MEASURING THE EFFECT OF SELECTED INDONESIAN ECONOMIC INDICATORS AND VALUE BASED MANAGEMENT TOWARDS THE PERFORMANCE OF CONSUMER GOODS INDUSTRY LISTED IN IDX PERIOD 2013-2016

UNDERGRADUATE THESIS PROPOSAL

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Submitted to fulfill the requirement
of the undergraduate degree program

Department of International Business Administration
Faculty of Business & Social Sciences

BSD City, Serpong, Tangerang, Indonesia
May 2018

APPROVAL PAGE

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CHAPTER I

INTRODUCTION

I.1.   BACKGROUND

Most of the business success in a country is due to an economic and social climate that allows businesses to operate freely. People are free to start a business anywhere and have the same freedom to fail. The freedom to fail and start motivates people again to try until they succeed because of the rewards which are often enormous. Any changes in economic or political systems in a country have a major impact on the success of the business system. Economics is the study of how people choose to use the resources to produce goods and services and distribute them for consumption among diverse groups and individuals competing (Maulida, 2015). High economic growth can increase the profitability of the company, this means that changes in macroeconomic conditions will affect the performance of the company. In addition to economic conditions, factors such as inflation, unemployment, and government policies also become one of the factors that affect the performance of the company.

The development of the times resulted in changes in the business environment that ultimately led to competition in an increasingly stringent industry. If in the past the producers were in control, but now with the increasingly open information and economic revolution, the borders between countries and regions are increasingly disappearing so that consumers are increasingly dominating the market and can freely determine the type, place of acquisition and price of desired products and services. This causes the industries to compete to be the main one in meeting the needs and desires of consumers. In terms of competition, economic globalization not only increases the number of competitors in the market, but also leads to variations in market competition, only good performing companies can succeed in creating long-term benefits. By looking at the current condition of the Indonesian market and the need for anticipatory action in the face of existing changes, the company needs to pour a strategy in running its business in order to continue to survive in an increasingly competitive era of competition. The success of a company depends partly on its environment. Although managers of a company cannot control the environment, they tend to be able to make profitable business decisions from the environment or that offer protection that rejects the opposite condition. One influence comes from macroeconomics, such as GDP, interest rates and inflation (Aguinis, 2013).

Performance is a potential that must be owned by every employee to carry out every task and responsibility that the company provides to employees. With good performance, then every employee can complete all the burden of the company effectively and efficiently so that problems that occur in the company can be resolved properly. Performance becomes the real foundation in a company because if there is no performance then the goals of the company cannot be

achieved. Performance should be used as an evaluation material for leaders to find out how high the low performance of the company (Ying ying, 2012).

One of the performance that can be Shares are used as proof of ownership of a company or business entity. So if an individual, a company or a business entity that owns a stock will automatically become the owner of the company and owns part of the company. As the owner, the shareholders can participate in the general meeting of shareholders and also receive profits from the dividends. Stocks also can be referred to as securities, as it becomes a valid proof of ownership of a company (Bisnis Investasi Saham, 2010). Shares are used by companies to earn additional capital by selling them to investors. Investors buy it for the purpose of making a profit on the company's assets and profits based on the number of shares it owns. Another advantage can also be obtained by investors if selling shares with a price higher than the purchase price (Mustafa, 2016). Stocks become one of the investment alternatives in capital markets that are mostly used by investors because the profits are bigger and the funds that investors need to invest are not so big when compared to bonds. The purpose of a company investing in shares is to maximize shareholder wealth by maximizing the value of the company's stock which will ultimately reflect the share price (Agustin, 2015). Stocks can make money for the investor in two ways. First, the stock price can increase because of the innovation or growth of the company, and if that situation happens, the stock can be sold higher. When the company makes money, the company can decide to pay the investors with the dividend. But not each of the company pay dividend to their investors, some of them choose to invest it again back to the company. The stock price can be decreased and can be easily increased, doing some kind of investment activity in stock cannot guarantee the people to make money, and many of the investors lose their money instead of gain.

Figure 1: Indonesia Stock Market

INDONESIA STOCK MARKET (JCI)

SOURCE: TRADINGECONOMICS.COM | INDONESIA STOCK EXCHANGE
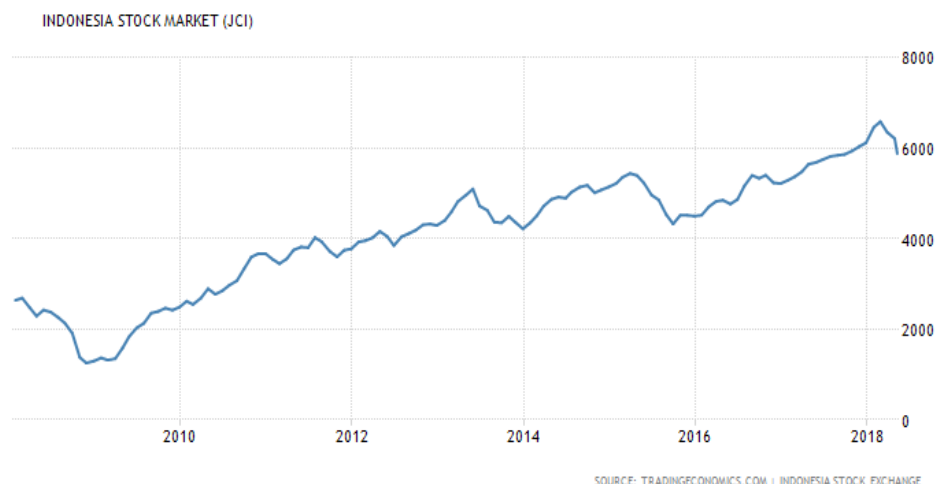
Source: (Trading Economics, 2018).

The entrepreneurs from within and outside the country make Indonesia as a country that has a good potential to invest shares. Indonesia's abundant natural resources, skilled labor, significant domestic market and government support for investment make Indonesia the right investment destination, various improvements have been made by the government in order to attract foreign countries interested in investing in Indonesia (Rahmi, 2015). Stock investment introduced by the Netherlands, and still in demand until now, in Indonesia began in the 19th century. To start investing in stocks, investors will see from the company's performance, including the revenue, then the stock price of the company to be selected. Then assess how much will be obtained when the funds of investors are limited. But in investing shares of an investor is not enough just look in terms of stock prices without understanding the risks and returns if you want to invest a share. Because as is known, the principle of investment is low-risk low return, high-risk high return. So, the investor must do the calculations carefully, in order to predict how the possibility of stock movements that occur in the future, Although the actual price movements of a stock cannot be predicted exactly, but at least the investors already have the idea about what should they do next (Miller, 2010).

Consumer goods are goods used directly or indirectly by consumers for personal or household purposes that are once exhausted or the goods are different from the goods used in the production process. The consumer goods industry sub-sector is divided into cigarette industry, food and beverage industry, cosmetics industry, pharmaceutical industry, and home appliance industry. The consumer goods industry is one of the biggest industries in the world and also the sector that closely related to human basic needs because the products can be directly enjoyed by consumers without having to fall into the hands of producers first, indirectly, the consumer goods industry sector can present how much the level of consumer consumptive (Rani, 2013). The reason investors choose the consumer goods industry sector is because the consumer goods industry sector has good prospects and opportunities and still keep growing, Indonesia as a country known to have a large population for the Southeast Asian region, causing high levels of consumption that occurred in Indonesia. Because of this, the consumer goods industry is growing well and attracting investors to own shares from the sector (Musazay, 2017). The famous consumer goods industry in Indonesia, which also listed in Indonesia Stock Exchange (IDX) are Gudang Garam, Ultrajaya, Siantar Top, Indofood, Unilever, Sidomuncul, Kimia Farma, Sampoerna, Mayora Indah and others. In this study, the writer chooses to more focus on the consumer goods industry sector, also because of the nature of the society that tends to help maintain the industrial sector of goods consumption. By analyzing and knowing the factors that influence stock prices, it is expected to help the investors to more carefully in taking a decision to invest.

Based on the background overview above, this study tries to measure how much the effect of the selected economic indicators (GDP and Interest Rate) and value based management (ROCE and Growth) towards the performance of consumer goods industry which is listed in Indonesia Stock Exchange in the period of 2013-2016.

I.2.   RESEARCH PROBLEMS AND QUESTIONS
These are the research problems and questions addressed in this study:

1.   Problem 1: to attempt the study of the correlation between economic indicators (GDP and Interest rate) and value based management (ROCE and Growth) towards the performance of consumer goods industry.

    Question 1: Do the economic indicators (GDP and Interest rate) and value based management (ROCE and Growth) have strong influence towards the performance?

2.   Problem 2: to attempt the study of the impact of economic indicators, which is predicted that have effect because of GDP and interest rate towards the performance during 2013-2016. The performance (cost, stock price and revenue)

    Question 2: Do the GDP, interest rate have strong influence to the performance?

I.3.   RESEARCH PURPOSE AND SIGNIFICANCE
The main purpose of this study is to measure the factors from economic indicators and value based management towards the performance in customer goods industry. Focuses on customer goods, which are listed in IDX. This study also wants to know correlation between economic indicators, value based management and company performance.

I.4   RESEARCH SCOPE AND LIMITATIONS
This study's scope and limitations as follows:
1. To provide clear details of the discussion as well as for the analysis to be consistent with the existing problem, this study limits the scope of the discussion only to the consumer goods industry listed on the Indonesia Stock Exchange (IDX) period 2013-2016.
2. According to JASICA (Jakarta Stock Industrial Classification) which categorizing the companies listed on the Indonesia Stock Exchange into 9 sectors: Agriculture, Mining, Basic Industry and Chemicals, Miscellaneous Industry, Consumer Goods Industry, Property, Real Estate and Building constructions, Infrastructure, Utilities and

Transportation, Finance, and the last is Trade, Service and Investment. This study is only focused on consumer goods industry sector.

3. The period of this study is only 4 years, starting from 2013 until 2016 and the locations take in Indonesia.

4. To analyze the factors in 45 publicly-listed companies in consumer goods industry.

I.5   THEORITICAL PERSPECTIVES

This study will measuring the economic indicators and value based management towards the performance of consumer goods industry. There will be a little bit theory about economy and its indicator, value based management and performance.

I.6   REPORT STRUCTURE

The entire study consists of 5 (five) chapters whose contents reflect the composition or material to be discussed, in which each chapter has a relationship with each other. To give a clear description, the following will be described the systematic discussion of this study briefly, namely:

1. **Chapter I (INTRODUCTION):** In this chapter, discusses the point out the basis and issues, namely the background selection of the title, the formulation of the problem including the questions and hypothesis, the purpose and significance, the scope limitation of the problem, theoretical perspectives and systematics of writing.

2. **Chapter II (LITERATURE REVIEW):** In this chapter, will propose the theories and the literature used as a reference comparison to discuss the issues include an understanding of stocks & stock prices, factors affecting stock prices, consumer goods industry, as well as on research that has been done previously.

3. **Chapter III (RESEARCH METHOD):** In this chapter contains the samples used in the research and information data required in conducting research testing including the identification and definition of the variables, research types, samples, data types, data collection methods, and analysis models and techniques used.

4. **Chapter IV (RESULTS AND DISCUSSIONS):** In this chapter described the data analysis to be performed in this study by using SPSS or AMOS as a tool in data processing. It will also explain the results of hypothesis testing in this study.

5. **Chapter V (CONCLUSION AND RECOMMENDATION):** This chapter is the last chapter in which conclusions from the content of the discussion that this study has described in the previous chapters, as well as the recommendation that is expected to be useful for the next problem solving and research.

CHAPTER II
LITERATURE REVIEW

II.1. CONSUMER GOODS INDUSTRY

The consumer goods industry is one of the industries that continue to grow from time to time, because this industry takes the big part of human's life, needed to meet the basic needs and to ensure the survival of all people in any part of the world. The consumer goods industry in Indonesia also shows a positive indication in the capital market, as indicated by the increasing number of consumer goods companies becoming public companies. Goods from consumer goods companies are produced in large quantities and scale because of their very quickly needed by the people. The positive impact is the companies in this sector get a lot of attention from the investors because based on data growth of capital markets, the companies which are engaged in this industry are companies that have a good promise for investment activities (Tarver, 2018).

List of companies manufacturing industry which is a public company, consumer goods industry sector in Indonesia Stock Exchange (BEI), are Food & Beverage Sub-sector, Cigarette Sub-sector. Sub-sector of Pharmaceutical, Cosmetic Sub-sector & Household Goods and Sub-sector of Household Appliances (Elly, 2013).

II.2. ECONOMIC INDICATOR

Economics is an activity undertaken by humans to get certain goods or services according to their needs. Economic activity, can also be said as an activity to achieve prosperity in his life. In addition, economic activity can also be interpreted as a way to get and achieve goals. In this case goods and services. Thus, it can be said that economic activity aims for the prosperity of individual lives. Economics is divided into two branches, namely macroeconomics and microeconomics (Ichsanti, 2017).

Micro means small, so microeconomics can be interpreted as economics in a small scope. Based on the pattern and scope of its analysis, microeconomic theory can be defined as a field in economics that analyzes individual small parts of the overall activity of an economy. The main issue analyzed in microeconomics theory is how to use the factors of production that are available efficiently so that the welfare of society can be maximized (Ilmu Ekonomi, 2016).

Macroeconomics is about the broader economy that is to blame changes that affect people, companies, and markets. Macroeconomics can be used to analyze how best to influence policy targets such as economic growth, price stability, labor and a sustainable balance sheet balance (Zakky, 2017).

II.2.1. Gross Domestic Product

Gross Domestic Product (GDP) is an economic indicator of a country used to determine whether the economy in the country is going well or bad, also used as an economic indicator to know the total income earned by everyone. GDP calculates the value of goods and services produced by citizens living or domiciled in that country whether foreign or local. There are 2 types of GDP, namely nominal GDP and real GDP. The nominal GDP measures the value of final goods and services using the prevailing market prices for the year, real GDP measures the value of final goods and services using fixed prices (Hameed & Amen, 2011).

Equation 1: GDP

$$Y = c + i + g + (x - m)$$

Source: (Katchum, 2013)

Y = GDP
c = Private Consumption
 i = Investment
g = Government Spending
x = Export
m = Import

GDP data can help investors decide which countries have the best investment opportunities. Many of the foreign investors are choosing to invest in a country with a growing economy, if a foreign investor chooses a country to invest, it means the investors think that the country's economy is in good condition and also has a good prospects (Trijuni, 2016).

II.2.2. Interest Rate

The interest rate is a scale from the economic activities that can affect the economy. It can bring the effect on consumers in borrowing activities will become less when the interest rate increase. Interest rates in currencies are one of the biggest factors in determining the benchmark price, including the value of the currency. Knowing and finding out about how the central bank establishes monetary policy, such as raising or lowering interest rates is very important to know if the trader wants to anticipate future price movements (FSM Team, 2016).

II.3. VALUE BASED MANAGEMENT

Basically every company aims to maximize the wealth of its shareholders. Measuring the company's financial performance is needed to determine success in achieving that goal. Measurement of financial performance based on financial statements has been done, namely by using financial ratios such as liquidity ratios, leverage, activities and profitability ratios. These measurements have

advantages over each method but also have drawbacks. The advantages of such measurements are the ease of calculation as long as historical data is available (Johnson, 2017). While the weakness is that the method cannot accurately measure the company's performance. This is because the data used is accounting data that cannot be separated from the interpretation or the estimation that can lead to the emergence of various distortions so that the company's financial performance is not measured accurately and accurately (Tang, 2017)

Figure 2: Example of Value Based Management Method

Source: (Johnson, 2017)

II.3.1. Return on Capital Employed (ROCE)

ROCE is a financial ratios used to see the effectiveness of a company in managing its working capital to generate operating profit. ROCE is slightly different from ROA or ROE, ROA and ROE using annual net income data while in ROCE using operating profit (Pimlott & Jones, 2017).

Equation 2: Return on Capital Employed

$$Return\ on\ Capital\ Employed = \frac{Earnings\ Before\ Interest\ and\ Tax\ (EBIT)}{Capital\ Employed}$$

Sources: (Wikinson, 2016)

II.3.2. Growth

Growth is considered as changes that occur usually is more positive or better than before, at the company, growth usually can be seen from more innovative products or services that ultimately attract more customers (Gupta, Guha, & Krishnaswami, 2013). In this study, the growth will be measure by using Earning per Share as the indicator. Earnings per Share is one indicator to measure the profit of a company, based on the understanding from Tjiptono and Hendry, information from Earning Per Share of a company shows the number of net profit

companies is ready to be distributed to all shareholders of the company, the higher the value of earnings per share, the investors will be more interested (Natalia, 2011).

Equation 3: Earnings per Share

$$EPS = \frac{(Net\ income - Preferred\ dividend)}{Weighted\ Average\ Number\ of\ Shares\ Outstanding}$$

Source: (Waingankar, 2018)

II.4. PERFORMANCE

Company performance is the result of management activities. Parameters are often used to assess a company's performance performed using an approach where financial information is extracted from financial statements or other financial statements (Pardede, 2016).

II.4.1. Revenue

Revenue is a statement relating to money or finance of the overall results of the principal business of products or services performed by the enterprise in a period. Simply revenue is the amount of money received by the company from the sale of products (goods or services) from customers and not derived from investment. Revenue can also mean gross income or gross profit from businesses that have not reduced the cost burden, usually revenue is often called sales turnover (Siddiqui, 2015).

II.4.2. Cost

Costs is the sense of sacrifices or expenses made by a company or individual directly related to the output or product produced by the company or individual in the form of money. Cost is one factor that determines the amount of corporate profits in addition to other components, because the notion of the concept of cost is very important (Ezekiel, 2014).

II.4.3. Stock Price

Stock Price is one indicator of the successful management of the company. A fairly high stock price will provide some benefits, such as capital gains and the better image for the company, because of that it will be easier for management to get funds from the outside company. According to Azis, Sri Mintarti, and Nadir (2015:1) stock prices may change-change because of the behavior of investors who trade stock prices in the capital market and also because of internal factors as well external from the company which is a fundamental factor that is often used by investors as a basis in making investment decisions (Azis, Mintarti, & Nadir, 2015). The value of a company can be seen from the share price of the company in the capital market. Stock prices usually fluctuate following the strength of demand and supply. The stock price

always changes every day, minute and even every second the stock price may change. Stock price fluctuations reflect how much investor interest in stock prices of a company, therefore at any time may change along with the interest of investors to put their capital in stock, if the market judges that the company which issued the shares in good condition then usually the stock price of the company will rise, vice versa if the company is considered low by the market, then the stock price of the company will also go down even lower than the price in the secondary market between investors one with other investors is very determining the stock price of the company (Natoras, 2017).

A stock is defined as proof of equity participation in a company or is a proof of ownership of a company, it is also a capital market instrument that investors like because stocks provide an attractive rate of return. Shares shall be construed as a sign of one or one-sided capital participation (a business entity) in a company or limited liability company so that the party has a claim on the company's assets and revenues. Anyone who owns a stock means he or she participates in the capital or owns the company that issued the shares. The stock buyers pay money to the company through the stock exchange and they receive a stock certificate as a proof of their ownership of the shares and their holdings are recorded in the company's stock list. The shareholders of a company are legally authorized owners and are entitled to receive a share of the profits earned by the company in the form of dividends and have the right to attend a general meeting of shareholders (Mustafa, 2016).

Fahmi (2012: 85) defines stock as:
"Shares are clearly stated papers whose nominal value, company name, together with the rights and obligations described to each holder"

According to the definition from the expert, it can be concluded that stocks are a mark of ownership in a company, which investors use as a tool for investing. Stocks are also evidence that investors are entitled to be part of the company (receiving a profit or dividend).

II.4.3.1. Types of Stocks
In terms of claims, a company may issue 2 types of stocks: common stock and preferred stock.
a. Common Stock
Common shares are shares that have the voting power to take decisions at the GMS regarding all matters relating to the management of the Company, have the right to receive distributed dividends, and to receive the remainder. The wealth of liquidation proceeds (Rahmi, 2015).

Common Shares characteristics are:
- Shareholder rights may select the board of commissioners.
- Right comes first when the issuing organization issues new shares.
- Limited liability, on the given amount only.

b. Preferred Stock

Shares that have the combined characteristics of bonds and common stock, because they can generate fixed income. This stock is more secure than the common stock because it has the right of claim to the company's wealth and dividend distribution first. Preferred stocks are difficult to trade like ordinary shares because of their small amount (Seputar Ilmu, 2016).

The characteristics of Preferred Shares are as follows:
- Has various levels, can be published with different characteristics.
- Claims on assets and income have a higher priority than ordinary shares in dividend distribution.
- A cumulative dividend, if it has not been paid from the previous period, it can be paid in the current period and earlier from the common stock.
- Convertibility can be converted into ordinary shares when an agreement between the shareholder and the issuing organization is formed.

In terms of Transition Method, then the stocks are divided into Bearer stock and Registered stock.

a. Bearer Stock

Stocks that do not have the owner's name, making it easier to move from one investor to another. Usually, investors use these stocks for sale (Susanto, 2015).

b. Registered Stock

A stock that the owner's name is clearly written, the transfer from one investor to another must go through the prescribed procedure (Amadeo, 2017).

In terms of Trade Performance, then the stocks are divided into Blue-chip stocks, Income stocks, Growth stock, Speculative stocks, and Counter-cyclical stocks.

a. Blue chip Stocks

Is a type of stock that many investors are looking for because this stock is a stock that comes from companies that have a high reputation and become a leader in the field of business, also has a stable income resulting in good dividends and consistent (Mandiri Sekuritas, 2018).

b. Income Stocks

Is a stock that also appeals to investors because of its superiority in creating higher and regular income is also able to pay dividends higher than the average dividends paid in the previous year (Lumby, 2018).

c. Growth Stocks

There are 2 types of growth stocks: Well-known and Lesser-known. Well-known is a stock that similar to blue chips, this type of stock has a high revenue growth and a leader in similar industries also known as a company that has a high reputation. Lesser-known is the stock which is not as a leader in the industry, but this stock has the hallmark of the growth stock in which the stock is a share of a local company and less well known (Cerelia, 2017).

d. Speculative Stocks

This type of stock can be tried by investors with the high-risk profile. Stocks that do not have absolute certainty in generating high profits in the future and also cannot consistently earn income from year to year. It has uncertain prospects (McKeough, 2017).

e. Counter-cyclical Stocks

Stocks that are not affected by macroeconomic or business conditions, and are the most stable stocks when economic conditions are up and down (Little, 2018).

II.5. PREVIOUS STUDY

Table 1: Previous Study

Title of Research or Article	Variables & Sub-Variables	Findings
1. Influence Investment Decision , Financing Decision and Dividend Policy On the Value of Company (Empirical Study On Consumer Goods Industry Sub Sector Listed In The Indonesia Stock Exchange Period 2010 – 2013) (Putri & Isynuwardhana, 2016)	Price Earning Ratio (PER), Debt to Equity Ratio (DER), Dividend Payout Ratio (DPR): • Price to Book Value (PBV)	Price Earning Ratio (PER), Debt to Equity Ratio (DER), Dividend Payout Ratio (DPR) simultaneously significantly influence the Price to Book Value (PBV) manufacturing company Sub Sector of Consumer Goods Industry which is listed on the Indonesia Stock Exchange Period 2010-2013.

Title of Research or Article	Variables & Sub-Variables	Findings
2. The Effects of The Implementation of Value-based Management (Beck, 2014)	Value based management: • Shareholders	The results do not confirm the significant improvements through value-based management in all aspects
3. Exploring Value-based Management Sophistication - The Role of Potential Economic Benefits and Institutional Influences (Firk, Schmidt, & Wolff, 2018).	Value based management-sophistication: • Capital intensity and diversification	Capital intensity is positively related to VBM-sophistication, Firm diversification is positively related to VBM-sophistication
4. The Role of Value-based Management Tools on the Performance of Firms Listed in the Nairobi Securities Exchange (Mzera, 2013).	Balance Scorecard, Managerial Characteristics, Organizational factors: • Organization performance	The study shows that Balance Scorecard, Managerial Characteristics and Organizational factors influenced the Performance
5. Financial Management Analysis of Dividend Policy Pursued by Selected Indian Manufacturing Companies (Kumar & Chandrasekar, 2014).	Value Added: • Value creation to shareholders in the long run in terms of increase in market price per share • Increased market capitalization	The study shows that the consistent and high dividend paid by the companies is not adding any value to the shareholders in the long-run but there is an exception for a few companies.

Source: Various

II.6. DIFFERENCES

The differences between those previous studies above are:

1. The period, there is a previous study that used 2010-2013, this study used the period of 2013-2016.
2. The variables (Balance Scorecard, Managerial Characteristics, Organizational factors, Return on Equity, Economic Value Added, Price Earning Ratio (PER), Debt to Equity Ratio (DER), Dividend Payout Ratio (DPR)) are different while this study's variables are Economic Indicators, Value Based Management and Performance.
3. The sub-variable divided into 7 (GDP, Interest Rate, Revenue, Cost, Stock Price, ROCE and Growth). The analysis of this study is to seek the influence of economic indicators and performance towards value based management. The sub-variables some are the same as the previous study.

II.7. HYPOTHESES

Based on the background, research problem, research purpose, and everything discussed in the previous chapter, it all lead to the formulation of research model and hypotheses in this study. Hypotheses in this study are formulated as follows;

- $H_{0.1}$: Economy indicators is strongly influence the company performance.
- $H_{1.1}$: Economy indicators does not strongly influence the company value based management.
- $H_{0.2}$: Value based management is strongly influence the company performance.
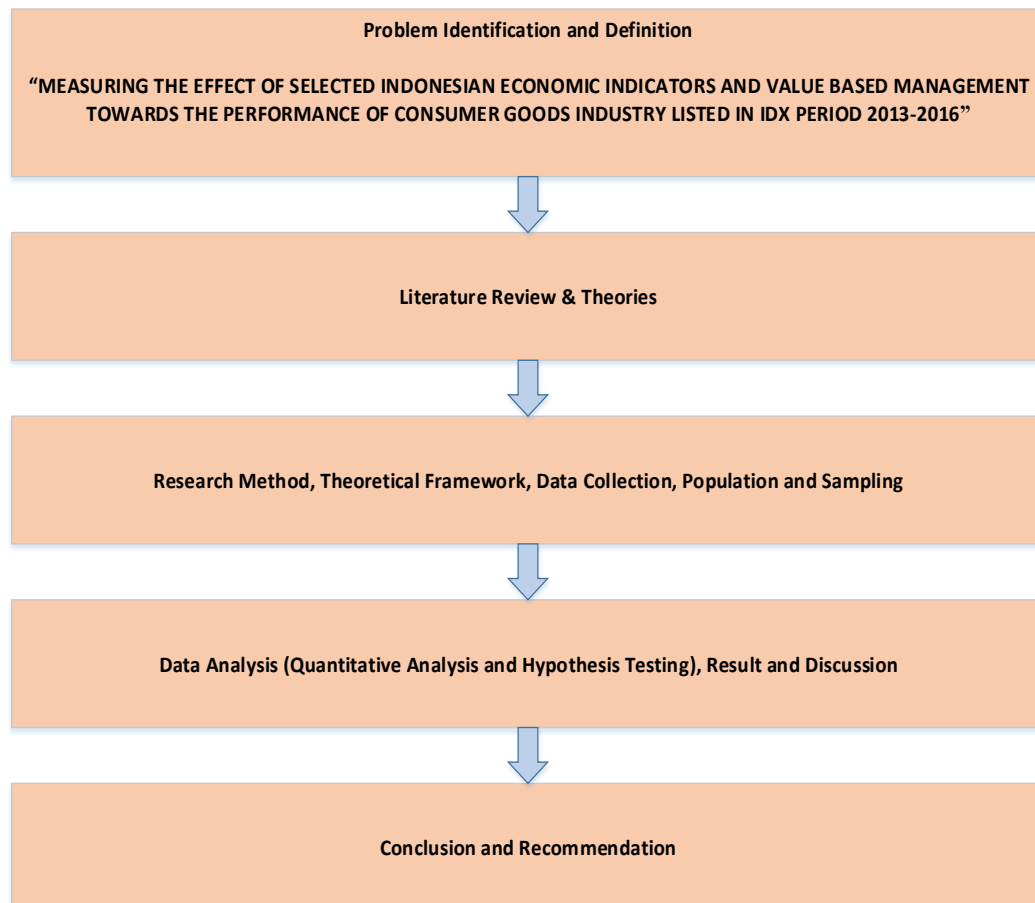- $H_{2.2}$: Value based management does not strongly influence the company performance.

II.8. RESEARCH MODEL
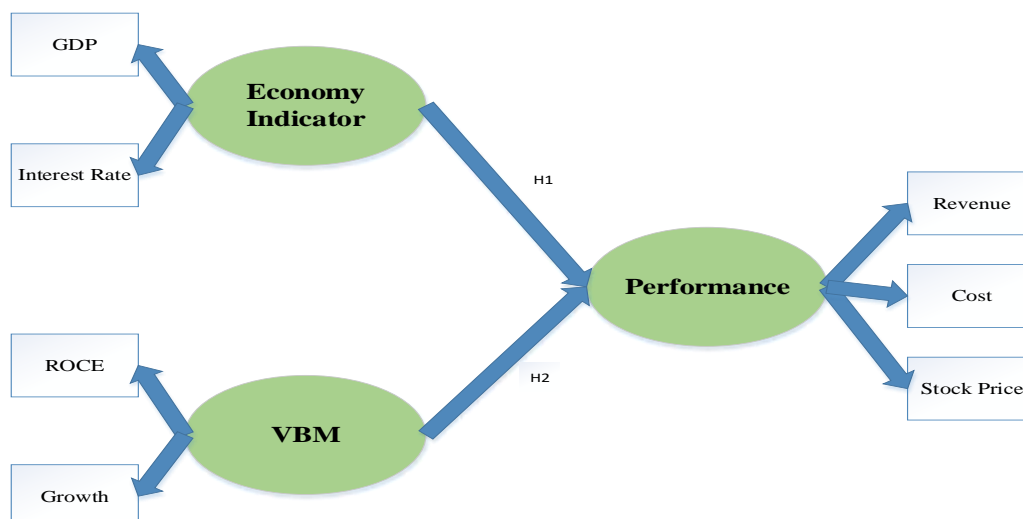
CHAPTER III
RESEARCH METHODOLOGY

III.1. RESEARCH PROCESS

Figure 3: Research Process

Problem identification and definition with the title "Measuring The Effect of Selected Indonesian Economic Indicators and Value Based Management Towards the Performance of Consumer Goods Industry Listed in IDX Period 2013-2016" has become the main focus, provide some facts, phenomenon, and stories to attract the readers. Second is, the literature and theories about the topics, provide the related theories based on the expertise. The third step is when the research methodologies, the framework, how the data will be collected and how to do the population and sampling. Next, is the analysis of the data including using quantitative and test the hypotheses, also the result and the relationship between each variable. The last step, after all the data has been analyzed and discussed, it will become up to the conclusion and recommendation about the variables and the topic.

III.2. TYPE OF STUDY

The purpose of this study is to measure the effect of GDP, Interest Rate, Growth and ROCE towards the performance of consumer goods industry listed in IDX period 2013-2016. This study is researched using descriptive research method.

III.3.   DATA SOURCES
III.3.1. SECONDARY DATA
Secondary data is gathered through literature review by using some references (books, journals, website, and previous studies article) and from the annual report of each companies.
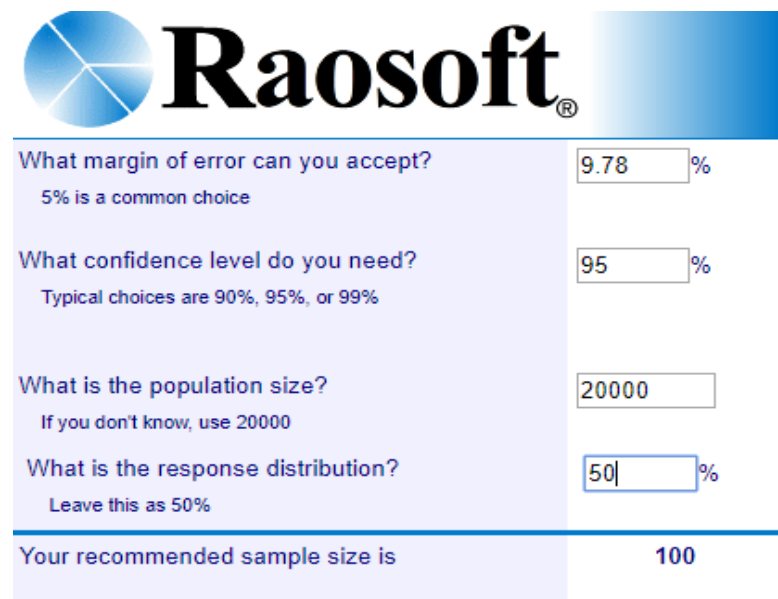
III.4.   DATA ANALYSIS
The data will be analyzed using SPSS or AMOS software.

III.5.   POPULATION AND SAMPLING METHOD
III.5.1. SAMPLE SIZE

Figure 4: Sample Size Calculator

Source: Raosoft

In order to decide the size of samples, this study using Raosoft as the sample size calculator online. From the calculator state that 100 data with 9.78% margin of error is recommended sample for this study. Many of sample size calculator can be find on internet, and can be used freely.

III.5.2. SAMPLING PROCESS
This study is using the probabilistic sampling (cluster sampling) and choose JASICA (Jakarta Stock Industrial Classification) as the basic to determine the industry this study want to focused. JASICA categorizing the companies listed

on the Indonesia Stock Exchange into 9 sectors, and at the end this study want to narrow the scope into the consumer goods industry only, the reason is because the consumer goods industry index outperformed from the indexes of the other sectors. One of the companies that contributing is PT. Unilever Indonesia Tbk. Because the consumer goods industry is causing an increased in purchasing power, it creates huge income opportunities in the consumer goods industry.
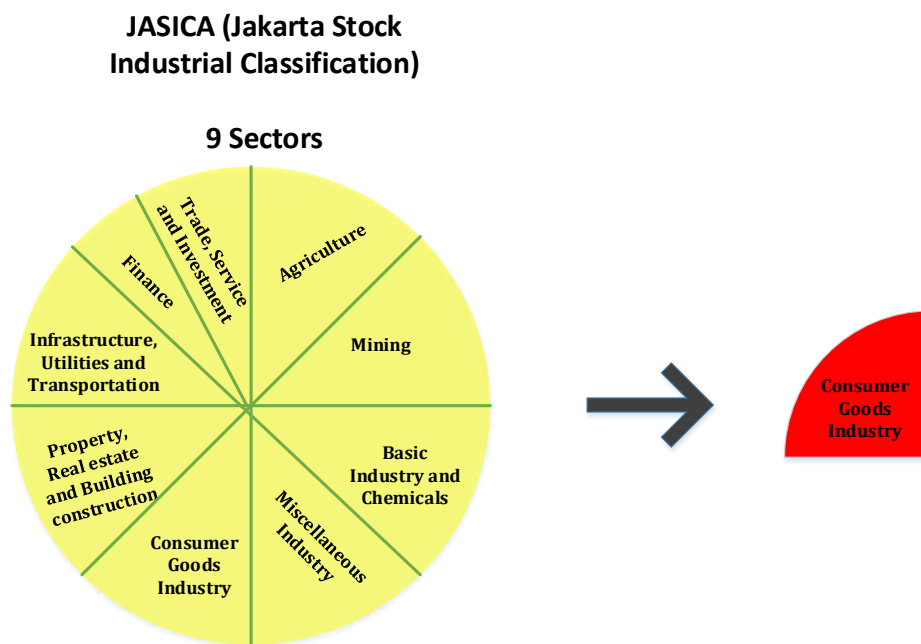
Figure 5: Sampling Method

Table 2: Sampling Process

SAMPLING PROCESS	Description
Clustering	Industry listed in JASICA
Clustering	Choosing Consumer Goods Industry

III.6. VALIDITY AND RELIABILITY
III.6.1. VALIDITY

Table 1: KMO and Bartlett's Test Example

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	,664
Bartlett's Test of Sphericity Approx. Chi-Square	890,480
df	6
Sig.	,000

Source: SPSS

The validity of this study based on the data from the annual report of each companies listed in Indonesia Stock Exchange in consumer goods industry. Validity can be found in SPSS software,

III.6.2. RELIABILITY

Table 2: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,785	,761	4

Source: SPSS

CHAPTER IV

DATA ANALYSIS

IV.1. PRE-TEST DESCRIPTIVE ANALYSIS

Table 5: Descriptive Statistics

	N	Mean		Std. Deviation	Variance	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
GDP	16	258483535625.00	16854051141.991	67416204567.963	4544944638349425000000000.000	-2.810	.564	9.652	1.091
Interest Rate	48	6.8698	.13106	.90799	.824	-1.178	.343	.115	.674
Revenue	120	41042900448594.190	11223710225314.2770	122949585386120.4000	15116600546618913000000000000.000	4.045	.221	16.260	.438
Stock Price	120	19036.7583	10692.84703	117134.27045	13720437313.860	9.137	.221	89.546	.438
Cost	120	17544574339367.050	5096813606002.8080	55832795668139.7200	3117301072120241500000000000.000	4.790	.221	23.205	.438
ROCE	120	.298224549201	.0412784028360	.4521822474210	.204	2.846	.221	8.243	.438
EPS	120	9358.6337	122128.63094	1337852.12161	1789848299291.963	-4.707	.221	61.639	.438
Valid N (listwise)	16								

Source: SPSS

The descriptive statistic for this study presented in the table above was from a sample of 31 companies listed on the Indonesia stock exchange for a period of four years from 2003 to 2016 on consumer goods industry.

IV.2. PRE-TEST RELIABILITY ANALYSIS

Table 4: Reliability

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items[a]	N of Items
.568	-.062	7

Source: SPSS

The table above shows the reliability of this data is 58%

IV.3. PRE-TEST VALIDITY ANALYSIS

Table 3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.414
Bartlett's Test of Sphericity	Approx. Chi-Square	88.195
	df	21

Sig.	.000

Source: SPSS

The validity of this study based on the data from the annual report of each companies listed in Indonesia Stock Exchange in consumer goods industry. Validity can be found in SPSS software,

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