Financial Ratios, Capital Structure, and EVA Impact on IDX Food and Beverage Manufacturers 2019-2021 Performance

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Abstract

This study examines how financial ratios, capital structure, and economic value added (EVA) affect Indonesia Stock Exchange-listed food and beverage manufacturers' financial performance. The study examined 14 companies as a sample and used financial statements from the Indonesia Stock Exchange website as secondary data. Descriptive statistical tests, classical assumption tests, multiple linear analysis, and hypothesis tests using t, F, and determination coefficient tests are some ways that data can be analyzed. The study found that financial ratio negatively affects the financial performance of Indonesia Stock Exchange-listed food and beverage companies (t count -2.943 < t table 2.024, significance values 0.006 < 0.05). Capital structure variables do not significantly affect financial performance for Stock Exchange-listed food and beverage manufacturing companies (t-calculus 0.728 < t-table 2.024, significance values 0.471 > 0.05). Economic value added (Eva) doesn't significantly affect companies that make food and drinks listed on the Indonesia Stock Exchange, as shown by t count -1.217 < t table 2.024 and significance value 0.231 > 0.05. Food and drink companies listed on the Indonesia Stock Exchange can make more money thanks to financial ratio, capital structure, and Eva. This is backed up by F count 4.096 > There are significance levels of 0.013 and 0.05 in F table 3.24. The independent variable in this study explains 18.5% of the company's financial performance.

Keywords: Financial Ratio, Capital Structure, Economic Value Added (EVA), Financial Performance
Introduction

The contemporary business landscape fosters individuals' inclination to invest, thereby necessitating the significance of bankruptcy prediction analysis for various stakeholders, including investors, banks, governments, and the company itself. This analysis enables business professionals to ascertain the company's financial state reasonably. Under these circumstances, companies must consistently demonstrate creativity in their management practices to ensure survival and ongoing growth. Financial statement analysis frequently employs financial ratios to assess the financial performance of a business. Examining financial statements can provide valuable insights into the present condition of affairs and unveil the development of recurring patterns.

According to (Sugiyono, 2021), Investors base their investment decisions on how well the company is doing financially. The capacity of an organization's operational activities to generate profits reflects its performance.

This research was conducted to compare previous studies (Fajrin &; Laily, 2016) This study investigates the correlation between liquidity and profitability in PT Indofood Sukses Makmur's financial performance. The findings suggest that liquidity affects the company's economic performance, whereas profitability positively influences its financial performance. (Wijayanto, 2021) An analysis of the financial performance of food and beverage companies reveals that profitability does not significantly affect their performance. However, liquidity and solvency have a substantial effect. (Kristianti, 2018) The capital structure of a company has a positive effect on its economic performance, according to research into financial companies listed on the Indonesia Stock Exchange (DAR and DER). Meanwhile, (Komara et al., 2016) Based on the data provided by the Indonesia Stock Exchange, the capital structure of publicly traded financial institutions hurts their financial performance. This is indicated by metrics like the Debt-to-Asset Ratio (DAR), the Debt-to-Equity Ratio (DER), and ROA and ROE. On research conducted by (Niki, 2020) states that financial performance utilizing that particular approach. The company experienced favorable and promising outcomes, as indicated by the EVA metric from 2012 to 2013. However, the subsequent period of 2014-2015 witnessed unfavorable or unsatisfactory results for the company. Meanwhile, a study conducted by Rahmi Damayanti (2021) the analysis between 2015 and 2019 revealed a favorable impact of EVA, indicating that the company successfully generates economic value for investors who have allocated their funds, resulting in increased compensation relative to the cost of capital. The author intends to reevaluate the relationship between financial performance as the dependent variable and economic value added (EVA), capital structure, and financial ratios as independent variables in light of the inconsistent results of their previous research.

This study aims to evaluate the impact of capital structure on financial performance and examine the correlation between financial ratios and financial results. To what extent is the purpose of this research to find out how economic value added (EVA) affects bottom-line results?
Literature Review

Economic performance

Performance is a crucial concern for every company, necessitating increased Yard 3 focus on the risks associated with operational, strategic, and financial challenges. Effective performance is a valuable advantage for the company, whereas inadequate performance can burden the company. Financial performance analysis assesses the degree to which a company has effectively and accurately implemented financial regulations and guidelines (Fahmi &; Rahayu, 2017).

Return On assets (ROA)

Using this ratio to evaluate a company's profitability concerning its revenue, assets, and share capital is practice. Formula:

\[
\text{ROA} = \frac{\text{Net profit after tax}}{\text{Total Aktiva}} \times 100\%
\]

Ratio Analysis In Finance

According to (Carolina &; L. Tobing, 2019), Analysing a company's financial health and performance using numerical metrics is known as financial ratio analysis. In order to gain useful insights, it compares various financial statement items. Furthermore, financial ratio analysis can evaluate management performance over a specific timeframe and gauge management's proficiency in effectively leveraging the company's resources.

1. Current Ratio
   One measure of a company's liquidity is the current ratio, which shows how quickly its assets can cover its short-term obligations. Calculating this ratio involves dividing the sum of all current assets by the sum of all current liabilities.
   Formula:
   \[
   \text{Current Ratio} = \frac{\text{Current Asset}}{\text{Current Liabilitie}}
   \]

2. The Ratio Of Debt To Assets
   The debt-to-asset ratio is one numerical financial indicator that looks at the connection between overall assets and total debt. This, nonetheless, pertains to the degree to which the organization's assets are financed via indebtedness or the consequences of said indebtedness on asset administration.
   Formula:
   \[
   \text{Debt to asset ratio} = \frac{\text{Total Debt}}{\text{Total Assets}}
   \]

3. Return on equity (ROE)
   A financial ratio known as return on equity (ROE) measures the efficiency of a company's capital by comparing the amount invested to the net profit after taxes. This ratio indicates the utilization of capital. An increased percentage is indicative of a more favorable result. As a result, the proprietor's authority is progressively growing in strength, and conversely.
   Formula:
   \[
   \text{ROE} = \frac{\text{Earning After Interest and Tax}}{\text{Equity}}
   \]
Capital Structure

Capital structure refers to allocating funds a company uses to meet its financial requirements. It involves a combination or distribution of resources from two primary sources: internal long-term funds and external funds obtained from sources outside the company. (Fahmi & Rahayu, 2017) A company's capital structure determines how its funds are distributed among its various sources of financing, including long-term debt (Long-Term Liabilities) and shareholder equity.

Debt to Equity Ratio (DER)

One measure of financial health is the Debt-to-Equity Ratio (DER), which shows how much money was put in by creditors relative to how much was put in by business owners.

Formula:

\[
\text{Equity to Debt Ratio} = \frac{\text{Total Debt}}{\text{Total Equity}}
\]

Economic Value Added (EVA)

The Economic Value Added (EVA) metric determines an organization's actual profitability by deducting capital expenditures and taxes from operating profit. Capital expenditures and net profit after taxes are used to calculate economic value added (EVA). (Cahyandari et al., 2021) Operating profit after tax signifies the result of value creation for an organization, while the cost of capital comprises the concessions made to generate said value.

The following formula determines the calculation of EVA:

\[
\text{EVA} = \text{NOPAT} - (\text{WACC} \times \text{IC})
\]

Hypothesis

1. The Impact Of Financial Ratios On Financial Performance

By examining the critical correlation between financial statement figures, ratio analysis provides insight into a company's financial health and performance. This analysis empowers organization proprietors or executives to render wellinformed judgments concerning the most suitable approaches for execution. Moreover, financial ratio analysis can assess the proficiency of management in efficiently utilizing the organization's resources and evaluate management performance over a specified period. The following can be used as the hypothesis:

H1: Financial Ratios Exert A Substantial Impact On Financial Performance

2. The Impact Of Capital Structure On Financial Performance

Performing a capital structure analysis is deemed significant as it allows for evaluating and assessing long-term risks and prospects based on the company's income generated from its operations. The condition of the capital structure directly impacts the company's financial state, thereby influencing its performance. Utilizing borrowed capital amplifies financial risk, manifested as interest expenses that must be settled, irrespective of the company's losses. Nevertheless, the business gains an advantage as interest expense is eligible for tax deduction, making it a necessary and beneficial cost. Utilizing internal capital reduces reliance on
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external sources for funding, although it does not qualify for tax deductions. (Fahmi & Rahayu, 2017). The following is the hypothesis that Yard 5 can be used:

H2 : The capital structure exerts a certain degree of influence on financial performance.

3. The impact of Economic Value Added (EVA) on financial performance

The precise measure of a company's financial performance, with a focus on creating value for the company, is Economic Value Added (EVA). EVA is a metric that quantifies internal performance. The EVA concept is a corporate tool that quantifies financial expectations justly. Fairness is determined by a weighted measure of the current capital structure based on market value rather than book value. EVA calculations can be utilized autonomously, without reliance on external data sources, such as industry benchmarks or internal company information, to evaluate performance. The hypothesis that can be utilized is as follows:

H3 : Economic Value Added (EVA) partially affects financial performance

4. The effect of financial ratios, capital structure, and Economic Value Added (EVA) on financial performance

To analyze the correlation among the three independent variables—capital structure, financial ratios, and economic value added (EVA)—Assessing their impact on financial performance, the dependent variable is paramount. From this point forward, the hypothesis can be expressed as follows:

H4: Financial ratio, capital structure and Economic Value Added (EVA) simultaneously affect financial performance.

Research Method

The information employed in this research is obtained from secondary sources. The yearly financial statements covering 2019–2021, as recorded by the Indonesia Stock Exchange, provided the data used for this study. The data collection methodology utilized in this study consists of documentation data. The present study employs a quantitative descriptive methodology. According to (Sugiyono, 2019) Without drawing comparisons or connections between other variables, descriptive research seeks to prove the existence of values for independent variables, which can be one or more variables.

The study utilised standard deviation, maximum, minimum, and mean (average value) as its statistical measures. This investigation employs the classical assumption test as its analytical method. The normality, multicollinearity, autocorrelation, heteroscedasticity, and linearity tests are all part of this battery of analyses. Specifically, multiple linear regression analysis was used in this study. Finding the maximum number of independent variables that can be used to calculate the dependent variable is the primary goal of Multiple Linear Regression Analysis. Another valuable application of multiple regression analysis is revealing the correlation's direction between the two sets of variables. Various multiple linear regression models are encompassed within this investigation:
Description:
\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e \]

\( Y \) = Financial Performance Yard 6  
\( X_1 \) = Financial Ratio  
\( X_2 \) = Capital Structure  
\( X_3 \) = Economic Value Added (EVA)  
\( e \) = Standard error  
\( \alpha \) = Constant  
\( \beta_1 \beta_2 \beta_3 \) = Coefficient

Result and Discussion

Data Analysis

These are the outcomes of each variable financial ratio, capital structure, economic value added (EVA), and financial performance throughout the investigated period.

Descriptive Statistical Analysis

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>FINANCIAL RATIOS</td>
<td>42</td>
<td>2.022857386</td>
<td>3.962930572</td>
<td>3.00910260253</td>
<td>.515048841761</td>
</tr>
<tr>
<td>CAPITAL STRUCTURE</td>
<td>42</td>
<td>3.093902175</td>
<td>4.932091573</td>
<td>3.92165036062</td>
<td>.473895565663</td>
</tr>
<tr>
<td>EVA</td>
<td>42</td>
<td>2.052803759</td>
<td>3.928925728</td>
<td>3.10342972436</td>
<td>.602147464634</td>
</tr>
<tr>
<td>FINANCIAL PERFORMANCE</td>
<td>42</td>
<td>4.021874910</td>
<td>4.988295729</td>
<td>4.51770056157</td>
<td>.305299797766</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>42</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From the data in the table, it is clear:

1. 42 data points were analyzed from 14 separate food and beverage manufacturing companies over three years.
2. Financial Ratio values can range from 2.022857386 to 3.962930572, with a mean of 3.00910260253 and a standard deviation of 0.515048841761.
3. There is a standard deviation of 0.473895565663, an average of 3.92165036062, and a range of 3.093902175 to 4.932091573 for the capital structure variable.
4. The EVA variable has a range of values between 2.052803759 and 3.928925728, a standard deviation of 0.602147464634, and an average of 3.10342972436.
5. Financial Performance has a standard deviation of 0.305299797766 and a range of values from 4.021874910 to 4.988295729, with an average of 4.51770056157. Verification of Classical Presumptions.
Normality Test

The normal distribution of the plot suggests that there is a scatter of points that coincide with and follow the diagonal line's trajectory. Regularity best describes the distribution of regression model data. The outcomes of the Kolmogorov-Smirnov onesample test utilized to ascertain the normal distribution of the data are also presented in Table 3.

Table 3: Results of the Normality Test

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>Normal Parameters</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normal Parameters</td>
<td>Mean</td>
<td>Std. Deviation</td>
</tr>
<tr>
<td>Absolute</td>
<td>.0000000</td>
<td>.26187799</td>
</tr>
<tr>
<td>Positive</td>
<td>.058</td>
<td>-.111</td>
</tr>
<tr>
<td>Negative</td>
<td>-.111</td>
<td></td>
</tr>
<tr>
<td>Test Statistics</td>
<td></td>
<td>.111</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td></td>
<td>.200d</td>
</tr>
<tr>
<td>Monte Carlo Sig.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2-tailed)</td>
<td></td>
<td>.197</td>
</tr>
</tbody>
</table>

Source: Secondary data that has been processed

a. Derived from empirical data.
b. Lilliefors Significance Fix.
c. This is a lower limit of significance.

d. The Lilliefors method uses 10000 Monte Carlo samples with seed 299883525.

The Kormoglov-Smirnov (K-S) test shows a 0.200, higher than the significance level $\alpha = 0.05$. Therefore, if the hypothesis claiming that the data is abnormal is refuted, it can be inferred that the residual model follows a normal distribution.

**Multicolliniality Test**

**Table 4. Multicolliniality Test Results**

<table>
<thead>
<tr>
<th>Type</th>
<th>Coefficientsa</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>FINANCIAL RATIOS</td>
<td></td>
<td>.961</td>
<td>1.040</td>
</tr>
<tr>
<td>CAPITAL STRUCTURE</td>
<td></td>
<td>.986</td>
<td>1.014</td>
</tr>
<tr>
<td>EVA</td>
<td></td>
<td>.948</td>
<td>1.055</td>
</tr>
</tbody>
</table>

a. Dependent Variable: FINANCIAL PERFORMANCE

*Source: Secondary data that has been processed*

The multicollinearity test results table above shows that all variables have tolerance values greater than 0.10 and VIF values less than 10. As a result, the regression model did not reveal any instances of multicollinearity among the study's variables.

**Auto Correlation Analysis**

**Table 5. Autocorrelation Test Results**

<table>
<thead>
<tr>
<th>Type</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.494a</td>
<td>.244</td>
<td>.185</td>
<td>.27202</td>
<td>1.979</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), EVA, CAPITAL STRUCTURE, FINANCIAL RATIOS

b. Dependent Variable: FINANCIAL PERFORMANCE

*Source: Secondary data that has been processed*

Durbin-Watson (DW) yielded 2.118. The DW tables give $d_L=1.3573$, $d_U=1.6617$, $4-d_L=2.6427$, and $4-d_U=2.3383$. We compared this value to a 5% significance level with 42 (n) and three variables ($k = 3$). Since the Durbin-Watson test statistic is 1.979, more significant than the upper limit ($d_U$) but less than 4-$d_U$, there is no autocorrelation, positive or negative.
Heteroscedasticity Test

Figure 2. Heteroscedasticity Test Results

The scatterplot shows that the points are randomly distributed above and below the zero point on the Y path. As a result, the ion model does not exhibit any signs of heteroscedasticity. It is, therefore, appropriate to use the data to investigate the connection between the independent variables of financial ratios, capital structure, and economic value added (EVA) and the dependent variables of financial performance.

The Glejser test can also be used to find heteroscedasticity. This test advances the absolute residual value to the independent variable to meet this requirement. Regression models do not exhibit heteroscedasticity symptoms when the significance value is more significant than 0.05, or the probability value is more critical than 0.05. This test advances the absolute residual value to the independent variable to meet this requirement.

Table 6. Glejser Test Results

<table>
<thead>
<tr>
<th>Coefficientsa</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Type</td>
<td>B</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.159</td>
<td>.230</td>
</tr>
<tr>
<td>FINANCIAL RATIOS</td>
<td>.010</td>
<td>.044</td>
</tr>
<tr>
<td>CAPITAL STRUCTURE</td>
<td>-.024</td>
<td>.046</td>
</tr>
<tr>
<td>EVA</td>
<td>.040</td>
<td>.037</td>
</tr>
</tbody>
</table>

a. Dependent Variable: APRESID

Source: Secondary data that has been processed
All variables have probability values greater than 0.05, according to the Glejser test, which was based on the heteroscedasticity test's findings. It follows that no heteroscedasticity-exhibiting variables were included in this study.

**Linearity Test**

**Table 7. Financial Ratio Linearity Test Results**

ANOVA Table

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCIAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PERFORMANCE *</td>
<td>(Combined)</td>
<td>37</td>
<td>.097</td>
<td>2.628</td>
<td>.179</td>
</tr>
<tr>
<td><strong>FINANCIAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RATIOS</td>
<td>Linearity</td>
<td>1</td>
<td>.772</td>
<td>21.019</td>
<td>.010</td>
</tr>
<tr>
<td></td>
<td>Deviation</td>
<td>36</td>
<td>.078</td>
<td>2.118</td>
<td>.244</td>
</tr>
<tr>
<td></td>
<td>from Linearity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>4</td>
<td>.037</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3.721</td>
<td>41</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Secondary data that has been processed*

The linearity test results in Table 1 show that the line Deviation from Linearity had a P-value Sig. of 0.244. Financial ratios (X1) and Financial Performance (Y) are linear because the significance value exceeds 0.05.

**Table 8. Capital Structure Linearity Test Results**

ANOVA Table

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCIAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PERFORMANCE *</td>
<td>(Combined)</td>
<td>38</td>
<td>.076</td>
<td>.278</td>
<td>.978</td>
</tr>
<tr>
<td><strong>CAPITAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>STRUCTURE</td>
<td>Linearity</td>
<td>1</td>
<td>.020</td>
<td>.075</td>
<td>.803</td>
</tr>
<tr>
<td></td>
<td>Deviation</td>
<td>37</td>
<td>.078</td>
<td>.284</td>
<td>.976</td>
</tr>
<tr>
<td></td>
<td>from Linearity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>3</td>
<td>.274</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3.721</td>
<td>41</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Secondary data that has been processed*
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The table above shows that the linearity test showed a significance value (P Value Sig.) of 0.976 for the line Deviation from Linearity. Due to the significance value above 0.05, Capital Structure (X2) and Financial Performance (Y) are linearly related.

Table 9 EVA Linearity Test Results

<table>
<thead>
<tr>
<th>ANOVA Table</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>FINANCIAL PERFORMANCE * EVA Between Groups</td>
<td>(Combined)</td>
<td>3.462</td>
<td>40</td>
<td>.087</td>
<td>.334</td>
</tr>
<tr>
<td>Linearity</td>
<td>.228</td>
<td>1</td>
<td>.228</td>
<td>.879</td>
<td>.520</td>
</tr>
<tr>
<td>Deviation from Linearity</td>
<td>3.234</td>
<td>39</td>
<td>.083</td>
<td>.320</td>
<td>.915</td>
</tr>
<tr>
<td>Within Groups</td>
<td>.259</td>
<td>1</td>
<td>.259</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3.721</td>
<td>41</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Secondary data that has been processed

The linearity test results, shown in the table above, show that the line Deviation from Linearity had a significance value of 0.915. The significance level is more significant than 0.05, so X3 economic value added and Y financial performance are linearly related.

Multiple Linear Regression Analysis

Table 10 Multiple Linear Regression Test Results

<table>
<thead>
<tr>
<th>Coefficientsa</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>Unstandardized Coefficients</td>
<td>Standardized Coefficients</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>T</td>
<td>Sig.</td>
</tr>
<tr>
<td>(Constant)</td>
<td>5.266</td>
<td>.443</td>
<td></td>
<td>11.878</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>FINANCIAL RATIOS</td>
<td>-.248</td>
<td>.084</td>
<td>-.423</td>
<td>-2.943</td>
<td>.006</td>
</tr>
<tr>
<td>CAPITAL STRUCTURE</td>
<td>.065</td>
<td>.089</td>
<td>.103</td>
<td>.728</td>
<td>.471</td>
</tr>
<tr>
<td>EVA</td>
<td>-.087</td>
<td>.072</td>
<td>-.176</td>
<td>-1.217</td>
<td>.231</td>
</tr>
</tbody>
</table>

From the table, 5.266 is the constant value, β1 is -0.248, β2 is 0.065, and β3 is near -0.087 for regression coefficients. After entering the constant and multiple regression coefficient values, the multiple linear regression equation is:
Information:

\[ Y = 5.266 - 0.248 + 0.065 - 0.087 + eX_1X_2X_3 \]

\[ Y = \text{Financial Performance} \]

\[ X_1 = \text{Financial Ratio} \]

\[ X_2 = \text{Capital Structure} \]

\[ X_3 = \text{Economic Value Added (EVA)} \]

\[ e = \text{Standard error} \]

\[ \alpha = \text{Constant.} \]

As shown by the multiple linear equation:

1. The regression coefficient signs show the relationship between financial ratio, capital structure, economic value added (EVA), and financial performance. The symbol (+) indicates a unidirectional positive relationship between the independent and dependent variables. However, the signal (-) indicates no relationship between dependent and independent variables. Financial performance rises as independent variables like financial ratio, capital structure, and economic value added (Eva) increase. This applies to Indonesia Stock Exchange-listed food and drink manufacturers.

2. Given that the constant value in the regression equation is 5.266, it can be deduced that the financial performance variable will experience an increase of 5.266 units if the other variable maintains its value of zero.

3. The regression coefficient for financial ratios is -0.248, indicating that economic proportions hurt financial performance. Thus, with all other variables constant, a \[ Y = 5.266 - 0.248 + 0.065 - 0.087 + eX_1X_2X_3 \] one-unit drop in financial ratio will lower economic performance by 0.248 units.

4. A positive regression coefficient of 0.065 shows that capital structure and financial performance are correlated. This suggests a constructive capital structure. Thus, with all other variables constant, a one-unit increase in capital structure increases financial performance by 0.065 units.

5. The regression coefficient of -0.087 for EVA suggests a negative relationship with financial performance. Thus, with all other variables constant, a one-unit drop in EVA reduces economic performance by 0.087 units.

6. The Standardised Coefficients value clearly shows that the capital structure variable is the most important independent variable. This variable has a beta of 0.103, compared to -0.423 for the financial ratio and -0.176 for EVA.
Test the hypothesis

Partial Test (Test t)

Table 11. Partial Test Results (Test t)

<table>
<thead>
<tr>
<th>Type</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>5.266</td>
<td>.443</td>
<td>11.878</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>FINANCIAL RATIOS</td>
<td>-.248</td>
<td>.084</td>
<td>-.423</td>
<td>-2.943</td>
</tr>
<tr>
<td>CAPITAL STRUCTURE</td>
<td>.065</td>
<td>.089</td>
<td>.103</td>
<td>.728</td>
</tr>
<tr>
<td>EVA</td>
<td>-.087</td>
<td>.072</td>
<td>-.176</td>
<td>-1.217</td>
</tr>
</tbody>
</table>

a. Dependent Variable: FINANCIAL PERFORMANCE

Source: Secondary data that has been processed

Test results show that each independent variable significantly affects the dependent variable in the table above. The financial ratio variable's t-test results indicate a significance value of 0.006 in the Sig column, below the \( \alpha = 0.05 \) threshold. Furthermore, the computed t-value of -2.943 is smaller than the table, coming in at a value lower than 2.024.

The capital structure variable has a significant value of 0.471 in the Sig column, exceeding the predetermined significance level of \( \alpha = 0.05 \), as per the t-test results. The computed t-value of 0.728 is less than the table t-value of 2.024, so it is within the acceptable range. Although H0 and H1 reject it, it is accepted because it shows that the capital structure does not affect the company's financial performance.

The EVA variable t-test results reveal a significant Sig column value of 0.231, exceeding the predefined significance level of \( \alpha = 0.05 \). The computed t-value of -1.217 is below the 2.024 cutoff and the table t-value. EVA does not significantly impact the business's financial performance, so we accept and reject H0 and H1.

Food and beverage manufacturers listed on the Indonesia Stock Exchange need better financial ratio performance. Financial performance, capital structure variables, and economic value added are not significantly related to Indonesia Stock Exchange-listed food and beverage manufacturers. The table above shows the partial regression test results that led to this conclusion.
Simultaneous Test (Test F)

Table 12 Simultaneous Test Results

<table>
<thead>
<tr>
<th>Type</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>.909</td>
<td>3</td>
<td>.303</td>
<td>4.09</td>
<td>.013</td>
</tr>
<tr>
<td>Residuals</td>
<td>2.812</td>
<td>38</td>
<td>.074</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3.721</td>
<td>41</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: FINANCIAL PERFORMANCE
b. Predictors: (Constant), EVA, CAPITAL STRUCTURE, FINANCIAL RATIOS

Source: Secondary data that has been processed

The Sig. Column shows 0.013, less than 0.05. The earlier F test results underpin this. The variables k represent the number of independent and bound variables, and df1 equals k-1, 4-1, 3, as shown in the F table. On the other hand, df2 is similar to n-k, which is 42-3, which is 39, with a probability of 0.05. Hence, the F table value is 3.24, while the F test result is 4.096, which is a better result than the F table value (4.096 is more significant than 3.24).

Based on the significance value and the f value that was calculated, it is possible to conclude that the variables Financial Ratio, Capital Structure, and EVA all positively affect Financial Performance when evaluated together.

Coefficient of Determination Test

Table 13 Test results of coefficient of determination

<table>
<thead>
<tr>
<th>Type</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.494a</td>
<td>.244</td>
<td>.185</td>
<td>.27202</td>
<td>1.979</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), EVA, CAPITAL STRUCTURE, FINANCIAL RATIOS
b. Dependent Variable: FINANCIAL PERFORMANCE

Source: Secondary data that has been processed

The "Adjusted R Square" column shows 0.185 for the coefficient of determination. Financial Ratio, Capital Structure, and Economic Value Added explain 18.5% of Financial Performance. Explain the remaining 81.5% with other factors.

1. The tested research hypotheses showed that financial ratio variables significantly and partially negatively impact the company's financial performance. Financial ratios, followed by the previous statement, affect food and beverage manufacturers' economic performance. The T-test shows that -2.943 is less than 2.024. Based on the assumptions made by the previous hypothesis, we can assert that the H1 hypothesis, which states that "The effect of
Financial Ratios, Capital Structure, and EVA Impact on IDX Food and Beverage Manufacturers 2019-2021 Performance

financial ratios on financial performance," is accepted because the significance level of 0.006 is less than the predetermined significance level of $\alpha 0.05$.

2. The research hypothesis testing found no partial relationship between financial performance and capital structure variables. As a result, this means that the company's economic performance will fall in tandem with any decline in the company's growth. The T-Test results indicate a smaller t-value (0.728) than the t-table value (2.024) and a higher significance level (0.471) than the predetermined $\alpha 0.05$ level. As a result of the assumptions made by the previous hypothesis, it is clear that the H1 hypothesis, which states "The effect of capital structure on financial performance," is also rejected.

3. The research hypothesis testing revealed that the economic value added (EVA) variable does not partially impact the organization's financial performance. We can see this from the weight on the T-Test results, which show that $t_{\text{count}} = 1.217$ is more minor than $t_{\text{Yard 14 table}} = 2.024$ and that sig. 0.231 is more significant than $\alpha 0.05$. So long as the assumptions of the previous hypothesis are met, the H1 hypothesis, which asserts that "The effect of economic value added (eva) on financial performance," should be able to be demonstrated.

4. The F test of financial ratio variables shows that capital structure and EVA improve financial performance, supporting the research hypothesis. This is based on test results. The F-test value of 4.096 exceeds the F-table value of 3.24, and the significance level of 0.013 is below the critical importance of 0.05.

Conclusion

The study's limitations were identified after reviewing its hall. Only secondary data from food and drink manufacturers registered on the Indonesia Stock Exchange have been considered for this analysis. For the three years from 2019 to 2021, several Indonesia Stock Exchange-listed companies must publish their financial statements or distribute total dividends. Financial performance is the dependent variable, and financial ratios, capital structure, and economic value added (EVA) need to be stronger, affecting only 18.5% of the population. Different variables that aren't part of the study model but impact financial performance account for the remaining 81.5%.

References


Damayanti. (2021a). The Effect of Intellectual Capital (IC), Market Value Added (MVA), Economic Value Added (EVA), and Debt to Equity Ratio (DER) on Financial Performance (Study on Food and Beverage Sub-Sector Manufacturing Companies Listed on the Indonesia Stock Exchange Tahu.ic.


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