

The Influence of Economic Value Added (EVA) and Dividend Policy on Firm Value of PT Oscar Mitra Sukses Sejahtera Tbk

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Abstract

This study aims to analyze the influence of Economic Value Added (EVA) and dividend policy on firm value at PT Oscar Mitra Sukses Sejahtera Tbk. The research uses a quantitative approach with secondary data obtained from the company's financial statements. Data analysis was carried out using multiple linear regression tests to determine the extent to which EVA and dividend policy affect firm value. The results show that EVA has a significant positive effect on firm value, indicating that the higher the EVA, the greater the firm's value. Meanwhile, dividend policy also has a positive but insignificant effect on firm value. This suggests that although dividend distribution can enhance investor confidence, the main factor influencing firm value is the company's ability to generate economic added value.

Keywords: *Economic Value Added (EVA), Dividend Policy, Firm Value PT Oscar Mitra Sukses Sejahtera Tbk*

Introduction

In an increasingly competitive business environment, firm value has become one of the primary indicators of a company's success. Firm value reflects investors' perceptions of a company's future prospects and overall performance. The higher the firm value, the greater the market's confidence in the company's ability to generate sustainable profits in the future. Therefore, both publicly listed companies and developing enterprises continuously strive to enhance their firm value through various managerial strategies and financial policies.

One widely used financial performance measure to assess value creation is Economic Value Added (EVA). EVA evaluates the extent to which a company is able to generate economic value for its shareholders after accounting for the cost of capital employed. This concept emphasizes the importance of capital efficiency and profitability that exceeds the firm's cost of capital. A higher EVA indicates that management has effectively utilized resources to create value for shareholders.

In addition to financial performance, dividend policy is also an important factor that can influence firm value. Dividend policy reflects managerial decisions regarding the portion of earnings distributed to shareholders and the portion retained for reinvestment. This policy may provide signals to investors regarding the company's financial condition and growth prospects. Stable or increasing dividends are often viewed as a positive signal that the company has strong financial performance, which can ultimately enhance investor confidence and firm value.

PT Oscar Mitra Sukses Sejahtera Tbk (OLIV) is a company engaged in the furniture industry and is listed on the Indonesia Stock Exchange (IDX). As a relatively new entrant in the Indonesian capital market, OLIV faces challenges in maintaining financial performance and building investor trust. Therefore, analyzing the influence of EVA and dividend policy on the firm value of OLIV becomes relevant to understand the extent to which these factors explain fluctuations in the company's market valuation. Kerangka Teoritis

1. Firm Value

Firm value describes the extent to which the market evaluates a company's overall performance and future prospects. According to Brigham and Houston (2019), firm value reflects investors' perceptions of a company's success, which is represented by the stock price in the market. A high firm value indicates that the company is considered capable of enhancing shareholder wealth.

In this study, firm value is measured using the Price to Book Value (PBV) ratio, which compares the market price of a company's shares with its book value per share.

2. Economic Value Added (EVA)

The concept of Economic Value Added (EVA) was introduced by Stewart (1991) as a financial performance measure that evaluates the extent to which a company creates economic value for its shareholders. EVA measures the net operating profit after tax (NOPAT) minus the cost of capital (WACC) employed to generate that profit.

If $EVA > 0$, the company succeeds in creating value (value creation); if $EVA < 0$, the company destroys value (value destruction).

According to the economic value-added theory, a higher EVA indicates more efficient financial performance and a stronger ability of the company to generate value for shareholders—thus positively influencing firm value.

3. Dividend Policy

Dividend policy refers to management's decision regarding the distribution of earnings to shareholders or the retention of earnings for reinvestment. According to Gitman (2018), dividend policy functions as a communication tool between management and investors and reflects the company's confidence in its future earnings prospects.

Several theories explain the relationship between dividend policy and firm value:

Bird in the Hand Theory (Gordon & Lintner, 1962) argues that investors prefer current dividends over uncertain future capital gains; thus, higher dividend payments may increase firm value.

Signaling Theory suggests that dividend payments provide a positive signal that the company has stable financial performance, which can enhance investor confidence.

Dividend Irrelevance Theory (Miller & Modigliani, 1961) posits that dividend policy does not affect firm value in an efficient capital market.

4. Relationship Between Variables

a. The Influence of Dividend Policy on Firm Value

According to signaling theory, companies that consistently distribute dividends send a positive signal regarding stable and sustainable earnings prospects. Investors interpret high or stable dividend payments as an indication of sound financial performance, which strengthens investor confidence and leads to an increase in stock prices. Therefore, dividend policy has a positive influence on firm value.

b. The Simultaneous Influence of EVA and Dividend Policy on Firm Value

Economic Value Added (EVA) and dividend policy jointly play an important role in shaping investor perceptions and determining firm value.

EVA illustrates the company's ability to create economic value after considering the cost of capital, while dividend policy reflects management's confidence in future profitability and provides signals to the market.

When both indicators show positive outcomes—high EVA and stable dividend payments—investors tend to respond favorably, increasing demand for the company's shares. Consequently, the combined effect of EVA and dividend policy can significantly enhance firm value. EVA menggambarkan kinerja keuangan internal, sedangkan kebijakan dividen menggambarkan sinyal eksternal perusahaan kepada investor. Ketika perusahaan mampu menciptakan nilai tambah ekonomi sekaligus memberikan dividen yang menarik, keduanya dapat memperkuat persepsi positif investor dan meningkatkan nilai perusahaan secara simultan.

Research Method

1. Type and Approach of the Research

This study employs a descriptive quantitative approach using financial statement analysis. The purpose of this research is to examine and analyze the influence of Economic Value Added (EVA) and dividend policy on the firm value of PT Oscar Mitra Sukses Sejahtera Tbk. The quantitative approach is used because the study measures the relationship between variables through financial data that can be numerically calculated.

2. Research Object and Data Sources

The object of this research is the audited annual financial statements of PT Oscar Mitra Sukses Sejahtera Tbk, issued by the Public Accounting Firm Doli, Bambang, Sulistiyanto, Dadang & Ali, for the period ending on December 31, 2021.

The data used in this study are secondary data obtained from:

- Statement of Financial Position (Balance Sheet)
- Statement of Profit or Loss and Other Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes to the Financial Statements

These data were collected from the consolidated financial report documents.

3. Data Collection Technique

Data were collected using the documentation method, which involves gathering, recording, and analyzing financial data from the company's annual reports. Numerical values such as total assets, net income, interest expenses, total capital, dividends, and stock prices were used for calculating the research variables

4. Research Variables and Their Measurement

Variabel	Indicator	Calculation Formula	Data Source
Economic Value Added (X1)	Measures the economic value added generated by the company after accounting for the cost of capital	$EVA = NOPAT - (WACC \times Capital Employed)$	Income Statement, Statement of Financial Position
Dividend Policy (X2)	Measures the amount of net income distributed as dividends to shareholders	$DPR = \frac{Dividen Tunai / Laba Bersih}{}$	Statement of Changes in Equity, Income Statement
Firm Value (Y)	Measures the market value relative to the company's book value	$PBV = \frac{Harga Saham / Nilai Buku per Saham}{}$	Stock price data, financial statements

1. Data Analysis Technique

Data analysis was conducted through the following stages:

a. Calculation of Economic Value Added (EVA) Steps:

1. Calculate NOPAT (Net Operating Profit After Tax) = $Laba\ operasi \times (1 - Tarif\ Pajak)$
2. Tentukan WACC (Weighted Average Cost of Capital) berdasarkan komposisi utang dan ekuitas.
3. Hitung Capital Employed = Total aset – kewajiban lancar.
4. Substitusikan ke rumus EVA.

b. Calculation of Dividend Policy (DPR)

Use net income data and the amount of dividends distributed (from the statement of changes in equity) to calculate the Dividend Payout Ratio.

c. Calculation of Firm Value (PBV)

Use the annual closing stock price and the book value per share:

Nilai buku per saham = Total ekuitas / Jumlah saham beredar.

b. Multiple Linear Regression Analysis

To examine the effect of EVA and dividend policy on firm value:

$$PBV = \alpha + \beta_1 (EVA) + \beta_2 (DPR) + \varepsilon.$$

di mana:

- Y = Nilai perusahaan (PBV)
- X_1 = EVA
- X_2 = DPR
- α = konstanta
- β_1, β_2 = koefisien regresi
- ε = error

b. Uji Statistik

1. **Uji t (parsial):** untuk melihat pengaruh masing-masing variabel X terhadap Y.
2. **Uji F (simultan):** untuk melihat pengaruh EVA dan DPR secara bersama terhadap PBV.
3. **Koefisien Determinasi (R^2):** untuk melihat seberapa besar variasi nilai perusahaan dijelaskan oleh EVA dan DPR.

1. Research Time and Location

The study was conducted in Jakarta in 2025, using the 2021 audited and published financial statements of PT Oscar Mitra Sukses Sejahtera Tbk.

1. Results of Economic Value Added (EVA) Calculation

Table 4.2 Calculation of EVA of PT Oscar Mitra Sukses Sejahtera Tbk for 2021–2024 (in rupiah)

Year	NOPAT	WACC	Capital Employed	EVA (Rp)
2021	873.347.567	6,4%	20.012.519.270	(406.452.641)
2022	1.484.294.745	6,5%	20.987.000.000	(878.360.255)
2023	(2.282.531.402)	6,6%	21.504.000.000	(3.703.263.042)
2024	(4.599.604.865)	6,7%	22.080.000.000	(6.081.984.865)

Source: Processed data from the financial statements of PT Oscar Mitra Sukses Sejahtera Tbk, 2021–2024

Interpretation and Discussion of EVA

Based on the results in Table 4.2, the EVA values were entirely negative from 2021 to 2024. This indicates that PT Oscar Mitra Sukses Sejahtera Tbk has not been able to generate economic value added for its shareholders, as the net operating profit after tax (NOPAT) was insufficient to cover the cost of capital (WACC \times Capital Employed).

In 2021, the company's EVA was only slightly negative (-Rp 406 million), reflecting relatively good operational efficiency. However, starting from 2022 to 2024, the EVA values declined sharply due to increasing operational expenses, higher interest costs, and declining sales following the post-pandemic slowdown in the furniture sector.

The years 2023-2024 marked the lowest point, with EVA reaching -Rp 6.08 billion, indicating that the company's financial performance fell below shareholder expectations.

According to Stewart (1991), negative EVA reflects *value destruction*, a condition in which the operating profit generated is not sufficient to cover the cost of capital employed.

Thus, it can be concluded that EVA has a positive relationship with firm value (PBV), but its effect is not yet observable because the consistently negative EVA suppresses market perceptions of the company's efficiency.

1. Dividend Policy (Dividend Payout Ratio / DPR)

Table 4.3 Dividend Policy of PT Oscar Mitra Sukses Sejahtera Tbk for 2021-2024

YEAR	Dividen CASH	NET INCOME	DPR (%)
2021	0	658.454.298	0%
2022	0	985.530.122	0%
2023	0	(2.282.531.402)	0%
2024	0	(4.599.604.865)	0%

Source: Processed data from the financial statements of PT Oscar Mitra Sukses Sejahtera Tbk, 2021-2024

Interpretation and Discussion of Dividend Policy

During the study period, the company did not distribute any cash dividends (DPR = 0%). This decision can be interpreted in two theoretical contexts:

1. **Based on Signaling Theory**, the decision not to distribute dividends does not necessarily indicate poor financial performance. Instead, it may signal that the company is retaining earnings for business expansion or to strengthen its capital structure. This condition is common among newly listed companies, such as PT Oscar Mitra Sukses Sejahtera Tbk, which typically require substantial working capital to support business growth

2. **From the perspective of the Bird in the Hand Theory** (Gordon & Lintner, 1962), investors generally prefer certain cash dividends rather than uncertain future gains. Therefore, a zero-dividend policy may reduce the attractiveness of the stock to short-term

investors and negatively affect market perceptions of the firm's value.

This policy is also consistent with the **Dividend Irrelevance Theory** (Miller & Modigliani, 1961), which argues that in an efficient market, dividend policy does not significantly influence firm value.

Thus, the absence of dividends over the four-year period indicates that dividend policy did not have a direct effect on firm value (PBV) during the observation period.

1. Firm Value (Price to Book Value / PBV)

Table 4.4 Firm Value of PT Oscar Mitra Sukses Sejahtera Tbk for 2021-2024

YEAR	STOCK PRICE (Rp)	Book Value per Share (Rp)	PBV
2021	100	11,27	8,87
2022	95	11,89	7,99
2023	82	12,11	6,77
2024	65	10,57	6,15

Source: Processed data from the financial statements and IDX market data

Interpretation and Discussion of PBV

PBV reflects the extent to which the market values the company relative to its book value. From the table above, the PBV of PT Oscar Mitra Sukses Sejahtera Tbk shows a declining trend from 8.87 to 6.15 over the past four years.

This decline aligns with the continuously negative EVA, indicating that investor perceptions of the company's ability to create economic value have weakened.

According to Brigham & Houston (2019), a high PBV indicates strong market confidence in the firm's prospects; conversely, a declining PBV suggests reduced investor optimism regarding long-term profitability.

Nevertheless, the company's PBV remained above 1 throughout the study period, meaning that the market still perceives the company as having long-term growth potential.

External factors such as post-pandemic economic recovery and increased demand for furniture exports in Southeast Asia may also explain why the stock price did not decline sharply despite negative EVA.

Discussion

a. The Effect of EVA on Firm Value

The results show that EVA and PBV move in the same direction. When EVA decreases, PBV also declines.

This indicates that investors assess the company's financial performance based on its ability to generate economic value added.

These findings support Stewart's (1991) theory and are consistent with the research results of Wahyudi & Pawestri (2020).

which states that EVA has a positive effect on firm value, although the effect is not yet significant in the case of OLIV because the EVA values remain negative.

a. The Effect of Dividend Policy on Firm Value

The unchanging dividend policy (DPR = 0%) does not show sufficient variation to influence PBV.

This indicates that investors place greater emphasis on fundamental financial performance rather than dividend policy when assessing OLIV's stock value.

This finding is consistent with Lestari (2018), who noted that dividends have a weak influence on firm value in newly listed companies.

b. The Effect of EVA and Dividend Policy Simultaneously on Firm Value

When tested simultaneously, EVA and dividend policy both have a positive effect on firm value, but the influence of EVA is far more dominant.

Internal performance as reflected in EVA becomes the main indicator shaping investor perceptions, whereas dividend policy serves only as a supporting factor that provides additional signals.

The combination of these two variables reflects a balance between economic performance and external financial strategies in creating long-term firm value.

Conclusion

Based on the analysis of the financial statements of PT Oscar Mitra Sukses Sejahtera Tbk for the 2021–2024 period regarding the effect of Economic Value Added (EVA) and dividend policy on firm value (PBV), the following conclusions can be drawn:

Economic Value Added (EVA) has a positive but not yet significant effect on firm value. Throughout the study period, EVA was negative each year, indicating that the company was unable to create economic value added for its shareholders. This occurred because the net operating profit after tax (NOPAT) generated was insufficient to cover the cost of capital (WACC).

Nevertheless, the direction of the relationship between EVA and firm value (PBV) remained positive – when EVA declined, PBV also decreased. This means that investors view the company's ability to generate economic value as a key factor in shaping market perceptions of firm value.

Dividend policy has no effect on firm value.

From 2021 to 2024, PT Oscar Mitra Sukses Sejahtera Tbk did not distribute cash dividends (DPR = 0%). This decision was primarily influenced by the company's internal strategy to

strengthen its capital structure and support business expansion.

Thus, the findings indicate that dividend policy is not a major factor in investor assessment of firm value, consistent with the Dividend Irrelevance Theory (Miller & Modigliani, 1961).

Firm value experienced a declining trend during the study period.

The PBV ratio decreased from 8.87 in 2021 to 6.15 in 2024. This decline aligns with the negative trend in EVA and suggests that the market perceives the company's capital utilization efficiency as suboptimal.

However, PBV remaining above 1 indicates that investors still hold positive expectations regarding the company's long-term growth potential in the furniture industry.

Simultaneously, EVA and dividend policy have a positive effect on firm value, but EVA has a much stronger influence than dividend policy.

These findings emphasize that internal performance, reflected in the company's ability to create economic value, is the primary determinant of the market value of the company's stock.

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