The Influence of Financial Performance Indonesian Government Bank on Share Return From 2013-2016

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Abstract: The performance of financial statements will show the level of productivity within a company. For that especially in the banking world, the performance of its financial statements can be seen from Economic Value Added (EVA) and Market Value Added (MVA). In this study analyzed MVA and EVA are state-owned banks consisting of Bank Tabungan Negara (BTN), Bank Negara Indonesia (BNI), Bank Mandiri and Bank Rakyat Indonesia (BRI). From the research result, it is known that Indonesian government bank in giving share return to shareholders is not influenced by Economic Value Added (EVA) and Market Value Added (MVA).

Keyword : Share Return, Bank, Economic Value Added, Market Value Added

Abstrak: Kinerja laporan keuangan akan menunjukkan tingkat produktivitas dalam suatu perusahaan. Untuk itu khususnya dalam dunia perbankan, kinerja laporan keuangannya dapat dilihat dari Economic Value Added (EVA) dan Market Value Added (MVA). Dalam penelitian ini yang dianalisa MVA dan EVA yaitu bank milik pemerintah yang terdiri dari Bank Tabungan Negara (BTN), Bank Negara Indonesia (BNI), Bank Mandiri dan Bank Rakyat Indonesia (BRI). Dari hasil penelitian diketahui bahwa bank milik pemerintah Indonesia dalam memberikan share return kepada para pemegang saham tidak dipengaruhi oleh Economic Value Added (EVA) dan Market Value Added (MVA).

Kata Kunci : Share Return, Bank, Economic Value Added, Market Value Added

INTRODUCTION

In general, financial statement analysis uses several methods in analyzing the company's financial statements. This financial statement analysis will be used by the management company in taking a company operational decision. In addition to the company, one of the business entities that use this financial statement analysis is banking. Bank is a business entity that aims to receive funds from the public either in the form of savings deposits, deposits and so forth. In addition, banks also have a vision to distribute credit to the entrepreneurs and to the community so that funds provided by banks can be used to open and expand business fields. In Indonesia there are various banks from state-owned banks to private

banks. Government-owned banks in Indonesia include Bank Tabungan Negara, Bank Negara Indonesia, Bank Mandiri and Bank Rayat Indonesia. While private banks that exist in Indonesia, among others, Bank Central Asia, Bank Danamon, Bank Permata and others.

The scope of this research is the government-owned bank. In a government bank running its business will focus on the stability of its business that can be seen from its financial statements. For banks that have been go public or already listed on the Indonesia Stock Exchange, this can be seen from the financial statements that can be accessed by investors in the capital market. Investors will assess the listed bank in the capital market whether the bank is performing well or vice versa. Various kinds of financial ratio analysis are usually presented by the bank to investors so that investors will more easily analyze the level of financial growth in the bank. One of the approaches used in analyzing stocks is to analyze Share Return, Fixed Assets Turnover (FATO), Return on Investment (ROI), Debt to Equity Ratio (DER),

Price to Book Value (PBV), Total Assets Turnover (TATO) Economic Value Added (EVA), Market Values Added (MVA).

METHODS

Dependent Variable (Shares Return)

Share return is the result of profit or often called capital gains or losses are often called the capital loss that will be obtained by investors in a period. According to Ghulam Nurul Huda, et.al (2015: 178), the formula used in seeking this share return is:

$$Pa = \frac{(P_{i.t} - P_{i.t-1})}{P_{i.t-1}} \times 100\%$$

In which :

P_{it} = stock price I in quarter t

P_{it-1} = stock price in quarter t-1

Independent Variables

1. Calculation of Economic Value Added (EVA)

   According to Irianti Y.N., et.al (2014:3) in Moeljadi (2006:75) states Economic Value Added is a value added to the shareholders by management for a certain year. EVA formula by Ghulam Nurul Huda, et.al (2015:179) in Bennett Stewart III (1991 that is :

   EVA = NOPAT – COC

   In which:

NOPAT　　= Net Profit + Interest Expense – Tax

COC　　= Invested Capital x WACC

2. Calculation of Market Value Added (MVA)

According to Rakhmi Ayu Zulvina (2010:137) in Young and O'Byrne (2001) MVA is the value earned by shareholders, or in other words MVA is a wealth that a company can create for shareholders. MVA also illustrates the magnitude of added value that has been capitalized and also raises the value of the company in the future. The way in finding these market values added is to reduce the value of equity market values with equity book value. For calculating Market Value Added using formula by Ghulam Nurul Huda, et.al (2015:179) in Stern Stewart (1996) is a "cash difference either debt or equity the investors have in the company and contributes to the expected cash value" and is formulated as follows:

MVA = Equity Market Value - Equity Book Value

In which:

EMV = Number of shares x Price/Shares

EBV = Number of shares x Nominal value/Shares

3. Fixed Assets Turnover (FATO)

According to Ade Gunawan and Sri Fitri Wahyuni (2013:66) in Munawir (2004: 240), Fixed Assets Turnover is the ratio between sales and fixed assets. Fixed Assets Turnover or often abbreviated with FATO is used to analyze the effectiveness of the use of funds contained in the bank's fixed assets in generating sales. From the FATO results that have been analyzed, if the result is higher the ratio from year to year means the more effective use of fixed assets. Formula for calculating FATO that is :

$$\text{FATO} = \frac{\text{Sales}}{\text{Fixed Assets}} \text{ x } 100\%$$

4. Return on Investment (ROI)

According to Topowijono, et.al (2015:4) in Hanafi (2012:157) states Return on Investment is a measure of the ability of a company in generating net profits using the total assets owned company. Given this ratio, it will

be known about the condition of net profit after bank tax by using all assets owned by the bank itself. Formula for calculating ROI that is :

$$ROI = \frac{\text{Earning After Tax}}{\text{Total Assets}} \times 100\%$$

5. Debt to Equity Ratio (DER)

According to Rani Ramdhani (2013: 30) in Kasmir (2008) states Debt to Equity Ratio (DER) is the ratio used to assess debt with equity. For a business entity such as banking, the level of DER above 100% can be said to be normal, because the bank manages funds from customers in its operational activities. For the banking world, capital managed from customers is used for the distribution of credit to the community, so that from the credit provided to generate interest on the loan which will be used as a source of income by the bank. In search of DER analysis using the formula total debt owned by bank divided by total equity owned by bank. Formula for calculating DER that is :

$$DER = \frac{\text{Total Debts}}{\text{Total Equity}} \times 100\%$$

6. Price to Book Value (PBV)

According to Sem Paul Silalahi (2014:6) states Price to Book Value describes how much the market appreciates the value of a company's stock book. This is because the higher the ratio of Price to Book Value of a bank then the higher returns also owned stock. Formula for calculating PBV that is :

$$PBV = \frac{\text{Share Price}}{\text{Book Value}} \times 100\%$$

7. Total Assets Turnover (TATO)

According to Elyas Setiawan (2015:5) in Moeldjadi (2008:50) states Total Asset Turnover shows the ability of total assets to spin for a year to generate sales that can be calculated by dividing net sales by total assets. Formula for calculating TATO that is:

$$TATO = \frac{\text{Sales}}{\text{Total Assets}} \times 100\%$$

Regression Analysis

Based on research Ghulam Nurul Huda, et.al (2015:179) the analysis model used for analysis research EVA and MVA is using multiple regression analysis with several variables consisting of FATO (X_1), ROI (X_2), DER (X_3), TATO (X_4),

PBV (X_5), EVA (X_6), dan MVA (X_7) and Share Return (Y).

1. $EVA_{it} = a_0 + a_1 X_{1it} + a_2 X_{2it} + a_3 X_{3it} + U_{1it}$

2. $MVA_{it} = b_0 + b_1 X_{4it} + b_2 X_{5it} + U_{2it}$

3. $Ret_{it} = c_0 + c_1 X_{6it} + c_2 X_{7it} + U_{3it}$

in which:

(Y) = Share Return (%)

(X1) = Fixed Asset Turnover(%)

(X2) = Return on Investment(%)

(X3) = Debt Equity Ratio(%)

(X4) = Total Asset Turnover(%)

(X5) = Price to Book Value(%)

(X6) = Economic Value Added (%)

(X7) = Market Value Added (%)

a, b, c = coefficient of regression of each variable

U = disturbance error

i = bank data observed

t = time series data showing the length of time taken

THE RESULTS

1. Economic Value Added (EVA)

The data of Indonesia government-owned banks on Economic Value Added (EVA) from 2013 to 2016 are as follows:

Table 1. Analysis EVA of Indonesia Goverment Bank from 2013-2016

No.	Name of bank	Economic Value Added/EVA (%)			
		2013	2014	2015	2016
1.	Bank Tabungan Negara	19,39	20,60	26,66	33,36
2.	Bank Negara Indonesia	21,44	26,51	23,21	28,83
3.	Bank Mandiri	23,65	27,13	28,24	20,98
4.	Bank Rakyat Indonesia	23,74	23,38	25,07	27,81

Source : Financial Report of Bank BTN, BNI, Mandiri, BRI from 2013-2016 (Data Processed)

2. Market Values Added (MVA)

The market value added data from Indonesian government-owned banks are as follows:

Table 2. Analysis MVA of Indonesia Goverment Bank from 2013-2016

No.	Name of bank	Market Value Added/MVA (%)			
		2013	2014	2015	2016
1.	Bank Tabungan Negara	3,98	20,34	19,65	56,03
2.	Bank Negara Indonesia	8,63	17,31	28,55	45,51
3.	Bank Mandiri	16,29	14,32	26,11	43,28
4.	Bank Rakyat Indonesia	12,22	16,72	28,44	42,62

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Source : Financial Report of Bank BTN, BNI, Mandiri, BRI from 2013-2016
(Data Processed)

3. Share Return

The data of share return owned by   banks   are   as   follows:

Indonesian government owned

Table 3. Analysis Share Return of Indonesia Goverment Bank from 2013-2016

No.	Name of bank	Share Return (%)			
		2013	2014	2015	2016
1.	Bank Tabungan Negara	5,61	-2,08	-1,84	-1,66
2.	Bank Negara Indonesia	0,50	-2,70	2,60	-0,78
3.	Bank Mandiri	1,66	-1,73	1,77	-1,35
4.	Bank Rakyat Indonesia	1,35	-2,68	0,75	-0,17

Source : Indonesia Stock Exchange (IDX) Bank BTN, BNI, Mandiri, BRI (Data Processed)

4. Fixed Assets Turnover (FATO)

The   data   on   Fixed   Assets   Indonesian   government   banks
Turnover (FATO) from   from 2013-2016 are as follows:

Table 4. Analysis FATO of Indonesia Goverment Bank from 2013-2016

No.	Name of bank	Fixed Assets Turnover/FATO (%)			
		2013	2014	2015	2016
1.	Bank Tabungan Negara	3,34	3,48	3,21	1,94
2.	Bank Negara Indonesia	4,07	4,84	1,66	1,88
3.	Bank Mandiri	2,28	2,41	2,57	1,39
4.	Bank Rakyat Indonesia	4,52	4,59	5,21	2,28

Source : Financial Report of Bank BTN, BNI, Mandiri, BRI from 2013-2016
(Data Processed)

5. Return on Investment (ROI)

The data on Return on Investment   government   of   Indonesia   are as
from   banks   owned   by   the   follows:

Table 5. Analysis ROI of Indonesia Goverment Bank from 2013-2016

No.	Name of bank	Return on Investment /ROI (%)			
		2013	2014	2015	2016
1.	Bank Tabungan Negara	1,10	0,77	1,08	1,22
2.	Bank Negara Indonesia	2,34	2,59	1,78	1,88
3.	Bank Mandiri	2,48	2,32	2,23	1,41

4.	Bank Rakyat Indonesia	3,41	3,02	2,89	2,61

Source : Financial Report of Bank BTN, BNI, Mandiri, BRI from 2013-2016
(Data Processed)

6. Debt to Equity Ratio (DER)

The data Debt to Equity Ratio (DER) bank owned by the government of Indonesia year 2013-2016 are as follows:

Table 6. Analysis DER of Indonesia Goverment Bank from 2013-2016

No.	Name of bank	Debt to Equity Ratio/DER (%)			
		2013	2014	2015	2016
1.	Bank Tabungan Negara	1.164	1.084	1.140	1.020
2.	Bank Negara Indonesia	711	559	526	552
3.	Bank Mandiri	672	665	617	538
4.	Bank Rakyat Indonesia	689	721	676	584

Source : Financial Report of Bank BTN, BNI, Mandiri, BRI from 2013-2016

(Data Processed)

7. Price to Book Value (PBV)

The PBV data of Indonesian government banks from 2013-2016 that is:

Table 7. Analysis PBV of Indonesia Goverment Bank from 2013-2016

No.	Name of bank	Price to Book Value/PBV (%)			
		2013	2014	2015	2016
1.	Bank Tabungan Negara	89,42	104,32	98,87	96,32
2.	Bank Negara Indonesia	154,48	186,42	118,64	115,44
3.	Bank Mandiri	206,29	239,80	180,63	176,10
4.	Bank Rakyat Indonesia	225,46	294,05	249,14	196,18

Source : Financial Report of Bank BTN, BNI, Mandiri, BRI from 2013-2016
(Data Processed)

8. Total Assets Turnover (TATO)

The data Total Asset Turnover (TATO) from Indonesian government banks from 2013-2016 are as follows:

Table 8. Analysis TATO of Indonesia Goverment Bank from 2013-2016

No.	Name of bank	Total Assets Turnover/TATO (%)			
		2013	2014	2015	2016
1.	Bank Tabungan Negara	8,22	8,86	8,71	8,00
2.	Bank Negara Indonesia	6,84	8,01	7,25	7,26
3.	Bank Mandiri	6,85	7,33	7,86	7,39

4. Bank Rakyat Indonesia	9,50	9,37	9,73	9,44

Source : Financial Report of Bank BTN, BNI, Mandiri, BRI from 2013-2016
(Data Processed)

9. Effect of FATO, ROI and DER on EVA

From data FATO (table 4), ROI (table 5), DER (table 6) can be calculate for to know analysis regression between FATO, ROI and DER to EVA (table 1) in effect performance financial report in Indonesia Goverment Bank from 2013 until 2016. The result of FATO Effect Analysis, ROI and DER to EVA by using EViews program as follows:

Table 9. Result analysis effect of FATO, ROI and DER to EVA in

Indonesia Goverment Bank from 2013-2016

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	38.16516	11.59494	3.291535	0.0094
FATO?	-1.512281	1.192778	-1.267864	0.2367
ROI?	8.988540	3.391136	2.650598	0.0265
DER?	-0.036372	0.018619	-1.953484	0.0825

R-squared	0.539014	Mean dependent var	25.00000
Adjusted R-squared	0.231689	S.D. dependent var	3.663513
S.E. of regression	3.211191	Akaike info criterion	5.470797
Sum squared resid	92.80575	Schwarz criterion	5.808804
Log likelihood	-36.76638	Hannan-Quinn criter.	5.488106
F-statistic	1.753892	Durbin-Watson stat	1.914772
Prob(F-statistic)	0.215274		

Source : Table 1, 4, 5, 6 (Data Processed)

From the results of statistical analysis in table 9 can be explained that affecting Economic Value Added (EVA) for state-owned banks in Indonesia from 2013-2016 is the level of Return On Investment (ROI) because it has a probability of less than 5%, while the level of correlation between FATO , ROI, and DER

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to EVA by 54% while the remaining 46% is influenced by other factors such as inflation rate and so forth. The results of analysis between banking and mining have different results. This

is not in line with research Ghulam Nurul Huda, et.al (2015) states that affect EVA is DER because it is a concern for investors in determining investment decisions.

10. Effect of PBV and TATO on MVA

From data PBV (table 7), TATO (table 8) and MVA (table 2) can be calculate for to know analysis regression between PBV and TATO to MVA in performance effect financial report in Indonesia

Goverment Bank from 2013 until 2016. The result of FATO, ROI and DER to EVA Effect Analysis by using EViews program as follows:

Table 10.   Result analysis effect of PBV and TATO to MVA in Indonesia

Goverment Bank from 2013-2016

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	72.55126	97.36602	0.745139	0.4733
PBV?	-0.269867	0.149835	-1.801093	0.1019
TATO?	-0.181163	11.84958	-0.015289	0.9881
R-squared	0.247578	Mean dependent var		25.00000
Adjusted R-squared	-0.128634	S.D. dependent var		14.82284
S.E. of regression	15.74737	Akaike info criterion		8.631220
Sum squared resid	2479.795	Schwarz criterion		8.920940
Log likelihood	-63.04976	Hannan-Quinn criter.		8.646056
F-statistic	0.658082	Durbin-Watson stat		1.566489
Prob(F-statistic)	0.663128			

 Source : Table 2, 7, 8 (Data Processed)

From the results of the statistical analysis in table 10, it can be explained that PBV and TATO does

not affect the Value Added (MVA) Maket for state-owned banks in Indonesia from 2013-2016, it is seen

that the probability for PBV and TATO is above 5%, where the level of PBV correlation and TATO to MVA by 25%, while the remaining 75% is influenced by factors other than PBV and TATO.This is not in

11. Effect of EVA and MVA on Share Return

From data EVA (table 1), MVA (table 2) and Share Return (table 3) can be calculate for to know analysis regression between EVA

line with the research of Ghulam Nurul Huda, et.al (2015) states that affecting the MVA is PBV and TATO because becoming MVA will show the level of feasibility of a stock in the capital market and MVA to Share Return in performance effect financial report in Indonesia Goverment Bank from 2013 until 2016. The result of EVA and MVA to Share Return Effect Analysis by using EViews program as follows:

Table 11. Result analysis effect of EVA and MVA to Share Return in
Indonesia Goverment Bank from 2013-2016

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.741768	5.044937	0.939906	0.3694
EVA?	-0.169492	0.230534	-0.735214	0.4791
MVA?	-0.022073	0.057001	-0.387246	0.7067
R-squared	0.147299	Mean dependent var	-0.047363	
Adjusted R-squared	-0.279052	S.D. dependent var	2.266791	
S.E. of regression	2.563632	Akaike info criterion	5.000723	
Sum squared resid	65.72208	Schwarz criterion	5.290444	
Log likelihood	-34.00579	Hannan-Quinn criter.	5.015559	
F-statistic	0.345487	Durbin-Watson stat	3.024800	
Prob(F-statistic)	0.873827			

Source : Table 1, 2, 3 (Data Processed)

From the results of statistical analysis in table 11, it can be explained that EVA and MVA does

not affect Share Return for state-owned banks in Indonesia from 2013-2016, it is seen that the

probability for EVA and MVA is above 5%, where the EVA and MVA correlation rate to Share Return of 15%, while the remaining 85% is influenced by factors other than EVA and MVA. This is not in line with the research of Ghulam Nurul Huda, et.al (2015) states that affecting the EVA and MVA is affeting Share of Return.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

After the discussion that has been explained then can be made a conclusion about the influence of EVA and MVA in giving share return in the banking owned by the government of Indonesia. EVA and MVA do not give any effect to share return because in the banking world especially owned by the government of Indonesia, the investors have been very confident about the performance of banks in Indonesia so that without seeing the performance of the financial statements of investors have been very convinced from the fundamental point that the bank owned by the Indonesian government can bring benefits to investors.

Recommendations

1. For Bank BTN, BNI, Mandiri and BRI

Recommendations that can be given to Indonesian government banks consisting of Bank BTN, BNI, Mandiri and BRI are to maintain the banking performance to be trusted by the customers by providing good service and quality of banking products in accordance with the wishes of the community.

2. For Investors

Recommendations that can be given to the retail investors is choosing shares of banking owned by the government of Indonesia such as Bank BTN, BNI, Mandiri and BRI have no risk in investing, because it is proven shares of banking government of Indonesia gives investment returns that continue to grow from year to year because of an increase in assets and profits earned by Indonesian government-owned banks.

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