THE EFFECT OF RETURN ON INVESTMENT (ROI) AND ECONOMIC VALUE ADDED (EVA) ON STOCK PRICES (PRIMARY CONSUMER GOODS SECTOR LISTED ON INDONESIA STOCK EXCHANGE)

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Abstract

This study aims to determine the effect of Return on Investment (ROI) and Economic Value Added (EVA) on Stock Prices. The population used in this study is Primary Consumer Goods Sector Company listed in Indonesia Stock Exchange (BEI). The sample selection using purposive sampling method and samples from research are 45 primary consumer goods sector company listed in Indonesia Stock Exchange (BEI) period 2018-2021. The data used are secondary data in the form of annual reports and obtained from the financial publication report of Indonesia Stock Exchange. The analysis technique used in this research is panel data and analysis multiple linear regression analysis with Eviews12 program. The results of this study indicate that Return on Investment (ROI) has positive effect on stock prices, while Economic Value Added (EVA) has no effect on stock *prices.* The results of this study indicate that ROI is better than EVA for interpret changes in stock prices.

Keywords: Return on Investment, Economic Value Added and Stock Prices.

INTRODUCTION

The increasingly competitive business world in the era of globalization requires a company to be able to adapt so as to avoid bankruptcy and become superior in a competition. One of the steps to anticipate corporate bankruptcy is to maintain and improve the company's performance, such as making strategies that can generate profits for the company and make a company able to operate properly. When a company operates a business, a company will need a large enough capital. One of the steps to obtain and optimize capital optimally is to join through the capital market (Harjono, 2010:70-92). The capital market is a market for various long-term financial instruments that can be traded, both debt securities (bonds), stocks, mutual funds and other instruments (Aria and Dian, 2017). Meanwhile, according to Kusumaningtuti (2016), the capital market is a means of funding for companies and other agencies and the capital market is used as a place for investment activities. As a form of support for this, the capital market becomes a mediator that can bridge the relationship between parties who have excess funds (investors) and parties who need funds (issuers).

Investment is essentially the placement of a number of funds in the hope of obtaining profits in the future (Halim, 2015:13). Generally, investment is divided into two, that is: investment in financial assets and investment in real assets. Investments in financial assets are usually carried out in a container called the money market, such as certificates of deposit, commercial paper, and money securities. Investments can also be made in the capital market, such as buying shares, bonds, warrants, and other options. Meanwhile, real investment can be in the form of purchasing productive assets, establishing factories, and opening mining (Robinsyah, 2018). Every company in the capital market aims to maximize the value that has been provided by shareholders. According to Irfan Fahmi (2011), report analysis is a form of measuring the performance of a company. Therefore, the company's financial measurement is needed to evaluate and determine the company's success in achieving its goals and running its business. Based on the measurement and analysis of the financial statements, it will be known the company's ability to operate its business activities efficiently and effectively. Financial ratios are one indicator of the performance of the company's financial statements and are part of the fundamental factors that can affect stock prices.

The stock price is the closing price of the stock market during the observation period for each type of stock sampled and the stock movement is always observed by investors. One of the determinants of short-term stock price movements is that with the increasing number of potential investors who buy shares, the stock price increases, and vice versa. Meanwhile, long-term stock price movements can be seen from the performance of the issuer company and the stock movement in the same direction (Darmadji and Fakhrudin, 2012). According to Ika and Raharjo (2013), one of the basic concepts of stock prices in financial management is that the goal to be achieved is to maximize firm value. For companies that have gone public, the goal of maximizing company value can be achieved by maximizing the market value of the share price in question. Thus, decision making is always based on considerations of maximizing shareholder wealth. According to Alfianti and Andarini (2017), the increase and decrease or rise and fall of a company's stock price will illustrate that a company is increasing or decreasing. If the share price rises, it will increase the confidence of investors to invest their capital and investors believe that one day the company can provide more value or profit for investors.

One of the stock price phenomena that will attract investors' attention in 2021 is the decline in the share price of PT Unilever Indonesia Tbk (UNVR). Wednesday, September 27, 2021, UNVR listed its share price on the Indonesian stock exchange at a price of IDR 3.860 per share. The decline in share prices affected the profit earned by UNVR in 2021 which posted a profit of IDR. 5,76 trillion or a decrease of around 19,6% compared to 2020 with a profit of IDR. 7,16 trillion (CNBC Indonesia, 2022). The phenomenon of falling stock prices also occurred in 2018 for the company PT Wilmar Cahaya Indonesia Tbk (CEKA), where CEKA posted a profit in 2018 of IDR 92,65 billion or decreased by around 13,75% Year over Year (YoY) from 2017 of IDR. 107,42 billion. Whereas in 2016 CEKA obtained a profit increase of 134,35% YoY and in 2015 it also obtained a profit increase of 159,87% YoY (CNBC Indonesia, 2019).

From phenomena that have occurred as described above. So, investor needs one of the financial ratio analyses that can assist measuring the level of profit of a company. According to Sartono (2010), a financial measuring instrument that is often used in measuring the level of profit is by analyzing profitability ratios such as Return on Investment (ROI). ROI is a fundamental factor that represents the state or prospects of the company. ROI is also used as a guiding factor for investors to make investment decisions. Through profit information obtained by the company can be seen from its ROI. If the ROI is high, it can be considered that the company is able to produce good performance. Conversely, if the company has a low ROI, it can be said that the company produces poor performance. The increase in ROI will usually be followed by an increase in the company's stock price. So, the higher the ROI means the better the company's performance in managing its capital to generate profits for shareholders. Before calculating ROI, you must first look at the net profit after tax which will then be divided by total assets. Thus, it will produce a Return on Investment value (Devi, Maria and Rendra, 2017:207).

Other than ROI, to measure the performance of a company can use the EVA (Economic Value Added) method. EVA is a new concept that is used to assess the company's performance by considering fairly the expectations of shareholders and creditors. EVA is the company's goal to be able to increase the value of capital that has been invested by shareholders (Sriati, 2013). EVA is a financial management system to measure the company's economic profit which states that welfare is only created if the company is able to meet all operating costs and capital costs (Rudianto, 2013). EVA in a company is an additional indicator of the value of all activities carried out by the company that can increase value and prevent ineffective activities. A positive EVA indicates the company has succeeded in creating value for the owners of capital. This is because the company is not able to generate a level that exceeds the level of its capital, this is in line with the aim of maximizing the value of the company. On the other hand, a negative EVA indicates that the value of the firm decreases due to a lower level of the cost of capital. This EVA method can be regarded as one of the modern methods in assessing company performance. EVA as a measure of profitability is closely related to stock price performance. If EVA > 0, it means that the management of the company has maximized the value of the company which can increase the stock price. If EVA < 0, it can be interpreted as a company that does not create economic added value. However, it destroys shareholder wealth. A negative EVA value can also adversely affect stock prices. Therefore, this EVA method will be in accordance with the interests of investors and is expected to be an effective measuring tool to achieve company goals and maximize shareholder investment by showing good performance in a company.

This research will use a sample of primary consumer goods sector companies listed on the Indonesian stock exchange for the 2018-2021 period. The reason the researcher chose the primary consumer goods sector as the object of research is as stated in the Kemenperin.co.id website (2021), that the food and beverage industry is the largest contributor to the non-oil and gas processing industry sector in the second quarter of 2021 which reached 38,42%. This sector contributes to the national Gross Domestic Product (GDP) reaching 6,66% and this industry is able to become one of the mainstays in supporting national economic growth in the midst of uncertain global conditions, this sector is stable and is considered to be able to survive the global crisis, especially in the sub-sector food and Drink. Therefore, the authors take the primary consumer goods sector as the object of research.

LITERATURE REVIEW

Theoretical Foundation

Signaling Theory

Signal theory was first coined by Michael Spence in 1973. This theory is a theory that involves two parties, such as the party in management who acts as the party that gives the signal and the outside party such as the investor who acts as the party who receives the signal. The management strives to provide relevant information that can be useful for investors. Then the investor will adjust his decision according to his understanding of the signal.

According to Jogiyanto (2014), information published as an announcement will provide a signal for investors to return investment decisions. When information is announced, market participants first interpret and analyze the information as a good signal (good news) or a bad signal (bad news). If the announcement of the information is considered a good signal, then investors will be interested in trading stocks. Thus the market will react which is reflected through changes in the volume of stock trading (Suwardjono, 2010). This information can affect the investment assessment of the company's stock price due to increased or even decreased transactions.

***Return On Investement* (ROI)**

Return On Investment is a ratio that shows the return on the number of assets used in a company or a measure of management efficiency. This ratio shows the results of all assets it controls by ignoring funding sources and usually this ratio is measured by percentage (Kasmir 2010:139). According to Munawir (2012:89), ROI is a form of profitability ratio used to measure the company's ability to overall funds invested in assets for the company's operating activities in generating profits. Meanwhile, according to Bambang Riyanto (2010: 336), ROI is the net earning power ratio. ROI itself can be interpreted as the ability of capital invested in all assets to generate net profits.

ROI analysis in financial statement analysis has an important meaning as one of the financial ratio analysis techniques that are all-round. This ROI analysis is often used by many parties to measure the level of effectiveness of a company's operations in generating profits by comparing the entire amount of capital that has been invested in the company's assets. Thus, ROI is a ratio that compares the profit obtained from a company's operating activities (Net Operating Income) with the amount of investment or assets (Net Operating Assets) used to generate these profits. According to Cashmere (2014:136), ROI is also a measure of the effectiveness of management in managing its investments. The formula used to measure ROI is:

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

***Economic Value Added* (EVA)**

Economic Value Added is a financial management system to measure profits in a company, which can state that welfare can only be created if the company is able to meet all the costs of operating system and cost of capital. According to Amin Widjaja Tunggal (2012: 1), the EVA method in Indonesia is known as the economic value-added method which is a financial management system to measure economic profit in a company which states that welfare can only be created if the company is able to meet all operating costs and costs of capital. According to Adler Haymans Manurung (2013: 128), EVA is used as a tool to measure the results obtained by the company on the investment actions made and the measure is that the investment made must be able to meet all costs incurred in a company. Based on the opinions of several experts above, it can be concluded that EVA is a financial performance assessment tool which is the difference between net operating profit after tax minus cost capital which aims to increase the value of the capital that has been invested by shareholders. Net operating profit after tax describes the results of value creation within the enterprise. Meanwhile, the cost of capital can be interpreted as a sacrifice incurred in the creation of this value. The calculation of the level of cost of capital on equity is an advantage of the EVA approach, compared to other accounting approaches in measuring the performance of the company.

EVA can be formulated such us:

$$EVA = NOPAT - (\text{Average IC} \times WACC)$$

Dimana:
EVA = Economic Value Added
NOPAT = Net operating profit after taxes
WACC = Weight average cost of capital
IC = Invest Capital

Stock Price

The stock market price acts as a barometer of business performance. The market price shows how well the management performs its duties on behalf of the shareholders. Therefore, the management is always under supervision. Those shareholders who are dissatisfied with the performance of management can sell the shares they own and invest the money in other companies. These actions if taken by shareholders will result in a fall in the share price in the market. Basically, the high low of the stock price is more influenced by the weighing of buyers and sellers about the internal and external conditions of the company. This relates to securities analysis that investors generally do before buying or selling stocks (Horne, 2012:5). According to Jogiyanto (2015: 68), the stock price is the price that occurs in the stock exchange market at a certain moment determined by market participants and is determined by the demand and supply of the shares concerned in the capital market. Meanwhile, according to Brigham and Houston, which was translated by Ali Akbar Yulianto (2014:89), stock prices are influenced by several main factors, namely internal factors and external factors of the company. Internal factors that affect the stock price are the interest rate, the amount of cash dividends given, earnings

per share, the amount of profit earned by the company and the level of risk and return. Meanwhile, external factors that can affect stock prices are government policies, economic fundamental conditions and fluctuations in foreign exchange rates.

Hypothesis

The Relationship of Return On Investment (ROI) to Stock Price

According to Saud Husnan (2016), ROI is a ratio to describe how much net profit a company gets from all the wealth it has. It can be said that this ratio can be used to see a company's performance in managing all its assets to make a profit. If the ROI results are higher, then the better the state of a company. Good circumstances in the company, will be an interesting thing for investors to invest. Companies that have a high ROI will make investors feel safe and there is hope for profit. With the positive signal in obtaining profits given by the company to investors, it will also provide a positive signal to the company's growth in the future which will increase the stock price. The more investors who are interested in buying stocks, the more the stock price will rise. The price of a stock is determined by the state of the market, namely from the level of demand and supply of shares. ROI is the most important ratio among other profitability ratios to be used in predicting the value of returns on stocks. Many previous studies have stated that ROI has always been linked to its effect on stock prices and most state that ROI has a significant effect. If the ROI value is high, it will attract many investors so that it can increase the stock price.

H1 = Return On Investment (ROI) has a positive effect on stock prices

The Relationship of Economic Value Added (EVA) to Stock Price

According to Suripto (2015: 19), EVA is basically a measure of the extent to which a company creates added value economically for shareholders. Therefore, EVA is widely used to measure added value which can be useful for investors by reducing the burden of capital costs arising from investments. The effect of EVA on stock prices is supported by signaling theory. A high EVA level will give a good signal to investors, because the company is able to generate a rate of return that exceeds the level of its capital. This can attract investors to buy shares so that the stock price will increase.

H2 = Economic Value Added (EVA) has a positive effect on stock prices

RESEARCH METHOD

Population and Sample

The population in this study are companies that are members of the Indonesia Stock Exchange in the primary consumer goods sector for 4 periods from 2018-2021. The sample selection in this study was carried out using purposive sampling method (Sugiyono, 2013:83). Sampling is carried out based on certain considerations, such as population characteristics or previously known characteristics. The criteria for selecting the sample in this study is:

1. Primary consumer goods sector companies listed on the Indonesia Stock Exchange from 2018 - 2021
2. Primary consumer goods sector companies that are active and do not have special notifications given by the Indonesia Stock Exchange from 2018 - 2021.
3. Companies in the primary consumer goods sector that have published complete annual financial reports from 2018 - 2021.

Data collection technique

The type of data used in this study is quantitative data in the form of secondary data, the data is categorized as time series and cross section data taken from the 2018-2021 period. Data collection techniques in this study using documentation techniques. Technically, data collection in this study was carried out by searching for data through the website of the www.idx.co.id as well as in the annual financial statements published by companies registered in the primary consumer goods sector on the IDX.

Panel Data Regression Analysis

This study used panel data regression analysis. Panel data is a combination of time series and cross section data, namely data that has many objects in the same year (Basuki and Prawoto, 2017). This study used panel data because in this study it used a period of several years and many company objects. First, the use of time series data is intended because this study uses a time span of 4 years, namely from 2018-2021. Then, the use of cross section because researchers took data from many companies (pooled) consisting of 45 samples of companies in the primary consumer goods sector. The regression equation used in this study is as follows:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \varepsilon$$

Information:

Y = Stock price

α = Constant

β1, β2 = Variable regression coefficient
X1 = Return On Investment (ROI)
X2 = Economic Value Added (EVA)
ε = Error Tern

Operational Variables
The operational definition of research variables is an explanation or elaboration of each variable indicator. The indicators in this research variable are as follows:

a. Dependent Variable
Dependent variables are variables that are the result of free variables (Sugiyono, 2016: 37). The bound variables in this study will use the stock price. The stock price is the price that occurs in the stock exchange market. Technical analysis of stock prices is determined based on stock price records in the past. The share price is also determined by the demand and supply of shares in the capital market. In this study, the bound variable that will be used is the share price of a primary consumer goods sector company listed on the Indonesian stock exchange at the time of closing the market price.

$$\text{Stock Price} = \text{Closing Price}$$

Independent Variable
The independent variables in this study are as follows:
a. Return On Investment (ROI):
Return On Investment is the return on investment or the amount of assets used in the company to measure the ability/performance of a company in generating profits on an investment (Kasmir, 2012). ROI can be calculated by dividing the net profit after tax by the total assets. The formula used to measure ROI is:

$$\text{ROI} = \frac{\text{Net Profit after Tax}}{\text{Total Assets}} \times 100\%$$

b. Economic Value Added (EVA):
Economic Value Added is an indicator of a change in the value of an investment. EVA measures the added value generated by a company by reducing the cost of capital arising from the investments made. EVA is the difference between the net operating after tax (NOPAT) or the result of the reduction of the total cost of capital to the operating profit of the tax with the costs of invested capital (capital charge). Besides being used as a performance evaluation tool for company management. EVA can also be used as a company planning tool to prepare a company's budget at the beginning of a certain period. Therefore, we need a formula on how to measure operating profit, measure capital and how to determine the cost of using capital.
Steps to calculate EVA:

1. Calculating NOPAT (Net Operating After Tax)
Formula:

$$\text{NOPAT} = \text{Profit (loss) of business} - \text{tax}$$

Definition:
Operating profit is the operating profit of a company from a current operating which is the result of earnings before interest. The tax used in calculating EVA is the sacrifice incurred in creating that value.
2. Calculating Invested Capital
Formula:

$$\text{Invested Capital} = \text{Total debt and equity} - \text{interest free short term loans}$$

3. Calculating WACC (Weighted Average Cost Of Capital)
Formula:

$$\text{WACC} = [(D \times rd)(1 - \text{Tax}) + (E \times re)]$$

Information:

$$\text{Capital level (D)} = \frac{\text{Total Debt}}{\text{Total Debt and Equity}} \times 100\%$$

$$\text{Cost Of Debt (rd)} = \text{Interest expense} \times 100\%$$

$$\text{Total debt}$$

$$\text{Capital and Equity Level (E)} = \frac{\text{Total Equity}}{\text{Total Debt and Equity}} \times 100\%$$

$$\text{Cost Of Equity (re)} = \frac{\text{Net Profit after Tax}}{\text{Total Equity}} \times 100\%$$

$$\text{Tax Rate (Tax)} = \frac{\text{Tax expense}}{\text{Net profit before Tax}} \times 100\%$$

4. Calculating Capital Charges
Information:

$$\text{Capitas Charges} = \text{WACC} \times \text{Invested Capital}$$

5. Calculating Economic Value Added (EVA)
Information:

$$\text{EVA} = \text{NOPAT} - \text{Capital Charges}$$

or

$$\text{EVA} = \text{NOPAT} - (\text{WACC} \times \text{Invested Capital})$$

Information :
NOPAT = Net Operating Profit After Tax
WACC = Weighted Average Cost of Capital
IC = Total Capital

RESULTS AND DISCUSSION
DESCRIPTIVE STATISTICAL DATA ANALYSIS

Based on the results of data processing that has been processed by the author, the results of descriptive analysis of the three variables in the study are obtained as follows:

Table 4.1 Descriptive Statistics

	Y	**X1**	**X2**
Mean	4041.933	6.530290	137000000000
Median	1225.000	5.444327	28181855
Maximum	83625.00	60.71678	11800000000000
Minimum	82.00000	-25.10329	-3850000000000
Std. Dev.	9563.213	11.59850	1140000000000

Source: The data is processed by the author using eviews 12 (2022)

Based on the calculations that have been written in table 4.1 above, it can be seen that:

1. Variable Y (stock price) as the dependent variable in this study shows an average value (mean) of 4041,933 with a standard deviation of 9563,213. Based on the twelfth appendix, the largest share price was owned by Gudang Garam (GGRM) in 2018 of IDR. 83.625 while the smallest share price was owned by DSFI in 2020 of IDR. 82.
2. Variable X1 (ROI) as the independent variable in this study shows an average (mean) of 6,530290 with a standard deviation of 11,59850. Based on the second attachment, the largest ROI was owned by AISA in 2019 of 60,71678. Meanwhile, the smallest ROI is owned by the company with the IDX code, namely HERO in 2020 of -25,10329.
3. Variable X2 (EVA) as the independent variable in this study shows an average (mean) of 137.000.000.000.000 with a standard deviation of 1.140.000.000.000. Based on the eleventh appendix, the largest EVA was owned by AISA in 2018 of 11.800.000.000.000.000. Meanwhile, the smallest EVA is owned by the Salim Ivomas Pratama company in 2019 of -3.850.000.000.000.000.

PANEL DATA MODELING
Chow test

This test is conducted to determine whether the best research model uses the Common Effect Model or the Fixed Effect Model. With the following selection conditions:

H0: P < 0.05 then using the FEM model

H1: P > 0.05 then using the CEM model

The following are the results of the chow test in this study:

Table 4.2 Chow test

Effects Test	*Statistic*	*d.f.*	*Prob.*
Cross-section F	11.281508	(44,133)	0.0000
Cross-section Chi-square	279.791311	44	0.0000

Source: The data is processed by the author using eviews 12 (2022)

Based on the chow test table above, the results of the chow test show the probability value of the chi square cross section is 0.0000. This probability value is lower than the chi square probability limit of 0.05. This causes research with the chow test to produce prob values. 0.0000 < 0.05 which means H0 is accepted, so the best modeling in the Chow test uses FEM modeling which means H0 is accepted, then this research will continue by using the FEM model in the next test, namely the Hausman test.

Hausman test

This test is conducted to determine whether the best research model uses the Fixed Effect Model or the Random Effect Model. With the following selection conditions:

H0: P < 0.05 then using the FEM model

H1: P > 0.05 then using the REM model

The following are the results of the Hausman test in this study:

Table 4.3 Hausman test

Test Summary	*Chi-Sq. Statistic*	*Chi-Sq. d.f.*	*Prob.*
Cross-section random	1.243831	2	0.5369

Source: The data is processed by the author using eviews 12 (2022)

Based on the results of table 4.3 of the Hausman test above, it shows that the probability value of a random cross section is 0.5369. This probability value is greater than the value of the random chi section probability limit, which is 0.05 or prob. 0.5369 > 0.05 so that the best panel data regression model in the Hausman test uses the Random Effects model, which means that H1 is accepted.

Lagrange Multiplier Test

This test was conducted to determine whether the best research model uses the Common Effect Model or the Random Effect Model. With the following selection conditions:

H0: Breusch-Pagan > 0.05 then use the CEM model

H1: Breusch-Pagan < 0.05 then using the REM model

The following are the results of the lagrange multiplier test in this study:

Table 4.4 Lagrange multiplier test

Lagrange Multiplier Tests for Random Effects			
	Test Hypothesis		
	Cross-section	***Time***	***Both***
Breusch-Pagan	136.9643 (0.0000)	0.716280 (0.3974)	137.6806 (0.0000)

Source: The data is processed by the author using eviews 12 (2022)

Based on table 4.4 the Lagrange multiplier test above shows that the Breusch-Pagan cross section value is < 0.05, i.e. 0.0000 < 0.05. Thus, the best modeling based on this test is to use REM modeling, which means H1 is accepted.

MULTIPLE LINEAR REGRESSION ANALYSIS DATA PANEL

The method in this study uses multiple linear regression analysis of panel data. The sample used in this study consisted of 45 companies in the primary consumer goods sector with a year of observation of 4 years, so a total of 180 research observations began in 2018-2021.

Analysis of the results of the regression model of this study used the best data model, namely the Random Effect model as follows:

Table 4.5 Best Model (Random Effect Model)

Variable	*Coefficient*	*Std. Error*	*t-Statistic*	*Prob.*
C	2828.554	1298.070	2.179046	0.0306
ROI	176.0999	57.66567	3.053809	0.0026
EVA	0.000000000461	0.000000000411	1.121874	0.2634
R-squared		0.050287		
Adjusted R-squared		0.039556		
F-statistic		4.686029		
Prob(F-statistic)		0.010398		
Durbin-Watson Stat		0.875600		

Source: The data is processed by the author using eviews 12 (2022)

Based on the results of the regression model of the research above, the following multiple linear regression equations were obtained:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \varepsilon$$
$$Y = 2828.554 + 176.0999\ ROI + 0.000000000461\ EVA + \varepsilon$$

The multiple linear regression equation above is explained as follows:

a. If the Return On Investment (ROI) and Economic Value Added (EVA) variables are zero, then the stock price constant is 2828.554
b. The regression coefficient value for ROI is 176.999, meaning that the effect of the ROI variable on stock prices is positive. It is assumed that if ROI increases by 1 and EVA is constant, then the stock price will increase by 176.9999
c. The regression coefficient value for EVA is 0.000000000461 or 4.61E-10, meaning that if it is assumed that EVA increases by 1 and ROI is constant, then the stock price will increase by 0.000000000461 or 4.61E-10.

F-test

The F-test is used to test whether simultaneously all independent variables have a positive effect on the dependent variable. In this test, if the probability value is below 0.05, it can be concluded that together or simultaneously the independent variables can affect the dependent variable positively significantly.
Based on table 4.5 it can be seen that the prob.F-statistic value is 0.010398 or prob.F-statistic <0.05, which means that all independent variables, namely ROI and EVA, have a positive influence on stock prices.

T-Test

The partial test or t-test in a study is used to determine the effect of each independent variable, namely ROI and EVA on the dependent variable of stock prices in a regression model so that conclusions can be drawn or the formulation of the problem in this study:

Ho1 = Return On Investment (ROI) has a positive effect on stock prices
Ha1 = Return On Investment (ROI) has no effect on stock prices

Based on table 4.5, the ROI variable has a probability value of 0.0026 < 0.05, which means Ho1 is accepted and Ha1 is rejected. The ROI probability value of 0.0026 is smaller than the value of 0.05 indicating that the ROI variable has a positive influence on stock prices as a measure of company profitability.

Ho2 = Economic Value Added (EVA) has a positive effect on stock prices
Ha2 = Economic Value Added (EVA) has no effect on stock prices

Based on table 4.5, the EVA variable has a probability value of 0.2634 > 0.05, which means Ho2 is rejected and Ha2 is accepted. A probability value greater than 0.05 indicates that EVA has no effect on stock prices.

DETERMINATION COEFFICIENT (R2)

The coefficient of determination is one of the statistical values that can be used to measure and determine the closeness or relationship of how much the independent variable (ROI, EVA) is able to explain the dependent variable

(stock price). If the value of the R2 test is getting closer to 1, the independent variables in this study can provide almost all the information needed by investors in predicting the dependent variable. On the other hand, if the test value of R2 is getting closer to zero, the independent variable cannot fully provide the required information in full. Based on table 4.5 the value of adjusted R2 in this study is 0.039556 or 3.955%. This shows that the ROI and EVA variables are only able to explain 3.955% of the effect on stock prices, while 96.045% is explained by other variables that are not used in this study.

DISCUSSION OF RESEARCH RESULTS

Effect of Return On Investment (ROI) on Stock Prices

Return On Investment (ROI) is a ratio used to show the rate of return on investment that has been invested by investors on the amount of assets used by the company. This can be reflected in the size of the profits obtained by the company. If the company's profit is high, the return on investment (ROI) will be higher. This can indicate that the company's performance is getting better which causes the company to be able to earn profits and the dividends received by investors will increase. This will be an attraction for potential investors to invest in a company which will then have a positive impact on increasing share prices in the company (Cherrya: 2013).

Based on the results of research analysis shows that ROI has a positive influence on stock prices. This is in accordance with the theory used, namely signaling theory which states that the higher the ROI value, the investors will be interested in investing in the company so that the company's stock price will rise and vice versa. This can be seen from several companies in the primary consumer goods sector that were sampled in this study, one of which is PT Akasha Wira International Tbk (ADES). The ROI generated by ADES has increased from 2018-2021. In 2018 the ADES company showed an ROI of 6.0%, increased in 2019 by 10.2%, in 2020 it rose to 14.2% and 20.4% in 2021. The ROI figure is directly proportional to the stock price of ADES from 2018-2021 which has increased, starting from 2018 the share price of IDR 920, an increase in 2019 of IDR 1.045, in 2020 of 1.460 and in 2021 it will increase to IDR 3.290.

The increase in ROI is directly proportional to the increase in stock prices of companies in the primary consumer goods sector, one of which is influenced by the effectiveness of the company's management in managing all assets in the company's operational activities so as to generate profits/profits for the company followed by an increase in the company's share price. This is one of the factors why ROI has a positive effect on stock prices. The results of this research are in line with research conducted by previous researchers, namely Sonia R (2014), in his research stating that Return On Investment has a positive effect on stock prices of property and real estate companies listed on the IDX.

Economic Value Added (EVA) to Stock Price

Theoretically, the EVA concept is used to measure the economic added value generated by a company by reducing the cost of capital arising from the investment made. EVA as an indicator of the success of the company's management in increasing the added value for the company. Companies that have a high EVA value tend to attract the attention of investors, because the higher the EVA value, the higher the company value. The higher the value of the company, it will make investors interested in investing in a company which will also increase its share price (Sunardi: 2010).

Based on the results of the research analysis, it is known that EVA has no effect on the stock price of the primary goods consumer sector in 2018-2021. A positive EVA regression coefficient value indicates that the company's market value is higher than the company's book value. This should create a positive signal to investors to invest in the company. The number of interested investors should increase the number of requests for these shares, so as to increase the share price. However, this was not proven in this study.

The reason why EVA has no effect on stock prices is because the overall primary consumer goods sector when using the EVA method is still less effective because the development of economic value added each year shows inconsistent fluctuations. This can be seen from research where fundamentally many companies still bear the cost of principal and large debt burdens which result in the company's economic added value being low. However, the stock price actually went up. One of the sample companies, namely PT Dharma Satya Nusantara Tbk (DSNG) in 2018 the EVA value was obtained at IDR. 111.713.017 but it fell in 2019 to IDR. 98.920.209. This is inversely proportional to the share price which increased in 2018 by IDR. 410 and increased in 2019 to IDR. 460. The results of this study are in line with research conducted by Viandina (2015), in his research stating that Economic Value Added (EVA) has no effect on the company's stock price LQ-45.

CONCLUSION

Based on the results of the analysis and discussion that have been carried out in the previous chapter, the results of the research that have been carried out can be concluded as follows:

1. The company's Return On Investment (ROI) has a positive influence on the stock price of the primary consumer goods sector in the 2018-2021 period. This means that ROI has a directly proportional relationship with the increase in stock prices. Positive ROI on stock prices is influenced by several factors, namely the effectiveness of company management in managing all assets in the company's operational activities so as to generate profits for the company.

2. The company's Economic Value Added (EVA) has no influence on the stock price of the primary consumer goods sector in the 2018-2021 period. This means that EVA has an inverse relationship with stock prices, the added economic value each year shows inconsistent fluctuations. This can be seen from research where fundamentally many companies still bear the cost of principal and large debt burdens which result in the company's economic added value being low but the stock price actually rising.

LIMITATION AND SUGGESTIONS

Based on the conclusions and limitations of the research described above, the authors would like to provide some suggestions for future researchers so that in the future they can pay attention to the following things that are suggestions before conducting future research, namely as follows:

1. For further researchers, it is better to increase the number of years of observation and increase the number of samples to be used, so that they will get a better picture of stock prices on the Indonesian stock exchange.
2. Further researchers who take a similar title, are advised to examine other factors that have not been sampled variables in this study such as profitability ratios (Return on Equity, Net Profit Margin) and can use liquidity ratios as other variables.
3. For investors and potential investors in the primary consumer goods sector in the Indonesian stock exchange who are the samples in this study, it is better to pay attention to the value of ROI as a reference for making decisions, because these variables have been tested to have a positive effect on stock prices.

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