Traditional and Modern Analysis Performance Indicators: Evidence from New York Stock Exchange

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Abstract

Assessment of company performance can be done using traditional and modern techniques. Each test carried out has the advantages and disadvantages of the order if applied to companies listed on major stock exchanges. This study aims to determine the traditional and modern analysis of stock performance indicators on the New York Stock Exchange. The company index used was the Dow Jones index. Company performance was measured using two indicators, namely modern performance indicators reflected in Economic Value Added (EVA) and traditional performance indicators reflected in Return on Assets (ROA), Return on Equity (ROE), Earning Per Share (EPS), and Dividend Per Share (DPS). This research was conducted employing purposive sampling on 29 companies indexed by Dow Jones during the 2015-2018 period. The data analysis techniques used were descriptive statistics, classical assumption test, and multiple regression analysis. The results of hypothesis testing in this study show that partially modern performance indicator, namely Economic Value Added (EVA), has an insignificant and negative effect on Stock Return. Meanwhile, traditional performance indicators, namely Return on Assets (ROA), Return on Equity (ROE), Earning Per Share (EPS), and Dividend Per Share (DPS) have a significant and positive effect on Stock Return. The results of simultaneous hypothesis testing show that Economic Value Added (EVA), Return on Assets (ROA), Return on Equity (ROE), Earning Per Share (EPS), and Dividend Per Share (DPS) have a significant and positive effect on Stock Return.

Keywords: Economic Value Added, Return on Asset, Return on Equity, Earning Per Share, and Dividend Per Share, Stock Return.

1. INTRODUCTION

A new normal condition applied due to Covid-19 pandemic is underway in this world. The business world is evolving by adapting to new habits that adhere to health protocols. This condition initially affected the company's performance in the first and second quarters of 2020. Companies which were unable to adjust to business conditions experienced a decline in sales. In addition, the decline in sales was also due to lower demand from customers. A decrease in the level of economic activity also had an effect on lowering investment. Investors preferred to postpone investment decisions that would be made. Before the pandemic, investors' decisions to invest were strongly influenced by market conditions which tended to be stable. Before the pandemic period was the ideal condition for investors to invest both at home and abroad. Traditional and modern, before the pandemic and current company performance indicators are needed because novice investors who are unfamiliar with the investment world are confused. Investors will invest when they believe that the investment value will be positive in the future. Local and foreign investors who invest in stock exchanges in their own country and abroad are a consideration for a company to seek additional capital. As an investor, one will invest in financial instruments with controlled risk according to the ability of his / her funds. This high yield is also directly proportional to the high risk, but basically investors accept every risk that can be raised on an investment because investors tend to expect high returns on their investment.

The company's performance is a reflection of the achievement of the company's share value. Fundamental and technical company performance is necessary for investors when deciding on investment. Traditional performance generally uses a comparison of the company's internal financial ratio indicators. Moreover, the measurement of company performance using traditional indicators includes earnings performance and assets ROA (Return on Asset), earnings performance and ROE (Return on Equity), earnings performance per share EPS (Earnings Per Share) and dividend performance per share of DPS (Dividend Per Share). Meanwhile, modern performance generally uses economic value that comes from external factors. The measurement of company performance using modern indicators before the pandemic uses the EVA (Economics Value Added) approach. EVA is used because it is able to measure company performance by considering the cost of capital and conditions of external factors (Brealey et al 2007). Modern performance indicators with EVA can create its own value for companies, especially for entrepreneurs who are active in trading both on the capital market and in the market in general (Utama, 1997). If combined, company performance measurement with traditional and modern indicators before the pandemic is expected to be able to provide a combination of information to assess the level of company investment returns, especially when viewed from Stock Return.

The largest capital market in America is the New York Stock Exchange (NYSE). NYSE location is in the city of New York, to be precise, the Wall Street building. NYSE is one of the largest and most active stock exchanges in the world, dating

back to the late 18th century (in 1792). There are at least 2,308 companies listed on the NYSE. There are 30 companies indexed by the Dow Jones Industrial Average (DJIA) also listed on the NYSE. The index is the largest and oldest index on the NYSE. Some of the major companies listed on the NYSE include Apple Inc., JPMorgan Chase & Co., Johnson & Johnson, and other leading companies whose sales of products are consumed by some of the world's population. Based on the explanation above, the researcher is interested in testing the effect of ROA, ROE, EPS, DPS (traditional indicator) and EVA (modern indicator) on company Stock Return on the DJIA on the NYSE.

2. LITERATURE REVIEW

2.1. Signaling Theory

This theory links internal parties such as management (those who provide signals) and external parties such as investors (parties who receive signals). Information which is appropriate (relevant) can be used by investors in making decisions if management as an internal party can provide a signal (Spenser, 1973). A signal from an information will provide a reaction for investors to invest. Hartono (2014) states that the information announced or published by the company provides a signal to investors which will later be used by investors in making their investment decisions. Sufficient and relevant information will also encourage investors to invest in the company. The increased investment in the company will also increase the value of the company in the future.

2.2. Stock Return

Stock Return is the return on stock investment made by the owner of the capital. Stock Return are divided into dividends and capital gains. Return is the ratio of investment income to the funds invested. The amount of return on investment that investors get depends on the risk they are able to accept, the higher the risk, the higher the return they will get (Ross et al. 2003).

McLindon (1996) states that there are two reasons that can influence Stock Return, namely: 1) Internal factors such as announcements of financing, announcements of new boards of directors, announcements of new investments and plant expansion; 2) External factors, such as government announcements regarding exchange rates, reference interest rates, and related laws in the business sector.

2.3. Traditional Performance Indicator Measurement

Traditional performance measurement assesses financial performance on a historical basis. Traditional performance measurement has indicators in the form of ratios that are generally often calculated to measure the performance of a company. These ratios include ROA, ROE, EPS, DPS and other ratios. Brigham and Houston (2010) state that ROA is the return on assets or the amount of profit that can be generated from the assets used. ROA is a ratio to assess the prospects of a company in the future, by looking at the extent to which the company's profitability

has grown. This growth can be identified through the company's ability to manifest revenue from the use of its assets.

ROA can provide information on how efficient the company is in using the allocation of asset usage to manifest revenue. There are two factors that affect ROA, namely net income and assets. A high ROA ratio shows that the company is effective in using assets to generate profits and provides a greater rate of return to investors.

Brigham and Houston (2010) state that ROE is a comparison of net income on equity (capital) to assess the rate of return on capital included by investors. ROE indicates the amount of profit a company can get from each amount of capital invested by investors. There are two factors that affect ROE, namely net income and equity. Companies can be said to be effective if their ROE ratio is high, meaning that the company is able to use capital to earn profits and provide greater returns to investors (investors).

According to Brigham and Houston (2010), EPS is net income available on the weighted average number of shares outstanding. EPS indicates the investor's profit as follows; the greater the number of share ownership, the greater the amount of profit received will be and vice versa. Further, the company is said to be able to generate an increase in net income if the EPS has increased, so that the profit per share obtained by investors will also be even greater.

Brigham and Houston (2010) state that DPS is dividends paid per share from the weighted average number of outstanding companies shares. Warren et al (2005) state that DPS can state the relationship between dividends and earnings based on the weighted average number of outstanding shares. The comparison between dividends and the weighted average number of outstanding shares shows the amount of retained earnings for operations by the company. DPS that grows over time can also be a sign that income growth can be sustained, so that investors will get constant dividend profits.

2.4. Modern Performance Indicator Measurement

The journey of EVA begins with a Steward & Stern. They analyzed financial statements from the company Steward & Co which developed the EVA method for the first time in 1993 and until now. EVA has been widely used to measure the performance of a company. EVA is used as a measurement tool or modern performance indicator because EVA has a fairly complex calculation. Mills and Print (1995) state that EVA can be used to measure the financial gains and losses that can be received by investors. The EVA concept focuses on creating added value and also measuring performance based on the capital structure and the cost of capital used. The company succeeds in creating added value when EVA is positive, and vice versa, the company fails to create added value when EVA is negative.

Brigham and Houston (2010) state that EVA is an estimate of profit that takes into account the cost of equity, so that the actual economic profit for a certain year can be known. The advantage of modern indicators is that EVA can be calculated at

the division level and as an assessment of company performance. Besides that it can be used as added value for investors (O'Bytne, 2001).

2.5. Previous Research

The author found several studies that were also related to the effect of indicators in the form of financial ratios or performance measurements on Stock Return. Some of them stated that there was a significant positive effect and some of them stated the opposite. It means that these studies produced varied conclusions and resulted inconsistencies in research result. Judging from this, the author intended to conduct further studies to obtain consistent results. Samples and data used were taken from the American stock exchange with one of the indexes, namely the DJIA, and the use of recent period observations was used to obtain consistency of precise research results.

Research by Lee et al (2009) tested EVA in the tourism sector companies in America. This study found that EVA affects the conditions of the world of tourism. A safe and controlled situation in a country where investing makes investors interested in investing. Martani (2009) examined the effect of the company's financial ratios and the sample company's cash flow on Stock Return of companies listed on IDX. The results of the study obtained empirical evidence that traditional financial ratios are able to influence the rate of return on company shares. Data from sample financial reports are interim company financial reports. Shubita (2009) examined the relationship between EVA and the rate of return on stocks. The results show that EVA has a strong relationship with Stock Return. Some of the research above shows the separate effect between traditional and modern performance indicators. In the research above, the data test separates the performance and Stock Return. Research that combines traditional and modern performance before the pandemic is an interesting consideration for further research.

2.6. Hypothesis Development

Research by Babatunde et al (2017) shows that EVA has a significant positive effect on Stock Return, which is a financial ratio (modern performance indicator) to measure the value creation of a company. The positive effect of EVA on Stock Return proves the theory that high EVA indicates optimal company performance in management. It means that good performance will have an effect on the investors' interest in the company which will also increase. The increase in investors' interest is directly proportional to the increase in stock prices, resulting in an increased Stock Return. Based on the description above, the researcher formulated the research hypothesis as follows:

H1: EVA has a significant positive effect on Stock Return

Research by Obala et al (2018) shows that ROA has a significant positive effect on Stock Return which is a financial ratio (traditional performance indicator) to measure the profitability of a company. The positive effect of ROA on Stock Return proves the theory that high ROA can be an indication of the better performance of a company, because the assets invested in the company can create (generate) profits.

Investors' interest will be focused on the company if the ROA ratio has a high value. The interest from investors will affect the increasing share price and the company's Stock Return will also increase. Based on the description above, the researcher formulated the research hypothesis as follows:

H2: ROA has a significant positive effect on Stock Return

Research by Zhang (2017) shows that ROE has a significant positive effect on Stock Return which is a financial ratio (traditional performance indicator) to measure the profitability of a company. The positive effect of ROE on Stock Return proves the theory that high ROE indicates the better company performance, because the capital invested in the company, can create higher profits. Hence, with increasing profits, the company's Stock Return will also increase. Based on the description above, the researcher formulated the research hypothesis as follows:

H3: ROE has a significant positive effect on Stock Return

Research by Ghi (2015) shows that EPS has a significant positive effect on Stock Return, which is a financial ratio (traditional performance indicator) to measure the profitability of a company. EPS depends on net income. Hence, if the net profit generated by the company increases, then EPS will also increase. The increase in the EPS ratio shows that the company is able to provide benefits to investors because the company can generate high net income. As a result, this, in turn, will have an effect on increasing the company's Stock Return. Based on the description above, the researcher formulated the research hypothesis as follows:

H4: EPS has a significant positive effect on Stock Return

Research by Garba (2014) shows that DPS has a significant positive effect on Stock Return, which is a financial ratio (traditional performance indicator) to measure the profitability of a company. DPS that grows over time can be a sign that income growth can be sustained. Thus, investors will get constant dividend returns. Dividends distributed by the company will constantly attract investors to invest so that in the end it will have an effect on increasing Stock Return. Based on the description above, the researcher formulated the research hypothesis as follows:

H5: DPS has a significant positive effect on Stock Return

3. METHODOLOGY

This study used a sample of Dow Jones indexed companies on the NYSE stock exchange. Companies indexed by the Dow Jones Industrial Average (DJIA) during the 2015-2018 period were the population in this study. The DJIA stock index was chosen because it is an early stock index in the world and several studies have used it as a guide for the ups and downs of stock exchange transactions and the performance of stock prices in the world.

The sample criteria used were companies indexed by DJIA shares with at least 4 years indexed during the 2015-2018 period, not currently carrying out corporate

actions such as mergers or acquisitions during the 2015-2018 period. Based on these criteria, 30 companies were obtained with 116 observational data.

The research data needed came from a variety of official websites related to the stock market and investment, such as the New York Stock Exchange (NYSE) as an information site providing information regarding listed companies and also information about the Dow Jones Industrial Average (DJIA). Other sources were Yahoo Finance, Morning Star and Investing.com, all of which provide information about stock prices and financial information of a company.

3.1. Variable Measurement

The dependent variable in this study was Stock Return. Stock Return is a return on stock investment made by the owner of the capital (investor). Stock Return is divided into two, as discussed in the previous chapter, namely dividends and capital gains. The amount of return depends on the risk it can accept, while a large return is obtained from high investment risk. Stock Return can be calculated using the formula:

$$Return = \frac{Pt - Pt_{-1}}{Pt_{-1}}$$

P_t : Current company share price
P_{t-1} : The company's share price in the previous period

The independent variable in this study was the modern performance indicator described by EVA, as well as the traditional performance indicator described by ROA, ROE, EPS, and DPS. ROA is the amount of profit obtained from the assets used. ROA is a ratio to assess the company's future prospects by looking at the company's ability to generate revenue from assets. High ROA indicates that the assets invested in the company can generate high earning after tax. ROA can be calculated by the formula:

$$ROA = \frac{Net\ Income}{Total\ Assets}$$

Brigham and Houston (2010) state that ROE is the ratio of net return on equity (capital) to measure the rate of return on capital of ordinary shareholders. ROE indicates the amount of profit that can be generated by a company from each amount of capital invested by investors. There are two factors that affect ROE, namely net income and equity. High ROE indicates that the equity invested in the company can generate high earning after tax. ROE can be calculated by the formula:

$$ROE = \frac{Net\ Income}{Total\ Equity}$$

Brigham and Houston (2010) state that EPS is net income available on the weighted average number of shares outstanding. EPS indicates the profit (profit) obtained by investors, the greater the number of shares owned, the greater the profits will be and vice versa. The company is said to be able to generate an increase in net income if the EPS has increased, so that investors will get a bigger profit per share. EPS can be calculated using the formula:

$$EPS = \frac{Net\ Income}{Weighted\ Average\ Shares\ Outstanding}$$

DPS is dividends paid per share from the number of outstanding companies shares. DPS that grows over time can be a sign that income growth can be sustained. Thus, investors will get profit (gain) in the form of constant dividends. The increase in DPS will have an effect on increasing the company's Stock Return. DPS can be calculated by the formula:

$$DPS = \frac{Dividends}{Weighted\ Average\ Shares\ Outstanding}$$

Mills and Print (1995) state that EVA is a complex approach to measure the financial gain or loss of shareholders as a result of the strategy adopted by company management. If the company's EVA is negative, it means that the company does not generate value from the funds invested by investors. Conversely, a positive EVA indicates that the company has succeeded in generating value from the funds invested by investors. EVA can be calculated by the formula:

$$EVA = IC\ x\ (ROIC - WACC)$$

Where:
IC : Invested Capital,
ROIC : Return on Invested Capital
WACC : Weighted Average Cost of Capital

3.2. Research Method

The test was carried out using multiple linear regression, which explains the relationship between the dependent variable and the independent variable. The multiple linear regression analysis equation model used in this study were:

$$RTN = a + b1\ EVA + b2\ ROA + b3\ ROE + b4\ EPS + b5\ DPS + e$$

Where:
RTN = *Stock Return*
EVA = *Economic Value Added*
ROA = *Return on Asset*
ROE = *Return on Equity*
EPS = *Earnings Per Share*
DPS = *Dividend Per Share*
a   = Constant
b   = Coefficient of Regression
e   = *Random Error*

4. RESULT AND DISCUSSION

4.1. Descriptive statistics

Descriptive statistics explains in general about the data used in this study. The results of descriptive statistics for the 2015-2018 research period are as follows:

Table 1. Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Return	116	-0.39	0.68	0.0788	0.18266
ROA	116	-0.21	0.33	0.1029	0.09392
ROE	116	0.28	10.23	0.7992	1.09227
EPS	116	-2.87	8.77	1.7027	2.69813
DPS	116	0.00	7.04	1.8509	1.65492
EVA	116	9.00	10.13	9.8944	0.15477

Source: Data processed, 2021

Stock Return ranges from -0.39 to 0.68 with an average value of 0.0788 which indicates the tendency of the data to have a negative value at a standard deviation of 0.18266 which makes the data varied. ROA ranges from -0.21 to 0.33 with an average value of 0.1029 which indicates the tendency of the data to have a positive value at a standard deviation of 0.09392 which makes the data homogeneous (does not vary). ROE ranges from 0.28 to 10.23 with an average value of 0.7992 which indicates the data trend of the data has a positive value at a standard deviation of 1.09227 which makes the data varied. EPS ranges from -2.87 to 8.77 with an average value of 1.7027 which indicates the tendency of the data to have a positive value at a standard deviation of 2.69813 which makes the data varied. DPS ranges from 0.00 to 7.04 with an average value of 1.8509 which indicates the tendency of the data to have a positive value at a standard deviation of 1.65492 which makes the data homogeneous (does not vary). EVA ranges from 9.00 to 10.13 with a mean

value of 9.8944 which indicates the tendency of the data to have a negative value at a standard deviation of 0.15477 which makes the data homogeneous (does not vary).

4.2. Normality Test

The normality test is applied to find out whether a regression model is normally distributed or not. One-Sample Kolmogorov-Smirnov and Normal PP Plot of Regression Standardized Residuals were used in this study to test the normality of the data, Imam Ghozali (2011) states that the regression model is said to be normally distributed if the probability value is above the alpha value or if the plotting data describes the real data follow the diagonal lines and do not spread away from the diagonal lines. It can be concluded that the regression model applied in this study has been normally distributed as indicated by the probability value of 0.200 which is greater than the alpha value of 0.05 and the distribution of the plotting data follows the diagonal line.

4.3. Classical Assumption Test

4.3.1. Multicollinearity Test

Multicollinearity test was applied to find out whether the regression model found a correlation between the independent variables. Ghozali (2011) states that there are no symptoms of multicollinearity if the tolerance value is> 0.1 and the VIF value is <10. Based on the result, each variable has a value that meets the requirements for freedom from multicollinearity symptoms, namely EVA, ROA, ROE, EPS, and DPS respectively with a tolerance value of 0.515. ; 0.624; 0.815; 0.129; 0.134 is greater than the required tolerance value 0.1 as well as VIF, which respectively has a value of 1.943; 1,604; 1,225; 7,763; 7,478 is smaller than the VIF value requirement of 10, so it can be concluded that there are no symptoms of multicollinearity between the independent variables.

4.3.2. Auto collinearity Test

The autocorrelation test was applied to find out whether the residual correlation is found in a regression model. Durbin Watson was used in this study to test the presence or absence of autocorrelation symptoms in the regression model, Imam Ghozali (2011) state that there are no autocorrelation symptoms if the Durbin Watson value is between Du to (4-Du). It is known that Du (1.7878) <Durbin Watson (1.867) <4-Du (2.2112), thus, it can be concluded that there are no autocorrelation symptoms in the regression model.

4.3.3. Heteroscedasticity

Heteroscedasticity test was applied to find out whether there is a similarity of variants rather than residual values in the regression model. Ghozali (2011) states that there are no symptoms of heteroscedasticity if the significance value is greater than 0.05. Based on the result, it is known that each variable has a value that meets the requirements for free from heteroscedasticity symptoms, namely EVA, ROA, ROE, EPS, and DPS respectively with a value Sig. 0.583; 0.147; 0.710; 0.192; 0.384

is greater than alpha 0.05. Therefore, it can be concluded that there are no symptoms of heteroscedasticity in the regression model.

4.4. Partial Test (t-test), F-test and Coefficient of Determination

Partial test (t test) was applied to find out the partial effect of the independent variable on the dependent variable. The results of the partial test are as follows:

Table 2. Partial Test Result

Variables	Sig.	Conclusion
EVA (X1)	0.891	Not significant
ROA (X2)	0.000	Significant
ROE (X3)	0.049	Significant
EPS (X4)	0.000	Significant
DPS (X5)	0.001	Significant
Regression	0.000	Significant
Coefficient Determination	0.872	Adjusted R-Square

Source: Data processed, 2021\

The table above shows the results of partial regression testing, while the basis for decision making is:

1. The value of Sig <0.05 means that there is an effect of the causal variable (independent) on the effect variable (dependent)
2. The value of Sig> 0.05 means that there is an effect of the causal variable (independent) on the effect variable (dependent)

The coefficient of determination test was applied to find how much the independent variable can explain the dependent variable as reflected by R-Square. Based on table above, the value of Adjusted R-Square is 0.872, which indicates that the variables EVA, ROA, ROE, EPS, and DPS explain the variation in Stock Return of 87.2% while the remaining 12.8% is explained by other variables not explained in this study.

4.5. Result Interpretation

Interpretation of the results of hypothesis testing on each research variable is based on regression calculations as follows:

4.5.1. EVA and Stock Return

The Sig. for the effect of EVA (variable X1) on Stock Return (variable Y) is 0.891> 0.05. That is, there is no significant effect of the independent variable on EVA as a modern measuring tool for performance indicators on the dependent variable, namely Stock Return.

The absence of the effect of EVA on Stock Return is not in accordance with the theory previously stated. EVA is a modern measuring instrument of performance

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indicator used to measure added value to the company. EVA which does not have a significant effect on Stock Return can be caused by the failure of the company to create added value for investors, which means that the company is unable to create a real level of profit that can exceed the level of the cost of capital used. The calculation of the cost of capital on EVA is based on the cost of share capital and also the cost of debt capital, and investors often want a return that is greater than and exceeds the cost of capital. If EVA is negative, it means that the company is unable to provide maximum returns to investors. Therefore, EVA has no effect on Stock Return.

4.5.2. ROA and Stock Return

The Sig. for the effect of ROA (variable X2) on Stock Return (variable Y) is 0.000 <0.05. That is, there is a significant effect on the independent variable ROA as a traditional measuring tool of performance indicator on the dependent variable, namely Stock Return in a positive direction. The positive effect of ROA on Stock Return is in accordance with the theory that high ROA will be in line with good company performance, because the assets invested in the company can create higher profits. The increase in ROA will increase the investors' interest which, in turn, will make the stock price increase and then the company's Stock Return will also increase.

4.5.3. ROE and Stock Return

The Sig. for the effect of ROE (variable X3) on Stock Return (variable Y) is 0.049 <0.05. That is, there is a significant effect on the independent variable ROE as a traditional measuring tool of performance indicator on the dependent variable, namely Stock Return in a positive direction.

The test results in this study are in accordance with the research of Ghi (2015) and Zhang (2017) resulting in a conclusion that ROE has a significant and positive effect on Stock Return. On the other hand, it does not conform to the research of Harjito and Aryayoga (2009) resulting in a conclusion that ROE has no effect on Stock Return. The positive effect of ROE on Stock Return is in accordance with the theory that the higher the ROE, the better the company's performance. It is because the capital invested in the company can create higher profits. Increasing ROE will increase investors' interest in the company which, in turn, will make the stock price increase and then the company's Stock Return will also increase.

4.5.4. EPS and Stock Return

The Sig. for the effect of EPS (variable X4) on Stock Return (variable Y) is 0.000 <0.05. That is, there is a significant effect on the independent variable EPS as a traditional performance indicator measuring tool on the dependent variable, namely Stock Return in a positive direction. The positive effect of EPS on Stock Return is in accordance with the theory that increased EPS shows that the company is able to create an increase in net income. As a result, investors will get a large profit (gain) earnings per share and, in the end, it will have an effect on increasing the company's Stock Return.

4.5.5. DPS and Stock Return

The Sig. for the effect of DPS (variable X5) on Stock Return (variable Y) is 0.001 <0.05. That is, there is a significant effect of the DPS independent variable as a traditional measuring tool for performance indicators on the dependent variable, namely Stock Return in a positive direction. The positive effect of DPS on Stock Return is in accordance with the theory that DPS growing over time indicates that existing income growth can be maintained. It is because DPS is actually a ratio to measure dividends per share. Thus, sustainable income growth will provide returns in the form of constant dividends distributed to investors.

4.5.6. EVA, ROA, ROE, EPS, DPS and Stock Return

The Sig. for the simultaneous effect of variable X on variable Y is equal to 0.000 <0.05. The consequence is that simultaneously, the independent variables (EVA, ROA, ROE, EPS and DPS) have a significant effect on the dependent variable, namely Stock Return. The effect of the independent variable on the dependent variable is 87.2%, the remaining 12.8% is influenced by variables other than the variables studied.

5. CONCLUSION

Based on the results of testing and the discussion of this research, the conclusion is for traditional performance indicators (ROA, ROE, EPS DPS) and modern before the pandemic (EVA), traditional indicators with indicators of ROA, ROE, EPS, DPS have an effect on Stock Return. Traditional indicators can be considered by investors in choosing an investment portfolio. In contrast, modern indicators with EVA have no effect on Stock Return. These results indicate that modern indicators with EVA do not support the alternative hypothesis. This means that the sample companies fail to create added value for investors, which means that the company is unable to create a real level of profit that can exceed the level of the cost of capital used. Modern indicators with EVA cannot be considered by investors in choosing an investment portfolio.

In this study, there are several limitations. First, the data search process involved various website sources, this made the time needed to collect the data quite time consuming. Further researchers are expected to be able to use data sources from paid websites so that data can be obtained faster and, as the result, the research will become more efficient. Second, this study only contains EVA as a variable of modern performance indicators. However, further researchers are expected to be able to add variables from modern performance indicators during the pandemic period or also be able to add more variables from traditional performance indicators in order to obtain more precise results on their effect on stock return.

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