Jurnal HARMONI, 2 (1) (2023) 67-74
Online ISSN : 2829-730X

Factors Affecting Earning Per Share (EPS) at PT. BANK MANDIRI Tbk Period 2018 - 2021

Rasiman[1], Angga Prasetya[2*], Agung Wibowo[3], M Nur Rizqi[4]
[1,2,3,4] Universitas Ibn Khaldun Bogor, Indonesia

ABSTRACT

This study aims to analyze the factors that influence Earning Per Share at PT Bank Mandiri Tbk. The period 2018 – 2021, which consists of factors that can affect EPS Return On Assets, Return On Equity, Net Interest Margin, Loan To Deposit Ratio, this analysis technique uses eviews V.12 and obtains the result that the four independent variables affect the Earning Press Share simultaneously, this explains. The dominant influence that is owned by the variables Return On Assets (ROA), Return On Equity (ROE), Net Interest Margin (NIM), Loan To Deposit Ratio (LDR), on the company's Earning Per Share (EPS) can be used as a consideration for companies both issuers and investors to predict earnings per share and improve financial performance.
Keywords*: Return On Assets, Return On Equity, Net Interest Margin, Loan To Deposit Ratio, Earning Per Share*

Corresponding author: angga.prasetia046@gmail.com
History of Article: Received: Jan 2023. Revision: April 2023. Published: May 2023.
DOI Prefix 10.32832

Introduction

Financial institutions have a very important role for economic activity. The role of the Bank as a financial institution that is able to collect and distribute public funds effectively. For this reason, managing a bank requires careful planning. The financial performance of a company can be interpreted as a prospect or future, growth potential for good development for the company. Financial performance information is needed to assess potential changes in economic resources, which may be controlled in the future and to predict the productive capacity of existing resources. With the development of the banking world today accompanied by the global financial crisis, the competition between banks is getting tighter. In order to maintain the survival of the bank in the face of intense competition, it is necessary to handle and manage resources properly by the management so that they can produce decisions that support the achievement of company goals in the future. The achievement of the intended goals in a bank is to maximize profits and manage owned capital, maintain productive and non-productive assets owned, and manage public funds properly.

The performance of a company is the result of a series of processes at the expense of various resources. In general, company performance can be seen from management's ability to earn profits. The principle of all business actors is to seek profit and or try to increase their profits. Profit for the company is very necessary because it is beneficial for the survival of the company. Profit is also one element of the financial statements that is more taken into account by investors.

The goal of a company is to maximize the value of the company, especially for the owner. This can be demonstrated by an increase in the company's Earning Per Share (EPS). EPS is the profit available to shareholders, namely net profit after deducting dividend tax and preferred stock dividends (if any) divided by the number of outstanding shares. EPS as a measure of company profitability that can be used as a market consideration for investors in making decisions. An increase in EPS will increase shareholder confidence because the company's ability to create profits increases. Such information will affect the demand and supply of shares in the capital market. Evaluation of financial performance can be done using financial report analysis. Where financial statement analysis can be done using financial ratios. The ratios used to assess the company's financial performance such as liquidity ratios, leverage ratios, activity ratios and profitability ratios.

Ratio analysis also connects the elements of the plan and profit and loss calculation so that it can assess the effectiveness and efficiency of the company so that it can increase the price per share of the company.

Return On Assets (ROA) Ratio, Return On Equity (ROE), Net Interest Margin (NIM), Loan To Deposit Ratio (LDR), Operating Expenses to Operating Income (BOPO) and many other factors. Return On Assets (ROA) is used to measure the ability of bank management to obtain overall profit (profit), the greater the ROA of a bank, the greater the level of profit achieved by the bank and the better the bank's position in terms of asset use. Which can affect the value of the bank's Earning Per Share in the market.

Return On Equity (ROE) shows the ability of bank management to manage available capital to obtain net income. The higher the return on equity the better, meaning that the dividends distributed or reinvested as retained earnings are also getting bigger. The greater the ROE, the Earning Per Share value will also increase.

Net Interest Margin (NIM), which is the ratio between net interest income and outstanding credit, is used to measure the ability of a bank's management to manage its productive assets to generate net interest income. Net interest income is obtained from interest received from loans given minus interest costs from sources of funds collected. The higher the NIM, the more effective the bank is in placing productive assets in the form of credit (Sarifudin, 2018). The higher this ratio, the higher the interest income on productive assets managed by the bank, so that the possibility of a bank in a troubled condition is smaller (Almilia and Herdiningtyas, 2020). With conditions like that can increase the value of Earning Per Share.

Loan To Deposit Ratio (LDR), is a comparison between the total loans extended to the total Third Party Funds (DPK) that can be collected by the bank. LDR will show the level of the bank's ability to distribute third party funds collected by the bank concerned. This ratio illustrates the bank's ability to pay back withdrawals made by depositors by relying on loans as a source of liquidity. The higher the LDR, the lower the bank's liquidity capacity (Dendawijaya, 2020), so that it can affect the Earning Per Share value.

Table 1. Rata-rata EPS

Period	ROA	ROE	NIM	LDR	BOPO	EPS
2018	2.40	22.74	5.48	59.15	73.65	294
2019	2.69	30.26	5.19	52.02	70.72	261
2020	1.47	34.86	5.39	56.89	65.63	406
2021	1.12	25.57	5.29	49.97	67.22	564

Based on Table 1 it shows that the average EPS has increased, but in 2019 it has decreased from 294 to 261, while in 2020 it has increased from 261 to 406. In 2021 it has increased from 406 to 564. This means the price per share the company's shares have increased from year to year, except in 2019 which experienced a decline. thus it can be said that EPS at Bank Mandiri has fluctuated, so that it can still attract investors to buy company shares.

The average ROA was not stable in 2018 and 2019 it has increased, whereas in 2020, 2021. In 2019 it has increased from 2.40% to 2.69%, while in 2020 it has decreased from 2.69% to 1.47%. In 2021 it experienced another decline from 1.47% to 1.12%. Thus ROA at Bank Mandiri can be said to be unstable.

While the average ROE each year shows a trend that has increased and decreased from year to year. In 2018 - 2020 it has increased, in 2018 it was 22.74%, in 2019 it had increased to 30.26%, and in 2020 it had increased from 30.26% to 34.86%. Meanwhile, it decreased in 2021 by 26.35%, and in 2012 it increased again from 2021 by 25.57% to 27.23%.

The average NIM is not stable every year, it changes, namely increases and decreases. In 2018 it was 5.48%, in 2019 it decreased by 5.19%, in 2020 it increased by 5.39%. And in 2021 it will decrease again by 5.29%.

The average unstable LDR from year to year also experiences changes, namely decreases and increases. In 2018 it was 59.15, decreased in 2019 it was 52.02. In 2020 it increased from 52.02 to 56.89, in 2021 it decreased again from 56.89 to 49.97. In 2021 it has decreased quite drastically from 56.89 to 49.97%. This is because in 2021 there will be a global crisis of confidence which will have a negative impact on the banking sector, so that people are afraid and doubtful about saving their funds or entrusting them to banks.

BOPO has fluctuated, as happened in 2019, and 2020 has decreased. In 2021 it will increase from 65.63% to 67.2%. This proves the poor control of operational costs and operating income because the ratio has increased. The smaller this ratio means the more efficient the operational costs incurred by the financial institution concerned so that the possibility of a financial institution being in a troubled condition is getting smaller. But in fact in 2021 the BOPO ratio rose from 65.63% to 67.22%, this proves poor control between operating costs and operating income because the ratio has increased. This increase can occur due to an increase in deposits or quite high labor costs.

Research Method

The research conducted is quantitative and descriptive research because researchers examine the effect of Return on Assets (ROA), Return On Equity (ROE), Net Interest Margin (NIM), and Loan to Deposit Ratio (LDR), on Earning Per Share (EPS) which carried out at Bank MANDIRI Tbk. The period taken is 2018-2021. The factors studied consisted of 4 independent/independent variables as variables (X) to Dependent/bound Variables as variables (Y), namely: Return on Assets (X1), Return On Equity (X2), Net Interest Margin (X3), and Loan to Deposit Ratio (X4), which is thought to have an effect on Earning Per Share (Y).

In this study, the population is Bank MANDIRI's financial ratio report data listed on the IDX during the 2018-2021 period using quarterly data from 2018-2021.

The sample is a subset (subset) of the population unit / part of the population that is expected to represent the research population. Sampling uses Bank Mandiri's quarterly financial reports, because these reports contain details about ROA, ROE, NIM, LDR and EPS so that the data researchers need can be obtained.

The selection of the sample of Bank Mandiri's financial ratios studied was based on the following criteria:

1. Report on Bank Mandiri's financial ratios for 2018-2021
2. Quarterly Financial Ratio Report which is published in the form of a complete audited financial report no later than the end of the third month after the date of the annual financial report.
3. Data for the factors studied are complete, namely Return on Assets, Return On Equity, Net Interest Margin, and Loan to Deposit Ratio to Earning Per Share.

Dependent Variable

The dependent variable in this study is Earning Per Share (EPS). Comparison between net profit after tax deducted by preferred stock dividends and the average number of shares. Which is formulated as follows:

$$\textbf{EPS} = \frac{\textbf{Net profit after tax - preferred stock dividends}}{\textbf{average number of shares}}$$

EPS or earnings per share is the level of net profit for each share that the company is able to achieve when carrying out its operations. Earnings per share are derived from the profits available to common stockholders divided by the average number of common shares outstanding. EPS is the result or income that will be received by shareholders for each share they own for their participation in the company.

Independent Variable

The independent variables in this study are company performance report data in the form of Return on Assets, Return On Equity, Net Interest Margin, Loan to Deposit Ratio,

1. **Return On Assets (ROA)**

Comparison between profit before tax divided by total assets (on average) which is multiplied by 100%. Which is formulated as follows:

$$\text{LENGTH} = \frac{\text{Profit before tax}}{\text{Total assets (average)}} \times 100\%$$

2. **Return On Equity (ROE)**

The comparison between profit after tax divided by core capital (on average) is multiplied by 100%. Which can be formulated as follows:

$$\text{ROE} = \frac{\text{Profit after tax}}{\text{Core capital (average)}} \times 100\%$$

3. **Net Interest Margin (NIM)**

Comparison between interest income minus interest expenses divided by average interest-earning assets, which is multiplied by 100%. Which is formulated as follows:

$$\text{PTI} = \frac{\text{interest income – interest expenses}}{\text{average interest earning assets}} \times 100\%$$

4. **Loan to Deposit Ratio (LDR)**

The ratio between the total loans disbursed divided by the total third party funds multiplied by 100%. Which is formulated as follows:

$$\text{LDR} = \frac{\text{Total Credits granted}}{\text{Total third party funds}} \times 100\%$$

Analysis Techniques

The analysis technique in this study was carried out using multiple linear regression analysis. Before testing with multiple linear regression, classical assumption testing was first carried out which consisted of the data normality test, multicollinearity test, heteroscedasticity test and autocorrelation test.

This study uses a multiple regression analysis model. Multiple regression analysis aims to see the effect between the independent variables and the dependent variable. This test was carried out using the Eviews 8 program. After the regression model was free from classical assumption deviations, the next step was to carry out statistical tests consisting of t-tests and F-tests.

Result

Descriptive statistics

Table 2. Descriptive Statistic

	EPS	LONG	ROE	NIM	LDR
Mean	325.9000	1.651300	3.189000	79.39600	78.72000
Median	189.0390	3.917500	2.215000	81.18500	77.50000
Maximum	800.0000	3.880000	36.650000	6.380000	85.65000
Minimum	174.0000	0.760000	2.760000	3.790000	43.32000
Std. Dev.	0.513610	2.738090	0.319842	5.248660	8.760523

The highest EPS was 8.00 which occurred in 2021, while the lowest value was 174 in 2018. The highest ROA value was 3.88% in 2019, while the lowest value was 0.76% in 2020. The highest ROE value was 36.65% in 2021, while the lowest value was 2.76 in in 2019. The highest NIM was 6.38 in 2020, while the lowest was 3.79% in 2018. The highest LDR was 85.65% in 2019, while the lowest was 43.32% in 2021.

Multiple Linear Regression Analysis

Dependent Variable: EPS
Method: Least Squares
Date: 09/03/14 Time: 09:50
Sample: 2004Q1 2013Q4
Included observations: 40

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	493.5320	444.3815	2.110604	0.0243
LONG	29.16974	27.44680	3.062774	0.0295
ROE	12.02273	3.289527	3.654851	0.0008
NIM	20.21608	61.26586	2.329973	0.0374
LDR	6.626014	2.930039	2.261408	0.0101

R-squared	0.515705	Mean dependent var	325.9000
Adjusted R-squared	0.740357	S.D. dependent var	189.0390
S.E. of regression	138.8688	Akaike info criterion	12.82140
Sum squared resid	674958.8	Schwarz criterion	13.03251
Log likelihood	251.4281	Hannan-Quinn criterion.	12.89774
F-statistic	9.317502	Durbin-Watson stat	0.902181
Prob(F-statistic)	0.000031		

By paying attention to the results of multiple linear regression in the table above, the regression equation is obtained as follows:

$$EPS = 493.5320 + 29.16974ROA + 12.02273ROE + 20.21608NIM + 6.626014LDR$$

Based on the time series data regression equation above, it can be concluded that the dependent variable (earnings per share) will increase by Rp. 493.5320 without being influenced by the four independent variables above, this means that the independent variables which are the object of research are very influential.

Return on Assets (ROA) has an effect on Earning per Share with a value of 29.16974 and is positive, meaning that every 1 unit increase in Return on Assets will affect Earning per Share of Rp. 29.1697. The estimation results are in accordance with the hypothesis which states significant and positive. The results of this study stated that simultaneously Return on Assets had a significant effect on Bank Mandiri's Earning per Share.

Return On Equity (ROE) affects Earning per Share with a value of 12.02273 and is positive, meaning that every 1 unit increase in Return On Equity will affect Earning per Share of Rp. 12.02273.

The estimation results are in accordance with the hypothesis which states significant and positive. The results of this study state that simultaneously Return On Equity has a significant effect on Bank Mandiri's Earning per Share.

Net Interest Margin (NIM) affects the value of 20.21608 and is positive, meaning that every increase of 1 unit of Net Interest Margin will have an effect of Rp. 20.21608 Earning per Share bank Mandiri. The estimation results stated significant and positive.

The Loan to Deposit Ratio (LDR) has an effect on Earning per Share with a value of 6.626014 and is positive, meaning that every increase of 1 unit of Loan to Deposit Ratio will affect Earning per Share of Rp. 6. 626014. The estimation results are in accordance with the hypothesis which states significant and positive. The results of this study state that simultaneously the Loan to Deposit Ratio has a significant effect on Bank Mandiri's Earning per Share.

Partial Regression Test (t test)

The t-test aims to determine the effect of the independent variables consisting of Return on Assets, Return On Equity, Net Interest Margin, and Loan to Deposit Ratio on Bank Mandiri's Earning per Share partially. The independent variable can be said to have a significant effect on the dependent variable if the Sign Probability <0.05.

Based on the table above, the t test (partially) between:

a. Return On Assets (ROA) terhadap Earning Per Share (EPS)

Return on Assets (ROA) has a probability value of 0.0295, thus 0.0295 <0.05. The results of this study state that Return On Assets (ROA) has a partially significant effect on Bank Mandiri's Earning Per Share (EPS).

b. Return On Equity (ROE) terhadap Earning Per Share (EPS)

Return on Equity (ROE) has a probability value of 0.0008, thus 0.0008 <0.05 The results of this study state that Return On Equity (ROE) has a partially significant effect on Earning per Share of Bank Mandiri.

c. Net Interest Margin (NIM) terhadap Earning Per Share (EPS)

Net Interest Margin (NIM) has a probability value of 0.0374, thus 0.0374 <0.05 The results of this study state that the Net Interest Margin (NIM) has a partially significant effect on Bank Mandiri's Earning per Share.

d. Loan to Deposit Ratio (LDR) terhadap Earning Per Share (EPS)

The Loan to Deposit Ratio (LDR) has a probability value of 0.0301, thus 0.0301 <0.05 The results of this study state that the Loan to Deposit Ratio (LDR) has a partially significant effect on Bank Mandiri's Earning per Share (EPS).

Refrence

Mangkunegara, 2017. Human Resource Management, Bandung, Rosdakarya Youth
Nitisemito S, 2020. Personnel Management, Jakarta, Ghalia
Bacal, Robert, 2005. Performance Management. Translated by: Surya Dharma & Yanuar Irawan. PT. Main Library Gramedia. Jakarta
Handari Nawawi, 2016. Personnel Administration for Increasing Work Productivity, Jakarta, Hajimasagung
Henry Simamora, 2018. Human Resource Management. Yogyakarta, STIE YPKN.
Imam Ghozali, 2019. Application of Multivariate Analysis with the SPSS Program. Semarang: B-P UNDIP
Robbins, 2017. Organizational Behavior, Prehalindo
Sugiyono, 2017. Administration Research Methods. Alphabet. Bandung.