

The Effect of Earning Per Share, Economic Value Added and Residual Income on Stock Return of Metal and Mineral Mining Companies In Indonesia Stock Exchange

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Abstract— This study aims to determine and analyze: (1) whether earning per share, economic value-added, and residual income affect stock returns of Metal and Mineral Mining Companies on the Indonesia Stock Exchange. (2) whether earning per share affect stock returns of Metal and Mineral Mining Companies on the Indonesia Stock Exchange. (3) whether Economic value-added affects stock returns in Metal and Mineral Mining Companies on the Indonesia Stock Exchange. (4) whether Residual income affects stock returns of Metal and Mineral Mining Companies on the Indonesia Stock Exchange.

The results of this study indicate that: (1) Earning per share, economic value added, and residual income variables simultaneously have a significant effect on stock returns of Metal and Mineral Mining Companies on the Indonesia Stock Exchange. (2) Partially, Earnings per share have a positive and significant effect on stock returns of Metal and Mineral Mining Companies on the Indonesia Stock Exchange. (3) Partially, economic value added has a positive and insignificant effect on stock returns of Metal and Mineral Mining Companies on the Indonesia Stock Exchange. (4) Partially Residual income has a positive and insignificant effect on stock returns of Metal and Mineral Mining Companies on the Indonesia Stock Exchange.

Index Terms— Earning per share, Economic Value Added, Residual income, and Stock Return.

1 INTRODUCTION

Capital market activities are getting wider and growing within the community so that it has become the attention of many parties, especially the business community who are looking for sources of business financing other than banks. A company can issue shares and sell them in the capital market to get the needed funds without having to pay a fixed interest expense. Through the capital market, funds can be obtained in large amounts compared to funds obtained from banks. The capital market has an important role in the country's economy because the fundamental role of the capital market is as a source of financing for the business world and an investment facility for the community.

The capital market is one of the facilities to channel funds from lenders (parties who have excess funds) to borrowers (parties who need funds) (Utami, 2014). The development of a fairly broad capital market makes investors interested in investing to get a return so that borrowers (parties who need funds) can easily get funds from investors to develop their companies.

The up and down movement of stock returns from a publicly-traded company is a common phenomenon that is often seen on the stock exchange. The factors that affect the stock price (return), both individual stock prices and joint-stock prices, are internal factors and company external factors.

The declining financial performance of the company has an impact on the decline in company profits. The stock price fell in line with the decline in the company's financial performance and profit. With the price of mining commodities on the international market falling, the financial performance of the sector has decreased. The decline in mining commodity prices is due to demand which is expected to continue to weaken in line with global economic conditions. When world commodity prices fall, there is a fluctuation in the price of mining goods which is regulated by the global price mechanism, with the global price-setting for mining goods, companies cannot determine the price of their mines, causing mining companies to suffer losses and share prices decline. Prices of mining commodities such as aluminum, nickel, and tin

showed a significant decline. The mining sector oversees several sub-sectors, including the Coal sub-sector, Oil, and Gas sub-sector, Coal sub-sector and Metals and Minerals sub-sector. Of the four sub-sectors, the Metals and Minerals sub-sector has the lowest stock return among other sub-sectors.

The following is data on the phenomenon of the development of average stock returns in Metal and Mineral Mining sector companies on the Indonesia Stock Exchange for the period 2015 to 2018:

Table 1. Development of Average Stock Return of Metal and Mineral Mining Sector Companies on the Indonesia Stock Exchange for the 2015-2018 Period

| Companies | Stock Return (fold) | | | |
|----------------|---------------------|---------------|---------------|----------------|
| | 2015 | 2016 | 2017 | 2018 |
| ANTM | 1,0725 | 1,2378 | 8,1668 | -0,3624 |
| CITA | -0,0500 | 0,1842 | 5,6667 | -0,8080 |
| PSAB | 0,1803 | 0,9583 | 2,4043 | -0,4250 |
| SMRU | 0,6265 | 0,0519 | 0,4507 | -0,6369 |
| TINS | -0,1229 | 1,4313 | 5,4859 | -0,9624 |
| INCO | 0,1385 | 1,3574 | 2,1048 | -0,9799 |
| DKFT | 0,5556 | 1,4714 | 0,2139 | 0,1667 |
| Average | 0,3429 | 0,9560 | 3,4990 | -0,5725 |

Source: Secondary data, processed 2021

Based on Table 1.1, it can be seen the development of the average stock return of metal and mineral mining companies during the 2015-2018 period. In 2016 the company's stock returns increased by an average of 0.9560 times or 95.6% from 0.3429 times or 34.2% in 2015 and increased again in 2017 with an average of 3,4990 times or 349.9%. The increase in the company's stock return is caused by the increase in the company's stock price which causes the company's stock return to also increase. In 2018 the company's stock return decreased by an average of -0.5725 times or -57.2%. The decrease was due to the decline in stock prices in 2018 so that the company's stock returns also decreased. The stock return rate is calculated based on capital gain (loss), namely the gain or loss based on the closing stock price of the current period with the previous period.

Several studies have examined the effect of financial performance variables on stock returns, but the results are not always significant. Setiyono's research (2016) proves that EPS has a significant positive effect on stock returns. Aisah (2016) proves that EPS has a negative effect. Meanwhile, research by Wijaya (2014) and Karim (2015) proves that EPS does not effect on stock returns. Waluyo's research (2005) shows that EVA has a significant relationship with stock returns. In contrast to the research of Pradhono (2004) shows that EVA does not have a significant effect on stock returns. While research by Dewanto (2005) shows that EVA has a positive relationship to stock returns but is not significant.

Subsequent research by Fibriyantini and Handoko (2013) shows that residual income has no significant effect on stock returns. However, it is different from the research conducted by Tiswiyanti (2011) which shows that residual income has a positive and significant effect on stock returns. While the results of research by Pradhono and Christiawan (2004) show that residual income has a negative and significant effect on stock returns.

From the studies that have been carried out by various previous researchers, there are still differences in the findings of the research results (research gap) from previous studies regarding the variables of the company's financial performance that affect stock returns. Based on differences in research findings (research gap) from previous studies, thus providing an opportunity or gap for further research to be carried out.

2. LITERATURE REVIEW

2.1. Earnings Per Share (EPS)

Earning per share or earnings per share is the profit per share given by the company to shareholders from each share owned (Fahmi, 2012). According to Sutrisno (2009) earnings per share is a measure of the company's ability to earn profits per shareowner.

Mathematically, earnings per share can be formulated as follows (Eduardus Tandelilin, 2010):

$$EPS = \frac{\text{"Net profit after tax"}}{\text{"Number of shares outstanding"}}$$

The factors causing the increase in earnings per share are (Brigham & Houston, 2010):

- Net income increases, the number of shares outstanding remains constant.
- Net income increases and the number of shares outstanding decreases or decreases.
- Net income and number of shares outstanding increased but the company was still able to get a significant increase in net income.
- The percentage decrease in net income is greater than the increase in the number of ordinary shares outstanding.
- The percentage decrease in the number of overtime shares outstanding is greater than the percentage decrease in net income.

2.2. Economic Value Added (EVA)

According to Brigham & Houston (2010), Economic value added is a measure of the economic added value produced by a company as a result of management activities or activities. According to Kamaludin (2011) said that EVA is a tool to measure managerial financial performance in a certain year.

Economic Value Added can be calculated using the following formula (Suratno, 2006):

$$EVA = NOPAT - \text{capital charges}$$

According to Sakir (2009) EVA assessment can be stated as follows:

- a. If $EVA > 0$, it means that the EVA value is positive which indicates that the value-added process has occurred in the company.
- b. If $EVA = 0$ indicates a break-even position or Break Event Point.
- c. If $EVA < 0$, it means that EVA is negative indicating that there is no added value.

2.3. Residual Income (RI)

Residual income is the profit generated above the target return on investment in a profit center. Residual income describes the performance as the total of the remaining profit after deducting the cost of invested capital. Therefore, investors are more interested in investing in shares in companies that offer the amount, stability, and growth rate of the income they will receive (Mulyadi, 2003). According to Yudhira (2008), residual income is residual income that shows the excess value of net income above its normal value.

A positive residual income indicates an excess of profit from that required by creditors and owners of capital, which means it is wealth for residual claimants, namely shareholders. On the other hand, negative residual income means a decrease in shareholder wealth (Pradhono and Christiawan, 2004).

Residual Income can be obtained by subtracting the cost of capital from operating profit so that it can be seen the net return obtained by the investment center on the minimum rate of return on operating assets. Residual Income can be calculated using the following formula (Sartono, 2011):

$$RI = NOPAT - (WACC \times \text{Own Capital})$$

2.4. Stock Returns

Return is the result obtained from the investment. While shares are proof of ownership of the assets of the company that issued the shares. By owning shares of a company, investors will have rights to the company's income and wealth, after deducting the payment of all company obligations (Fahmi, 2012). According to Agus (2012) in investing in stocks, an investor always expects a return or profit. Stock return is the level of profit obtained by investors on the results of their stock investments.

The stock return component as stated by Tandelilin (2010) says that stock return consists of:

- a. Capital gain (loss) is an increase (decrease) in the price of a stock that can provide a profit (loss) for investors.
- b. Yield is a return component that reflects the cash flow or income obtained periodically from a stock investment. Examples of yields are deposit interest, bond interest, and dividends.

Stock returns can be calculated by the following equation (Jogiyanto, 2014):

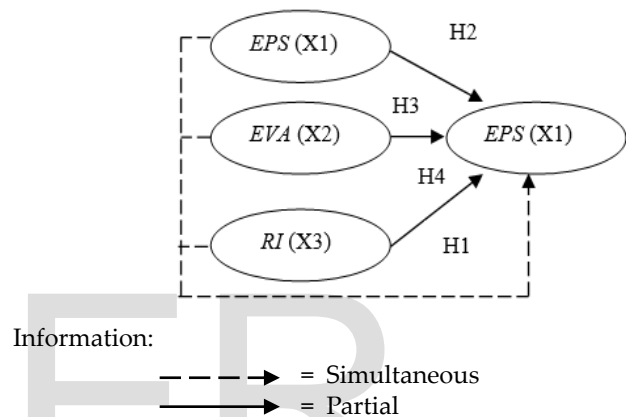
$$\text{"Stock returns"} = \frac{Pt - (Pt-1)}{Pt-1}$$

3 CONCEPTUAL FRAMEWORK AND HYPOTHESES

3.1 Conceptual Framework

This conceptual framework was created to provide an overview of the relationship of each variable to be observed, namely, the earning per share variable (X1), economic value-added variable (X2), residual income variable (X3), and stock return variable (Y). The conceptual framework built in this research can be described as follows: Based on the framework of the flow of thought above, the researchers developed a conceptual framework in this study as presented in Figure 1. following:

Figure 1. Conceptual Framework



3.2 Research Hypotheses

The hypotheses proposed in this study are:

- H1. Earning per share, economic value-added, and residual income simultaneously have a positive and significant effect on stock returns of Metal and Mineral Mining Companies on the Indonesia Stock Exchange.
- H2. Earning Per Share (EPS) has a positive and significant effect on stock returns of Metal and Mineral Mining Companies on the Indonesia Stock Exchange.
- H3. Economic Value Added (EVA) has a positive and significant effect on stock returns of Metal and Mineral Mining Companies on the Indonesia Stock Exchange.
- H4. Residual Income has a positive and significant effect on stock returns of Metal and Mineral Mining Companies on the Indonesia Stock Exchange.

4. RESEARCH METHOD

Population and Sample

The objects in this study are Earning Per Share (EPS), Economic Value Added (EVA), residual income as an independent variable, and stock returns as the dependent variable in Metal and Mineral Mining sector companies listed on the Indonesia Stock Exchange.

The population of this study is all companies that are members of the metal and mineral mining sector listed on the Indonesia Stock Exchange during the 2015-2018 period as

many as 10 companies. To get the desired sample, the sampling method used is a sampling technique using purposive sampling. The criteria used are:

1. Metal and mineral mining sub-sector companies that are active and listed on the Indonesia Stock Exchange (IDX) for the 2015-2018 period.
2. Companies that had an IPO before the year of the study period.
3. Companies that have complete data in the form of stock prices, number of outstanding shares, and all data concerning the variables used in this study.

This study uses quantitative data types. Quantitative data is research data that emphasizes numerical data (numbers) processed by statistical methods (Azwar, 2007). The source of data used in this research is secondary data with a panel data type. The data used uses data from the company's annual reports, especially the financial statements of Metal and Mineral Mining companies listed on the Indonesia Stock Exchange which were published in 2015-2018.

Data analysis method

Panel Data Regression Analysis

This research uses panel data regression analysis method with data processing analysis tool Eviews software. The general model of the regression equation which is a combination of cross-section data and time-series data is as follows (Baltagi, 2005):

$$Y_{it} = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \dots + \beta_n X_{nit} + e_{it}$$

Information:

- Y_{it} : Dependent variable
- α : Constant
- β : Regression coefficient
- X_{it} : Independent variable
- i : individual to $-i$
- t : Period $-t$
- e_{it} : Error

Hypothesis testing

To test the proposed hypotheses, it is necessary to use regression analysis through t-test and F-test.

F-Test (Simultaneous)

The F-test is used to determine whether or not there is a significant effect of all independent variables used together on the dependent variable.

t-Test (Partial)

The t-test was conducted to determine the partially significant level between each independent variable (independent variable) and the dependent variable (dependent variable), then the hypothesis must be tested by t-test at a significant level of = 5% in two directions (two tails)). In this study, a significant value was set at 0.05 or 5%.

Coefficient of Determination (R²)

The coefficient of determination test is used to determine whether the independent variable used in a regression model of a study dominantly affects the dependent variable.

5. RESEARCH RESULTS AND DISCUSSION

5.1 Research Results

Estimation Model Selection Method

The Chow test is used to determine whether the Common Effect or Fixed Effect model is more appropriate. The Chow test is carried out with the following hypothesis:

H0: Common Effect Model

Ha: Fixed Effect Model

The rules for concluding are as follows:

- 1) If the probability for Cross-Section F < 0.05 then H0 is rejected and Ha is accepted so that the correct model is Fixed Effect, and continued with Hausman test to choose whether to use Fixed Effect or Random Effect.
- 2) If the probability for Cross-Section F > 0.05, then H0 is accepted, so that the appropriate model used is the Common Effect model.

The following are the results of the Chow Test

Table 2. Chow Test Results

| Redundant Fixed Effects Tests | | | |
|----------------------------------|-----------|--------|--------|
| Equation: Untitled | | | |
| Test cross-section fixed effects | | | |
| Effects Test | Statistic | d.f. | Prob. |
| Cross-section F | 1.436773 | (6,18) | 0.2551 |
| Cross-section Chi-square | 10.956823 | 6 | 0.0897 |

Source: Data Processed with Eviews 10

The results of the test with the Chow test above can be seen the results that the probability value of Cross-Section F is 0.2551 > 0.05, meaning that H0 is accepted. Thus Ha is rejected, H0 in the Chow test is the Common Effect Model, then according to the Chow test the appropriate model for the panel data test is the Common Effect Model. Testing with the Random Effect Model was not carried out because the number of panel data was less than 100, so this condition was not possible to perform the Lagrangian Multiplier Test.

Panel Data Regression Analysis

Based on the selection of the estimation model above, the Common Effect Model is the most suitable model to be used in this study. The following is the output of data processing for panel data regression of Metal and Mineral Mining Sector companies listed on the Indonesia Stock Exchange 2015-2018:

Table 3. Panel Data Regression Results

| |
|-----------------------------|
| Dependent Variable: Y |
| Method: Panel Least Squares |
| Date: 03/09/21 Time: 15:08 |
| Sample: 2015 2018 |
| Periods included: 4 |

Cross-sections included: 7
Total panel (balanced) observations: 28

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|----------|-------------|------------|-------------|--------|
| X1 | 0.000921 | 0.000486 | 1.895699 | 0.0201 |
| X2 | 1.545658 | 1.961945 | 0.078782 | 0.9379 |
| X3 | 1.872905 | 1.178031 | 1.589861 | 0.1250 |
| C | 0.601476 | 0.531415 | 1.131839 | 0.2689 |

| | | | |
|--------------------|-----------|-----------------------|----------|
| R-squared | 0.259245 | Mean dependent var | 1.056352 |
| Adjusted R-squared | 0.166651 | S.D. dependent var | 2.124509 |
| S.E. of regression | 1.939421 | Akaike info criterion | 4.294219 |
| Sum squared resid | 90.27247 | Schwarz criterion | 4.484534 |
| Log likelihood | -56.11907 | Hannan-Quinn criter. | 4.352401 |
| F-statistic | 2.799797 | Durbin-Watson stat | 2.428832 |
| Prob(F-statistic) | 0.041656 | | |

Source: Data Processed with Eviews 10

Based on the table above, the panel data regression equation is obtained as follows:

$$\text{Stock returns} = 0,601476 + 0,000921X1 + 1,545658X2 + 1,872905X3$$

Hypothesis Test Results

F-Test (Simultaneous Testing)

Testing this hypothesis is done by comparing the value of F-count with F-table and the coefficient of determination (R^2) at a set probability level (0.05) to know the magnitude of the effect of EPS, EVA, and Residual Income simultaneously on Stock Return of Metal Mining Sector Companies and Minerals on the Indonesia Stock Exchange.

Table 4. F-Test Results

| | | | |
|--------------------|-----------|-----------------------|----------|
| R-squared | 0.259245 | Mean dependent var | 1.056352 |
| Adjusted R-squared | 0.166651 | S.D. dependent var | 2.124509 |
| S.E. of regression | 1.939421 | Akaike info criterion | 4.294219 |
| Sum squared resid | 90.27247 | Schwarz criterion | 4.484534 |
| Log likelihood | -56.11907 | Hannan-Quinn criter. | 4.352401 |
| F-statistic | 2.799797 | Durbin-Watson stat | 2.428832 |
| Prob(F-statistic) | 0.041656 | | |

Source: Data Processed with Eviews 10

Based on the results of multiple linear regression analysis in the table of analysis results above, it can be seen that the p-value of the F test = 0.041 < 0.05. If the p-value is less than the critical limit, for example, 0.05, then it accepts H1 or which means that EPS, EVA, and residual income simultaneously or together have a significant effect on stock returns of Metal and Mineral Mining Sector Companies on the Indonesia Stock Exchange.

t-test (Partial Test)

The results of the partial test (t-test) were carried out by comparing the probability value (P=value) with the alpha

value ($\alpha = 0.05$) with a 95% confidence level. The results of testing this hypothesis can be seen in table 5. below:

Table 5. t-test results

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|----------|-------------|------------|-------------|--------|
| X1 | 0.000921 | 0.000486 | 1.895699 | 0.0201 |
| X2 | 1.545658 | 1.961945 | 0.078782 | 0.9379 |
| X3 | 1.872905 | 1.178031 | 1.589861 | 0.1250 |
| C | 0.601476 | 0.531415 | 1.131839 | 0.2689 |

Source: Data Processed with Eviews 10

Based on the results of the t-test analysis above, it can be concluded that partially for each independent variable, namely EPS, EVA, and residual income, they have different effects on stock returns, where EPS has a significant effect on stock returns. While EVA and residual income do not have a significant effect on stock returns.

Coefficient of Determination (R^2)

The magnitude of the relationship between EPS, EVA, and residual income on stock returns of Metal and Mineral Mining companies listed on the Indonesia Stock Exchange in 2015-2018 can be shown by the coefficient of determination. Based on table 4 above, the coefficient of determination can be seen in the Adjusted R-Square, which is 0.166651 or 16.665%, meaning that the EPS, EVA, and residual income variables can explain the stock return variable of 16.665%. While the remaining 83.335% is explained by other factors that were not examined in this study. By paying attention to the size of the Adjusted R-Square of 16.665%, which means that the level of the relationship between EPS, EVA, and residual income variables on stock returns is not strong enough. The results of R^2 explain the ability of the independent variables to the dependent variable is very low and limited.

5.2 Discussion

Simultaneous Discussion

Stock return is the investment result in the form of capital gain, which is the difference between the current period's stock price and the previous period's stock price. Based on the results of the analysis of Earning Per Share (EPS), Economic Value Added (EVA), and residual income on stock returns using panel data regression analysis, it is proven that Earning Per Share (EPS), Economic Value Added (EVA) and residual income simultaneously have a significant effect. on stock returns of companies in the metal and mineral mining sector in 2015-2018 based on table 5.9 where the p-value F-test = 0.041 < 0.05 then H0 is rejected and H1 is accepted, so it can be concluded that the results of testing the first hypothesis (H1) which states that Earning Per Share (EPS), Economic Value Added (EVA) and residual income simultaneously have a significant effect on acceptable stock returns. The results of this

study are relevant to the research of Elok Puji Rahayu (2017), which found that earnings per share, residual income, and economic value added together have a significant effect on stock returns.

Partial Discussion

Effect of Earning Per Share (EPS) on Stock Return

Based on the results of the regression analysis that has been carried out, the regression coefficient value is 0.000921, the t-count value is 1.89, and the significant probability is 0.02 which is smaller than the significant level set = 0.05. The relationship between EPS and stock returns can be seen in the regression coefficient, which is 0.000921, which means that there is a positive relationship between EPS and stock returns. This shows that if the EPS variable increases by 1 unit and the other independent variables are assumed to be constant, then the dependent variable stock returns will increase by 0.000921 units.

The results of the significant probability of EPS $0.02 < 0.05$ then H_0 is rejected and H_1 is accepted, so it can be concluded that the results of testing the second hypothesis (H_2) are accepted, which states that EPS has a positive and significant effect on stock returns. The results of the proof of the hypothesis show that an increase in EPS can increase stock returns and even increase the value of stock returns. The results of this study are relevant to the research of Gilang and I Ketut (2015), who found that earnings per share have a positive and significant effect on stock returns.

Effect of Economic Value Added (EVA) on Stock Return

Based on the results of the regression analysis that has been carried out, the regression coefficient value is 1.5456, the t-count value is 0.07, and the significant probability is 0.93 which is greater than the significant level set = 0.05. The relationship between EVA and stock returns can be seen in the regression coefficient, which is 1.5456, which means that there is a positive relationship between EVA and stock returns. This shows that if the independent variable EVA increases by 1 unit and other variables are assumed to be constant, then the stock return variable will increase by 1.5456 units. The result of EVA significant probability $0.93 > 0.05$ then H_0 is accepted and H_1 is rejected, it can be concluded that economic value added has a positive and insignificant effect on stock returns so that the third hypothesis statement (H_3) is rejected.

Economic value-added has no significant effect on stock returns due to a lack of understanding of investors regarding the calculation and benefits of EVA in making investment decisions. EVA in Indonesia has not been widely used as a measure of company performance by business people. EVA is more used as a basis for making internal company decisions. Another factor that causes EVA does not have a significant effect on stock returns is the complexity of calculating EVA, the company's EVA value is not directly available in the company's financial statements, to calculate EVA takes a lot of data, especially for accounting adjustments and notes on financial statements or other sources so that from the calculation of EVA, very complicated capital market participants face time constraints to make investment decisions based on EVA. The

results of this study are relevant to the research of Putu Vito (2015), which found that economic value added had a positive and insignificant effect on stock returns.

Effect of Residual Income (X3) on Stock Return

Based on the results of the regression analysis that has been carried out, the regression coefficient value is 1.872905, the t-count is 1.58, and the significant probability is 0.12 which is greater than the significant level set = 0.05. The relationship between residual income and stock returns can be seen in the regression coefficient, which is 1.872905, which means that there is a positive relationship between residual income and stock returns. This shows that if the independent variable residual income increases by 1 unit and other variables are assumed to be constant, then the dependent variable stock returns will increase by 1.872905 units. The result of significant probability of residual income $0.12 > 0.05$ then H_0 is accepted and H_1 is rejected, it can be concluded that residual income has a positive and insignificant effect on stock returns so that the fourth hypothesis test (H_4) is rejected.

The results show that residual income has no significant effect on stock returns because residual income which is the company's residual income shows the management's ability to manage company assets to generate profits (return), but from several samples, there are several companies whose residual income value is negative every year. thus indicating that management is not able to manage the company's assets which means the company is not able to generate profit (return). The results of this study are relevant to the research of Fibriyantini and Handoko (2013), who found that residual income had no significant effect on stock returns.

Research Limitations

Limitations in this study are:

1. This research is only limited to relatively short observations, namely for 4 consecutive years from 2015-2018.
2. There are limitations in testing the variables used to increase stock returns because there are many other factors that affect stock returns such as company size, stock beta, market prices, and others.
3. The imperfection of this research is due to the limitations of the author, both from the limitations of time and the ability of the researchers themselves.

6. Conclusions and Suggestions

6.1 Conclusion

Based on the results of research analysis and discussion of Earning Per Share (EPS), Economic Value Added (EVA) and residual income variables that affect stock returns of Metal and Mineral Mining Sector Companies listed on the Indonesia Stock Exchange, the following conclusions can be drawn:

1. Simultaneously the Earning Per Share (EPS), Economic Value Added (EVA) and residual income variables have a significant effect on stock returns of Metal and Mineral Mining Sector Companies listed on the Indonesia Stock Exchange.
2. Partially Earning Per Share (EPS) has a positive and

significant effect on Stock Return of Metal and Mineral Mining Sector Companies listed on the Indonesia Stock Exchange.

3. Partially Economic Value Added (EVA) has a positive and insignificant effect on Stock Return of Metal and Mineral Mining Sector Companies listed on the Indonesia Stock Exchange.
4. Partially residual income has a positive and insignificant effect on Stock Return of Metal and Mineral Mining Sector Companies listed on the Indonesia Stock Exchange.

6.2 Suggestions

Based on the conclusions above, the suggestions that can be submitted are as follows:

1. Advice for companies\
 - a. Companies can increase sales and reduce costs so that company profits will continue to increase. Increased company profits will affect the increase in company earnings per share which also affects the company's stock returns.
 - b. To increase EVA, companies must keep their profits stable and pay attention to the cost of capital by managing the cost of capital and debt from each type of fund used and their proportion in the capital structure so as to create added value for the company.
 - c. To increase the residual income, the company is expected to be able to stabilize the cost of capital by minimizing the level of the cost of capital, so that the company can get maximum profit.
2. For Investors
It is recommended that investors before investing in a company are expected to see how the condition of the company is by evaluating the company's financial performance. Companies with declining profits will make the company use a lot of debt to increase the value of the company.
3. For further researchers
Further researchers are advised to use indicators of measuring earnings per share variables such as net income and indicators of measuring economic value added variables such as capital structure which will affect stock returns.

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