
WCT	-1.202	.662	-.202
VP	-.096	.132	-.077
ROE	.653	.099	.693

a. Dependent Variable: Tobin's Q

Based on the table above, the equation of multiple regression analysis results is obtained as follows:

1. Model 1 ROE = -8,989 + 0,236 HHI + 2,097 WCT - 0,070 VP
2. Model 2 Tobin's Q = 5,701 – 0,064 HHI – 1,202 WCT – 0,096 VP + 0,653 ROE + e

Results of Simultaneous Test (F Test), Coefficient of Determination Test (R2), and Partial Test (t Test)

Table 7. Simultaneous Test Results (Test F)

ANOVA[a]		
Model	F	Sig.
1 Regression	11.514	.000[b]
Residual		
Total		

a. Dependent Variable: TOBIN'S Q
b. Predictors: (Constant), ROE, VP, HHI, WCT

Table 8. Test Results of Coefficient of Determination

Model Summary[b]	
Model	Adjusted R Square
1	.386

a. Predictors: (Constant), ROE, VP, HHI, WCT
b. Dependent Variable: TOBIN'S Q

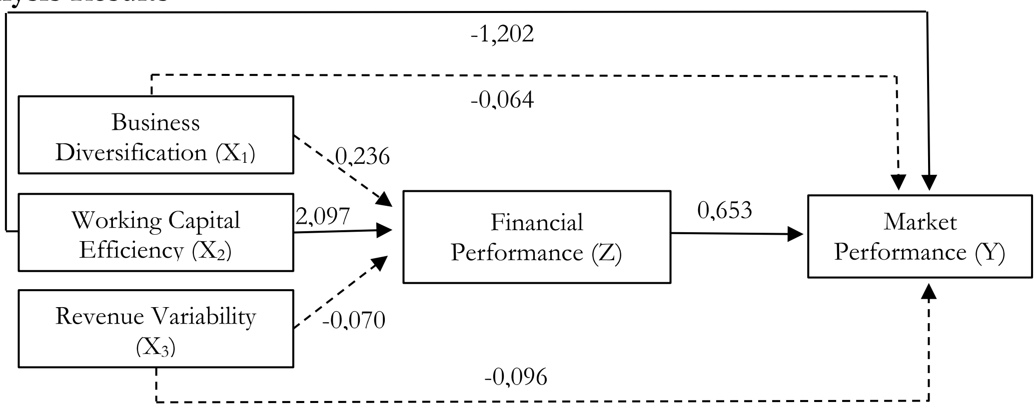
Table 9. Partial Test Results (Test t)

Model	t	Sig.
1 (Constant)	2.552	.013
HHI	-.479	.634
WCT	-1.817	.074
VP	-.726	.470
ROE	6.624	.000

Source: Data Processed, 2023

Based on table 7 above, the FHitung>Ftable values are 11.514 > 2.518 and the significance values are 0.000 < 0.05. So, it can be concluded that the independent variables in this study affect together or simultaneously on the dependent variable. While table 8 shows an *Adjusted* R *Square* value of 0.386. This means that 38.6% of market performance can be explained by business diversification, working capital efficiency and income variability as well as financial performance as intervening variables. While the rest, 61.4%, was influenced by other variables that were not in this study. Furthermore, in table 9, the results of the partial test can be found with the following explanation: (1) Business diversification has no effect on market performance, (2) Working capital efficiency has a negative effect on market performance; (3) Financial performance has a positive effect on market performance.

Path Analysis Results



Gambar 4.2 Path Analysis

Information:

▼ : Influential

▼ : No Effect

Table 12 Results of Mediation Effects

Statement	Result	Conclusion
Business diversification towards market performance through financial performance	1,358 < 1,670	There is no mediation influence
Working capital efficiency on market performance through financial performance	2,417 > 2,388	There is a mediation influence
Variability of earnings to market performance through financial performance	0,4046 < 1,670	There is no mediation influence

Source: Data Processed, 2023

Business Diversification on Market Performance

Based on hypothesis testing that has been done, it was obtained that business diversification has no effect on market performance. This is based on the results of partial hypothesis testing (t-test) which shows that the calculated value of the business diversification variable is smaller than the ttable, which is -0.479 < 1.670 with a significant value of 0.634 > 0.100. Thus, H1 which states that business diversification has a positive effect on market performance is rejected. In this study, the high or low level of business diversification in the company does not guarantee that market performance will be better. This indicates that the company's efforts in diversifying its business have not provided optimal results so that it cannot improve market performance. When going to invest, investors pay more attention to the profit obtained by the company without paying attention to the business segment being run. In addition, the COVID-19 pandemic has made it difficult for many companies to run their businesses. Thus, business diversification does not affect market performance. The results that have no effect in this study can also be caused because the level of business diversification studied is overall diversification without distinguishing between diversification related to unrelated diversification.

Working Capital Efficiency on Market Performance

Based on the hypothesis testing that has been done, it was obtained that the efficiency of working capital proxied by working capital turnover negatively affects market performance. This result is based on the results of partial testing (t-test) which shows that the calculated t value is greater than the table t, which is -1.817 > 1.670 with a signification value of 0.074 < 0.100. However, the direction of the effect of working capital efficiency on market performance is negative, so H2 which states that working capital efficiency has a positive effect on market performance is rejected. In this study, it was found that the faster turnover of working capital will have an impact on decreasing market performance. Investors assume that working capital managed too hastily will cause a lack of company investment in working capital so that sales made by the company cannot achieve maximum results. The efficiency of working capital applied by the company must be accompanied by an effective level of sales and the use of minimal costs so that the company gets maximum profit, so that market performance can increase. High working capital turnover without generating maximum profit will cause market performance to decline, because it means that the company manages working capital too aggressively and less effectively.

Revenue Variability to Market Performance

Based on hypothesis testing that has been done, it is obtained that income variability has no effect on market performance. This result is based on the results of partial testing (t test) which shows that the calculated t value is smaller than the table t which is 0.726 < 1.670 with a signification value of 0.470 > 0.100. Thus, H2 which states that income variability negatively affects market performance is rejected. Revenue variability indicates the change in the level of revenue earned by the company in recent years. In this study, the high and low level of income that fluctuates does not affect investors when going to invest so that market performance will not be affected. A high degree of revenue variability means that the sales that the company makes are in an unstable state. Revenue variability is a company's risk in running its business where in an accounting period, the company will be faced with conditions that are not the same every year so that the level of income obtained will vary. In addition, companies listed in the IDX *Quality* 30 consist of various sectors, where each sector has different risks and prospects. This causes income variability to have no effect on market performance.

Financial Performance against Market Performance

Based on hypothesis testing that has been done, it is obtained that financial performance proxied with *Return on Equity* (ROE) has a positive and significant effect on market performance. This result is based on the results of partial testing (t test) which shows that the calculated t value is greater than the table t, which is 6.624 < 2.388 with a signification value of 0.000 > 0.010. Thus, H4 which states that financial performance has a positive effect on market performance is accepted. In investing, investors certainly expect *high returns*. Financial performance will show the company's ability to manage its capital to create profits to fulfill its obligations to investors, namely in the form of dividend distribution. Companies with high returns will be more favored by investors so that market performance will be better. The higher the profitability generated by the company, the higher the return that investors will receive. This will attract investors to invest in the company. The high interest of investors in investing in companies will increase stock prices, so that market performance will increase. Therefore, it can be said that financial performance has a positive effect on market performance.

Business Diversification to Market Performance through Financial Performance as an Intervening Variable

Based on the results of the path analysis, the value of t calculates the indirect influence < ttable which is 1.358 < 1.670. So, it can be concluded that financial performance (ROE) cannot mediate the relationship between business diversification and market performance. That is, business diversification indirectly through financial performance cannot affect market performance through financial performance as an intervening variable. So that H5 which states that business diversification affects market performance through the role of mediating financial performance is rejected. In this case, financial performance cannot mediate the relationship between business diversification and market performance because high or low levels of company diversification do not affect the profits obtained. That is, neither a company that has only one segment nor consists of several business segments cannot affect the company's financial performance. This can happen because diversified companies do not necessarily have high levels of revenue and profits compared to companies that are not diversified. In addition, the unstable economic situation and the Covid-19 pandemic have caused various businesses to experience setbacks. Thus, even though the company diversifies its business but the ability to manage the business is not qualified, the business diversification carried out cannot affect financial performance which ultimately market performance is not affected.

Working Capital Efficiency to Market Performance through Financial Performance as an Intervening Variable

Based on the results of the path analysis, the value of t calculates the indirect influence > ttable which is 2.417 > 2.388. So, it can be concluded that financial performance (ROE) can mediate the relationship between working capital efficiency and market performance. That is, working capital efficiency can indirectly affect market performance through financial performance as an intervening variable. So that H6 which states that working capital efficiency affects market performance through the mediating role of financial performance is accepted. In this case, it can be said that working capital efficiency has a positive effect on financial performance, which means that the more efficient the company is in managing working capital, the better financial performance will be. In running its business, the company needs working capital to support short-term operational activities. The level of working capital turnover in a company can show the efficiency of the company in making working capital investments. The faster the rate of working capital turnover, the faster the working capital invested in the company's operational activities becomes cash again. Thus, the company will make profits faster. When the profitability obtained by the company is high, the market will react so that the company's stock price can increase which means that market performance also increases. Therefore, financial performance can mediate the relationship between working capital efficiency and market performance. However, working capital turnover that is too fast also has the potential to reduce market performance. Working capital efficiency without high profits will reduce market performance. This can be known through the direct influence between working capital efficiency and market performance where the direct relationship has a negative direction. Therefore, the company must be able to adjust between working capital investment and company conditions so that investment decisions do not harm the company.

Variability of Income to Market Performance through Financial Performance as an Intervening Variable

Based on the results of the path analysis, the value of t calculates the indirect influence > ttable which is -0.4046 < 1.670. so, it can be concluded that financial performance (ROE) cannot mediate the relationship between income variability to market performance. That is, income variability cannot indirectly affect market performance through financial performance as an intervening variable. So, the H7 which states that income variability affects market performance through the mediating role of financial performance is rejected. Revenue variability is the variation of the level of revenue earned by a company each accounting period. The revenue obtained by the company can go up and down depending on the conditions of each company. Companies with a high level of revenue variability indicate that the revenue earned by the company is experiencing high changes. In this study, it was found that income variability cannot affect market performance directly and financial performance cannot mediate the relationship between income variability to market performance. That is, companies with a high level of income variability do not necessarily earn low profits. Vice versa, companies with a low level of variability do not necessarily get high profits. This happens because different economic conditions every year coupled with the COVID-19 pandemic make creditors and investors have different views on the company. Revenue that changes everyone accounting period in previous years is not the focus of external parties due to different conditions, so it does not become an obstacle for the company in obtaining capital for company operations.

CONCLUSION

Based on the results of data analysis on IDX *Quality* 30 companies listed on the Indonesia Stock Exchange in 2020-2021, business diversification and partial revenue variability have no effect on market performance, while working capital efficiency negatively affects market performance and financial performance has a positive effect on market performance. For mediation results, financial performance is only able to mediate the effect of working capital efficiency on market performance. As for the effect of business diversification and income variability on market performance, financial performance cannot mediate.

Limitations that affect the results of the study, including the data used in this study only as many as 68 samples. This is because the companies sampled in this study are companies listed in the IDX *Quality* 30, where this stock index has just been released in 2020, so the observation period in this study is only for 2 years, namely 2020-2021. While the implication in this study is that the results of the study can provide input for companies in making investment decisions as an effort to improve market performance. This study also contributes to the existence of a new variable used to predict the company's market performance, namely the variable of revenue variability.

Further researchers are expected to increase the research period in order to obtain more accurate results. In addition, researchers can further expand research by providing new independent variables that can affect market performance such as geographic diversification, *intellectual capital*, R&D intensity, and so on. As well as being able to expand research objects such as IDX80, IDX30, LQ45 companies and so on.

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