



The Effect of Economic Value Added (EVA), Market Value Added (MVA), Cash Value Added (CVA), and Operating Cash Flow on Stock Returns at PT Bank Rakyat Indonesia (Persero), Tbk Period 2014 - 2023

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ABSTRACT

This study seeks to investigate and validate the effect of Economic Value Added (EVA), Market Value Added (MVA), Cash Value Added (CVA), and Operating Cash Flow (OCF) on stock returns at PT Bank Rakyat Indonesia, Tbk for 2014–2023. Data were sourced from financial reports and trading summaries on the Indonesia Stock Exchange, with a full sample method applied. Multiple linear regression analysis was used, alongside F-test, t-test, and classical assumption tests (normality, multicollinearity, heteroscedasticity, autocorrelation). Results indicate that EVA, MVA, CVA, and OCF significantly and positively influenced stock returns, both collectively and individually, during the study period. This highlights their relevance in explaining stock return variability for PT Bank Rakyat Indonesia, Tbk.

INTRODUCTION

Indonesia's capital market remains relatively limited in the funds it can mobilize compared to more established global exchanges. However, instruments such as stocks, bonds, and derivatives allow it to play a vital role as an alternative funding source outside the banking sector, crucial for supporting business growth and expansion. This broader fund mobilization encourages dynamic flows of money and capital between countries, targeting nations that offer the highest potential returns with equal or lower risk.

Shares represent one of the primary instruments in the capital market, providing high-profit potential for investors. As securities that represent ownership in a company, stocks allow investors to benefit from rising stock prices and dividends distributed by the company. The profit investors earn from stock investments is referred to as stock returns (Robert, 2001). In capital market theory, return describes the money received by investors from traded stocks. Investors can calculate the expected return and assess the likelihood of actual outcomes differing from expectations.

Stock returns come in two forms: capital gains and dividends. Capital gain refers to the profit investors make by selling shares at a price higher than their purchase price, independent of shareholder meetings (Purba, 2019). Conversely, selling shares at a price lower than their purchase price results in a capital loss. The profit or income gained from the price difference is the capital gain (Purba, 2019). Higher capital gains and stock returns signify a higher company value, whereas lower stock prices often indicate poor financial performance. However, excessively high stock prices may reduce investor purchasing ability, hindering stock returns (Parawansa et al., 2021).

The term "return" in capital market theory describes how much money an investor makes from market-traded stocks. Investors are able to evaluate the expected rate of return as well as the possibility of a discrepancy between anticipated and actual results. Typically, investors expect a higher return from investments with greater risk. To put it another way, an investor's expected return increases with the amount of risk they are ready to accept (Jogiyanto, 2017). However, sometimes the return expected by investors is often different from the return actually realized. This can be caused by various factors, including market fluctuations, changes in economic conditions, and certain risks that cannot be fully anticipated.

This discrepancy between expected and actual returns underscores the importance of thorough financial analysis and risk management in investment decisions. External factors such as global economic shifts, geopolitical tensions, and interest rate changes can significantly influence market behavior. Additionally, company-specific risks like declining financial performance, operational inefficiencies, or management challenges may contribute to unexpected outcomes. Understanding these dynamics allows investors to better assess the risks associated with their investments, helping them make more informed decisions and minimize the impact of unforeseen fluctuations on their returns. This approach is crucial for aligning investment strategies with market realities and achieving more stable and reliable outcomes.

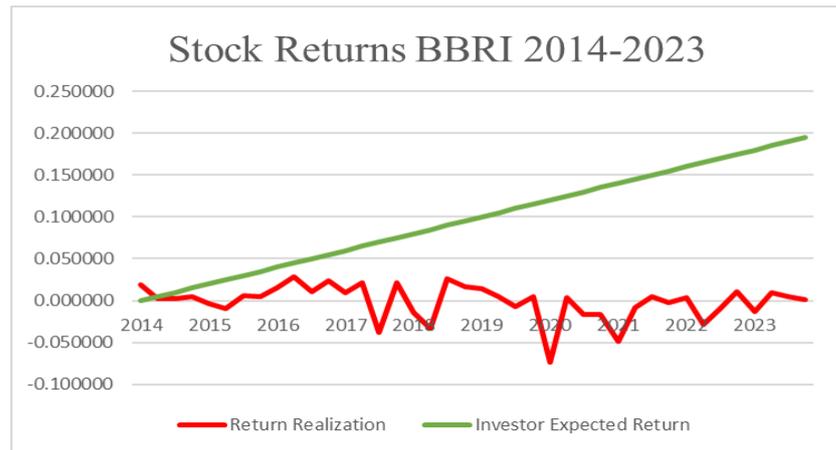


Figure 1. BBRI Stock Returns 2014-2023

Based on Figure 1 above, the red line shows that BBRI stock return growth tends to move down. Meanwhile, the stock return expected by investors is a stock return with an increasing growth trend, as shown in the green line. This mismatch between reality and expectations creates a risk that must be faced by investors. The risk can be in the form of financial losses due to the stock value continuing to fall beyond investor expectations. In this case, financial ratio analysis is very important to assess the company's financial performance to assist investors in making more informed and accurate investment decisions.

Financial ratio analysis is an essential tool in financial planning and control, helping companies optimize the use of financial resources. Examining the ratio of assets to liabilities in financial statements offers important information about the state of a company's finances throughout a specific time period (Brigham & Houston, 2018). Additionally, ratio analysis assesses value creation, reflecting a company's effectiveness in enhancing stakeholder wealth through higher profits, reduced costs, or improved product quality. Successful value creation positively impacts stock returns, as increased profits and operational efficiency lead to higher stock prices and better investor returns. To measure value creation, Stern Stewart introduced Economic Value Added (EVA) and Market Value Added (MVA) (Young & O'Byrne, 2000), while James R. DeLoach developed Cash Value Added (CVA). Furthermore, Prastowo (2011) highlighted the significance of cash flow statements in assessing a company's capacity to distribute dividends and maintain the well-being of its stakeholders.

Despite its potential, Indonesia's capital market faces challenges, including fluctuating stock returns and the gap between investor expectations and actual outcomes. These challenges underscore the need for thorough financial analysis to mitigate risks and maximize returns. One critical approach is financial ratio analysis, which evaluates a company's performance and value creation. Metrics like Economic Value Added, Market Value Added, Cash Value Added, and Operating Cash Flow provide valuable insights into a firm's ability to generate returns and enhance shareholder value. Thus, understanding the impact of these financial indicators on stock returns becomes essential for investors seeking informed decision-making and sustainable growth in the capital market.

LITERATURE REVIEW

Relation Economic Value Added (EVA), Market Value Added (MVA), Cash Value Added (CVA), and Operating Cash Flow on Stock Returns

The dependent and independent variables are complexly interrelated, where this relationship involves several different aspects. First, there is a relationship between Economic Value Added (EVA) and stock returns, which shows how the economic value added generated by the company can affect the results of stock investments. Second, the relationship between Market Value Added (MVA) and stock returns illustrates how changes in the company's market value contribute to stock performance. Third, Cash Value Added (CVA), which measures the contribution of cash flow-based value added, also has an effect on stock returns. In addition, operating cash flow, which reflects the company's ability to generate cash from operating activities, also affects stock returns. Analysis of these relationships is important to understand how various indicators of value added and the company's financial performance contribute to changes in stock returns.

H₁ : It is suspected that the variables Economic Value Added, Market Value Added, Cash Value Added, and Operating Cash Flow together have a significant effect on Stock Returns at PT Bank Rakyat Indonesia, Tbk for the 2014-2023 period.

Relation Economic Value Added and Stock Returns

According to Hanafi & Halim (2018), Economic Value Added (EVA) is a key performance indicator that measures a company's ability to generate value exceeding its cost of capital. A high EVA reflects strong financial performance, attracting investors and increasing demand for the company's shares, which leads to higher stock prices and returns through capital gains. Positive EVA signals efficient value creation, boosting investor confidence and driving stock price appreciation. Conversely, negative EVA indicates the company's inability to generate returns above its cost of capital, resulting in declining stock prices and reduced stock returns as investors lose confidence and divest their shares. Thus, EVA significantly influences investor decisions and stock market performance.

With differing findings, a number of studies have examined how Economic Value Added (EVA) affects business performance. Some research suggests that EVA has no significant effect on financial outcomes (Sunaryo, 2019; Irawan, 2021; Ahsanul Hadi Amin & Hakim, 2022). In contrast, other studies have found a significant effect, highlighting the relevance of EVA in assessing corporate performance and value creation (Satyaputra Purnama & Manalu, 2019; Yusmanianti & Oktaria, 2019; Lestari & Sriyono, 2021; Utami et al., 2023). This discrepancy in findings calls for further investigation into the factors that may influence the relationship between EVA and company performance.

H₂ : It is suspected that the Economic Value Added variable has a partial significant effect on Stock Returns at PT Bank Rakyat Indonesia, Tbk for the 2014-2023 period.

Relation Market Value Added and Stock Returns

Market Value Added (MVA) reflects the difference between a company's market value and the book value of its shares, serving as a measure of managerial performance and shareholder welfare (Husnan & Pudjiastuti, 2015; E. F. Brigham & Houston, 2018). A higher MVA indicates effective management in generating profits and increasing market value, leading to rising stock prices and improved stock returns. This aligns with signaling theory, which suggests that strong MVA signals better financial performance and attracts investors. As MVA grows, it enhances stock returns and capital gains, demonstrating the company's ability to create significant value for shareholders and positively impact overall financial performance.

In addition, Market Value Added (MVA) also shows varying results in its relationship with stock returns. Research by Hidajat (2018), Saroh et al. (2021), and Utami et al. (2023) demonstrated a significant influence of MVA on stock returns. However, other studies have not found a significant relationship, such as those by Satyaputra Purnama & Manalu (2019), Larasati et al. (2019), and Sahfasat & Nurmala (2022). These contrasting findings highlight the complexity and differing perspectives on the impact of MVA in financial performance and stock market behavior.

H₃ : It is suspected that the Market Value Added variable has a partial significant effect on Stock Returns at PT Bank Rakyat Indonesia, Tbk for the 2014-2023 period.

Relation Cash Value Added and Stock Returns

Cash Value Added (CVA), developed by the Boston Consulting Group, offers an alternative to Economic Value Added (EVA) by focusing on cash flow from operating activities rather than economic profit adjusted for the cost of capital. CVA emphasizes operational cash flow efficiency, providing a distinct perspective on financial performance. A high CVA value signals strong operational performance and significant cash flow generation, which investors view positively as it suggests growth potential and profitability. This positive signal can increase investment interest, drive up stock prices, and ultimately enhance stock returns. Therefore, a high CVA reflects stable and efficient operations, making it a key indicator of better stock returns and strong company prospects.

Numerous studies have investigated the connection between Cash Value Added (CVA) and stock returns, with several concluding that CVA has a partial impact on stock returns (Larasati et al., 2019; Saparingga et al., 2024; Andriawan et al., 2023). However, other research presents a different perspective, showing that CVA has a negative effect on stock returns (Satyaputra Purnama & Manalu, 2019; Saroh et al., 2021; Ardana, 2022). The differing findings indicate that the effect of CVA on stock returns may depend on the specific context and various influencing factors.

H₄ : It is suspected that the Cash Value Added variable has a partial significant effect on Stock Returns at PT Bank Rakyat Indonesia, Tbk for the 2014-2023 period.

Relation Operating Cash Flow and Stock Returns

Operating activities encompass the core processes that drive a company's revenue, excluding investing or financing components, such as sales of goods or services and routine operational management. Strong operating performance demonstrates a company's ability to generate sufficient cash flow to cover short-term obligations, fund new investments, and sustain operations without external financing. This positively impacts stock returns by boosting investor confidence, as robust cash flow enables business growth, dividend payments, and financial stability, which can attract investors and elevate stock prices. Efficient cash flow management and strong operations are essential for boosting stock value and providing higher investor returns through gains and dividends.

Operating cash flow is generally regarded as an important factor in determining stock returns (Japlani, 2020; Sahfasat & Nurmalia, 2022). However, some studies have also found that it may have a negative effect on stock returns (Yahya & ButarButar, 2019; Firdarini & Kunaidi, 2022). These differing findings underscore the intricate relationship between operating cash flow and stock performance, indicating that its influence may depend on varying contexts.

H₅ : It is suspected that the Operating Cash Flow variable has a partial significant effect on Stock Returns at PT Bank Rakyat Indonesia, Tbk for the 2014-2023 period.

Based on previous studies conducted by other researchers, there are several variables that affect stock returns. This study proposes four independent variables that are suspected of influencing stock returns, namely EVA, MVA, CVA, and OCF. Therefore, a conceptual framework will be presented in Figure 2

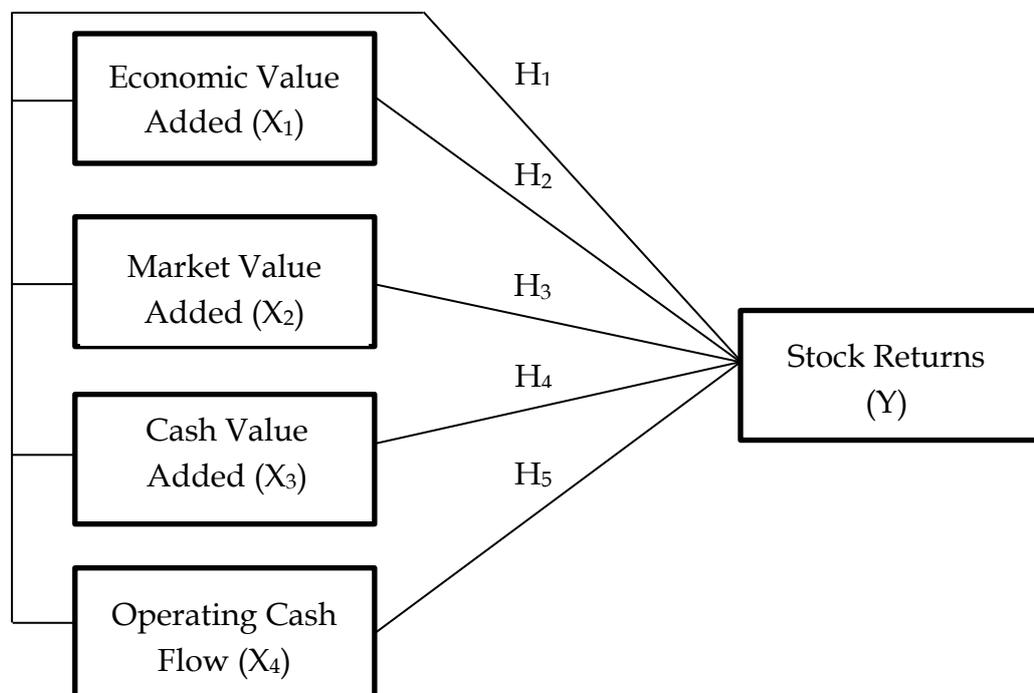


Figure 2. Conceptual Framework

Source: Rachel Larasati, et al., (2019) and Yusmaniarti & Silvi (2019)

METHODOLOGY

Identification of Variables

The dependent variable in this study is the stock returns of PT Bank Rakyat Indonesia, Tbk (2014–2023), while the independent variables are operating cash flow, cash value added (CVA), market value added (MVA), and economic value added (EVA). Economic performance is measured by EVA, market value creation is reflected by MVA, cash flow value is indicated by CVA, and liquidity is evaluated by operational cash flow. The study aims to provide insights into how these variables influence stock returns, helping investors and management make better investment and financial decisions.

Population and Sample

According to Sugiyono (2019), the population consists of subjects or objects with specific characteristics for research. In this study, the population includes quarterly financial reports and stock price data of PT Bank Rakyat Indonesia, Tbk from 2014 to 2023, containing information on EVA, MVA, CVA, operating cash flow, and stock returns. Sugiyono (2019) also explains that a sample represents the population. Due to the manageable size, a saturated sampling technique was used, where all 40 quarterly financial reports were analyzed. This method ensures comprehensive analysis, avoiding bias, and providing accurate conclusions about the impact of the variables on stock returns.

Data Analysis

Data analysis techniques play a crucial role in uncovering information relevant to the research objectives and conclusions. In this study, multiple linear regression analysis was employed using SPSS to investigate the relationship between the independent variables (EVA, MVA, CVA, and operating cash flow) and the dependent variable (stock returns), both individually and collectively. This method provides insights into the influence of each independent variable on the dependent variable while accounting for potential interactions among the predictors.

To ensure the regression model's accuracy and reliability, several classical assumption tests were performed. These included normality tests to check if the residuals follow a normal distribution, heteroscedasticity tests to assess the consistency of residual variance, multicollinearity tests to evaluate correlations among independent variables, and autocorrelation tests to detect patterns in the residuals. Additionally, hypothesis testing was conducted using the F-test for the overall model significance, the t-test for evaluating individual variable significance, and the coefficient of determination (R-squared) to determine the proportion of variance in the dependent variable explained by the independent variables. These tests collectively enhance the robustness and dependability of the study's findings.

RESEARCH RESULT
Descriptive Statistics

Table 1. Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Stock Returns	40	-.06811	.02892	-.0007625	.02019083
EVA	40	3920865.53	34395476.21	11748990.3935	7042962.23359
MVA	40	-170656855540000	435673128041560	130192111315491	174700408294048
CVA	40	-105335076.07	75001845.91	-15066611.8895	39426264.23663
OCF	40	-.05199	.12854	.0030857	.04071443
Valid N (listwise)	40				

Source: SPSS Processed Data version 22, 2024

Based on Table 1, the study period from 2014 to 2023 includes 40 observations. Stock returns had a maximum of 0.0289 in Q2 2016, a minimum of -0.0681 in Q1 2020, an average of -0.000763, and a standard deviation of 0.0201908, reflecting high volatility. Economic Value Added (EVA) was relatively stable, peaking at IDR34,395,476.21 in Q4 2023 and bottoming at IDR3,920,865.53 in Q1 2015, with an average of IDR11,748,990.39 and a standard deviation of IDR7,042,962.23. Market Value Added (MVA) showed wide fluctuations, ranging from IDR435,673,128,041,560 in Q1 2021 to -IDR170,656,855,540,000 in Q4 2016, with an average of IDR130,192,111,315,491 and a standard deviation of IDR174,700,408,294,048. Cash Value Added (CVA) ranged from a high of IDR75,001,845.91 in Q4 2014 to a low of -IDR105,335,076.07 in Q3 2023, averaging -IDR15,066,611.89 with a standard deviation of IDR39,426,264.24, indicating inefficiency. Lastly, operating cash flow varied from 0.1285 in Q4 2014 to -0.0520 in Q3 2023, with an average of 0.003086 and a standard deviation of 0.0407144, reflecting inconsistent cash flow generation. These results highlight substantial fluctuations and heterogeneous patterns across the observed financial metrics.

Classic Assumption Test

Table 2. Results of Normality Test with Kolmogorov-Smirnov Method

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		40
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.00996474
Most Extreme Differences	Absolute	.115
	Positive	.073
	Negative	-.115
Test Statistic		.115
Asymp. Sig. (2-tailed)		.200 ^{c,d}

Source: SPSS Processed Data version 22, 2024

The Kolmogorov-Smirnov test results show an Asymp. Sig. (2-tailed) value of 0.200, which is greater than 0.05. This indicates that the data in this study is normally distributed.

Table 3. Tolerance and VIF Values

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	EVA	.647	1.545
	MVA	.654	1.530
	CVA	.104	9.632
	OCF	.103	9.676

a. Dependent Variable: Stock Returns

Source: SPSS Processed Data version 22, 2024

Based on Table 3, the Tolerance and VIF values for all variables indicate no multicollinearity. EVA has a Tolerance of 0.647 (> 0.05) and VIF of 1.545 (< 10), MVA shows Tolerance of 0.654 (> 0.05) and VIF of 1.530 (< 10), CVA records Tolerance of 0.104 (> 0.05) and VIF of 9.632 (< 10), and OCF has Tolerance of 0.103 (> 0.05) and VIF of 9.676 (< 10). Therefore, the regression model with these four independent variables and stock returns as the dependent variable is free from multicollinearity issues.

Table 4. Regression Calculation Results from Absolute Residual Values

Coefficients ^a			
Model		t	Sig.
1	(Constant)	3.945	.000
	EVA	-1.289	.206
	MVA	.537	.595
	CVA	-1.822	.077
	OCF	1.416	.165

a. Dependent Variable: Abs_RES

Source: SPSS Processed Data version 22, 2024

The regression model's independent variables have the following significance values: operating cash flow (0.165), MVA (0.595), CVA (0.077), and EVA (0.206). Since all of the values are higher than 0.05, it can be said that there is no heteroscedasticity in the regression model that uses these four independent variables and stock returns as the dependent variable.

Table 5. Autocorrelation Test Results with Durbin Watson Test

Model Summary ^b	
Model	Durbin-Watson
1	2.190

a. Predictors:
 (Constant), OCF,
 MVA, EVA, CVA

b. Dependent Variable:
 Stock Returns

Source: SPSS Processed Data version 22, 2024

The Durbin-Watson value is 2.190, which falls between the upper limit (DU) of 1.7209 and $(4 - \{DU\})/2.2791$ based on the Durbin-Watson table for (N = 40) and (K = 4). This suggests that the regression model is free from autocorrelation, indicating no correlation between residuals across time periods. Thus, the model is suitable for further analysis.

Hypothesis Testing

Referring to the constant values and regression coefficients contained in Table 7, the connection between the independent and dependent variables in the regression model can be expressed as follows :

$$\text{Stock Returns} = -0.001 + 1.114\text{E-}9(\text{EVA}) - 4.031\text{E-}17(\text{MVA}) + 4.008\text{E-}10(\text{CVA}) - 0.394(\text{AKO}) + \epsilon$$

Table 6. Simultaneous Test Results (F Test)

ANOVA^a

Model		df	F	Sig.
1	Regression	4	7.676	.000 ^b
	Residual	35		
	Total	39		

a. Dependent Variable: Stock Returns
 b. Predictors: (Constant), OCF, MVA, EVA, CVA

Source: SPSS Processed Data version 22, 2024

Table 7. Results of Individual Parameter Significance Test (t-Test)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.001	.004		-.384	.704
	EVA	1.114E-9	.000	.575	3.750	.001
	MVA	-4.031E-17	.000	-.516	-3.380	.002
	CVA	4.008E-10	.000	1.157	3.023	.005
	OCF	-.394	.128	-1.183	-3.083	.004

a. Dependent Variable: Stock Returns

Source: SPSS Processed Data version 22, 2024

Table 8. Results of Determination Coefficient Test

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.684 ^a	.467	.406	.01051875

a. Predictors: (Constant), OCF, MVA, EVA, CVA

Source: SPSS Processed Data version 22, 2024

DISCUSSION

The Effect of Economic Value Added (EVA), Market Value Added (MVA), Cash Value Added (CVA), and Operating Cash Flow on Stock Returns

Hypothesis testing in this study aimed to evaluate the impact of four independent variables—Economic Value Added (EVA), Market Value Added (MVA), Cash Value Added (CVA), and operating cash flow—on stock returns. Hypothesis 1 was tested using the F-test to determine whether these variables collectively influence stock returns. The results indicated that the calculated F value of 7.676 exceeded the F table value of 2.874, with a significance value of 0.000, which is below 0.05. This confirms that the four variables together significantly affect stock returns at PT Bank Rakyat Indonesia, Tbk. However, the coefficient of determination (adjusted R²) was 0.406, meaning that only 40.6% of the variation in stock returns could be explained by these variables, while the remaining 59.4% was influenced by other factors not considered in the study.

According to Gujarati (2004), in his book *Basic Econometrics*, a low Adjusted R-Square value (below 50%) does not necessarily indicate that the regression model is bad or invalid. Adjusted R-Square only measures the proportion of variation in the dependent variable that can be explained by the independent variables in the model. Therefore, a low value does not necessarily indicate that the model used is irrelevant.

The results of this study support the findings of several previous studies which also showed that the adjusted R² value did not reach 100%, some were even less than 50%. For example, in a study conducted by Utami et al., (2023) which found that the independent variables EVA and MVA partially had a significant positive effect on stock returns, but the adjusted R² value only reached 0.433 or 43.3%. Research by Andriawan et al., (2023) also shows that the EVA, MVA, and CVA variables partially have a significant positive effect on stock returns, but the adjusted R² recorded is only 0.168 or 16.8%. Likewise in the study by Yusmanianti & Oktaria, (2019) shows that the variables of operating cash flow, EVA, and MVA together have a significant positive effect on stock returns, but are only able to explain 45.7% of the variation in stock returns, with an adjusted R² of 0.457. These findings indicate that although financial variables such as EVA, MVA, CVA, and operating cash flow have a significant effect on stock returns, there are still many external factors that affect stock returns and cannot be fully explained by simple regression models. In other words, although the adjusted R² value is below the maximum or less than 50%, these studies still produce valid and accurate findings in their testing.

The Effect of Economic Value Added (EVA) on Stock Returns

With a computed t-value of 3.750 surpassing the t-table value of 1.689 and a significance level of 0.001 (<0.05), the second hypothesis test validates that Economic Value Added (EVA) significantly improves stock returns for PT Bank Rakyat Indonesia, Tbk. This indicates that higher EVA reflects the company's ability to generate profits exceeding the cost of capital, enabling dividend payouts and increasing investor returns. These findings align with prior studies by Satyaputra Purnama & Manalu (2019), Yusmanianti & Oktaria (2019), and Lestari & Sriyono (2021) all confirming a positive EVA-stock return relationship.

However, contrasting results from studies like Sunaryo (2019), Irawan (2021), and Amin & Hakim (2022) highlight the variability of EVA's impact, influenced by market conditions and company-specific factors. This underscores that while EVA is an essential performance measure, its effect on stock returns can fluctuate depending on economic and market dynamics. Companies must therefore complement EVA improvements with adaptive strategies and clear investor communication to ensure sustained confidence and long-term growth.

The Effect of Market Value Added (MVA) on Stock Returns

With a t-value of $|-3.380|$ higher than the t-table value of 1.689 and a significance value of 0.002, which is below 0.05, the third hypothesis test demonstrates that Market Value Added (MVA) significantly improves stock returns at PT Bank Rakyat Indonesia, Tbk. This indicates that a high MVA contributes positively to stock returns, signaling the company's success in increasing shareholder capital value and attracting further investments. These findings align with previous studies, such as those by Hidajat (2018) and Saroh et al. (2021), though with different significance values. However, they contradict studies by Satyaputra Purnama & Manalu (2019) and others, which found no significant effect. This suggests that MVA's impact may vary depending on market conditions, such as economic uncertainty, where investors may prioritize other indicators. Companies should focus on improving MVA through strategies like operational efficiency and product innovation while maintaining transparency with investors. By enhancing MVA, companies can strengthen their appeal to investors and foster sustainable growth.

The Effect of Cash Value Added (CVA) on Stock Returns

With a computed t-value of 3.023, above the t-table value of 1.689, and a significance of 0.005 (<0.05), the fourth hypothesis test indicates that Cash Value Added (CVA) significantly improves the stock returns of PT Bank Rakyat Indonesia, Tbk. This indicates that CVA effectively measures financial performance, with higher CVA signaling better use of capital, improved cash flow, and long-term growth prospects that attract investors. The results align with previous studies by Larasati et al. (2019), Saparingga et al. (2024), and Andriawan et al. (2023), all showing a positive impact of CVA on stock returns. However, the findings contrast with those of Satyaputra Purnama & Manalu (2019), Saroh et al. (2021), and Ardana (2022), where CVA had no significant effect, likely due to industry-specific conditions. In the case of BBRI, the stable banking sector, especially post-COVID-19, made CVA a relevant indicator of financial performance, suggesting that effective cash flow management contributes to increased stock returns.

The Effect of Operating Cash Flow (OCF) on Stock Returns

The fifth hypothesis test shows that Operating Cash Flow significantly positively affects the stock return of PT Bank Rakyat Indonesia, Tbk. The t-test results, with a calculated t-value of $|-3.083|$ (greater than the t-table value of 1.689) and a significance value of 0.002 (less than 0.05), indicate that strong operating cash flow contributes positively to stock returns. Companies with healthy cash flow from core operations can meet financial obligations, pay

dividends, and invest in growth, boosting investor confidence. This study's findings align with previous research by Japlani (2020) and Sahfasat & Nurmala (2022), confirming that operating cash flow plays a vital role in stock returns. However, the study differs from findings by Yahya & ButarButar (2019) and Firdarini & Kunaidi (2022), who argue that other factors, such as macroeconomic conditions, may have a stronger impact on stock returns. Operating cash flow is a key indicator of financial health and investor confidence, with strong cash flow positioning companies for long-term success.

CONCLUSIONS AND RECOMMENDATIONS

The stock returns of PT Bank Rakyat Indonesia, Tbk from 2014 to 2023 are found to be highly impacted by Economic Value Added (EVA), Market Value Added (MVA), Cash Value Added (CVA), and operating cash flow. The findings, which are corroborated by hypothesis testing, demonstrate that these factors positively affect stock returns both alone and jointly. While the t-tests show that each variable has a substantial partial effect, the F-test verifies that all factors taken together have a meaningful impact on stock returns. With an adjusted R² of 0.406, the model's explanatory power is limited, suggesting that variables beyond the purview of this investigation account for 59.4% of the variation in stock returns.

This research highlights that Economic Value Added (EVA), Market Value Added (MVA), Cash Value Added (CVA), and Operating Cash Flow significantly influence the stock returns of PT Bank Rakyat Indonesia, Tbk during 2014-2023. It is recommended that investors focus on these financial indicators along with macroeconomic factors when making investment decisions. The research also suggests expanding the sample to include other banks or sectors, extending the study period for more accurate results, and exploring additional variables like stock beta and dividend yield. Addressing data variation and improving model stability will further enhance the reliability of investment strategies.

ADVANCED RESEARCH

In writing this article the researcher realizes that there are still many shortcomings in terms of language, writing, and form of presentation considering the limited knowledge and abilities of the researchers themselves. Therefore, for the perfection of the article, the researcher expects constructive criticism and suggestions from various parties.

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