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The Influence of Economic Value Added (EVA), Market Value Added (MVA), Return on Assets (ROA), and Return on Equity (ROE) on Stock Returns in Banking Companies Listed on the Indonesia Stock Exchange (BEI)

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Abstract

This research aims to determine the influence of Economic Value Added (EVA), Market Value Added (MVA), Return on Assets (ROA), and Return on Equity (ROE) on Stock Returns. This study uses secondary data, with the object of research being banking companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2022. The sample observation in this study amounts to 43, which were processed using panel data regression analysis with the EViews 9 application program. The results of this study indicate that ROA significantly affects banking stock returns, whereas EVA, MVA, and ROE do not significantly affect banking stock returns

Keywords: *Stock Price, Economic Value Added (EVA), Market Value Added (MVA), Return on Assets (ROA), Return on Equity (ROE), Stock Returns*

INTRODUCTION

The Efficient Market Hypothesis is one of the important pillars in the development of financial theory and serves as one of the fundamental frameworks of finance (Smith, 1990). The efficient market theory is one of the most widely regarded and empirically tested theories in almost all capital markets around the world. The Efficient Market Hypothesis was first introduced by Fama in 1970. A market is said to be efficient if no one, whether individual investors or institutional investors, can achieve abnormal returns over a long period using existing trading strategies. This means that the prices formed in the market reflect the available information or stock prices reflect all available information.

The concept of an efficient market was first proposed and popularized by Fama (1970). In this context, the market refers to the capital market and the money market. A market is said to be efficient if no one, whether individual or institutional, will be able to obtain an abnormal return, after adjusting for risk, using existing trading strategies. This means that prices formed in the market reflect available information, or "stock prices reflect all available information." Investors' goal in investing in the capital market is to gain profit. In the context of investment management, the rate of return on investment is referred to as "return." Returns are derived from dividend yield and capital gains. Dividend yield measures the dividend per share relative to the share price as a percentage. The higher the dividend yield, the more investors will be attracted to the stock. Capital gains, on the other hand, measure the profit earned from the sale of a capital asset (investment or real estate) where the selling price exceeds the purchase price.

According to Darmadji and Fakhrudin (2012), stock prices are prices that occur in the capital market at a specific time. Stock prices can rise or fall very quickly over a certain period of time. Stock prices can change in minutes or even seconds. This can occur due to supply and demand between stock buyers and sellers. The emergence of the Covid-19 pandemic worldwide has also impacted investors in Indonesia. The JCI has been trending downward since the Covid-19 cases were announced. Capital market volatility affects people's investment behavior because capital market analysis not only looks at numbers but also examines the economic or financial behavior of investors, both private and public. The implementation of Large-Scale Social Restrictions (PSBB) to prevent the spread of Covid-19 has changed population mobility. This has also led to changes in people's income and consumption patterns.

Banking companies are among those significantly impacted. Banks are business entities that collect funds from the public in the form of deposits and distribute them to the public in the

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form of credit, whether macro, micro, or other forms. Therefore, banks play a crucial role in a country's economy, as they act as the lifeblood of trade, providing for all kinds of financing and lending needs. Investors are concerned about a massive increase in non-performing loans due to the inability of debtors to fulfill their obligations due to the COVID-19 pandemic, which will ultimately impact the performance of banking companies.

Over the past five years, the Financial Services Authority (OJK) has noted that the Indonesian banking industry has shown positive growth. Although the Covid-19 pandemic has depressed the country's economic activity, the Indonesian banking industry remains resilient, supporting national economic recovery. Banks play a key role in helping improve the investment climate and supporting the growth of the Indonesian capital market. Banking stocks listed on the IDX account for 33% of Indonesia's capital market capitalization. Banking stocks also dominate among liquid stocks with large market capitalizations. This is reflected in the market capitalization of the IDX80, LQ45, and IDX30 indices, with banking stocks accounting for over 45% of the LQ45 and IDX30 indices.

Theoretical Review

Signaling Theory

According to Conelly et al. (2011) in Utami & Darmawan (2018), signaling theory is a concept where the information provider can choose how and how information is presented, and the information recipient can choose how to interpret the information received. The basis of this theory is that managers and shareholders do not have equal access to company information, a condition known as information asymmetry. Certain information is known only to managers, while shareholders are not. Consequently, when a company's financing policy changes, it can convey information to shareholders that will change the company's value. In other words, a signal appears.

Stock Price

Stocks are securities that serve as proof of ownership by an individual or institution in a company. Stocks are divided into two types: common stock and preferred stock, which include cumulative and non-cumulative preferred stock, as well as fully participating preferred stock and partially participating preferred stock. Stocks represent a sign of participation or ownership by an individual, and the physical form of a stock is a piece of paper that certifies that the owner of the paper is the owner of the company issuing the securities. Share ownership is determined by the amount of investment invested in the company (Darmadji, 2001 in Ponggohong et al., 2016). According to Honne and Wachowics (2007) in Sonia R. (2014), the values contained in stock prices can be divided into four categories: base price, par value, book value, and market value.

According to Tendelilin, (2010) in Alam & Oetomo, (2017), stock prices are a reflection of investor expectations regarding productive factors, cash flow, and the rate of return required by investors, where these three factors are influenced by the macroeconomic conditions of a country as well as global economic conditions. Brealey, Myers, and Marcus, (2008) in Sonia R., (2014) stated that there are two stock analysis techniques, namely fundamental analysis and technical analysis.

Economic Value Added (EVA)

According to Moeljadi (2006) in Sonia R., (2014), Economic Value Added (EVA) is the added value to shareholders by management during a particular year. EVA is essentially an economic profit added to shareholders or management owners (Haddad, 2012 in Khan et al., 2016). Brigham and Houston (2010) in Putra & Sibarani (2018) stated that EVA is an estimate of the actual economic profit of a business for a particular year and is very different from accounting profit because accounting net profit is not reduced by the cost of equity while in the EVA calculation this cost will be incurred.

According to Tandelilin in (Sihaloho et al., 2017) ". "Economic value added (EVA) is a measure of the success of company management in increasing added value for the company". "The assumption is that if management performance is good/effective (seen from the amount of added value provided), then there will be an increase in the company's stock price". "If the return on a project exceeds that to the financial market", this means receiving more than that". "This return, as we interpret it, indicates value", (Van Horne 1999)". ""EVA as an effective communication tool, both for value creation that can be reached by line managers which ultimately drives company performance to relate to the capital market, Young, O'Byrne (2001) ".

Mathematically, Brigham and Houston (2010:165) (Economic Value Added) is formulated as follows:
EVA = NOPAT – (invested Capital x WACC)
NOPAT = (Net Operating Profit After Tax)

Market Value Added (MVA)

Market Value Added (MVA) is an effective investment method or tool that represents the market's assessment of a company's performance. If the market values a company above the value of the invested capital, it means management is able to create value for shareholders. Management's success in creating value for shareholders will create a positive signal to shareholders to invest in the company. A higher MVA indicates greater success of management in managing the company (Husnan & Pujiastuti, 2015 in Utami & Darmawan, 2018).

According to Brigham and Houston (2010), Market Value Added (MVA) is the difference between the market value of a company's shares and the amount of equity capital provided by investors. "The wealth or welfare of the company's owners (shareholders) will increase if MVA increases." "The main goal of most companies is to maximize shareholder wealth, this goal is clearly in favor of shareholder profits, but must also ensure that limited resources have been allocated efficiently to benefit the economy." "Shareholder wealth will be maximized by maximizing the difference between the market value of the company's equity and the equity capital invested by investors." "Market Value Added (MVA) is the

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difference between the market value of the company's shares and the amount of equity capital provided by investors (Brigham, 2009)."

According to Brigham and Houston (2010: 111) it can be formulated mathematically as follows:
MVA = Market Value of Equity – Total Equity

Return on Aasset (ROA)
According to Kasmir (2018:201) "Return on Assets is a ratio that shows the results (Return) on assets used in the company. ROA is also a measure of management effectiveness in managing its investments." According to Harahap and Sofyan Syafri (2015:305) "Return on Assets (ROA) is part of the profitability ratio in financial ratio analysis, where the greater the Return on Assets (ROA) the better because this means that assets can turn over faster and earn profits."

According to Kasmir (2018:201) "Return on Assets is a ratio that shows the results (Return) on assets used in the company. ROA is also a measure of management effectiveness in managing its investments." According to Harahap and Sofyan Syafri (2015:305) "Return on Assets (ROA) is part of the profitability ratio in financial ratio analysis, where the greater the Return on Assets (ROA) the better because this means that assets can rotate faster and earn profits." Based on the understanding of several experts above, it can be concluded that Return on Assets (ROA) is one of the ratios that is a measure of company profitability, and shows management efficiency in using all assets owned by the company to generate income.

ROA = NetProfit
Total Asset
Source : Salim (2013:85)

Return on Equity (ROE)
According to Kasmir (2014:202), Return on Equity (ROE) is the ratio between net profit and the company's capital (core capital). This ratio indicates the percentage level that can be generated. Return on Equity (ROE) is very important for shareholders and potential investors, because a high Return on Equity (ROE) also means that an increase in Return on Equity (ROE) will cause an increase in shares. Then, according to Mahmud and Abdul (2012:193), Return on Equity (ROE) is another technique for analyzing company profitability.

Furthermore, according to Mahmud and Abdul (2012:193), Return on Equity (ROE) is another technique for analyzing company profitability. Return on Equity (ROE) explicitly analyzes a company's profitability for common stockholders. This means that interest and dividends are included in the analysis. A company's profits are distributed among equity holders, such as preferred stock and common stock.

Stock Return
According to Jones (2000), return is the yield and capital gain (loss). (1) Yield is the cash flow paid periodically to shareholders (in the form of dividends). (2) Capital gain (loss) is the difference between the stock price at the time of purchase and the stock price at the time of sale. According to Jogiyanto (2003), stock return is the result obtained from investments made by investors.

According to Jogiyanto (2003), stock returns are the results obtained from investments made by investors. Stock returns are divided into two categories:

1. "Realized returns are returns that have already occurred. Realized returns are returns that have already occurred." "Returns are calculated based on historical data. Realized returns are important because they are used as a measure of company performance." "Historical returns are also useful as a basis for determining expected returns and future risks. The calculation of realized returns here uses total returns." "Total returns represent the entirety of an investment over a specific period."

2. "Expected returns are returns used for investment decision-making." "This return is more important than historical returns because expected returns are the expected returns from an investment." "Expected returns can be calculated as follows": "Expected returns can be calculated using the expected value method, which involves multiplying each future outcome by its probability of occurrence and summing all the products of these multiplications".

Research Method

The object of this research is banking companies listed on the Indonesia Stock Exchange (IDX) during the 2018-2022 period. The scope of this study is limited to the dependent variables, namely economic value added, market value added, return on assets, return on equity, and stock returns. The analytical method used is a multiple linear regression analysis model with the aid of e-views9. The sample selection technique used is purposive sampling, which aims to obtain samples according to certain criteria. The data sources used in this study are secondary data. The data in this study were obtained from the IDX blue-chip stocks (LQ45) of the financial depository banking industry listed on the Indonesia Stock Exchange, published on the website www.idx.co.id and from the Tradingview application. Observations using the weighted moving average method were conducted using the Tradingview application.

Result

Descriptive Statistics
Descriptive statistics provide an overview or description of data based on minimum, maximum, mean, and standard deviation values. The results of the descriptive analysis conducted in this study can be seen in the following table:

Table 1. Results of Descriptive Statistics Tests

No.	Keterangan	Mean	Minimum	Maximum	Standar Deviasi
1	EVA	12,184,269	(397,054)	40,513,339	12,390,099
2	MVA	70,070,559	(194,007,751)	832,819,595	228,299,529
3	RoA	0.76%	-9.23%	3.13%	0.027
4	RoE	8.50%	-20.15%	18.43%	0.098
5	Return Saham	102.23%	-87.16%	1582.61%	3.2503

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Economic Value Added (EVA)

The EVA variable showed a mean value of 12,184.269 with a standard deviation of 12,390.099. The minimum EVA value was -397.054, while the maximum value reached 40,513.339. The wide range between the minimum and maximum values indicates significant variation in economic value creation performance among the sample companies.

Market Value Added (MVA)

MVA has an average value of 78,070,559 with a relatively high standard deviation of 228,299,529. The minimum MVA value is -194,007,751, while the maximum value reaches 832,819,595. A standard deviation greater than the average indicates high variability in the market value added by companies in the sample.

Return on Assets (ROA)

ROA shows an average value of 0.76% with a standard deviation of 0.027. The minimum ROA value is -9.23%, while the maximum value is 3.13%. Variation in ROA indicates differences in the efficiency of companies in using assets to generate profits, with some companies experiencing negative ROA, indicating losses.

Return on Equity (ROE)

ROE has an average value of 8.50% with a standard deviation of 0.098. The minimum ROE value was -20.15%, while the maximum value reached 18.43%. The presence of negative ROE values indicates that some companies in the sample experienced losses or negative returns on shareholder equity.

Stock Returns

Stock returns showed an average value of 102.23% with a standard deviation of 3.2503. The minimum stock return value was -87.16%, while the maximum value reached 1582.61%. The high standard deviation indicates significant volatility in the stock returns of the sample companies, with some companies experiencing negative returns and others achieving very high returns.

Based on the descriptive statistics above, it can be seen that there is quite significant variation in all study variables. The EVA and MVA variables show the highest variability, as reflected by large standard deviations. This indicates high heterogeneity in the financial performance of the companies in the study sample. The presence of negative values for several variables such as EVA, MVA, ROA, ROE, and stock returns indicates that not all companies in the sample had positive performance during the study period.

Chow Test

The Chow test is conducted to select between the Common Effects Model (CEM) and the Fixed Effects Model (FEM).

Tablel 2. Uji Chow

Effects Test	Statistic	d.f.	Prob.
Cross-section F	0.858557	(6,24)	0.5388
Cross-section Chi-square	6.80565	6	0.3392

Based on the test results presented in the table, the cross-section F statistic was 0.858557 with 6.24 degrees of freedom and a probability of 0.5388. The cross-section Chi-square statistic was 6.80565 with 6 degrees of freedom and a probability of 0.3392.

The Chow test probability value was 0.5388. Therefore, the Chow test hypothesis is a common effect. These results indicate no significant differences between cross-sectional units (companies), therefore, the common effect model was selected.

Hausman Test

The Hausman test is conducted to select between the Fixed Effects Model (FEM) and the Random Effects Model (REM).

Table 3. Uji Hausman

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	4.431185	4	0.3508

The test results show a Chi-Square statistic value of 4.431185 with 4 degrees of freedom and a probability value of 0.3508. The Hausman Test probability value obtained is 0.3508. Therefore, the hypothesis in the Hausman test is Random Effect. These results indicate that the Random Effect Model is more appropriate than the Fixed Effect Model.

Lagrange Multiplier Test

The Lagrange Multiplier Test is performed to select between the Common Effects Model (CEM) and the Random Effects Model (REM).

Table 4. *Lagrange Multiplier*

Null (no rand. effect) Alternative	Cross-section One-sided	Period One-sided	Both
Breusch-Pagan	1.125545	0.358813	1.484358
	-0.2887	-0.5492	-0.2231
Honda	-1.060917	-0.59901	-1.173746
	-0.8556	-0.7254	-0.8798
King-Wu	-1.060917	-0.59901	-1.134974
	-0.8556	-0.7254	-0.8718
SLM	-0.449864	-0.404432	--
	-0.6736	-0.6571	--
GHM	--	--	0
	--	--	-0.75

The test results show various estimation methods with varying statistical values. The Breusch-Pagan method shows a statistical value of One-sided Cross-section of 1.125545 with a One-sided Period of 0.358813 and a Both value of 1.484358. The Honda method shows a value of -1.060917 for One-sided Cross-section, -0.59901 for One-sided Period, and -1.173746 for Both. The King-Wu method shows a value of -1.060917 for One-sided Cross-section, -0.59901 for One-sided Period, and -1.134974 for Both.

Classical Assumption Test

The classical assumption test includes four tests: model normality, multicollinearity, autocorrelation, and heteroscedasticity. The following presents the results of the classical assumption test on the research data.

1. **Normality Test**

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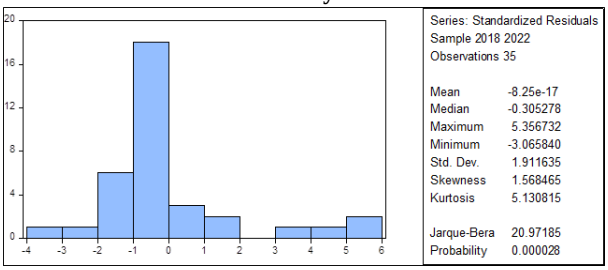
Table 5. Normality Test Results



Using a 5% significance level (α = 0.05), the probability value of 0.00028 is smaller than the specified significance level (p-value < 0.05). This indicates that the null hypothesis stating that the residuals are normally distributed is rejected. Thus, it can be concluded that the residuals from the regression model are not normally distributed.

2. Multicollinearity Test

The multicollinearity test is conducted to detect the presence or absence of a high correlation between independent variables in a regression model. The multicollinearity test in this study uses the Variance Inflation Factor (VIF), which measures the extent to which the variance of the regression coefficients increases due to multicollinearity.

Table 5. Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
X1	1.77E-15	4.445771	2.227905
X2	2.91E-18	1.366901	1.246066
X3	904.2737	5.979615	5.535559
X4	90.05268	12.58822	7.085006

From the test results obtained, all independent variables showed Centered VIF values below 10, with a value range between 1.246066 to 7.085006. From the table above, the VIF value obtained <10. Therefore, there is no serious multicollinearity problem in the regression model. This result indicates that the regression model used has met the assumption of no multicollinearity between independent variables.

3. Heteroscedasticity Test

The heteroscedasticity test was conducted using the Glejser Test to detect the presence of heteroscedasticity in the regression model.

Table 5. Heteroscedasticity Test Results

F-statistic	4.101807	Prob. F(4,30)	0.0091
Obs*R-squared	12.37421	Prob. Chi-Square(4)	0.0148
Scaled explained SS	16.20315	Prob. Chi-Square(4)	0.0028

Based on the test results presented in Table 4.6, the results of the Heteroskedasticity Test using Glejser showed an F-statistic value of 4.101807 with an F(4,30) probability of 0.0091. The Obs*R-squared value was 12.37421 with a Chi-Square(4) probability of 0.0148. The Scaled explained SS value was 16.20315 with a Chi-Square(4) probability of 0.0028. From the table above, a significance value of <0.05 was obtained. Therefore, heteroscedasticity occurs. The three test statistics show a probability value smaller than the 5% significance level (α = 0.05), which indicates rejection of the null hypothesis stating that there is no heteroscedasticity. Thus, it can be concluded that there is a heteroscedasticity problem in the regression model.

4. Autocorrelation Test

The autocorrelation test was conducted using the Breusch-Godfrey Serial Correlation LM Test to detect the presence of autocorrelation problems in the regression model. The following are the results of the autocorrelation test:

Table 5. Autocorrelation Test Results

F-statistic	2.311801	Prob. F(2,28)	0.1177
Obs*R-squared	4.960399	Prob. Chi-Square(2)	0.0837

Based on the test results presented in Table 4.7, the Breusch-Godfrey Serial Correlation LM Test results show an F-statistic value of 2.311801 with an F(2,28) probability of 0.1177. The Obs*R-squared value is 4.960399 with a Chi-Square(2) probability of 0.0837. From the table above, a significance value of > 0.05 is obtained. Therefore, there is no autocorrelation. Both test statistics show a probability value greater than the 5% significance level (α = 0.05), which indicates acceptance of the null hypothesis stating that there is no autocorrelation. Thus, it can be concluded that there is no autocorrelation problem in the regression model, so that the assumption of residual independence has been met.

T test

T Test Results

Variabel	Koefisien	t-statistik	p-value	Kesimpulan
EVA	0.000000022000	0.66	0.5146	Tidak Signifikan
MVA	0.000000000811	0.80	0.4285	Tidak Signifikan
RoA	-144.298600000000	-3.23	0.003	Signifikan
RoE	14.137640000000	1.34	0.1915	Tidak Signifikan

The analysis results in Table 4.8 show that the EVA variable has no significant effect on stock returns (p-value = 0.5146). This means that the size of the company's economic value added cannot explain changes in stock returns. The regression coefficient is positive, indicating that although the relationship is unidirectional, the effect is not statistically strong enough. Similarly, the MVA variable also does not show a significant effect on stock returns (p-value = 0.4285). This means that market perception, reflected in the difference between a company's market value and its book value, has not been a primary indicator of stock returns during the observation period. Different results were found for the RoA variable, where return on assets had a negative and significant effect on stock returns (p-value = 0.003). The negative regression coefficient indicates that the higher the company's efficiency in generating profits from assets, the lower the stock return. This phenomenon may be influenced by other external factors not yet included in the model, such as investor risk perception or market fluctuations. Meanwhile, the RoE variable has no significant effect on stock returns (p-value = 0.1915). This indicates that a company's ability to generate profits from its equity is insufficient to explain fluctuations in stock returns. The positive coefficient indicates a directional relationship, but it is not statistically strong.

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Thus, it can be concluded that of the four variables tested, only RoA has a significant effect on stock returns, and the direction of this effect is negative. The other three hypotheses were rejected because they did not meet statistical significance at the 95% confidence level.

F Test

F Test Results

F-statistic	14.18201
Prob(F-statistic)	0.000001

The table shows that the F-statistic value is 14.06211 with a significance level (p-value) of 0.000000, which is much smaller than 0.05. This indicates that simultaneously, all four independent variables—EVA, MVA, RoA, and RoE—have a significant effect on stock returns. This means that the regression model used is feasible and can be used to explain variations in stock returns based on the combination of these four variables. Therefore, it can be concluded that EVA, MVA, RoA, and RoE collectively contribute significantly to changes in the company's stock returns during the observation period from 2018 to 2022.

Conlusion And Suggestion

This study analyzes the effect of Economic Value Added (EVA), Market Value Added (MVA), Return on Assets (ROA), and Return on Equity (ROE) on stock returns in banking companies listed on the Indonesia Stock Exchange for the 2018-2022 period. The results indicate that the unique characteristics of state-owned banks in Indonesia create dynamics that differ from conventional financial theory.

1. EVA does not significantly influence bank stock returns. State-owned banks have a different social and economic mission than private banks. EVA is less relevant for assessing the performance of banks focused on economic development and equity. State-owned bank stock returns are more influenced by fiscal, monetary, and banking regulatory policies.
2. MVA does not significantly influence bank stock returns. The Indonesian capital market is not yet fully efficient in translating fundamental information into stock prices. Bank Indonesia exerts a dominant influence on stock price movements through various policies. Stock movements in the banking sector are complex and multidimensional.
3. ROA significantly influences bank stock returns. ROA plays a strategic role in national economic development. It reflects a bank's ability to fulfill its dual mandate as a commercial entity and an extension of the government. ROA is a reliable leading indicator for predicting state-owned banking stock returns.
4. ROE does not significantly impact banking stock returns. The efficient use of shareholder capital is reflected in state-owned bank stock prices. State-owned bank stock returns are more influenced by external factors such as technology, geopolitics, and macroeconomic policies. Investors focus more on ROA, NPLs, and liquidity ratios.

Suggestion

Based on the findings of this study, several recommendations are provided for banking management, investors, regulators, and practitioners:

1. Banking Management

To improve company performance, optimizing Return on Assets (ROA) is a primary focus as a performance indicator that significantly impacts stock returns. The strategy is directed at efficient asset utilization to generate maximum profits while maintaining the company's socio-economic role. To support this, companies also need to implement social return measurement to more comprehensively gauge the impact of economic empowerment and financial inclusion programs.

Furthermore, diversification of performance strategies is necessary so that companies do not rely solely on traditional metrics such as Economic Value Added (EVA) and Market Value Added (MVA) in strategic decision-making. Developing a balanced scorecard that encompasses both financial and non-financial aspects is crucial for reflecting performance holistically. In this context, strategic planning must also consider macroeconomic dynamics and government policies as external factors that influence the achievement of company goals.

2. Investors

Comprehensive fundamental analysis is the primary foundation for assessing the performance of state-owned banks, with Return on Assets (ROA) as the primary indicator. However, this assessment must be conducted holistically, taking into account external factors such as Bank Indonesia policies, banking sector regulations, and macroeconomic conditions that influence industry stability and growth. In addition to ROA, the use of more relevant indicators such as the Non-Performing Loan (NPL) ratio and liquidity ratio is also necessary to provide a comprehensive picture of a bank's financial health.

Furthermore, portfolio diversification is a crucial strategy, given that the stock returns of state-owned banks differ from those of private banks. Investors need to consider the risks posed by geopolitical factors and changes in government policy that could impact financial sector performance. Furthermore, analyzing the impact of state-owned banks' dual mandate as both development agents and business entities is crucial for a deeper understanding of its implications for financial performance and long-term prospects.

3. Regulators

Developing a performance evaluation framework that aligns with the dual mandate of state-owned banks is a crucial step in creating a fair and comprehensive assessment system. This framework should encompass not only financial aspects but also social returns as part of state-owned banks' contribution to inclusive economic development. Furthermore, increasing information transparency is key to reducing information

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asymmetry between market players, investors, and regulators, thereby encouraging more rational and accountable decision-making.

In the context of market stabilization, it is necessary to develop policies that effectively mitigate fluctuations in stock movements in the banking sector. This effort can be achieved by increasing the efficiency of the Indonesian capital market, which includes improvements in regulatory aspects and supporting infrastructure. Furthermore, every policy implemented must carefully consider its impact on the banking sector, particularly in the face of evolving macroeconomic policy pressures and dynamics.

4. Practicality

Understanding the performance of state-owned banks needs to go beyond conventional financial metrics-based approaches. A more comprehensive assessment requires developing realistic expectations for stock returns, recognizing that state-owned banks have a dual role as agents of development. Therefore, the resulting socio-economic contributions must also be an integral part of assessing the value creation of state-owned banking entities.

For the banking industry itself, the strategies developed must balance achieving profitability with the implementation of socio-economic functions. Effective communication with stakeholders regarding bank strategy and performance is increasingly crucial to building trust and accountability. In addition, adopting best practices in risk management and corporate governance is key to maintaining the sustainability and competitiveness of state-owned banks amid market dynamics and regulatory pressures.

5. Further research

Developing a comprehensive research model needs to include macroeconomic variables and government policies, given that both significantly influence banking performance, particularly state-owned banks. Furthermore, it is crucial to examine the impact of financial technology and digital transformation, which are increasingly disrupting conventional banking business models. The model also needs to consider the differences in characteristics between state-owned and private banks so that the analysis results can more accurately reflect conditions relevant to each type of institution. From a methodological perspective, using a longer research period is necessary to capture the entire economic cycle and avoid temporal bias. A time series analysis approach is crucial in understanding the dynamics of performance changes over time, particularly in the context of responses to policy changes and market conditions.

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