

**FINANCIAL PERFORMANCE ANALYSIS BASED ON ECONOMIC VALUE
ADDED (EVA) AND MARKET VALUE ADDED (MVA)
(CASE STUDY ON PT. HOTEL SAHID JAYA INTERNATIONAL Tbk)**

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This case study valuing financial performance of PT. Hotel Sahid Jaya International used economic value added (EVA) and market value analysis (MVA) as the measurement tools of finance performance, based on five years financial statement consolidation of PT. Hotel Sahid Jaya International Tbk that collected from *Galeri Investasi* Economic and Business Faculty of Brawijaya University that cover the financial report of hotel Sahid Jaya from all location around Indonesia. The results showed that the company's financial performance as measured by economic value added and market value added in PT. Hotel Sahid Jaya International Tbk are both positive. It indicates that the firm's financial performance is efficient as the NOPAT score is higher than their cost of capital and the firm's financial performance is efficient and can give wealth value added for their shareholders. But the problem is the shareholder's wealth value always decreases every years followed by the decrease of the share price. The result of this research can be used as a consideration for the target investor to invest their money in hotels business. For a manager, this research may help them to evaluate their firm performance and for decision making process.

Keywords : Economic Value Added, Market Value Added, Financial Performance,

I.Introduction

Indonesia tourism industry has more value from the wealth of nature and culture that can be marketable to show up the value of Indonesia in worldwide. Based on Fateme, there are two basic ways for a community or a business to increase revenues from tourism, such as by either increasing the number of visitors or increasing the amount of money visitor spends. Therefore, local chambers of commerce have devoted much of their resources to attract more visitors to the tourist area that may have limited visitor accommodations, attracting day visitors may be the most effective strategy to pursue. (Ardahaey, 2011)

The number of overseas visitor increases significantly in each years. In 2014 the number of visitor reaches 9.44 that number increases 7.19 percent from 2013 record that is only in 8.80. This

number indicates that Indonesia is an attractive destination for vacation. Similarly, the national tourist number always grows from 2009-2013. In 2013, the number of national tourist increases 9.07 percent from 7.45 to 7.97 conducting trip around the country (KEMENPAR,2015). If the number of visitor always increases, the government and business man should prepare kind of accommodation that is offered to them to help all visitors fulfilling their need and want. The growing number of visitor in Indonesia is reflected in the following table from BPS below.

Tourism industry has donated a high number of income for national foreign exchange in last five years as this always increases from 2010 at 7.603,45 and increases significantly in 2014 to

11.166,13. Tourism industry is always in top 5 highest position of foreign exchange contributor. (NERPANAS,2015) This fact poses good impact on many aspect to the government, economic and society. At least, maximizing all aspect in tourism Industry

should attract more visitors and open more employment opportunities to reduce the number of unemployment in Indonesia.

The researcher choose to measure hotels performance because accommodation as second largest sector in tourism industry will be developed more to attract more visitor. If the performances of hotels are good that will give big impact in many aspect and attract more investor to invest their money in Indonesia tourism industry. Hotel is also as interesting investment for a big corporation that has many sub aspect control responsible for showing professional performance and good quality.

Hotel with good performance expands their business by opening franchise. Many hotels opens branch as their expanding strategy. For an example is the Sahid Jaya Hotel which has many branch around Indonesia. That is why this industry is very interesting for investor.

In order to produce great analysis and support on the decision making process of investing, the researcher chooses Economic Value Added and Market Value Added analysis as the financial performance analysis process tool. Because financial performance is used to measure the achievement and tackling the obstacle in the past and the future. All information in financial performance can help the business to make some efficiency strategy to indicate their potential strength and predict their future risk. So that they can directly create a good strategy to anticipate and to reduce their future risk.

II. Literature Review

Financial performance analysis is the process of determining the operating and financial characteristics of a firm from accounting and financial statements. The goal of such analysis is to determine the efficiency and performance of firm's management, as reflected in the financial records and reports. The analyst attempts to measure the firm's liquidity, profitability and other indicators that the business is conducted in a rational and normal way; ensuring enough returns to the shareholders to maintain at least its market value.(Bhunia, Mukhuti, Roy, and Chand, 2011: 270)

Financial performance is used by a business to measure the achievement and obstacle at past time and the future time. All information in financial performance can help the business to make some efficient strategy, in order to analyze their potential strength and predict their future risk, that they can directly create strategy anticipate to reduce their future risk

The analysis steps in measuring financial performance are; measuring Cost Of Capital, measuring Net Operating Profits After Taxes, measuring Weighted Average Cost Of Capital, calculating Economic Value Added, and calculating Market Value Added.manipulate the buying decisions and purchase intensions

