Global Scientific JOURNALS

GSJ: Volume 9, Issue 1, January 2021, Online: ISSN 2320-9186
www.globalscientificjournal.com

THE INFLUENCE OF NOPAT ON FINANCIAL PERFORMANCE USING THE EVA METHOD IN COMPANIES LISTED ON THE IDX

Nila Lestari[1 *], Mursalim Nohong[2], Andi Aswan[3]

[1]Alumni of Master of Management Program, Faculty of Economics and Business; nilalestari0206@gmail.com

[2] Faculty of Economics and Business, Hasanuddin University; mursalimnohong@fe.unhas.ac.id

[3]Faculty of Economics and Business, Hasanuddin University; andiaswanp77@gmail.com

* Correspondence author: nilalestari0206@gmail.com

Abstract

Based on the t-test results with a significance value> 0.05 and a value of t-count> t-table, H1 can be accepted that there is an effect of financial performance on the Food and Beverage Sub-Sector Companies using the NOPAT formula.The results of the analysis of financial performance using the economic value added (EVA) method with an observation period of 2015 - 2019 show that the financial performance achieved by Food and Beverage companies listed on the Indonesia Stock Exchange has provided economic added value because the value of EVA is> 0.

Keywords : *economic value added (Eva), net operating profit after tax (nopat)*

INTRODUCTION

A company must have a goal of earning a profit to maintain its survival in the long term. The goal of a company is to maximize profits to increase company growth. On the other hand, corrections are needed to determine the company's achievements during a certain period; This is useful for taking future actions that the company will take in line with its goals. To assess the extent to which the company's operations effectively achieve its objectives, a certain measurement method is needed, namely by measuring the company's financial performance. Measuring the company's financial performance is needed to determine the success of achieving these goals. Measurement of financial performance based on financial statements is mostly done using performance measurement tools that are sometimes different. One way to determine the financial performance of a company can be done by analyzing its financial statements in this study using NOPAT analysis to determine a company's financial performance. This study also focuses on one company, namely the company PT. Tiga Pilar Sejahtera Tbk, which is listed on the IDX. The company's financial performance can be measured by analyzing and evaluating the company's financial statements. One of the measurement methods that use-value values includes Economic Value Added (EVA). The first EVA method was developed in 1989 by Joel Stern and Bennett Stewart, founders of the consulting firm Stern Stewart & Company, to

measure financial and market performance to overcome traditional accounting methods or previous financial ratios.

LITERATURE REVIEW

Financial statements

Financial statements are the final results of accounting. This financial report is the material information for the users as an ingredient in the decision-making process. Besides information, financial reports are also accountable and describe indicators of a company's success in achieving its goals, Safri (2008).

Harmono (2009) states that financial performance is generally measured based on net income (profit) or as the basis for other measures such as return on investment or earnings per share (earnings per share). Meanwhile, according to Fahmi (2013), financial performance is an analysis conducted to see the extent to which a company has implemented proper and correct financial implementation rules.

Financial Statement Analysis

According to Brigham and Houston (2010), analysis reports finance is the starting point for planning actions that will improve performance in the future.

One of the important tasks of management and investors after the end of the year is to analyze its financial statements. This analysis is based on financial reports that have been prepared. According to Harahap (2013), financial statement analysis decomposes financial statement items into smaller units of information and sees the significant relationship or has meaning between one another, both quantitative and non-quantitative data, to know the financial condition. Deeper, which is very important in the process of making the right decisions.

EVA (Economic Value Added)

The term EVA was first popularized by Stren Steward Management Service, a consulting firm in the United States around the 90s. EVA is one way to assess financial performance. EVA is an indicator of the added value of an inventory (Sawir, 2009). Economic value added (EVA) is net income (operating profit fewer taxes) minus the total annual capital cost. Basically, EVA is residual profit with the cost of capital equal to the firm's actual cost of capital (instead of a minimum rate of return that the firm wants for other reasons). If the EVA is positive, the company is creating wealth. If EVA is negative, then the company is the company to determine whether the money it gets is greater than the money used to get the money. In the long run, only companies that generate capital or wealth can survive (Hansen and Mowen, 2009).

According to Brigham and Houston (2010). EVA is an estimate of the actual operating economic profit for a given year. It is very much different from accounting net income, where the cost of equity does not reduce accounting profit, while in the calculation of EVA, this cost will be incurred. Meanwhile, according to Tunggal (2008), EVA is a financial management system to regulate economic profit in a company which states that welfare can only be created if the company can meet all operating costs (operating costs) and capital costs (cost of capital).

Objectives and Benefits of Economic Value Added (EVA) The goal of implementing EVA is expected to obtain a more realistic calculation of the company's economic value. This is

because EVA is calculated based on calculating the cost of capital using market value based on the interests of creditors, especially shareholders, and not based on historical book values. EVA calculations are also expected to support the presentation of financial statements to make it easier for users of financial statements, including investors, creditors, employees, government, customers and other interested parties). There are several steps in calculating EVA, one of which is as follows:

1. Net Operating After Tax (NOPAT)
   Nopat (Sartono, 2001) can be calculated using the following formula:
   Nopat = EBIT x (1- Tax)
2. Economic Value Added (EVA)
   According to Tunggal (Endang, 2016), if a company has a positive EVA value, its management can create added value for the company. Conversely, if the EVA is negative, the company will experience distracting/destroying value. EVA can be calculated by its measurement, namely by considering the owners of capital owners' expectations fairly. The fairness of EVA is expressed by a weighted measure of the existing capital structure and is guided by market value, not book value. EVA can be calculated using the following formula:
   EVA = NOPAT – WACC x Invested Capital

Conceptual Model

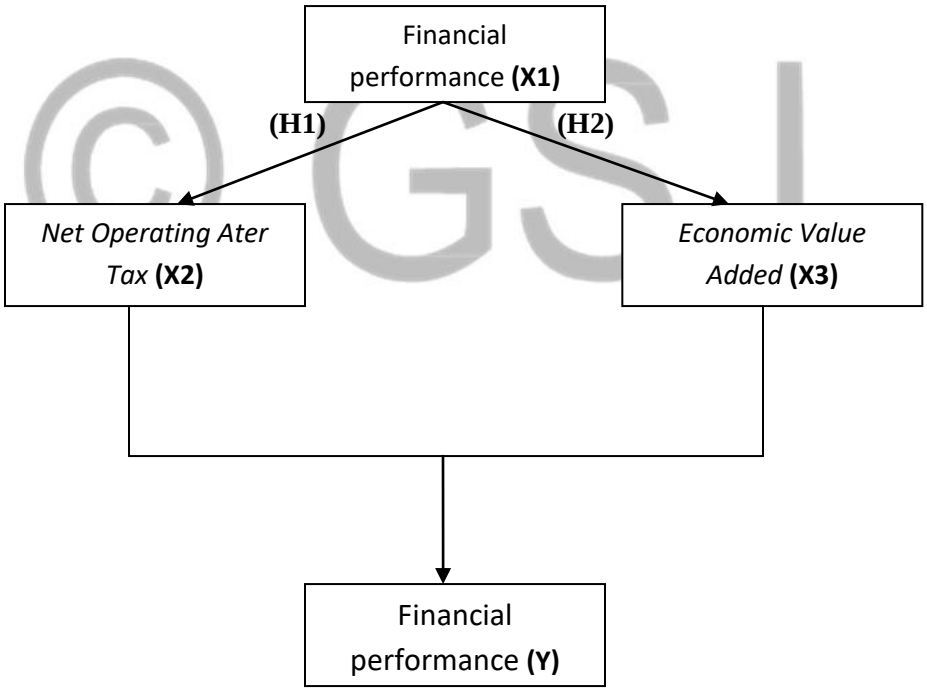

Figure 1 . Conceptual Model

RESEARCH METHOD

Location and Time of Research

This research was conducted at PT. Indonesia Stock Exchange, which is accessed through the website www.IDX.co.id.

The researchers' time for the study lasted for approximately 2 (two) months, September-October, when examining historical data on closing stock prices in food and beverage companies from January 2015 - December 2019.

Population or Samples

This study's populations were food and beverage industry companies listed on the Indonesia Stock Exchange from 2015 to 2019. This study's sampling method was the purposive sampling method to obtain representative samples according to predetermined sample criteria. Some of the criteria established for obtaining samples are:

1) The company publishes its financial reports regularly and gets a profit every year.
2) The company has never been delisted from the Indonesia Stock Exchange during the estimated period.
3) The financial report has been audited and submitted until December 2019

Table. Research Sample Data

NO.	CODE	COMPANY NAME
1	**AISA**	PT. Tiga Pilar Sejahtera Tbk.
2	**ALTO**	PT. Tri Banyan Tirta Tbk.
3	**DLTA**	PT. Delta Djakarta Tbk.
4	**ICBP**	PT. Indofood CBP Sukses Makmur Tbk.
5	**INDF**	PT. Indofood Sukses Makmur Tbk.
6	**MLBI**	PT. Multi Bintang Indonesia Tbk.
7	**MYOR**	PT. Mayorah Indah Tbk.
8	**ROTI**	PT. Nippon Indonesia Tbk.
9	**SKBM**	PT. Sekar Bumi Tbk.
10	**ULTJ**	PT. Ultra Jaya Milk & Trading Company Tbk.

source: www.idx.co.id

Data Collection Method

The data source used for this research is secondary data. Seondary data is the collection of data indirectly, in the form of books, notes, existing evidence, or archives both published and not publicly published.

The analysis technique in this study uses the Economic Value Added method, which is calculated using the Microsoft Office Excel 2010 program to determine each company's financial performance.

Data Analysis Method

***Net Operating Profit After Tax* (NOPAT)**

Net Operating Profit After Tax is the adjusted net profit so that the profit does not take into account interest costs anymore. Calculation of Net Operating Profit After Tax, the formula used is as follows:

$$NOPAT = EBIT - (1 - T)$$

Information :
EBIT =*Earnings Before Interest and Tax*
T = Tax Rate

According to Hansen and Mowen (2013), EVA is the operating profit after tax minus the total annual capital cost. EVA can also be calculated using operating profit after tax (Net Operating Profit After Tax) minus the capital cost.
With the formula:

$$EVA = NOPAT - Capital\ Charge$$

Information :
NOPAT = Operating net income after tax
WACC = Weighted average cost of capital
Invested Capital = Invested capital

EMPIRICAL RESULTS

The calculation results *Net Operating Tax* (NOPAT)

EMITEN	Year	EBIT (1)	Tax (2)	Nopat	Growth (%)
AISA	2015	739,434,000	500,435,000	238,999,000	
	2016	1,281,744,000	898,431,000	383,313,000	19,013,542
	2017	564,527,000	23,954,000	540,573,000	26,800,843
	2018	395,353,000	85,573,000	30,978,000	1,535,084
	2019	38,628,000	229,689,000	308,989,000	15,304,061
ALTO	2015	78,501,064,628	39,117,374,969	39,383,689,69	1,008,500
	2016	9,963,947,829	14,619,66,798	45,344,291,031	2,249,220,785
	2017	75,168,409,306	69,728,704,187	5,439,705,119	269,692,867
	2018	51,717,386,683	45,675.193.213	6,042,193,470	299,414,939
	2019	5,509,839,030	11,089,562,244	-5,509,839,030	(272,899,407)
DLTA	2015	250,197,742	58,152,543,000	192,045,199,000	9,530,779,107
	2016	327,047,654	72,538,386,000	254,509,268	12,624,468

	2017	369,012,853	89,240,218,000	279,772,635	13,870,731
	2018	441,248,118	103,118,133,000	338,129,985	16,755,698
	2019	412,437,215	94,622,038,000	317,815,177	15,741,217
ICBP	2015	3,992,132,000	1,08,486000	2,905,646,000	144,200,794
	2016	4,864,168,000	1,357,953,000	3,506,215,000	173,919,395
	2017	5,221,746,000	1,663,388,000	3,558,358,000	176,418,344
	2018	6,447,921,000	1,788,004,000	5,659,917,000	280,471,606
	2019	7,400,117,000	2,076,943,000	5,323,174,000	263,653,987
INDF	2015	7,362,895,000	1,730,371,000	5,632,524,000	279,529,727
	2016	8,285,007,000	2,532,747,000	575,226,000	28,533,036
	2017	8,747,502,000	513,491,000	8,234,011,000	408,230,590
	2018	9,143,020,000	2,485,115,000	6,657,905,000	329,925,917
	2019	9,831,024,000	2,846,668,000	6,984,356,000	345,931,451
MLBI	2015	675,572,000	178,663,000	496,909,000	24,660,496
	2016	1,320,186,000	338,057,000	982,129,000	48,716,716
	2017	1,780,020,000	457,953,000	1,322,967,000	65,590,828
	2018	1,671,912,000	447,105,000	1,224,807,000	60,694,103
	2019	1,626,612,000	420,553,000	1,206,059,000	59,735,463
MYOR	2015	2,335,715,287,020	390,261,637,241	(387,926,30,221)	10,085
	2016	2,315,242,867	457,007,141,573	-454,691,898,706	(22,554,161,642)
	2017	2,460,559,388,050	555,930,772,581	1,904,628,615,469	94,428,786,092
	2018	2,627,892,008,006	621,507,918,551	2,006,384,089,455	99,424,385,008
	2019	3,172,264,551,034	665,062,374,247	2,507,202,176,787	124,180,395,086
ROTI	2015	739,133,258,994	107,712,914,648	631,420,344,346	31,335,997,238
	2016	918,136,528,749	89,639,472,867	828,497,055,882	41,096,084,121
	2017	1,106,974,224,495	50,783,313,391	1,056,190,911,104	52,364,447,749
	2018	1,353,753,543,617	59,764,888,552	1,293,988,655,065	

					64,122,331,767
	2019	1,556,060,704,391	110,580,263,193	1,445,480,441,198	71,593,880,198
SKBM	2015	64,528,619,400	13,479,285,258	51,049,334,142	2,533,465,714
	2016	57,968,902,334	16,508,091,585	41,460,810,749	2,056,587,835
	2017	51,846,949,649	12,509,743,732	39,337,205,917	1,950,282,891
	2018	46,038,083,536	9,477,452,250	36,560,631,286	1,811,726,030
	2019	47,598,667,064	4,953,244,000	42,645,423,064	2,112,205,204
ULTJ	2015	689,623,466,146	194,588,231,250	495,035,234,896	24,567,505,454
	2016	744,118,269,005	222,657,146,910	521,461,122,095	25,866,127,088
	2017	863,544	314,555,000	548,994	27,218
	2018	1,063,711	247,411	81,630	4,045
	2019	1,085,324	339,494	74,583	3,694

Source: Processed Data

Based on NOPAT observations in the table above, it can be seen that of the 10 companies only PT. Ultra Jaya Milk Tbk, which shows poor financial performance, because it has decreased every year.

The calculation results *Economic Value Added* (EVA)

EMITEN	Year	ROIC	WACC	*Invested Capital*	EVA
AISA	2015	0.0293844962962963	3.47%	6,310,524	(33,544)
	2016	0.0000162406931352947	1.56%	6,750,209	(105,194)
	2017	9.170920765	3.95%	-2,172,487	(19,837,893)
	2018	4.415114762	2.42%	-3,361,424	(14,759,726)
	2019	5.287701336	0.11%	716,043	3,785,434
ALTO	2015	0.0743146595963528	2.1%	829,091,754,763	44,202,744,679
	2016	0.0670437145567827	2.26%	833,560,974,535	37,046,546,018
	2017	0.0511472868977363	3.39%	929,898,783,227	16,038,231,100
	2018	0.0441548288666096	2.16%	862,881,086,772	19,462,135,244
	2019	0.0436435150024069	1.79%	903,380,003,926	23,256,176,684
DELTA	2015	0.000489505961325771	175.48%	897,902,421	(1,575,199,640)
	2016	0.000595804337909944	187.88%	1,059,954,554	(1,990,811,091)
	2017	0.0142379442024954	174.04%	1,201,157,857	(2,073,393,116)
	2018	0.000596841291172356	150.5%	1,331,217,327	(2,002,687,552)
	2019	0.00044411988501346	209.31%	1,425,823,134,637	(2,983,757,166,702)
ICBP	2015	4.171487363	13.19%	20,558,280,000	83,046,968,102
	2016	1.850066369	5.42%	22,432,163,000	40,285,167,117

	2017	1.958198079	17.6%	24,791,926,000	44,184,122,891
	2018	1.863274015	13.54%	27,131,755,000	46,880,254,450
	2019	2.724272294	13.79%	32,146,955,000	83,143,993,757
INDF	2015	0.000000949005720376 5	3.69%	66,723,988,000	(2,462,051,836)
	2016	6.314794678	7.53%	62,955,074,000	392,807,849,201
	2017	6.983748884	7.57%	66,301,725,000	458,015,557,394
	2018	7.630884002	250.25%	65,153,694,000	334,133,161,964
	2019	7.789405973	16.34%	71,511,697,000	545,348,628,462
MLBI	2015	4.428538908	50.79%	885,626,000	3,472,219,754
	2016	3.308935525	76.49%	71,551,697,000	182,030,059,047
	2017	3.689410853	75.16%	885,626,000	2,601,801,675
	2018	3.457194296	62.41%	948,777,000	2,687,974,707
	2019	3.502910669	60.41%	1,205,964,000	3,495,861,309
MYOR	2015	4.76073529660262	22.7%	1310582000	5,941,831,872
	2016	0.170343816965186	5.82%	1,308,257,000	146,712,934
	2017	0.162834403276482	9.28%	8,191,220,523,527	573,667,241,471
	2018	0.145827494490041	2.74%	9,038,370,540,137	1,070,391,577,341
	2019	0.215989264986979	2058.46 %	10,442,221,477,29 5	(212,693,544,479,814)
ROTI	2015	0.0124235345507517	20.32%	12,827,196,039,52 1	(2,447,127,122,044)
	2016	0.178142134718134	6.95%	15,311,559,267,27 2	1,663,480,484,660
	2017	0.357528746917279	8.76%	2,310,403,630,220	623,644,356,778
	2018	0.392912842394462	8.35%	2,559,139,034,336	791,830,482,697
	2019	0.384534928278666	14.89%	3,532,397,178,171	832,356,155,730
SKBM	2015	0.0388789836078645	7.46%	3,868,388,230,834	(138,182,759,405)
	2016	0.0169296547171875	2.05%	3,575,745,526,386	(12,766,646,173)
	2017	0.0829141758902866	0.01%	466,066,869,208	38,596,943,683
	2018	0.0867456349441118	4.1%	532,677,211,371	24,367,657,254
	2019	0.146372332814182	2.68%	1,111,430,724,539	132,896,364,494
ULTJ	2015	0.0980797262412667	28.86%	1,155,859,146,280	(220,214,600,976)
	2016	1.057813822	34.96%	1,151,451,850,926	815,474,116,188
	2017	9.818710152	25.26%	2,798,367,730,855	26,769,493,960,097
	2018	3.06140639	19.02%	-589,286,391,694	(1,691,962,853,280)
	2019	2.913529241	3.83%	4,366,315,000	12,554,156,564

Source: Processed Data

Based on the observations in the table above, it can be seen that the company PT. Tiga Pilar Sejahtera Tbk. Obtained that EVA decreases every year indicates that the company does not show the economic added value.

Prerequisite Evaluations

Test Normality

Before that, the researcher first conducted a data normality test using the one-sample Kolmogorov-Smirnov test, which aims to determine the distribution of data on the research variables used

whether they are normally distributed or not. The resulting significance value is greater than 0.05 in the distribution of the research data. It can be said to be normal, but if the resulting significance value is less than 0.05 or 5%, it means that the data is not normally distributed.

One-Sample Kolmogorov-Smirnov Test

		Nopat	Wacc	invest_capital	Eva
N		50	50	50	50
Normal Parameters[a,b]	Mean	300570400.00	2.3020	1648573.00	-5694454.60
	Std. Deviation	187742881.438	1.53700	4699219.581	10159537.321
Most Extreme Differences	Absolute	0.171	0.176	0.239	0.362
	Positive	0.130	0.142	0.192	0.262
	Negative	-0.171	-0.176	-0.239	-0.362
Test Statistic		0.171	0.176	0.239	0.362
Asymp. Sig. (2-tailed)		,200[c,d]	,200[c,d]	,200[c,d]	,031[c]

a. Test distribution is Normal.

T Test Results of Significance of Individual Parameters

One Sample-Test

	Test Value = 0					
					95% Confidence Interval of the Difference	
	T	Df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Nopat	3.58	4	0.023	3.01E+08	67456823	533683976.8
Wacc	3.349	4	0.029	2.302	0.3936	4.2104
invest_capital	0.784	4	0.477	1648573	-4186279	7483424.77
Eva	-1.253	4	0.278	-5694455	-1.8E+07	6920277.13

Dependent Variable: Y

DISCUSSION

Based on the above calculations results, the t count is 3,580, the table value for the 5% error level with the df value is 0.023. Because t count (3.580)> table (0.023), t count is 3.349, the table value for an error level of 5% with a df value obtained is 0.029. Because t count (3.349)> table (0.029), t count 0.784, the table value for an error level of 5% with a df value is obtained 0.477. Because t count (0.784)> table (0.477), t count is (1.253), the table value for an error level of 5% with a df value obtained is 0.278. Because t count (1.253)> table (0.278), then Ha is accepted so that it can be concluded that part there is a significant relationship with Economic Value Added (X) on financial performance (Y).

CONCLUSION

Based on the t-test results with a significance value> 0.05 and a value of t-count> t-table, H1 can be accepted that there is an effect of financial performance on the Food and Beverage Sub-Sector Companies using the NOPAT formula.

The results of the analysis of financial performance using the economic value added (EVA) method with an observation period of 2015 - 2019 show that the financial performance achieved by Food

and Beverage companies listed on the Indonesia Stock Exchange has provided economic added value because the value of EVA is> 0.

REFERENCE

Brigham, E. F., & Houston, J. F. (2010). Dasar-Dasar Manajemen Keuangan (ed.10). In *Salemba Empat*.

Endang, (2016) Pengukuran Kinerja Keuangan PT. Mayora Indah Tbk Dengan Pendekatan Metode Economic Value Added (EVA), Jurnal Akuntansi Politeknik Sekayu, Vol. IV, 32 – 44.

Fahmi, Irham, 2013, Manajemen Strategis Teori dan Aplikasi, Alfabeta: Bandung.

Hansen, D. R, dan Mowen, M 2013, Akuntansi Manajerial, Buku 1, Edisi 8, Salemba Empat, Jakarta.

Harahap, Sofyan Syafri. 2013. Analisa Kritis atas Laporan Keuangan. Jakarta: PT Raja Grafindo Persada.

Harmono, 2009, Manajemen Keuangan Berbasis Balanced Scorecard (Pendekatan Teori, Kasus, dan Riset Bisnis), Bumi Aksara, Jakarta.

Sartono, Agus. (2010). Manajemen Keuangan Teori dan Aplikasi.Edisi 4. Yogyakarta: BPFE.

Sawir, Agnes. 2009. Analisis Kinerja Keuangan dan Perencanaan Keuangan Perusahaan. Cetakan Kesepuluh. Jakarta: Gramedia.

Sofyan Syafri Harahap, 2008, Analisis Kritis atas Laporan Keuangan. Jakarta : PT. Raja Grafindo Persada.

Stewart, Stern. (1998). EVA (Economic Value Added): The Real Key To Creating Wealth. Wiley & Sons, Inc., Canada.