

# THE EFFECT OF FINANCIAL DISTRESS, ECONOMIC VALUE ADDED (EVA), AND MARKET VALUE ADDED (MVA) ON STOCK RETURN

P A Susmita <sup>1)</sup>, M D Saputra <sup>2)</sup>, N W D Ayuni <sup>3)</sup>

<sup>1</sup> Bachelor of Applied Managerial Accounting Study Program, Accounting Department, Politeknik Negeri Bali

<sup>2</sup> Bachelor of Applied Managerial Accounting Study Program, Accounting Department, Politeknik Negeri Bali

<sup>3</sup> Bachelor of Applied Managerial Accounting Study Program, Accounting Department, Politeknik Negeri Bali

\*Corresponding Author: [arinasushmita47@gmail.com](mailto:arinasushmita47@gmail.com)

**Abstract:** This study examines the partial and simultaneous effect of financial distress, economic value added (EVA) and market value added (MVA) on stock returns. The data used in this study are secondary data. obtained from the Indonesia Stock Exchange and yahoo finance in the form of quarterly financial statements and daily closing prices of shares to calculate Altman Z-Score, EVA, MVA and stock return. The sample used in this study is the entire population, namely the shares of hotels, restaurants and tourism companies using purposive sampling method. The analytical model used in this study is multiple linear regression analysis. The results show that statistically financial distress and economic value added have a positive significant effect on stock returns. Meanwhile, the market value added from the statistical test has not positive significant effect on the stock return. The simultaneous influence of the financial distress, economic value added (EVA) and market value added (MVA) from statistical tests has a significant effect on stock returns.

**Keywords:** Financial Distress, Economic Value Added (EVA), Market Value Added (MVA), Return Saham

## Introduction

The capital market is a financial instrument that can't be separated from various environmental impacts, both economic and non-economic. The impact of microeconomics, such as the performance of the company, changes in strategy, issuance of financial statements or company dividends generally always gets a reaction from investors in the capital market (Laili, 2017). In addition, non-economic influences can also affect capital market instruments, for example the Covid-19 pandemic.

The Covid-19 pandemic is an event that has a serious impact on the decline in global economic growth. Covid-19 spreads on a large and fast scale, so in a short time this virus has arrived in Indonesia. Along with the spread of the Covid-19 virus, the community's economy is also experiencing a weakening. The weakening economy affects people's ability to invest. This weakening caused the capital market to immediately experience a decline in all sectors (Shiyammurti et al., 2020).

The capital market of the investment sector was affected by Covid 19 Pandemic. The Indonesia Stock Exchange (IDX) recorded that during January-March 2020 the JCI movement decreased from 6,326 to 3,937.63. The sharp decline of the JCI. This was due to the news of Covid-19. and inappropriate government policies in dealing with Covid-19 cases. So investors must be careful in

making their portfolios, because stock markets around the world on average have experienced a drastic decline due to the Covid-19 pandemic (Tambunan, 2020). In this case, the financial statements can be used as a benchmark for a company's financial condition, so it is needed as a reference in making decisions when investing.

Financial distress, economic value added (EVA), and market value added (MVA) are used as indicators in this research to determine whether these three indicators can be taken into consideration by investors in making investment decisions.

## Method

### 1.1 Type of Data

Quantitative data that used in this study were the form of financial reports and closing prices for hotels, restaurants and tourism companies for 2019 - 2021 whose data are available on the Indonesia Stock Exchange.

### 1.2 Data Resources

This study was used secondary data that taken from Indonesian Stock Exchange and Yahoo Finance sites.

### 1.3 Method of Data Collection

Documentation method was used in this study.

### 1.4 Population and Sample

This research used stock in the sub-sector hotels, restaurants and tourism companies as the population. Purposive sampling techniques was used for sampling the data and there are 35 companies as samples of this research.

### 1.5 Data Analysis technique

#### 1.5.1 Calculating The Financial Disstress

The formula to calculate financial disstress is as follows :

$$Z = 1,2X1 + 1,4X2 + 3,3X3 + 0,6X4 + 0,999X5$$

#### 1.5.2 Calculating Economic Value Added (EVA)

The formula to calculate economic value added is as follows :

$$EVA = \text{Net Operating Profit After Tax} - \text{Capital Cost}$$

#### 1.5.3 Calculating Market Value Added (MVA)

The formula to calculate market value added is as follows :

$$MVA = \text{Stock Market Value} - \text{Book Value}$$

#### 1.5.4 Calculating Market Value Added (MVA)

The formula to calculate market value added is as follows :

$$R_i = \frac{P_t - P_{t-1}}{P_{t-1}}$$

#### 1.5.5 Normality Test

The normality test that used in this research is One Sample Kolmogorov-Smirnoff.

### 1.5.6 Hypothesis Test

This study used multiple linear regression to test the hypothesis. If the p value  $\geq \alpha$  (0.05), it means financial distress, EVA, or MVA have a significant positive effect on stock returns. Meanwhile, if the p (value)  $\leq \alpha$  (0.05), it means that distress, EVA, or MVA don't have a significant positive effect on stock returns.

## Results and Discussion

The result of normality test using One Sample Kolmogorov-Smirnoff during research periode is as follows:

**Tabel 1**  
**Hasil Uji Normalitas One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		105
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	1.16248027
Most Extreme Differences	Absolute	.078
	Positive	.067
	Negative	-.078
Kolmogorov-Smirnov Z		.795
Asymp. Sig. (2-tailed)		.552

The normality test with One Sample Kolmogorov-Smirnov get the result that the significance value of financial distress, EVA, MVA and stock returns, as a whole are greater than 0.05. So it can be concluded that the research data is normally distributed.

**Tabel 2**  
**Hasil Uji Regresi Linier Berganda**

Model	Coefficients <sup>a</sup>				
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-2.541	1.619		-1.570	.120
Ln_Financial Distress	.180	.075	.274	2.383	.019
Ln_EVA	.061	.028	.209	2.186	.031
Ln_MVA	-.001	.054	-.001	-.009	.993

- Table 2 shows the t-count value of financial distress of 2.383 with a significance of 0.019, while the value of t-table =  $t(\alpha; n-4=0.005; 105-4) = t(0.05; 101)$  is known to be 1.984. Because the value of t-count > t-table (2,383 > 1,984), financial distress partially has a significant positive effect on stock returns.
- Table 2 shows the t-count value of economic value added of 2.186 with a significance of 0.031, while the value of t-table =  $t(\alpha; n-4=0.005; 105-4) = t(0.05; 101)$  is known to be 1.984. Because

the value of t-count > t-table ( $2.186 > 1.984$ ) then there is economic value added that has a significant positive effect on stock returns.

- Table 2 shows the value of t-count market value added of  $-0.09$  with a significance of  $0.993$ , while the value of t-table =  $t(\alpha; n-4=0.005; 105-4) = t(0.05; 101)$  is known to be  $1.984$ . Because the value of t-count < t-table ( $-0.09 < 1.984$ ) then partially market value added does not have a significant positive effect on stock returns.

**Tabel 3**  
**Hasil Uji Statistik F**

ANOVA <sup>b</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.478	3	8.159	5.864	.001 <sup>a</sup>
	Residual	140.541	101	1.391		
	Total	165.020	104			

Based on table 3 shows the significance value is smaller than  $0.05$  ( $0.001 < 0.05$ ). So, it can be concluded that hypothesis 4 is supported, which means that financial distress, economic value added, and market value added simultaneously have a significant effect on stock returns.

## Conclusion

Based on the results of the discussion, we know that partially financial distress and EVA have a significant positive effect on stock returns, on the other hand MVA does not have a significant positive effect on stock returns. From the anova table we know that financial distress, EVA, and MVA simultaneously have a significant effect on stock returns.

Unsupported hypothesis 3 statistically illustrates that MVA does not have a significant positive effect on stock returns which concludes that it can't be used by investors for all capital market conditions, especially for investors who want short-term returns. On the other hand, the support of the first and second hypotheses which state that financial distress and EVA partially have a significant positive effect on stock returns means that investors can use them to make decisions if they want to get stock returns in the midst of a pandemic.

## Acknowledgment

The author would like to thank all those who helped in completing this research. The author also would like to thank the editors and reviewers for their constructive comments and suggestions in editing this article.

## Reference

- Aliyah, Medina. (2018). *Analisis Pengaruh Economic Value Added (EVA) dan Market Value Added (MVA) Terhadap Return Saham*. Skripsi. Universitas Lampung
- Amna, Luke Suciwati. (2020). *Pengaruh Economic Value Added (EVA) dan Market Value Added (MVA) Terhadap Return Saham*. *Jurnal Akuntansi dan Keuangan*. Vol. 11. No.1

- Andrias, Sang Sang dan N, Margasari. (2017). *Pengaruh Economic Value Added dan Market Value Added terhadap Return Saham pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia. Jurnal Manajemen dan Bisnis Indonesia. Universitas Negeri Yogyakarta.*
- Ansori. (2015). *Pengaruh Economic Value Added dan Market Value Added terhadap Return Saham pada Perusahaan Manufaktur yang Terdaftar Di Bursa Efek Indonesia. Skripsi. Universitas Negeri Yogyakarta.*
- Anggreni, P. D., Sujana, E., & Purnamawati, I. A. (2017). *Pengaruh Operating Leverage, Economic Value Added, dan Market Value Added Terhadap Return Saham. e-Jurnal S1 Ak (Vol: 8 No.2), 86.*
- Laili, D. I. (2017). *Abnormal Return dan Trading Volume Activity Sebelum dan Sesudah Pengumuman Kenaikan Cukai Rokok Periode 2016 (Study Kasus pada Industri Rokok yang terdaftar di Bursa Efek Indonesia).*
- Shiyammurti, N. R., Saputri, D. A. & Syafira, E. (2020). *Dampak Pandemi Covid-19 di PT. Bursa Efek Indonesia (BEI). Journal of Accounting Taxing & Auditing (JATA) 1(1).*
- Tambunan, D. (2020). *Investasi Saham Di Masa Pandemi COVID-19. Widya Cipta: Jurnal Sekretari dan Manajemen, 4(2), 117-123.*
- Tanjung, P. R. (2014). *Analisis Pengaruh Economic Value Added Dan Faktor Fundamental Perusahaan Lainnya Terhadap Return Saham Dengan Corporate Social Responsibility Sebagai Variabel Pemoderasi. Jurnal MIX, 243.*
- M. Jaunanda, R.Sembel, E. Hulu. G.S.S. Ugut (2021). *Pengaruh Economic Value Added, Market Value Added Dan Financial distress Terhadap Volatilitas Stock Return Dengan Corporate Social Responsibility Sebagai Variabel Moderating. Jurnal Ilmiah Manajemen Bisnis Dan Inovasi Universitas Sam Ratulangi.*