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Original Article

Factors That Affect Stock Returns in Food and Beverage Companies Listed on the Indonesian Stock Exchange

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Abstract

The primary objective of this research is to analyze the financial progress of Food and Beverage Companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2022. The study focuses on four main parameters: Economic Value Added (EVA), Market Value Added (MVA), Refined Economic Value Added (REVA), and Financial Value Added (FVA), and their influence on stock returns. The research methodology employed is quantitative. The target population consists of all Food and Beverage Companies listed on the Indonesia Stock Exchange during the specified period. A purposive sampling method was used to select 20 samples that met specific criteria. Data were collected from secondary sources, specifically annual reports. Data analysis was conducted using SPSS 25 software to assess the influence of EVA (X1), MVA (X2), REVA (X3), and FVA (X4) on stock returns. The results of the study indicate that EVA (X1) and MVA (X2) do not significantly impact stock returns, with t-values of -0.266 and 1.485, respectively. Similarly, REVA (X3) does not show a significant effect on stock returns, with a t-value of 0.643. However, FVA (X4) demonstrates a significant negative relationship with stock returns, with a t-value of -2.423. When considered collectively, EVA, MVA, REVA, and FVA do not have a significant effect on stock returns. The F-value was 1.738, with a significance level of 0.153.

Keywords: Economic Value Added, Financial Value Added, Market Value Added, Refined Economic Value Added, Stock Returns.

1. Introduction

The economy of a nation relies significantly on the capital market, as it serves two main purposes. Firstly, it acts as a source of funding for businesses, allowing them to secure investments from investors. Secondly, the funds acquired can be utilised for business growth, expansion, and other financial needs. The capital market offers a platform for trading various long-term and short-term investment instruments, such as bonds, mutual funds, and stocks. The strength of a capital market can be gauged by the number of companies and investors participating in it. In Indonesia, shares are the primary investment instrument in the capital market. Investing is a means for individuals and institutions to grow and preserve their wealth. It involves committing money or resources in the present in anticipation of future benefits (Sari et al., 2022).

Stock performance is often evaluated based on stock returns. Companies strive to enhance their performance to boost portfolio and stock returns. Investors seek high returns while minimizing risks. The connection between return and risk is directly proportional - higher returns usually entail higher risks. Investors do not always profit from stock returns;

they may also incur losses in the form of capital losses. Stock returns serve as a key investment indicator for comparing actual returns with expected returns (Aulya & Agustin, 2023).

Financial performance is achieved by a company when it effectively manages its operations (Very, 2022). Four key concepts related to value-based management were chosen for performance measurement, including Economic Value Added, Market Value Added, Enhanced Economic Value Added, and Financial Value Added. These methods each have unique features that centre on creating additional value through calculations based on financial metrics tailored to suit the stakeholders' requirements. EVA, MVA, REVA, and FVA techniques are capable of offering accurate insights into the financial performance of the organisation, thereby drawing external stakeholders' interest in meeting the company's financial requirements.

Based on the description above, the primary objective of this research is to analyze the financial progress of Food and Beverage Companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2022.

2. Literature Review

2.1. Financial Report

Financial statements encompass a range of elements such as balance sheets, profit and loss accounts, and financial status reports, presented as cash flow or fund flow statements. Coupled with accompanying notes and additional elements, these statements offer an insight into a company's financial standing and how well it is performing (Palepu et al., 2020). Financial reports serve several purposes. Firstly, they disclose information on the company's assets, both in terms of type and total value. Secondly, they reveal details about the company's liabilities and capital in terms of both type and total amount. Lastly, they also provide information on the total costs incurred and the different types of costs incurred during a specific year (Rocky, 2023).

2.2. Stock Return

Return is the percentage of profit that investors receive from an investment. It is important for investors to understand that along with making profits, there is also a possibility of incurring losses. The amount of profit or loss depends greatly on how well the investor can analyse the current stock price, which is determined by various factors such as the company's performance, external limitations, the balance of supply and demand in the market, as well as the investor's skill in analysing stock investments. (Aulya & Agustin, 2023).

Realised return is the result of past performance and is derived from historical evidence. It holds significant value as a key performance indicator for a company. Realised return also plays a part in predicting future returns and risks. Investors anticipate an expected return as the return they will receive in the upcoming period (Bhuntar, 2023).

Factors affecting stock returns or rates of return can be related to:

1) Information on marketing, production, and sales matters such as advertising campaigns, updates to contracts, changes in prices, recall of new products, updates on production, alerts regarding product safety, and the performance of sales.
2) Updates on financial activities, whether related to equity or debt.
3) Announcements from the management or board of directors, including news on plant expansions, research progress, and any business closures.

4) Government notifications like changes in interest rates for savings accounts, foreign exchange rate fluctuations, inflation rates, and alterations in economic regulations issued by the government.
5) Legal matters involving employee claims against the company or its managers, as well as company claims against its managers.
6) Various ongoing issues, both locally and internationally (Wulandari et al., 2019).

2.3. Financial Performance

Assessing a company's financial performance involves using various financial analysis tools to determine its overall financial health. By evaluating both the positive and negative aspects of a company's financial condition, one can gain insight into its performance during a specific timeframe. This assessment is crucial for ensuring that resources are efficiently utilised amidst changing market conditions (Nurmalasari et al., 2024). Financial performance as an achievement and result obtained by management within the company which is used to carry out its functions, one of which is in managing assets within the company effectively in a certain period. In general, financial performance is useful for measuring the level of efficiency and effectiveness in managing each invested fund, in order to generate maximum profits for several parties within the company (Oktianto, 2019).

2.4. Economic Value Added (EVA)

EVA is a method to measure financial performance that focuses on the added value of the company, the return on investment must be greater than the capital spent. Residual income in EVA is considered better than accounting profit because the company's profit is calculated after deducting all capital costs. The company is able to realise shareholder welfare if the return received successfully covers all operational costs including capital costs (Midfi et al., 2021).

Economic Value Added (EVA) evaluates the benefit achieved by subtracting the capital costs associated with company investments. A positive EVA shows that the company has generated value for its shareholders by earning a return higher than the capital invested. This aligns with the objective of increasing the overall worth of the company. Conversely, a negative EVA suggests a decrease in the company's value due to the return on investment being lower than the cost of capital (Silalahi, 2021).

2.5. Market Value Added (MVA)

Market Value Added (MVA) is the gap between a company's equity market value and the equity provided by inventory within a specific timeframe. MVA can also be seen as the variance between total market value (including debt and equity) and the overall capital input in the business. The creation of this approach was credited to Stewart and Co (Irawan et al., 2020).

Market Value Added (MVA) is a suitable indicator for evaluating how well a company has generated wealth for its shareholders. An increase in MVA results in an increase in the prosperity of the company owners. A high MVA figure suggests that the company has successfully produced significant wealth for its shareholders. Conversely, a negative market value added signifies that the management's investments have not yielded returns greater than the capital provided by the capital market, leading to a destruction of wealth (Nada & Susanti, 2021).

2.6. Refined Economic Value Added (REVA)

REVA is an updated version of the EVA measurement tool, which focuses on treating capital differently. In contrast to EVA, which uses economic book value, REVA utilises the market value of the company as it is believed to better represent shareholder wealth. The

calculation of REVA includes similar components to EVA, but with a different approach to capital treatment. While EVA relies on economic book value, REVA looks at the market value of the company for a more accurate reflection of shareholder wealth. In REVA, the operating profit after tax (NOPAT) is adjusted by deducting the cost of capital from the market value of invested capital. (Lestari & Oktaria, 2019).

2.7. Financial Value Added (FVA)

Financial Value Added (FVA) is an innovative approach to evaluating financial success by taking into account the role of fixed assets in determining a company's net profit. A positive FVA calculation suggests that the company's profit and depreciation can offset each other, indicating that profits have surpassed the initial investment and boosted shareholder value (Destriyanti & Isynuwardhana, 2020).

3. Methods

This form of research utilises methods based on numerical data. The methodology for gathering data in this research involves using the resources available in libraries. This includes reading and analysing books, articles, journals, and other publications relevant to the topics addressed in the study. It also involves browsing websites and online platforms that offer information pertinent to the issues being examined.

The study focused on companies in the Food and Beverage industry listed on the Indonesia Stock Exchange from 2018 to 2022. Researchers identified 48 companies as the study population. Purposive sampling was used to select participants based on specific criteria.

4. Results and Discussion

4.1. Classical Assumption Test

4.1.2. Normality Test

Table 1. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		66
Normal Parameters[a,b]	Mean	-.12630
	Std. Deviation	.315132
Most Extreme Differences	Absolute	.090
	Positive	.090
	Negative	-.080
Test Statistic		.090
Asymp. Sig. (2-tailed)		.200[c,d]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Source: Data processed with SPSS Version 25

The table indicates that the data may conform to a normal distribution, based on the results of the normality test, as indicated by the Asymp. Sig. (2-tailed) value of 0.200> 0.05.

Hence, it can be noted that the data analysed in this research is normally distributed and suitable for further investigation.

4.1.2. Multicollinearity Test

Table 2. Multicollinearity Test

Coefficients[a]			
Model		Collinearity Statistics	
		Tolerance	VIF
1	EVA	.558	1.792
	MVA	.671	1.490
	REVA	.531	1.883
	FVA	.729	1.371
a. Dependent Variable: RS			

Source: Data processed with SPSS Version 25

Based on the information provided in the table, it can be inferred from the results that the EVA variable displays tolerance and VIF values of 0.558 and 1.792 respectively. MVA has corresponding figures of 0.671 and 1.490, while REVA shows values of 0.531 and 1.883. FVA has values of 0.792 and 1.371. Given that all variables have VIF values under 10 and tolerance values over 0.10, it can be inferred that there is no evidence of multicollinearity present among the independent variables.

4.1.3. Heteroscedasticity Test

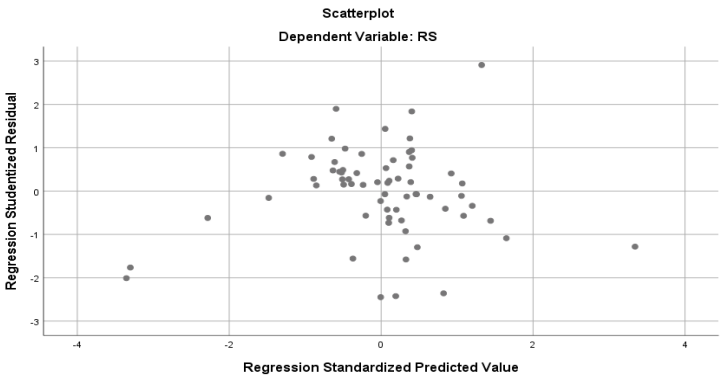

Figure 1. Heteroscedasticity Test Results
Source: Data processed with SPSS Version 25

Observing the diagram provided above reveals that there is an absence of heteroscedasticity and the data meets the requirements of the classical assumption test. Due to the lack of distinct pattern and the scattered dots appearing both above and below the zero mark on the Y axis, it can be inferred that there are no indications of heteroscedasticity in the dataset used for this research, allowing for further testing.

4.1.4. Autocorrelation Test

The primary goal of the autocorrelation test is to analyse the linear regression model to determine if there is a relationship between the errors in period t and the errors in the previous period t-1. The aim is to confirm the presence of autocorrelation, which can be detected through the Durbin-Watson (DW) test. Below are the results of the autocorrelation test.

Table 3. Autocorrelation Test Results

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.320[a]	.102	.043	.292710	1.745
a. Predictors: (Constant), FVA, EVA, MVA, REVA					
b. Dependent Variable: RS					

Source: Data processed with SPSS Version 25

In a linear model, data can be considered to be free from autocorrelation if the Durbin-Watson (DW) statistic falls within the range of dU to (4 - dU). The DW value calculated for this analysis is 1.745, whereas the dU value obtained specifically for this study is 1.7319 (found in the dU table with k = 4 and n = 66). Calculating (4 - dU) yields a value of 2.2681, showing that 1.7319 < 1.745 < 2.2681. Thus, it can be inferred that there is no autocorrelation present in the data.

4.2. Multiple Linear Regression Analysis Test

Table 4. Multiple Linear Regression Analysis Test Results

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.024	.057		.413	.681
	EVA	-3.698E-14	.000	-.043	-.266	.791
	MVA	1.737E-14	.000	.220	1.485	.143
	REVA	6.805E-14	.000	.107	.643	.522
	FVA	-2.917E-13	.000	-.344	-2.423	.018
a. Dependent Variable: RS						

Source: Data processed with SPSS Version 25

From the data processing carried out using SPSS, the multiple linear regression model measures the effect of variables X1, X2, X3, X4 on Y. Then the multiple linear regression equation is:

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + e$$
$$Y = 0{,}024 - 3{,}698E\text{-}14x_1 + 1{,}737E\text{-}14x_2 + 6{,}805E\text{-}14x_3 - 2{,}917E\text{-}13x_4 + e$$

Description :

Y	: Stock Retrun
a	: Constanta
b1, b2, b3, b4	: Regression Coefficient
x1	: Economic Value Added (EVA)
x2	: Market Value Added (MVA)
x3	: Refined Economic Value Added (REVA)
x4	: Financial Value Added (FVA)
e	: Eror term

Based on the results of the multiple linear regression model test, each variable can be described as follows:

1) If all independent variables are set to 0, the Stock Return value will be 0.024, which is a constant value.
2) The EVA variable coefficient (X1) has a negative direction of 3.698E-14, indicating that a 1% increase in EVA will lead to a decrease in Stock Returns by 3.698E-14, assuming other variables stay the same.
3) The MVA variable coefficient (X2) has a positive direction of 1.737E-14, showing that a 1% increase in MVA will result in an increase in Stock Returns by 1.737E-14, assuming other variables are constant.
4) The REVA Variable Coefficient (X3) has a positive direction of 6.805E-14, meaning that a 1% increase in REVA will lead to an increase in Stock Returns by 6.805E-14, assuming other variables are held constant.

The coefficient value of the FVA variable (X4) has a negative direction of 2.917E-13. This means that every 1% increase in FVA will decrease Stock Returns by 2.917E-13 provided that other variables remain constant.

4.3. Hypothesis Test

4.3.1. Determinant Test/R^2

Table 5. Determination Test Results or R Squar (R^2)

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.320[a]	.102	.043	.292710	1.745
a. Predictors: (Constant), FVA, EVA, MVA, REVA					
b. Dependent Variable: RS					

Source: Data processed with SPSS Version 25

According to the findings of the assessment in table 4.15 shown above, the Adjusted R Squared figure is 0.043 which equates to approximately 4.3%. This suggests that the variable (X) has an impact of 0.043 or 4.3% on variable (Y), whereas 0.957 or 95.7% is influenced by additional variables or factors not covered in this study, such as Cash Value Added, Leverage, Dividend Yield, Net Value Added, Profit, and other factors.

4.3.2. T Test

Table 6. Results of the t-test

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.024	.057		.413	.681
	EVA	-3.698E-14	.000	-.043	-.266	.791
	MVA	1.737E-14	.000	.220	1.485	.143
	REVA	6.805E-14	.000	.107	.643	.522
	FVA	-2.917E-13	.000	-.344	-2.423	.018
a. Dependent Variable: RS						

Source: Data processed with SPSS Version 25

According to the t test results listed in table 6 above, it can be concluded as follows :

1) The first hypothesis test (H1) in this study can be seen in the t test results table. From the results of the data processing above, the t value is obtained (-0.266) < t table value 1.670 and significance 0.791 > 0.05. This means that the t value is smaller than the ttable value and the significance value is greater than 0.05. This shows that Economic Value Added (EVA) has no effect on Stock Returns. Thus, the first hypothesis (H1) is rejected.
2) The second hypothesis test (H2) in this study can be seen in the t test results table. From the results of the data processing above, it is obtained that the t value is 1.485 < ttable value of 1.670 and significance 0.143> 0.05. This means that the t value is smaller than the ttable value and the significance value is greater than 0.05. This shows that Market Value Added (MVA) has no effect on Stock Returns. Thus, the second hypothesis (H2) is rejected.
3) The third hypothesis test (H3) in this study can be seen in the t test results table. From the results of the data processing above, the t value is 0.463 < t table value 1.670 and significance 0.522> 0.05. This means that the t value is smaller than the ttable value and the significance value is greater than 0.05. This shows that Refined Economic Value Added (REVA) has no effect on Stock Returns. Thus, the third hypothesis (H3) is rejected.
4) The fourth hypothesis test (H4) in this study can be seen in the t test results table. From the results of the data processing above, the t value is obtained (-2.423)> ttable value 1.670 and significance 0.018 <0.05. This means that the t value is smaller than the ttable value and the significance value is smaller than 0.05. This shows that Financial Value Added (FVA) has an effect on Stock Returns. Thus, the fourth hypothesis (H4) is accepted.

4.3.3. F Test

Table 7. F Test Results

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.596	4	.149	1.738	.153b
	Residual	5.226	61	.086		
	Total	5.822	65			
a. Dependent Variable: RS						
b. Predictors: (Constant), FVA, EVA, MVA, REVA						

Source: Data processed with SPSS Version 25

In this study, the analysis of the fifth hypothesis (H5) is evident in the F test. According to the data in the table, the F-value is 1.738, which is lower than the Ftable value of 2.523 and the significance level of 0.153 is greater than 0.05. This indicates that the F-value is less than Ftable and the significance value is higher than 0.05. Therefore, it can be concluded that EVA, MVA, REVA, and FVA do not have a simultaneous impact on Stock Returns. As a result, the fifth hypothesis (H5) has been refuted.

5. Conclusion

The primary goal of this research was to gather real-life data on the impact of Financial Performance Analysis on Stock Returns. The study utilised a sample of 20 Food and Beverage Companies that are listed on the Indonesia Stock Exchange from 2018 to 2022. After analysing

the findings and the companies outlined in the preceding section, the following conclusions were drawn: 1) The results indicate that EVA (X1) does not influence Stock Returns (Y), leading to the rejection of hypothesis (H1). 2) The findings suggest that MVA (X2) does not affect Stock Return (Y), resulting in the rejection of hypothesis (H2). 3) The study demonstrates that REVA (X3) has no impact on Stock Return (Y), leading to the rejection of hypothesis (H3). 4) The results reveal that FVA (X4) does influence Stock Return (Y), therefore accepting hypothesis (H4). 5) The study also shows that EVA (X1), MVA (X2), REVA (X3), and FVA (X4) do not collectively influence Stock Returns (Y), thus rejecting hypothesis (H5).

After considering the findings and debates outlined earlier, recommendations can be put forward for investors, potential investors, and future researchers interested in understanding the factors affecting a company's management of earnings. 1) Company executives are encouraged to strive for sustained and enhanced financial results going forward. 2) In terms of future research, it is advised to incorporate additional analytical approaches for evaluating financial performance, such as Cash Value Added, Leverage, Dividend Yield, Net Value Added, and Profit methods, to yield more insightful outcomes.

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