The Effect Of Economic Value Added (EVA), EPS, ROE, OCF to The Dividend Payout Ratio And Its Implications On The Company's Stock Price Consumer Goods On The Indonesia Stock Exchange

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ABSTRACT

This study aims to find empirical evidence and examine the effect of EVA, EPS, ROE, OCF partially and simultaneously to the DPR, Finding empirical evidence and examine the influence of EVA, EPS, ROE, OCF, DPR partially and simultaneously to the stock price consumer goods company's on the Indonesia Stock Exchange. The research method used Fixed Effect Model, data comes from the company's annual financial statements of concumer goods on Indonesia Stock Exchange during 2005-2009, published in the Indonesian Capital Market Directory. Based on t test results found that the partial and simultaneous EVA, EPS, ROE, OCF significant effect to the DPR , EVA = 0.0008,   EPS=0.0005,   OCF 0.0034, R squared =0.871 Partially EVA, OCF, DPR have a significant to the stock prices,   EVA =-0.4389,   OCF =0.9112,   DPR = -0.4508. EPS (= -0,0135), ROE(= 0,0116) were not significant to the stock price. Simultaneously EVA, EPS, ROE, OCF,DPR have a significant to the stock prices by the R squared = 0.8602. This study supports the results of research Worthington & West (2004) or Lehn & Makhija (1997), but different direction, because behavior of investors in Indonesia during the study more aggressive towards its fundamental elements thus tend to go public when the market is bearish and holding the stock when the market is bullish. Limitations of this study is the source of data from one type of stock and derived from years of research that not all of stable.

A. Preliminary

Background issue

In the capital market, investors would give a good appreciation to the issuer if the issuer was able to show a good performance anyway. Performance measures of the easiest and often overlooked is the investor profits. Profit companies may be EPS, ROE and EVA. in Indonesia, the ratio of profits to investors is often overlooked is the EPS and ROE, but in the development of performance measures based on accounting earnings are no longer sufficient they will be used to evaluate the efficiency of the company. Most recently developed the use of EVA as a measure of financial performance. Compared to EPS and ROE, EVA has not been popularly used in Indonesia but has been widely used in the United States. Several studies have been conducted to compare the EVA, EPS, ROE, OCF in influencing stock prices with varying conclusions. Ismail (2006) and Kyriazis & Anastasis (2007) have proved that the EPS,

ROE, OCF more influential than EVA. Instead Lehn & Makhija (1997), Worthington and West (2004) in his study concluded that EVA is more influential than the EPS. In conclusion inconsistent results, this study tries to prove the influence of EVA, EPS, ROE, OCF to DPR and its implications on the consumer goods company's stock prices on the Stock Exchange. formulation of the problem, problems in this study grouped into 2 : a how does EVA, EPS, ROE, OCF partially and simultaneously to DPR consumer goods companies on the Stock Exchange, b How does EVA, EPS, ROE, OCF, DPR partially and simultaneously towards consumer goods company's stock prices on the Stock Exchange. Research objectives, the purpose of this study are grouped into 2 among others, (a) finding empirical evidence and examine the effect of EVA, EPS, ROE,OCF partial and simultaneous to the DPR consumer goods companies on the Stock Exchange, (b) finding empirical evidence and examine the effect of EVA, EPS, ROE, OCF, DPR

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partial and simultaneous to the consumer goods company's stock prices on the Stock Exchange.

B Company Performance

Economic Value Added (EVA), EVA calculating fixed profit after capital costs are deducted in the operating profit of the company, Stewart (2000:146). Steps to calculate EVA sourced from Stewart (2000 :147-148) is : (1) Calculating NOPAT, Stewart adds reserves to the equivalent equity capital and increase the burden of periodic reserves for doubtful accounts, goodwill and amortisasi kumulatif (2) Cost of capital, that cost of capital = WACC x total investmen. ... (1). (a) cost of debt. The weighted average interest rate is calculated, kd converted to kdt because the interest is reduces tax, WACC = (ke x we) + (kd(1-t) x wd)….. (2). (b) Cost of equity, to be calculated based on the prevailing market value of the formula CAMP, ke = risk free rate + risk premium…..(3) ke = krf + (krm-krf) ……(4) information, krf : risk free rate of return, krm : the expected rate of return on the market, : stock risk index. Risk free rate (krf), risk free rate of return, measured using interest rates SBI. Market Return (krm), the expected rate of return on the market, measured using a composite stock price index/ krm = (IHSG)I – (IHSG0i-1 / (IHSG)i-1 … (5) information, Market risk ( ) : Market risk such as inflation, exchange rate, etc.. this value can be obtained in the capital markets, Y = . X …(6), Y = (kri – Krf), X = (krm – krf). Wage average Cost of Capital (WACC) = (ke x we) + (kd(1-t) x wd) …(7) 3 Total investment, is short-term and long-term debt, capital stock and retained earnings. Earning per share, by Daves (2008:316), is the profit obtained by the company for each share outstanding, formulated: EPS = net income / total number of shares outstanding ……(8) source : Daves (2008:316). Return on equity, is a profitability ratio that reflects the return on shareholder investment, formulated : ROE = profit after tax / equity shares .. (9) sources daves (2008:316). Operating cash flow, is the cash flow to meet the operational needs of the company and received each year over the life of the investment, Stice & Skousen (2008:342). Dividend payout ratio, is the company's policy regarding the use of the profit be shareholder stock, formulated: DPR = DPS / EPS

...... (10) source: Daves (2008 : 342). Stock price, According to Brigham & Gapenski (2007:116) EPS is affected by stock prices, risk, debt, dividend policy, psychological factors, demand and supply of shares, macroscopic economic conditions as well as government policies.

C The Theoretical Framework Of Thinking

DPR determined by corporate earnings, the greater the profit the greater the DPR, OCF is cash flow used to pay dividend, the greater OCF the greater DPR. DPR has implication on stock prices, this study wanted to show the effect of EVA, EPS, ROE, OCF partially and simultaneously to DPR and its implications on the price of consumer goods in the company's stock exchange. opersional variabel : inde-pendent variable is EVA, EPS, ROE, OCF and dependent variable is the stock price. DPR is the dependent variable when connected to EVA, EPS, ROE, OCF but became independent variable when linked to the stock price. Illustrations framework shown in figure 01, hypotheses, H1 : eva alleged influence on DPR, H2 : EPS alleged influence on DPR, H3 : ROE alleged influence on DPR, H4 : OCF alleged influence on DPR, H5: expected EVA, EPS, ROE, OCF simultaneously influence on the DPR. H6 : EVA alleged influence on stock prices, H7: EPS alleged influence on stock prices H8 : ROE alleged influence on stock prices, H9 : OCF alleged influence on stock prices, H10 : DPR alleged influence on stock prices, H11 : expected EVA, EPS, ROE, OCF, DPR simultaneously influence on stock prices.

D. The Research Method

Type of applied research experiments, populations are consumer goods companies in Indonesia Stock Echange for 2005-2009, sample of consumer goods company that continues to publish its financial statements are consistent from 2005-2009, the financial statements ending December 31. Data collection methods for variable EVA, EPS, ROE, OCF, DPR based balance sheet, income statement, cash flow statement, notes to consolidated financial statements are available in ICDM, interest from bank Indonesia, variables and stock prices obtained from the JSX Composite Index statistics published by Mountlly IDX.

operational variables, the share price is the closing price rupiah per share, the DPR is DPS / EPS unit ratio per share, EVA per share, EPS profit per share, rupiah per share, ROE and OCF ratio units per sheet stock. Methods of analysis, descriptive statistics using distribution table shows the average, standard deviation, median study variables, model selection and hypothesis testing

E. Results And Discussion

General description of the issuer company, the number of consumer goods companies on the Stock Exchange was 41 but 9 delisting and does not collect financial statements consistently during 2005-2009 so the sample = population = 32 companies. Discussion, equalization measurements all study variables were measured in the ratio per share. Descriptive statistics EVA,EPS, ROE, OCF, DPR, stock prices are shown in the table 01, according to table 01 the average share price of 13,308, minimum 45,000, maximum 244,800 , average DPR 14.760, minimum 0, maximum 14, 760 average EVA 657.752 minimum-83.344, maximum 937.180,

average EPS 734,238 minimum 0.03, maximum 13324, average ROE 0,251, minimum 0, maximnum 4,380, average OCF 1383,267, minimum 0,1, maximum 43580. .Determination of the model, the results of F-tests to compare the pool and FEM models shown in the table 02 and table 03, Ho models follow the pool, H1: models follow the FEM, according to table 02, p value $0.000 < 0.05$, H1 received FEM models to follow, according to table 03, p value $0.000 < 0.05$, H1 received FEM models to follow. The test results Hausman test to compare the REM and FEM models shown by Table 04 and table 05, H0: a model to follow REM, H1: a model to follow FEM. Based on Table 04, p value $0.000 < 0.05$,H1 received FEM models to follow, based on table 05, p value $0.000 < 0.05$, H1 received FEM mode to follow. Analysis of the result, stage 1 test EPS, ROE,OCF to DPR, stage 2 examined Analysis of the results, examined the effect of EVA, EPS, ROE, OCF, DPR representatives to the stock prices. Value estimated coefficients and signifianct test results to examine the influence of EVA, EPS, ROE, OCF to DPR indicated by Table 06. Based on Table 06, EVA, EPS, ROE, OCF

partial and simultaneous significant positive effect on the DPR of representatives. Partially OCF (= 0.0034) has the most dominant influence on DPR. EVA(= 0.0008) more influence on the DPR of representatives rather than EPS (= 0,0005) and ROE (= 0.0002). R squared 0.871, meaning 87.1% variability DPR can be explained by the EVA, EPS, ROE, OCF simultaneously. These results can be considered good. Crossed effect to DPR indicated by Table 07 Value estimated coefficients and significant test result to examine the influence of EVA, EPS, ROE, OCF, DPR of the stock price indicated by table 08, based on table 08, EVA (= -0.4688) and DPR (= -0.4508) negative effect on stock price. EPS, ROE, partiall positive effect, OCF (= 0.9112) the dominant effect. R squared 0,8602 meaning 86% share price variability can be explained by EVA, EPS, ROE, OCF, DPR simultaneous. These results can be considered good. Crossed effect on stock prices is shown by Table 09. Test the hypothesis, table 06 to test H1, H2, H3, H4, and H5. H1: EVA influence on DPR representatives, t = -5.148.> -1,96, H1 is accepted, a significant effect of EVA on DPR.

H2 : EPS influence on the DPR representatives t = 2,069 > 1,96 is accepted, a significant effect of EPS on DPR. H3: ROE influence on the DPR of representatives, t = 3,69 > 1,96, H3 is accepted, a significant effect of ROE on DPR. H4 : OCF influence on the DPR of representatives, t = 5,49 >1,96 H4 is accepted, a significant effect of OCF on DPR. H5: EVA, EPS, ROE, OCF simultaneously affect the DPR ,

F = 23.934 > 2.310, H5 accepted, the influence of EVA, EPS, ROE, OCF simultaneously on DPR is significant. H6 : EVA affect the stock price, t = -5.148 <-1,96 H6 is accepted, the influence of EVA on stock prices significant. H7: EPS affect the stock price, t = 1,170 <1.96, H7 was rejected, EPS influence on stock prices is not significant. H8 repre-sentatives, t = 5.104 > 1.96, H8 was rejected ROE influence on stock prices is not signifi-cant. H9: OCF affect the stock price,t = 2.342 > 1.96. H9 acceptable, OCF influence on stock prices significantly. H10: DPR affect the stock price, t = -3,104 > -1.96, H10 acceptable, DPR influence on stock prices is significant. H11: EVA, EPS, ROE, OCF, DPR simultaneously affect the stock

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prices, F = 23.934> 2.310, H11 accepted, the influence of EVA, EPS, ROE, OCF simultaneously on stock prices is significant.

F.Conclusion

EVA proved significant positive effect on the DPR of representatives, Stewart support the theory that the increase in EVA can increase shareholder wealth through the DPR (Stewart, 2000:145). EPS proved significant positive effect on the DPR of representatives, during the research companies using EPS as a reference in determining the DPR. ROE proved significant positive effect on DPR number of companies that have ROE proportional to the DPR of representatives (21 companies) greater than the company's return on equity is not directly proportional to the DPR of representatives (11 companies). This conclusion is to reject the theory Daves (2008:315), that does not always increase in ROE increase shareholder wealth.OCF proved most dominant significant positive effect on the DPR. EVA, EPS, ROE, OCF simultaneously proved to have a positive and significant impact on the DPR of

representatives, these variables are fundamental elements that demonstrate the ability of the company to establish the DPR of representatives. EVA proved a significant negative effect on stock prices. Investors in Indonesia tend to go public when EVA good because the calcula-tion of EVA is short and difficult to maintain. EPS proved insignificant positive effect on stock prices, investors in Indonesia during the study were more interested OCF attention than EPS. ROE proved insignificant positive effect on stock price, investors in Indonesia during the study were more interested OCF attention than ROE. OCF proved the dominant positive and significant impact on stock prices, This shows that during the study investors in Indonesia have more realistic expectations for investment returns. DPR proved a significant negative effect on stock prices, supporting the view Miller (2006:167) that high dividends tend to lower the price of the stock for tax evasion. EVA, EPS, ROE, OCF, DPR of representatives simultaneously proved significant positive effect on stock prices because all of these variables indicate the value of enterprise bargaining.
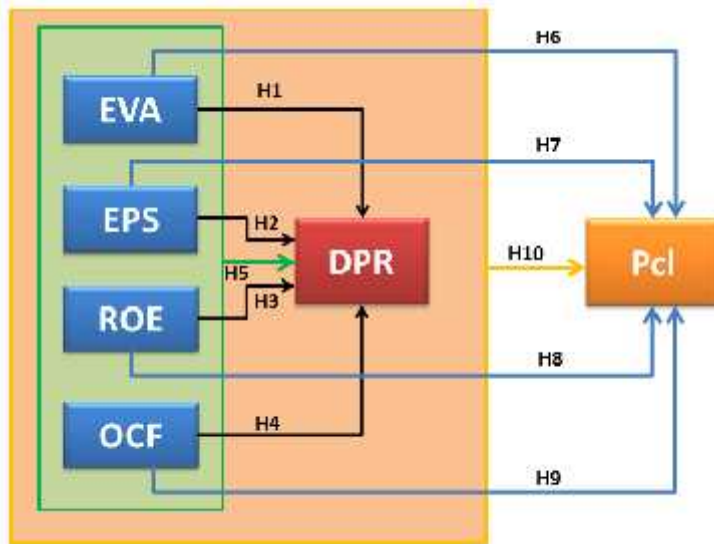
Figure 01 *ThinkingFramework*

Information : EVA : Economic Value Added, EPS : Earning Per Share, ROE: Return On Equity, OCF: Operating CashFlow, DPR : Dividend Payout Ratio, Pcl : StockPrice

Table 1.Descriptive statistics ofEVA, EPS, ROE, OCF, DPR, stock price

	EVA	EPS	ROE	OCF	DPR	Pcl
Mean	657.7519	734.2376	0.261187	1383.267	14.76006	13308.31
Median	347.5000	65.50000	0.130000	81.00000	0.135000	775.0000
Maximum	93718.00	13324.00	4.380000	43580.00	14.76006	244800.0
Minimum	-82344.00	0.030000	0.000000	0.100000	0.000000	45.00000
Std. Dev.	16125.96	1806.949	0.502579	4660.420	65.09860	32385.80
Skewness	-0.064682	4.000621	5.358083	6.205325	4.836038	4.118299
Kurtosis	19.49436	22.19798	38.02470	49.07403	26.47919	23.72944
Jarque-Bera	1813.871	2883.882	8943.771	15178.94	4298.808	3317.008
Probability	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Sum	105240.3	117478.0	41.79000	221322.6	2361.610 .	2129330
Sum Sq. Dev.	4.13E+10	5.19E+08	40.16107	3.45E+09	673814.7	1.67E+11
Observations	160	160	160	160	160	160

source : processing result reviews 6 (2011)

Table 2. F test the influence of EVA, EPS, ROE, OCF to the DPR

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	17.855460	(31,124)	0.0000
Cross-section Chi-square	271.705028	31	0.0000

source: results oftreatmentreviews6 (2011)

Table3.Ftestthe influence ofEVA, EPS, ROE, OCF, DPR tostock prices

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-section fixed effects			
Effects Test	**Statistic**	**d.f.**	**Prob.**
Cross-section F	12.907523	(31,123)	0.0000
Cross-section Chi-square	231.624284	31	0.0000

source: results of treatment reviews 6 (2011)

Table4.Hausman test the influence of EVA, EPS, ROE, OCF of Representatives to DP

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	**Chi-SqStatistic**	**Chi-Sq d.f.**	**Prob.**
Cross-section Random	50.580733	4	0.0000

source: results of treatment reviews 6 (2011)

Table5.Hausman test the influence of EVA, EPS, ROE, OCF, DPR of Representatives to the stock price

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	**Chi-Sq Statistic**	**Chi-Sq d.f.**	**Prob.**
Cross-section Random	364.243963	5	0.0000

source: results of treatment reviews 6 (2011)

Table6.Value estimated coefficients and significant test results the influence of
EVA, EPS, ROE, OCF to DPR

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	**Chi-Sq Statistic**	**Chi-Sq d.f.**	**Prob.**
Cross-section Random	364.243963	5	0.0000

source: results of treatment reviews 6 (2011)

Table6.Value estimated coefficients and significant test results the influence of
EVA, EPS, ROE, OCF to DPR

Dependent Variable: DPR
Method: Fixed Effect
Date: 09/26/11   Time: 18:58
Sample: 2005 2009
Periods included: 5
Cross-sections included: 32
Total panel (balanced) observations: 160

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	10.36492	2.939834	3.525681	0.0006
EVA	0.000760	0.000149	5.102801	0.0000
EPS	0.000459	0.002216	2.069690	0.0364
ROE	0.000177	4.810548	3.692420	0.0126
OCF	0.003395	0.000618	5.495701	0.0000
Cross-section fixed (dummy variables)				
R-squared	0.871060	Mean dependent var	14.76006	
Adjusted R-squared	0.834666	S.D. dependent var	65.09860	
S.E. of regression	26.46996	Akaike info criterion	9.585006	
Sum squared resid	86881.72	Schwarz criterion	10.27692	
Log likelihood	-730.8005	Hannan-Quinn criter.	9.865969	
F-statistic	23.93391	Durbin-Watson stat	1.998600	
R-squared	0.871060	Mean dependent var	14.76006	
Prob(F-statistic)	0.000000			

source: results of treatment reviews 6 (2011)

Table7.crossed effect to DPR

	Crossed	effect
1	AISA	-12.061
2	AQUA	94.51487
3	CEKA	-10.9594
4	DAVO	-9.65175
5	DLTA	282.4498
6	DVLA	-10.4652
7	GGRM	-16.731
8	HMSP	-15.8542
9	INAF	-10.5615
10	INDF	-8.15575
11	KAEF	-9.73905
12	KDSI	-12.1115
13	KICI	-10.5554
14	KLBF	-10.5678
15	LMPI	-9.77594
16	MERK	-19.7039
17	MLBI	-15.7705
18	MRAT	-9.58323
19	MYOR	-11.0001
20	PSDN	-10.1168
21	PYFA	-10.1149
22	RMBA	-10.7022
23	SCPI	-14.8138
24	SKLT	-10.3155
25	SMAR	-11.9093
26	SQBI	-37.5539
27	STTP	-10.2895
28	TBLA	-12.0113
29	TCID	-13.7177
30	TSPC	-11.4343
31	ULTJ	-9.77266
32	UNVR	-10.9656

Table8.Value estimacoefficients and significant test to influence of EVA, EPS, RPE,
OCF,DPR of Pcl

Dependend variable : Pcl
Method Fixed Effect
Date : 09/02/011 Time : 16.20
Sample : 2005-2009
Periods included : 5
Cross-sections included : 32
Total Panel (balanced) observations :160
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	13486,6 1604,917 8,403301 0,0000			
EVA	-0,468776	0,885246 -5,14833 0,0000		
EPS	0.013497	1,153519 1,170048 0,2442		
ROE	0.011558	2505,06 0,000622 0,9995		
OCF	0,911209	0,358529 2,341518 0,0123		
DPR	- 0.450838	46,73843 -3,10417 0,0024		

Effect Specifications

Cross-section fixed (dummy variables)

R-square	*0,86017*	*Mean dependend variable*	*13308,31*
Adjusted R-squared	*0,819046*	*SD dependend variable*	*32385,8*
Std. error of regression	*13776,48 Akaike into creation*	*22.09882*	
Sum squared resid	*2,33E+10*	*Schwarz creation*	*22,80996*
Log likelihood	*-1730,906*	*Hannan-Quinn criter*	*22,38759*
F-Statistic	*20,99106*	*Durbin Watson Statistic*	*2,290499*
Prob (F-Statistic) 0			

source: results of treatment reviews 6 (2011)

Table7.crossed effect to DPR

	Crossed	effect
1	AISA	-12343.06
2	AQUA	15074.50
3	CEKA	-12862.19
4	DAVO	-13300.01
5	DLTA	58290.79
6	DVLA	-12368.68
7	GGRM	-3171.401
8	HMSP	-2818.665
9	INAF	-13230.09
10	INDF	-13341.02
11	KAEF	-13293.91
12	KDSI	-12564.77
13	KICI	-13317.83
14	KLBF	-12427.57
15	LMPI	-13836.97
16	MERK	19356.61
17	MLBI	46689.72
18	MRAT	-3380.937
19	MYOR	-11883.3
20	PSDN	-13296.63
21	PYFA	-13393.82
22	RMBA	-12784.98
23	SCPI	46.11902
24	SKLT	-13687.93
25	SMAR	-1027.95
26	SQBI	15555.63
27	STTP	-13147.75
28	TBLA	-13394.07
29	TCID	-5602.095
30	TSPC	-11463.08
31	ULTJ	-13004.82
32	UNVR	-6499.807

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