ABSTRACT

The Performance of XYZ Bank’s Units Using Economic Value Added Method of Measurement, A Case Study at the XYZ Bank, Bekasi Branch, (Subechan, 2004)

Assessing the achievement of an organization unit is one of the management strategic tasks. It measures the effectiveness and efficiency of a certain unit of the company and help management in predicting the risks and returns of the company’s operation as a whole.

At the present time, XYZ Bank adopts and applies the conventional system of performance evaluation, both the SMK (Management Assessment System) and SIPK (Incentive Management Assessment System). Under these methods, the performance of a certain unit is being measured by ratios, such as Return On Asset (ROA), Return On Equity (ROE), and many other ratios, as well as the growth of saving and loan of each unit. Under these systems, the unit’s usually uses the practice of window dressing to cover up weaknesses.

This research tries to find out weather the EVA method of performance measurement enables bringing more clear pictures of the XYZ Bank’s units, especially the Bekasi Branch units. Data used in this study is mostly secondary ones, e.g historical data at the Bekasi Branch of the XYZ Bank. The Pearson correlation method is chosen to analyze the relation among ROA, ROE, EVA of Non Financial and EVA of Financial figures.

This research finds that EVA is a better measurement of XYZ Bank’s Units compared to the conventional system’s. In additions, a significant relationship is found between EVA and the ROE and less significant relationship with the ROA and the EVA of non financial. Based on that finding, it’s suggested that management of XYZ Bank recommend the using of EVA as tool of performance measurement for its management’s units.