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Analysis of Return on Equity and DER on Economic Value Added at PT. BPRS Puduarta Insani Deli Serdang District

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ABSTRACT

To analyze Return on Equity and DER (Debt to Equity Ratio) on Economic Value Added at PT. BPRS Puduarta Insani Deli Serdang District. Specifically, to analyze the measurement of Return on Equity (ROE) and DER on Economic Value Added (EVA). Uses Regression Data Type from 2016 - 2023, Multiple Linear Regression. The results are: 1) ROE has a positive and partially significant effect on EVA, because an increase in equity can increase the added value of positive EVA at PT. BPRS Puduarta Insani Deli Serdang; 2) DER has a negative and partially significant effect on EVA, because debt that exceeds the asset value can reduce the equity value. Low Equity will cause a negative EVA value at PT. BPRS Puduarta Insani Deli Serdang; 3) ROE and DER simultaneously have a positive and significant effect on EVA at PT. BPRS Puduarta Insani Deli Serdang District.

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1. INTRODUCTION

The greater the risk faced by a bank, the greater the capital required by the bank. If financial risk can be measured by looking at the high, low and size of the risks faced, then the impact can be known towards operational activities and avoiding excessive liquidity risks, especially in achieving the objectives of Sharia Rural Financing Banks (BPRS). The success of BPRS depends on how it uses operational tools for planning, decision making and monitoring. Financial management for BPRS operations uses Economic Value Added (EVA). Economic Value Added (EVA) is the economic value added from an investment value by means of net profit minus the cost of capital and produces a positive EVA condition reflecting a higher level of compensation than the cost of capital, and negative EVA describes a reduction in the company's wealth. Benchmark financial performance by measuring EVA from the difference between the company's return on capital and the cost of capital.

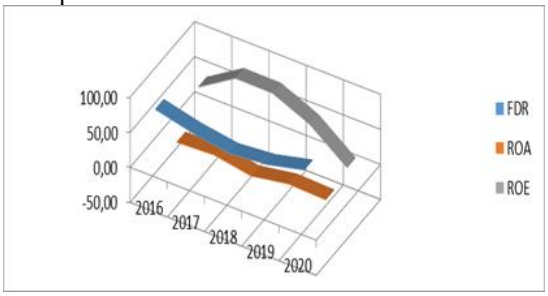

Figure 1. Financial Ratio Values
Source: [1]

In Figure 1, the quantitative assessment of financial factors includes the ability of BPRS to manage various risks to the financial position, development and projections of BPRS financial ratios. Financial ratios consider relevant supporting and comparative indicators consisting of capital factors, asset quality factors, profitability factors and liquidity factors. The ratios used to analyze financial factors are divided into main ratios, supporting ratios and observation ratios. The main ratio is a ratio that forms the value of the ranking of financial factors, supporting ratios are ratios that increase or decrease the value of the ranking of financial factors, while observation ratios are ratios that can be used as additional considerations in the final assessment of financial factors.

Financial risks will be closely related to financial reports which have an impact on transactions on the financial balance sheet, work contract obligations, debt payment due dates, liquidity risks and various other things that can reduce financial flexibility. Financial management can avoid or minimize the occurrence of financial risks, by developing strategies and choosing the right steps to anticipate the occurrence of financial risks in the future [2]. North Sumatra BPRS shows that the financial ratio value ranking on Return on Assets (ROA) is below the Finance to Deposit Ratio (FDR), this means that the profits generated are unstable because BPRS is unable to manage productive assets so that asset quality assessment is ineffective. The more ineffective you are in managing assets, the lower your profit generation will be clean. Every increase in FDR results in a decrease in profits in the ROA value because the distribution of funds to the public results in financing problems in significant amounts so that BPRS cannot obtain profits/net profits through total assets.

Table 1. Financial Performance of BPRS (In%)

Financial Ratios	2016	2017	2018	2019	2020
FDR	82,35	69,30	60,92	65,76	78,84
DER	4,64	2,01	5,25	2,14	0,34
ROE	41,79	75,29	74,71	51,00	10,00

Source: [3]

FDR due to internal factors, influenced by the bank's capital levels and affect its financial performance. Specifically, the FDR decreased from 82.35% in 2016 to 78.84% in 2020. According to Bank Indonesia Regulations, the standard FDR range is between 80% and 100%. A higher FDR ratio suggests more effective utilization of public savings, while a lower FDR indicates idle funds, which can limit the bank's revenue opportunities due to suboptimal fund distribution [4]. To enhance financial performance, banks need to manage their funds effectively, maintaining an FDR that is neither too high nor too low.

Financial performance, as measured by the Debt to Equity Ratio (DER), has fluctuated due to inconsistent net profits and occasional losses. This variability, combined with an increase in total equity, has resulted in suboptimal financial performance. Specifically, the DER was 4.64% in 2016 but decreased to 0.34% in 2020. As per the Financial Services Authority Circular Number: 28/SEOJK.03/2019 regarding the Soundness Level Assessment System for Sharia Rural Banks (BPRS), the optimal Debt to Equity Ratio (DER) should be within the range of 1% to 2%. A DER that is too high can negatively impact company performance, as higher debt levels increase interest expenses and reduce profitability [5].

Financial performance, as indicated by ROE, has experienced variations due to irregular changes in profits and a reduction in capital, resulting in less than optimal financial performance. The ROE was 41.79% in 2016 but dropped to 10.00% in 2020. According to Financial Services Authority Circular Number: 28/SEOJK.03/2019, which describes the Health Level Assessment System for Sharia Rural Financing Banks (BPRS), an ideal

Return on Equity (ROE) is approximately 12%. A higher ROE indicates superior financial performance in utilizing capital to generate net profits for shareholders. Conversely, a declining or negative ROE indicates difficulties in profit generation and challenges in effectively managing capital to produce income [6].

2. LITERATURE REVIEW

2.1 Economic Value Added

The Economic Value Added (EVA) method approach was first introduced at the USS consulting company, namely Stern Steward Management Service (SSMS). The Economic Value Added (EVA) method presents quite objective criteria because it departs from the concept of cost of capital, namely reducing profits by the cost of capital, where the cost of capital reflects the company's risk level. Apart from that, the cost of capital also reflects the level of compensation or return expected by investors for the amount of investment invested in the company [7].

Conceptually, the Economic Value Added (EVA) measurement is net operational profit subject to tax minus capital costs. So with these measurements it can be clarified that if the rate of return (profit) generated is greater than the cost of capital required by investors for their investment, it will result in a positive Economic Value Added (EVA) assessment. Positive Economic Value Added (EVA) shows the success of company management in creating added value for the company. Meanwhile, EVA = 0 indicates the company's breakeven position. The resulting rate of return (profit) is smaller than the cost of capital required by investors for their investment and will result in negative Economic Value Added (EVA), which means company depreciation. So by looking at the size of the company's Economic Value Added (EVA), investors can find out the the company's earnings and its capacity to activate its capital. From this definition, it can be concluded that Economic Value Added shows the income of a company as a business unit which is carried out jointly by several groups including the company, employees, capital providers and the government.

The advantages of the Economic Value Added (EVA) method are: 1) Economic Value Added (EVA) is a measuring tool that can stand alone, does not require comparison with similar companies in the industry and does not need to contain trend analysis with previous years; 2) Economic Value Added (EVA) is a tool for measuring the performance of a company seen from the economic aspect of its measurement, namely by fairly showing the expectations of capital owners (creditors and shareholders). Where the degree of equity is expressed as a weighted measure of the current capital structure and is guided by market value, not book value; 3) The EVA method can be used as a standard in giving bonuses to employees. EVA is the appropriate criteria for implementing the stockholder satisfaction concept are concern for employees, customers and capital owners [8].

Implement EVA to assess financial performance achievements as follows: 1) Index analysis to determine the relative increase in EVA because the EVA value is expressed in absolute value so it is difficult to compare or evaluate progress objectively; 2) The EVA concept was created based on the use of a certain amount of capital, thus developing EVA to create financial and operational policies for Islamic banks [9].

2.2 ROE

ROE is indicator of financial performance, evaluates a company's capacity to generate netprofits from its capital, benefiting its owners or investors. ROE is calculated by comparing the company's net profit after tax to its total capital. A higher ROE indicates stronger (Earnings After Tax). A higher ROE can also make the company more attractive to

investors, as it reflects a better return on their investment [10].

ROE calculation presented. Therefore, it's means that Rp. 1 of equity generates Rp.1 of net for. The Return on Equity (ROE) formula is as follows:

ROE = EAT / TOTAL EQUITY X 100%

Table 2. ROE Rating Assessment Criteria

Criteria %	Evaluation	Category
ROE > 23%	Rating 1	Very Good
18 < ROE ≤ 23%	Rating 2	Good
13 < ROE ≤ 18%	Rating 3	Enough
8 < ROE ≤ 13%	Rating 4	Not Enough
ROE ≤ 8%	Rating 5	Not Good

Source: [5]

To see the track record of a company's credibility, if the company's ROE over the last five to ten years has always been close to 100%, this shows that the company is consistently able to manage its capital well. Can generate income effectively and efficiently. A company with an ROE value is a good company for investors to invest in. However, if ROE fluctuates, it is better for investors to avoid investing in that company.

2.3 Debt to Equity Ratio (DER)

The Debt to Equity Ratio (DER) is a financial metric that evaluates a company's financial health by comparing its total debt to its equity. For optimal company operations, total debt and equity should be balanced. The DER value serves as an indicator of financial stability. A rising DER suggests that the company is relying more on external debt rather than internal funds. This can signal to owners and management that a high DER, which surpasses equity levels, may indicate excessive debt usage, potentially leading to reduced profitability [1].

The DER reflects a company's financial independence in relation to its debt. It is important for companies to ensure that their debt levels do not excessively exceed their operational capital to avoid undue financial strain. A lower DER indicates greater financial safety. Bankers use this ratio to assess a company's ability to repay its debts and its potential to secure financing from investors. Company leaders should manage their capital carefully to avoid a high DER. Generally, a DER between 1.5 and 2 times is considered acceptable for most companies, while publicly traded companies might have a DER of double and more [11].

A high DER indicates that a company might face difficulties in generating sufficient funds to fulfill its debt responsibilities. Conversely, a low DER can indicate that the company is not leveraging debt effectively to enhance profits. Solvency ratio, DER measures to fulfill ability its total debt obligations with its available capital. The DER is expressed in terms of "times" or "percentage." An ideal DER, indicating financial health, is typically less than 1 or 100%. The Debt to Equity Ratio (DER) formula is as follows:

DER = TOTAL DEBT / TOTAL EOUITY

Table 3. DER Rating Assessment Criteria

Criteria %	Evaluation	Category
DER > 2%	Rating 1	Very Healthy
1,5 < DER ≤ 2%	Rating 2	Healthy
1 < DER ≤ 1,5%	Rating 3	Pretty Healthy
0,5 < DER ≤ 1%	Rating 4	Unwell
DER ≤ 0,5%	Rating 5	Not Healthy

Source: [5]

In general, the debt ratio in a good company is 1 to 2 times, which is still in the acceptable category. A Debt to Equity Ratio (DER) of less than 1 indicates that the company is in a strong position to cover its total debt. This ratio suggests that the company, often a small or medium-sized enterprise, generates sufficient revenue to meet its debt obligations. However, it may not be fully optimizing its profits.

3. METHODS

3.1 Research Approach

The research conducted for this study is quantitative descriptive research [12], "Defines descriptive research as an approach used to identify the presence of independent variables, either individually or in groups, without making comparisons or linking them to other variables"[13], "Explains that quantitative research is grounded in positivist philosophy and involves studying specific populations or samples. It entails collecting data through research instruments, analyzing this data quantitatively or statistically, and aims to test pre-established hypotheses".

3.2 Population, Sample

A group of subjects, objects, concept, or phenomena, variables are population refers to. Share specific attributes, quantities, which can be examined to understand their characteristics [14]. In this study, the population consisted of 9 financial reports from BPRS Puduarta Insani Deli Serdang covering the years 2016 to 2023.

A sample represents a subset of the population, reflecting its quantity and characteristics. Purposive sampling is a technique where samples are selected based on specific criteria or considerations to ensure they align with the research objectives and are suitable for quantitative analysis [15]. In this study, purposive sampling was employed with a sample size of 32 observations, calculated as 8 years multiplied by financial reports per year.

The criteria for the annual financial reports include:

a. The Financial Position Report (Balance Sheet) for BPRS Puduarta Insani Deli Serdang district 2016 - 2023.
b. Profit and Loss Report for BPRS Puduarta Insani Deli Serdang district 2016 - 2023.
c. Financial Ratio Report for BPRS Puduarta Insani, Deli Serdang district for the years 2016 - 2023.
d. The Productive Asset Quality Report for BPRS Puduarta Insani Deli Serdang district, 2016 - 2023.

3.3 The Data

Quantitative which consists of numerical values representing the amount or quantity of various elements. The data source for this study is secondary data, specifically the annual financial reports for the period from 2016 to 2023, available on the official website. Secondary data refers to information that is not collected firsthand but is used to categorize issues, establish benchmarks for data evaluation, and address information gaps.

3.4 The Collect of Data

a. The Documentation; Process employed by utilizing precise evidence derived, particular sources, such as essays, books, laws, and other written materials.
b. Literature Studies: Reviewing, exploring and reviewing various library literature that is relevant to the research as well as studying reference books and the results of previous similar research that has been carried out by other people (Sarwono, 2012). Collecting information and data through related books and journals or through literature, the internet and scientific works.
c. Observation: This data collection method is distinguished by its unique features compared to other techniques. For this research, the required data includes reports of

BPRS Puduarta Insani, Deli Serdang district for the years 2016 to 2023.

3.5 Analysis

a. Desc. Stat. Test

They offer insights into the data by calculating measures such as the mean, standard deviation, variance, and the maximum and minimum values. This statistical approach involves organizing research data into tabulated formats, making it easier to understand and interpret, often with the help of the SPSS (Statistical Program for Social Science) application.

b. Classic Assump.

1) Normality

The normality assesses whether the obtained data follows a normal distribution or if the sampled population is normally distributed.

2) Multicollinearity

The VIF > 10, < 0.10, the presence of the multicollinearity.

3) Heteroscedasticity

If the significance, < 0.05, suggests heteroscedasticity is present.

4) Autocorrelation Test

The Autocorrelation Test evaluates whether there is a correlation between the error terms in the current period (t) and those in the previous period (t-1) in a linear regression model. An ideal regression model should be free from autocorrelation. To determine the presence of autocorrelation, the Durbin-Watson Test (DW) can be used as a numerical guide.

a. A D-W number below -2 means there is positive autocorrelation.
b. The D-W number is between -2 to 2, meaning there is no autocorrelation.
c. A D-W number above 2 means negative autocorrelation.

c. Multiple Linear Regression Analysis

This research uses multiple linear regression analysis, this model was developed to test the following hypothesis:

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

Information:

Y = Economic Value Added (EVA)
α = Constant
β1,2,3 = Regression Coefficient
X1 = ROE
X2 = DER
e = Error coefficient

d. Hypothesis

1) t-test

It evaluates the effect of each variable separately. The criteria for this test are based on the significance values:

a. sig.: < 0.05, then Ha accepted.
b. sig. > 0.05 then Ha is rejected.

Next, to determine the direction of the hypothesis, look at the unstandardized coefficients β, namely:

a. If the β value shows a minus sign (-) then the independent variable has a negative effect on the dependent variable.
b. If the β value does not show a minus sign (-), then the independent variable has a positive effect.

2) F-test

a. sig. < 0.05; Ha is accepted.
b. sig. > 0.05; Ha rejected.

3) Determination Coef.- test (Adj. R^2)

4. RESULTS AND DISCUSSION

4.1 Results

1. ROE, DER

ROE measures the ratio of total income to the total owner's equity. A high ROE indicates that the

Sharia Rural Financing Bank (BPRS) is effectively utilizing its capital, which can enhance its reputation. According to the Financial Services Authority (OJK), a good ROE should be at least 18%. An ROE above 23% is considered very good, while an ROE below 18% is deemed unsatisfactory. The ROE ratio reflects how efficiently a company uses its own capital. A higher ROE signifies a stronger and more favorable position for the BPRS. To improve ROE, the company should focus on increasing both total equity with net profit, ensuring efficient, effective of all equity to generate higher profits relative to sales efforts (Fiki, 2021). Additionally, an increase in ROE can help manage the debt levels indicated by the DER.

DER measures the proportion of liabilities within capital structure. It is crucial for assessing business risk, which escalates with increasing total liabilities, and assists in understanding the relationship, total debt, total equity. Reveals the extent to which the BPRS resources are funded through debt and compares the amounts provided by creditors with the funds contributed by the bank itself. An ideal DER should be less than 1 or below 100%, as a lower DER reflects a stronger financial position for the Sharia People's Financing Bank (BPRS). A lower DER suggests that the company's debt is relatively small compared to its assets. Conversely, a high DER signifies weaker financial performance, as it implies the company relies heavily on long-term debt for financing, which can increase the financial burden on investors [16].

Table 4. Financial Ratio Analysis
PT. BPRS Puduarta Insani Deli Serdang In Thousands (Rp.)

Year	Month	Net Profit	Total Debt	Total Equity	ROE %	DER %
2016	March	105.315	24.132.383	4.247.532	2,48	5,68
	June	186.474	23.043.824	4.148.162	4,50	5,56
	September	553.493	22.582.447	4.515.181	12,26	5,00
	December	723.813	24.424.975	4.685.501	15,45	5,21
2017	March	200.891	26.898.231	4.881.517	4,12	5,51
	June	189.430	26.174.815	4.870.057	3,89	5,37
	September	514.181	27.761.068	5.194.808	9,90	5,34
	December	797.558	29.341.092	5.478.185	14,56	5,36
2018	March	191.554	30.438.202	5.669.739	3,38	5,37
	June	1.219	34.279.798	5.479.404	0,02	6,26
	September	263.176	33.948.255	5.741.361	4,58	5,91
	December	559.192	34.790.884	6.037.377	9,26	5,76
2019	March	185.290	34.896.731	6.222.667	2,98	5,61
	June	171.724	38.142.461	6.209.101	2,77	6,14
	September	377.409	38.529.037	6.414.786	5,88	6,01
	December	746.256	0	0	0	0
2020	March	130.455	35.485.339	7.303.329	1,79	4,86
	June	172.463	30.773.484	7.297.009	2,36	4,22
	September	410.721	32.248.978	7.535.267	5,45	4,28
	December	783.794	33.699.417	7.908.340	9,91	4,26
2021	March	111.789	38.399.405	7.666.819	1,46	5,01
	June	121.745	41.489.872	7.676.776	1,59	5,40
	September	408.577	41.008.401	7.963.608	5,13	5,15
	December	822.713	38.469.585	8.377.744	9,82	4,59
2022	March	157.018	37.783.552	8.178.678	1,92	4,62
	June	130.118	37.399.737	8.151.778	1,60	4,59

	September	320.682	37.568.621	8.342.341	3,84	4,50
	December	686.992	35.049.832	8.661.569	7,93	4,05
2023	March	82.083	32.736.285	8.516.212	0,96	3,84
	June	70.105	30.114.873	8.451.794	0,83	3,56
	September	-101.787	28.854.341	8.724.902	-1,17	3,31
	December	-185.181	28.041.823	8.641.508	-2,14	3,25

Source: [5]

Table 4 illustrates that the ROE ratio reflects a company's efficiency in utilizing its own capital. A higher ROE indicates superior financial performa in generate profit, signifies a stronger position of company, whereas a lower ROE suggests weaker performance [17]. Meanwhile, DER can negatively affect financial performance, as elevated debt levels tend to reduce profits. Therefore, a lower DER value generally indicates better financial performance for the company. [18].

2. EVA

Is an effective assessment system for evaluating a company's financial performance over a certain period, with the creation of value by the company for creditors and shareholders. EVA is the amount of money obtained by subtracting capital expenses from net operating profit. This analysis system produces a periodic assessment of the company's financial performance by taking into account the profits obtained by shareholders.

NOPAT is a financial indicator that shows a company's operating performance after tax. Capital Charge (CC) is a tax on the use of capital goods which are used together with costs incurred related to ownership and management of assets in company operations. Charging the cost of capital is a positive Economic Value Added (EVA) which indicates a good investment, while a negative Economic Value Added (EVA) is a bad investment [19].

Table 5. EVA (Economic Value Added)
PT. BPRS Puduarta Insani Deli Serdang
In Thousands (Rp.)

Year	Month	We (%)	Ke (%)	EVA
2016	March	14,97	2,48	105.278
	June	15,26	4,50	186.405
	Sept	16,66	12,26	553.289
	Dec	16,10	15,45	723.564
2017	March	15,36	4,12	200.828
	June	15,69	3,89	189.369
	Sept	15,76	9,90	514.025
	Dec	15,73	14,56	797.329
2018	March	15,70	3,38	191.501
	June	13,78	0,02	1.219
	Sept	14,47	4,58	263.110
	Dec	14,79	9,26	559.055
2019	March	15,13	2,98	185.245
	June	14,00	2,77	171.685
	Sept	14,27	5,88	377.325
	Dec	0	0	746.256
2020	March	17,07	1,79	130.425
	June	19,17	2,36	172.418

	Sept	18,94	5,45	410.618
	Dec	19,01	9,91	783.606
2021	March	16,64	1,46	111.765
	June	15,61	1,59	121.720
	Sept	16,26	5,13	408.494
	Dec	17,88	9,82	822.537
2022	March	17,79	1,92	156.984
	June	17,90	1,60	130.089
	Sept	18,17	3,84	320.612
	Dec	19,82	7,93	686.835
2023	March	20,64	0,96	82.063
	June	21,91	0,83	70.087
	Sept	23,22	-1,17	-101.760
	Dec	23,56	-2,14	-185.131

Source: [5]

Table 5 demonstrates that an increase in Economic Value Added (EVA) leads to higher income through raising selling prices and lowering capital costs by improving operational efficiency and achieving economies of scale.

3. Descriptive Statistical Test

Table 6. Descriptive Statistic

	N	Minimum	Maximum	Mean		Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic
ROE_X1	32	-2,14	15,45	4,6034	,78043	4,41476
DER_X2	32	,00	6,26	4,7994	,21023	1,18925
EVA_Y	32	-185.131	822.537	308.963,91	48.682,05	275.387,28
Valid N (listwise)	32					

Source: SPSS Data Processing, 2024

N is 32, EVA (Y) the min.: -185,131, the max.: 822,537, at 2016-2023. The mean: 308,963, 91. Stand. Dev.: 275,387.28, the mean > the standard value so that data deviations are low so the value distribution is even. ROE (X1) from 32 samples shows that the min.: -2.14, the max. 15.45, the mean value for the 2016 - 2023 period is 4.6034, and the standard deviation value is 4.41476, meaning The mean ROE value is greater than the standard value so that data deviations are low so the value is spread evenly. Debt to Equity Ratio (DER) (X2) from 32 samples shows that the min. 0.00, the max: 6.26, the mean value for the 2016 - 2023 period is 4.7994, and the standard deviation value is 1.18925, meaning The mean DER value is greater than the standard deviation value so that data deviations are low so the value distribution is even.

4. Classic assumption test

a. Normality Test

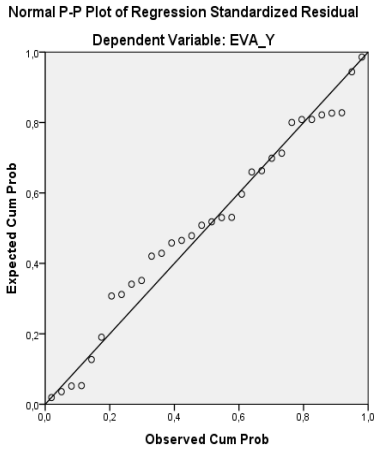

Figure 2. Normal Probability Plot
Source: SPSS Data Processing, 2024

Spread around the

diagonal line, that P-P Plots show a normal dist. Pattern.

b. Multicollinearity Test

Table 7. Multikolinearity

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	ROE_X1	,909	1,100
	DER_X2	,909	1,100

a. Dependent Variable: EVA_Y

Source: SPSS Data Processing, 2024

1) X1: 0.909, > 0.10. The VIF: 1.100 < 10.00 that multicollinearity does not.
2) X2: 0.909, > 0.10. The VIF: 1.100 < 10.00 that multicollinearity does not.

c. Heteroscedasticity Test

Table 8. Heteroskedastisitas

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	253904,387	44874,368		5,658	,060
	ROE_X1	4170,117	2564,381	,251	1,626	,115
	DER_X2	-39376,152	9519,554	-,638	-4,136	,100
a. Dependent Variable: Abs_RES						

Source: SPSS Data Processing, 2024

Based on the results of the heteroscedasticity test via the Glejser test in table 8, it can be seen that Sig. variable ROE (X1) 0.115 and Sig. DER (X2): 0.100, indicating a Sig value. for each variable is more than 0.05 so it can be said that there are no symptoms of heteroscedasticity in the regression model in this study.

d. Autocorrelation Test

Table 9. Auto

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,912[a]	,833	,821	116483,804	1,769
a. Predictors: (Constant), DER_X2, ROE_X1					
b. Dependent Variable: EVA_Y					

Source: SPSS Data Processing, 2024

Based on 9 above, the DW value is 1.769. The value in the Durbin Watson table with k (number of independents) = 2, and n (number of data) = 32 is the value dL = 1.309 and the value dU = 1.574. This is in accordance with the provisions that dL < DW, namely 1.309 < 1.769 and dU < DW < (4-dU), namely 1.574 < 1.769 < 2.426, which indicates that there is no autocorrelation between the residuals.

5. Multiple Linear Regression Analysis

Table 10. Multiple Linear Regression Analysis

Coefficients[a]

Model		Unstand. Coeff.		Stand. Coeff.	t	Sig.
		B	Std. Error	Beta		
1	(Const.)	490713,322	86990,851		5,641	,000
	ROE_X1	59172,670	4971,160	,949	11,903	,000
	DER_X2	-94626,301	18454,057	-,409	-5,128	,000

Source: SPSS Data Processing, 2024

Y = 490713.322 + 59172.670 - 94626.301

The coefficients in the multiple linear regression analysis equation:

a. ROE (X1) and DER (X2) are considered constant, EVA (Y): 490713.322.
b. ROE (X1): 59172.670, which means that every 1% increase in ROE, assum. the other independent variables are considered constant, will increase the EVA (Y): 591.72%.
c. DER (X2): - 94626.301, which means that every 1% increase in DER with the assum. the other independent variables are considered, constant will reduce the EVA (Y): - 946.26%.

6. Hypothesis Test

a. t-test

Table 11. t-test

Coefficients[a]

Model		t	Sig.
1	(Constant)	5,641	,000
	ROE_X1	11,903	,000
	DER_X2	-5,128	,000
a. Dependent Variable: EVA_Y			

Source: SPSS Data Processing, 2024

Based on table 11 above, the influence of each independent variable on the dependent variable is as follows:

1) Sig value. the ROE variable (X1) is 0.000. Because the Sig value. 0.000 < 0.05 then H1 is accepted and Ho is rejected. This means that ROE (X1) has a positive and partially significant effect on EVA (Y).
2) Sig value. the DER variable (X2) is 0.000. Because the Sig value. 0.000 < 0.05 then H1 is accepted and Ho is rejected. This means that DER (X2) has a negative and partially significant effect on EVA (Y).

b. F-test

Table 12. F-test

ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1957497028269,860	2	978748514134,930	72,134	,000[b]
Residual	393485820860,859	29	13568476581,409		
Total	2350982849130,719	31			

a. Dependent Variable: EVA_Y
b. Predictors: (Constant), DER_X2, ROE_X1

Source: SPSS Data Processing, 2024

Based on table 12 above, the Sig. The F test is 0.000. Because the Sig value. 0.000 < 0.05 then H1 is accepted and Ho is rejected. This means that ROE (X1) and DER (X2) have a positive and significant effect simultaneously on EVA (Y).

c. Determination Coefficient Test (Adjusted R2)

Table 13. Determination Coefficient

Model Summary[b]				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	,912a	,833	,821	116483,804
a. Predictors: (Constant), DER_X2, ROE_X1				
b. Dependent Variable: EVA_Y				

Source: SPSS Data Processing, 2024

Based on table 13 above, it is known that the coefficient of determination/R Square value is 0.833 or 83.3%. This means that the ROE (X1) and DER (X2) variables simultaneously influence the EVA (Y) variable by 83.3%. Meanwhile, the remaining 16.7% is influenced by other variables outside of this regression equation.

4.2 Discussion

Based on results test hypothesis with use analysis regression linear double can concluded that:

1. Evaluation of ROE (X1) in assessing EVA (Y)

Based on the Goodness of Fit test results, ROE (X1) has a partially positive and significant effect on EVA (Y). This indicates a high ROE can enhance the net profit generated by BPRS Puduarta Insani, Deli Serdang district. Higher profits contribute to an increased EVA measurement. Typically, a positive EVA value signifies that BPRS Puduarta Insani, Deli Serdang district has successfully created value based on its asset and equity values.

The results of this research are consistent with the Shariah Enterprise Theory (SET) and the Maqashid Syariah Theory which contains responsibility (accountability) in positive EVA values. The greater the net profit, the more added value can be generated with a high positive EVA approach. The primary goal of sharia-compliant financial reports is to provide information on the financial position in order to enhance the Return on Equity (ROE) ratio. This ratio measures BPRS Puduarta Insani, Deli Serdang district ability to generate net profits relative to its equity [20].

2. Evaluation of DER (X2) in assessing EVA (Y)

Based on the Goodness of Fit test results, the DER (X2) has a partially negative effect on EVA. This

indicates that a high DER signifies that the company's own capital is less than its debt, leading to a higher reliance on creditors and an increased debt burden for PT. Sharia People's Financing Bank (BPRS) Puduarta Insani Deli Serdang. If debt exceeds the value of assets or even suffers a loss, the equity value is negative [21]. Decreased equity will cause profits to not be achieved and cause losses to investors EVA is directly related to shareholder prosperity in making investment decisions.

The results of this research are not consistent with the Shariah Enterprise Theory (SET) and Maqashid Syariah Theory which states that there is responsibility (accountability) [22] Generating EVA a positive indicates that BPRS Puduarta Insani, Deli Serdang district has effectively managed its invested capital to produce favorable results [23] added value and can increase the wealth value of asset value and equity value [24]. The basic objective of sharia accounting [25] financial reports which are sharia compliance is to provide information regarding financial position to reduce the DER value to a good DER value [26]. The use of the DER will give rise to debts that must be paid and it is hoped that they will be able to manage the equity they have to pay debts so that they can increase the value of wealth.

5. CONCLUSION AND RECOMMENDATION

5.1 Conclusion

The conclusions that can be drawn in this research are as follows:

1. A high ROE assessment can increase net profit thereby creating wealth value based on asset value and equity value. An increase in equity can improve financial performance based on the added value of positive EVA at BPRS Puduarta Insani, Deli Serdang district.
2. If the DER is high, the debt burden that must be paid will be greater. When debt exceeds the value of assets, it can diminish the equity value. Low equity may result in a negative EVA, which can negatively impact the financial performance of BPRS Puduarta Insani, Deli Serdang district.

5.2 Recommendation

From the conclusions outlined above, the following suggestions are made:

1. For Academics

   It is hoped that academics can use as a reference in developing research, providing broader insight into Financial Ratio Analysis of Economic Value Added. Incorporating additional independent variables can strengthen the results, ensuring that the presence of BPRS Puduarta Insani, Deli Serdang district is supported by healthy competition.
2. For BPRS

   BPRS Puduarta Insani, Deli Serdang district needs to effectively manage its financial reports by focusing on ROE, DER, and EVA to enhance its financial performance. It is essential to use assets and equity more efficiently so that the capital is effectively utilized to generate annual profits based on added value.

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