



Analysis of the Effect Degree of Operating Leverage (DOL) and Degree of Financial Leverage (DFL) On Earning Per Share (EPS) in Pt. Agung Podomoro Land Tbk

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Abstract

The purpose of this study was to determine the effect of the variable Degree of Operating Leverage and Degree of Financial Leverage partially or simultaneously on Earning Per Share. The data used in the study are secondary data, the object used in this study is PT Agung Podomoro Land Tbk for the period (2010-2019) which is listed on the Indonesia Stock Exchange. The data analysis technique used is multiple linear regression analysis. Based on the results of data analysis, partially Degree of Operating Leverage has a negative and insignificant effect on Earning Per Share, and Degree of Financial Leverage has a positive and insignificant effect on Earning Per Share. The simultaneous test results show that the regression model can be used to predict Earning Per Share as evidenced by the significant value of the F test of $0.787 > 0.05$. The R-Square value of 0.066 indicates that the ability of the independent variables to explain the variation in the dependent variable is 6% and the remaining 94% is explained by other variables outside the research model.

Keywords: *Operating Leverage, Financial Leverage, Earning Per Share*

INTRODUCTION

Manufacturing zones experienced significant shrinkage, especially in the property and real estate sectors, due to the economic downturn (Wang and Liu 2022). The manufacturing industry, which encompasses various sectors such as property, real estate, textiles, electronics, and cigarettes, is a source of huge profits because it produces large quantities of goods that are ready for use (Cai and Luo 2020). According to Mitchell (2017), this industry produces three types of goods, namely raw material inventory, work-in-process inventory, and finished goods inventory. The property and real estate sector, considered a luxury good in the tertiary economy, has been severely affected by the decline in purchasing power caused by sluggish economic conditions (Hidayati 2022).

Changes in government policies, especially since the change of president in 2015, had a major impact on consumer behavior in the property sector, which became more cautious in their purchases (Shafi 2020). Policies such as the implementation of the 5% luxury sales tax and other adjustments in taxation and licensing, while intended to ease and stimulate investment, are often inconsistent between the central and local governments. This suggests that location factors and different economic, social and

political conditions in each province play an important role (Hidayati 2022). While the government has attempted to cut the licensing process from 700 days to 44 days and reduce the number of licenses required, these initiatives are not always effective given the disparity between central and local policies. This situation has caused the property and real estate sector, with more than 60 industries listed on the Indonesia Stock Exchange, to experience a sharp decline over the past decade, as noted in the residential property price survey by Bank Indonesia.

Industries experiencing shrinking revenues and sales require the use of leverage as a solution to increase profits and reduce costs. Leverage, or leverage, is used to manage existing resources in the industry in order to maximize profits while reducing budget burdens. Damayanti and Suryandani (2023) and Pratiwi, Danisworo, and Syarief (2022) explain that the leverage ratio is a measure to determine the extent to which industrial assets are financed with debt, allowing companies to utilize existing funds effectively to generate greater profits.

There are two important types of leverage, namely Degree of Operating Leverage (DOL) and Degree of Financial Leverage (DFL). DOL relates to the effect of fixed and variable costs on profits, where according to Hasanah (2018) and Asraf and Desda (2020), operating leverage shows the increasing contribution of fixed production costs to total operating costs. DFL, on the other hand, relates to the utilization of financial resources to increase the profit to be given to shareholders, with Pratiwi et al. (2022) and Dugan (2021) defining financial leverage as the use of fixed financial costs to magnify the impact of changes in interest and pre-tax profit on earnings per share. Both types of leverage play an important role in increasing Earning Per Share (EPS), providing a direct impact on profits for shareholders and helping to cover the costs involved in fixed expenses.

Earning Per Share (EPS), or earnings per share, is recognized as an important measure of financial performance, illustrating the return on investment calculated based on the number of shares outstanding. Karan, Singh, and Rana (2023) and Sari and Maryoso (2020) define EPS as a measurement that is not based on reports in the balance sheet but as a ratio of earnings per share, while Arsal (2021) and Bratamanggala (2018) emphasizes that EPS is the ratio between after-tax income and the number of shares outstanding. EPS plays an important role in providing information to investors and is considered an indicator of the success of an industry, with investors tending to be more inclined to invest in industries that offer high returns with lower risks, making it a key factor in investment decisions and dividend distribution to shareholders.

Table 1. Development of Operating leverage, Financial leverage, and Earning Per Share at PT. Agung Podomoro Land for the period 2010-2019

Years	DOL	DFL	EPS
2010	8,58	0,36	19,45
2011	1,88	0,24	28,34
2012	2,28	0,76	39,60
2013	0,27	3,97	41,53
2014	1,49	0,03	41,72
2015	1,43	-0,01	41,47
2016	1,24	-29,19	32,63
2017	1,09	6,20	70,83
2018	1,54	2,22	2,15
2019	1,31	2,17	0,45

Average	2,15	1,32	35,30
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Source: PT Agung Podomoro Land 2010-2019

Megawati (2020) define the level of operating leverage (DOL) as the percentage change in operating profit (EBIT) to a 1% change in sales, indicating that an increase or decrease in sales by 10% will result in a change in profit by twice the change in sales. Operating leverage, along with financial leverage (DFL) and Earning Per Share (EPS), are important indicators in assessing company performance. PT Agung Podomoro Land Tbk, as a case study, shows a decline in all these indicators, signaling the company's unfavorable condition and requiring further investigation on the effect of DOL and DFL on EPS.

Several studies have explored the relationship between DOL, DFL, and EPS, with varying results. Khotimah and Nurhayati (2020) found that DOL and DFL have no effect on EPS, while Paganini (2021) found that DFL and DCL (Degree of Combined Leverage) affect EPS, but DOL does not. Asraf and Desda (2020) dan Fuad et al., (2019) identified a significant effect of DOL and DFL on profitability, although with different significance levels between operating leverage and financial leverage. This conclusion encourages further research, especially the analysis of the effect of DOL and DFL on EPS at PT Agung Podomoro Land Tbk, as a representation of the condition of companies listed on the Indonesia Stock Exchange.

Degree of Operating Leverage (DOL) on Earning Per Share (EPS)

Based on the literature review presented, operating leverage (Operating Leverage) is identified as an important factor affecting the financial performance of a company (Megawati 2020; Asraf and Desda 2020). Research by Pratiwi et al. (2022) and Megawati (2020) shows that operating leverage has a significant relationship with Earning Per Share (EPS) and profitability, indicating its influence on financial performance. Faturinaldi, Suryadi, and Safitri (2018) define Degree of Operating Leverage (DOL) as the percentage change in operating profit (EBIT) resulting from a one percent change in output (sales). This emphasizes that small changes in sales can result in significant changes in operating profit, especially in companies with high DOL. This research, noting that DOL can predict fluctuations in operating profit against changes in sales volume, implies that operating leverage could potentially have a significant impact on EPS.

Based on the literature review and previous research, the hypothesis proposed is: "It is suspected that Degree of Operating Leverage (DOL) has a positive influence on Earning Per Share (EPS) at PT Agung Podomoro Land Tbk." This hypothesis is supported by the theory expressed by Pratiwi et al. (2022), which shows the importance of DOL in predicting changes in operating profit based on changes in sales, as well as research by Abdulkareem and Meghanathi (2020), Asraf & Desda (2020) and Megawati (2020) which shows a significant effect of DOL on EPS and profitability. This hypothesis aims to examine the relationship between operating leverage and financial performance at PT Agung Podomoro Land Tbk, assuming that the effective use of operational fixed costs through operating leverage can increase profitability and, consequently, the company's EPS.

H1 : there is an effect of Degree of Operating Leverage (DOL) on Earning Per Share (EPS) at PT Agung Podomoro Land Tbk

Degree of Operating Financial (DFL) on Earning Per Share (EPS)

In the context of corporate finance, financial leverage (DFL) plays an important role in determining the financial performance of a company, especially in relation to Earning Per Share (EPS) (Faisal, Khan, and Al-About 2018). Cadman and Ferracuti (2018) define financial leverage as the use of fixed-income securities in a company's capital structure, which aims to maximize the effect of changes in earnings before interest and taxes (EBIT) on EPS. This opinion is corroborated by Asraf and Desda (2020), who explains financial leverage as a strategy to increase the effect of fixed financial costs on EPS. Meanwhile, research by Mohammad et al. (2018) and Fuad et al. (2019) shows that DFL has a significant effect on EPS, emphasizing the importance of financial leverage management in corporate strategy.

Referring to the theory and previous research, the proposed hypothesis is "It is suspected that Degree of Financial Leverage (DFL) has a significant influence on Earning Per Share (EPS) at PT Agung Podomoro Land Tbk." This hypothesis departs from the assumption that companies that apply financial leverage effectively can increase EPS, which is an important indicator for investors in assessing company performance. This approach is supported by Faisal et al. (2018) and Cadman and Ferracuti (2018), as well as findings from Mohammad et al. (2018) and Fuad et al. (2019), which show a positive relationship between DFL and company financial performance. Therefore, this study aims to examine the extent to which DFL affects EPS at PT Agung Podomoro Land Tbk, in the hope of providing further insight into the company's funding strategy and its effect on financial performance.

H2 : There is an effect of Degree of Operating Financial (DFL) on Earning Per Share (EPS) at PT Agung Podomoro Land Tbk

Degree of Operating Leverage (DOL) and Degree of Financial Leverage (DFL) simultaneously on Earning Per Share (EPS)

In analyzing the financial performance of a company, Degree of Operating Leverage (DOL) and Degree of Financial Leverage (DFL) are considered as the main factors that affect Earning Per Share (EPS). The theory proposed by Kumar, Bhatia, and Chattopadhyay (2021) regarding DOL, as well as Brigham and Megawati (2020) regarding DFL, states that these two leverages have a significant role in measuring the impact of changes in sales and fixed financial costs on earnings per share (Stelk, Park, and Dugan 2015). Research by Asraf and Desda (2020) and Sapiri (2023) confirmed that DOL and DFL, both individually and simultaneously, affect EPS, indicating the importance of these two factors in the company's financial management strategy. This study aims to further explore how the simultaneous effect of DOL and DFL on EPS, specifically on PT Agung Podomoro Land Tbk, an entity that has shown variability in its financial performance.

Based on the literature review and related research, the hypothesis proposed is "It is suspected that Degree of Operating Leverage (DOL) and Degree of Financial Leverage (DFL) simultaneously affect Earning Per Share (EPS) at PT Agung Podomoro Land Tbk." This hypothesis is based on the understanding that DOL can reflect how changes in sales volume affect operating profit, while DFL describes the effect of using fixed-cost funds

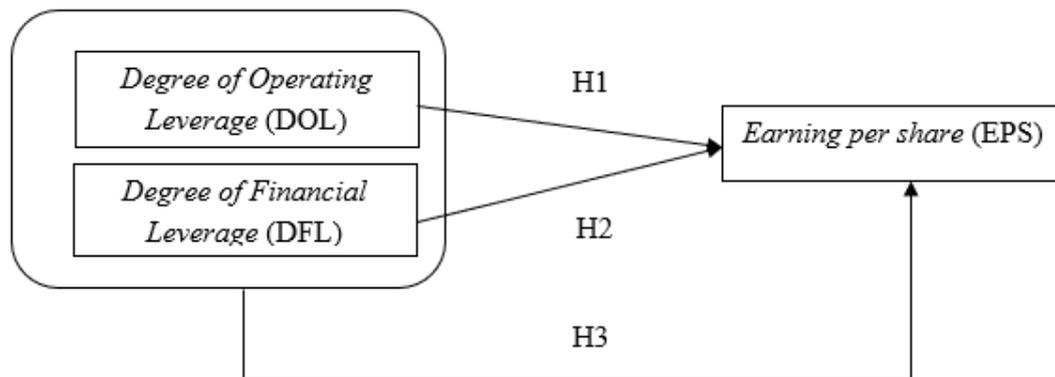
on earnings per share. This analysis supports the theory expressed by Kumar et al. (2021) and Megawati (2020), as well as research results from Asraf and Desda (2020) and Sapiri (2023), which show a significant relationship between operating and financial leverage with EPS. By testing this hypothesis, the research is expected to provide new insights into the combined effect of DOL and DFL on EPS, providing additional evidence to the financial literature regarding the importance of leverage management in increasing value for shareholders of PT Agung Podomoro Land Tbk.

H3 : there is an effect of Degree of Operating Leverage (DOL) and Degree of Financial Leverage (DFL) simultaneously on Earning Per Share (EPS) at PT. Agung Podomoro Land. Tbk

Table 2. Operational Definition

No.	Variables	Definition	Formula
1	<i>Degree of operating leverage (X1)</i>	According to Megawati (2020) states that operating leverage is the use of assets with fixed costs which aims to generate sufficient revenue to cover fixed and variable costs and can increase profitability.	$DOL = \frac{\% \text{ EBIT change}}{\% \text{ sales change}}$
2	<i>Degree of financial leverage (X2)</i>	According to Sapiri (2023) financial leverage can be defined as the potential use of fixed financial costs to increase the effect of changes in earnings before interest and taxes EBIT on EPS.	$DFL = \frac{\% \text{ EPS change}}{\% \text{ EBIT change}}$
3	<i>Earning Per Share (Y)</i>	According to Abdulkareem and Meghanathi (2020) Earning Per Share or income per share is a form of profit given to shareholders from each share owned.	$EPS = \frac{\text{Net profit}}{\text{Number of shares}}$

Framework



Picture 1. Framework

Source: processed by the author

RESEARCH METHODS

This research is a quantitative study where the data source in this study is a secondary data source. Secondary data is the annual financial statements and annual report of the company PT Agung Podomoro Land Tbk from 2010 to 2019. Degree of Operating Leverage (DOL) and Degree of Financial Leverage (DFL) are used as independent variables with Earning Per Share (EPS) as the dependent variable.

Time and object of research

This research was conducted in the period 2010-2019 at PT Agung Podomoro Land Tbk by taking data sourced from the Indonesia Stock Exchange and the company's official website.

Data Analysis

Before analyzing the data, tests were conducted to ensure validity, reliability, and classical assumptions. Tests include normality, heteroscedasticity, multicollinearity, and linearity tests. The data analysis process was carried out using multiple linear regression through SPSS software version 25. To test the hypothesis, the F test, T test, correlation analysis (r), and calculate the coefficient of determination (R²) were conducted.

RESULTS AND DISCUSSION

Descriptive Statistics

Based on the secondary data that has been collected, the descriptive statistics are summarized in table 3 below:

Tabel 3. Descriptive Statistics

Variable	Minimum	maximum	Average	Standard Deviation
DOL	0,27	8,58	2,11	2,21
DFL	-29,19	6,20	-1,33	9,48
EPS	0,45	70,83	31,82	19,74

Source: processed by the author

The tables presented contain statistical information on three important variables: Degree of Operating Leverage (DOL), Degree of Financial Leverage (DFL), and Earning

Per Share (EPS) which includes the minimum, maximum, average, and standard deviation values for each variable. From the data, we can understand the variation and distribution of operating and financial leverage characteristics as well as the company's financial performance in the form of EPS. DOL has a range of values from 0.27 to 8.58 with an average of 2.11 and a standard deviation of 2.21, indicating a significant variation in the use of operational fixed costs among companies. This variation is also reflected in the DFL values which range very widely from -29.19 to 6.20 with a mean of -1.33 and a high standard deviation of 9.48, signaling that the firms in the sample have a very varied approach to the use of debt as a source of financing, with some firms exhibiting attractive negative financial leverage.

EPS shows a range from 0.45 to 70.83 with a fairly high mean of 31.82 and a standard deviation of 19.74, indicating that there are substantial differences in financial performance between companies, with some companies managing to generate significant earnings per share. The wide variation in EPS reaffirms that while some companies experienced tremendous financial success, others struggled to achieve similar performance. In conclusion, this statistical analysis reveals significant operational and financial strategy differences among companies, and demonstrates that financial performance, as measured by EPS, varies widely, indicating the competitive environment and challenges faced by companies in achieving profitability.

Classical Assumption Test Data Normality Test

Table 4. Data Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		10
Normal Parameters ^a	Mean	.0000000
	Std. Deviation	20.10985970
Most Extreme Differences	Absolute	.240
	Positive	.240
	Negative	-.234
Kolmogorov-Smirnov Z		.759
Asymp. Sig. (2-tailed)		.613

a. Test distribution is Normal.

Source: processed by the author

In this Kolmogorov-Smirnov test, using a significance level of $\alpha > 0.05$. The test results show that the significance value is 0.613, which means that the residual data has a normal distribution because the significance value is greater than 0.05. Based on this analysis, it can be concluded that the data normality requirements have been met.

Heteroskedasticity Test

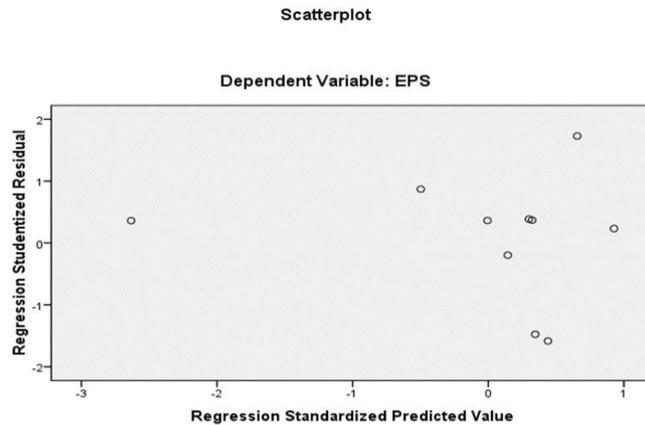


Figure 2. Heteroscedasticity Test

Looking at the figure above, it can be seen that each point has an irregular pattern and is located below the 0 value on the Y-axis. Thus, the figure does not indicate a heteroscedasticity problem.

Multicollinearity Test

Multicollinearity test is a common way to detect it by calculating the VIF value for all independent variables if $VIF < 5$ or $VIF < 10$ then there is no multicollinearity this opinion is stated by Supriyadi (2014).

Table 5. Multicollinearity Test

Model		Coefficients ^a						Collinearity Statistics	
		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Tolerance	VIF	
		B	Std. Error	Beta					
	(Constant)	36.729	10.062		3.650	.008			
1	DOL	-2.223	3.264	-.249	-.681	.518	.997	1.003	
	DFL	.165	.762	.079	.217	.835	.997	1.003	

a. Dependent Variable: EPS

Source: processed by the author

Based on the table above, it can be seen that the tolerance value is above 0.100% and the VIF value is below 10.00%, it can be concluded that there is no multicollinearity.

Autocorrelation test

According to Supriyadi (2014) if the durbin Watson value is close to 2, it can be said that there is no autocorrelation. Meanwhile, according to Ghozali (2018) there are no symptoms of autocorrelation, if the durbin Watson value lies between du and $(4-du)$.

Table 6. Autocorrelation test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.257 ^a	.066	-.201	22.80244	1.579

a. Predictors: (Constant), DFL, DOL

b. Dependent Variable: EPS

Source: processed by the author

Multiple Linear Regression

Regression involving two or more independent variables is known as multiple regression. In this study, SPSS version 25 software was used to analyze the relationship between Degree of Operating Leverage (DOL) and Degree of Financial Leverage (DFL) on Earning Per Share (EPS). The following table shows the results of the analysis:

Table 7. Multiple Linear Regression Test

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	36.729	10.062		3.650	.008
	DOL	-2.223	3.264	-.249	-.681	.518
	DFL	.165	.762	.079	.217	.835

a. Dependent Variable: EPS

Source: processed by the author

From the table above, it can be seen that the multiple linear regression equation is as follows:

$$Y = 36,729 - 2,223X_1 + 0,165X_2 + e$$

- 1) The constant value (α) of 36.729 explains that if Operating Leverage, and Financial Leverage are equal to zero, then the effect on Earning Per Share is 36.729.
- 2) The Operating Leverage value of -2.223 indicates that if Operating Leverage increases by one unit, the effect on Earning Per Share will decrease by -2.223.
- 3) The Financial Leverage value of 0.165 indicates that if Financial Leverage increases by one unit, the effect on Earning Per Share will increase by 0.165.

F test

Testing using the F test is used to determine whether the resulting multiple linear regression model can be used as a model to predict the effect of the Degree of Operating

Leverage (DOL) and the Degree of Financial Leverage (DFL) on Earnings Per Share (EPS).

Tabel 8. F test

ANOVA ^b					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	258.236	2	129.118	.248	.787 ^a
Residual	3639.658	7	519.951		
Total	3897.894	9			

a. Predictors: (Constant), DFL, DOL

b. Dependent Variable: EPS

Source: processed by the author

Based on the table above and F count, it can be concluded that F count $0.248 < F$ table 4.46, so H_0 is rejected and the DOL and DFL variables simultaneously have no effect on EPS.

T test

Tests in spss are made to draw conclusions on the effect of the dependent and independent variables. The effect of the t test can be seen by comparing the significance value < 0.05 .

Tabel 9. T test

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	36.729	10.062		3.650	.008
DOL	-2.223	3.264	-.249	-.681	.518
DFL	.165	.762	.079	.217	.835

a. Dependent Variable: EPS

Source: processed by the author

From the examination of table 9 above, the data can be summarized as follows:

DISCUSSION

Effect of Operating Leverage on Earning Per Share

The t test results for Operating Leverage show a beta value of -2.223 and the calculated t value $(-0.618) < t$ table (2.365) with a significant level of $0.518 > 0.05$, so the results of this study indicate that Operating Leverage has a negative and insignificant effect on Earning Per Share. Based on the theory of Faturinaldi et al. (2018), Operating Leverage affects the level of sales and earnings before interest and taxes, but has no direct effect on Earning Per Share. The results of this study are in line with research conducted

by Khotimah and Nurhayati (2020) and Faturinaldi et al. (2018) which states that partially Operating Leverage has no effect on Earning Per Share.

The Effect of Financial Leverage on Earning Per Share

The t test results for Financial Leverage show a beta value of 0.165 and the calculated t value (0.217) < t table (2.365) with a significant level of 0.835 > 0.05 so that the results of this study indicate that Operating leverage has a positive effect is not significant. Based on the theory of Faturinaldi et al. (2018) states that Financial Leverage occurs due to the use of sources of funds derived from debt, Financial Leverage is said to be good if the company earns more income than the use of debt, but if the company cannot earn more income than the use of debt it can cause the company to default, so that Financial Leverage can be said to be detrimental. The results of this study state that Financial Leverage has no significant effect on Earning Per Share and is in line with research conducted by Khotimah and Nurhayati (2020) and Faturinaldi et al. (2018) which states that partially Financial Leverage has no partial effect on Earning Per Share. The results of this study indicate that the theory that says Financial Leverage is said to be detrimental, because the company cannot obtain greater income and the company experiences default, this causes the company to not be able to increase its profitability, this is in line with the results of this study which show that Financial Leverage has no partial effect on Earning Per Share at the Agung Podomoro Land Tbk company.

Simultaneous effect (F test) DOL and DFL on (EPS)

The T test results show that Operating Leverage has no significant effect on Earning Per Share, this is indicated by the regression coefficient obtained of -2.223 and T count of -0.681 < T table 2.365 with a probability of error level of 0.518 greater than the expected significant level of more than 0.05. Financial Leverage also does not have a significant effect on Earning Per Share, this is indicated by the regression coefficient obtained of 0.165 and T count of 0.217 < T table 2.365 with a probability of error level of 0.835 greater than the expected significant level of more than 0.05. The results of this study state that Financial Leverage and Operating Lverage have no simultaneous effect on Earning Per Share and are in line with research conducted by Khotimah and Nurhayati (2020) and Faturinaldi et al. (2018) which states that partially Financial Leverage has no partial effect on Earning Per Share. Operating Leverage affects the level of sales and earnings before interest and taxes, but has no direct effect on Earning Per Share. Financial Leverage is said to be detrimental, because the company cannot get greater income and the company experiences default, this causes the company to not be able to increase its profitability.

Table 10. Analysis of the Coefficient of Determination

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.257 ^a	.066	-.201	22.80244

a. Predictors: (Constant), DFL, DOL

Source: processed by the author

The test is carried out to determine the extent to which the independent variable contributes to the dependent variable. From the table above, it can be seen that the results of the R Square test in this study obtained a value of 0.066. This shows that Earning Per Share is influenced by the independent variable by 6%, the remaining 94% is influenced by other factors not examined in this study.

The results of this study confirm that neither Operating Leverage (DOL) nor Financial Leverage (DFL) has a significant effect on Earning Per Share (EPS) at PT Agung Podomoro Land Tbk, in line with research conducted by Khotimah and Nurhayati (2020) and the theory of Faturinaldi et al. (2018). The novelty in this study lies in the strengthening of empirical evidence showing that these findings are consistent across multiple contexts, which could expand the applicability of the findings in different geographical settings or time periods. Although these findings support previous research, there is potential to criticise the adequacy of existing theoretical models and delve deeper into the influence of other variables that may affect the relationship between leverage and EPS. By verifying that DOL and DFL do not have a significant impact on EPS, this study opens up opportunities to discuss and evaluate the effectiveness of leverage strategy as a financial management tool, as well as suggest the need for alternative models or theories that can more accurately describe the dynamics of corporate finance.

This research provides significant contributions to both stakeholders in the investment sector and the academic community. First, the finding that Degree of Operating Leverage (DOL) and Degree of Financial Leverage (DFL) have minimal influence on Earnings Per Share (EPS) at PT Agung Podomoro Land Tbk, offers a new perspective for investors. This contribution suggests that investors should consider other factors that may have a greater impact on the company's EPS performance. Second, the suggestion to add other variables in similar studies provides a direction for academic research to develop a more comprehensive understanding of the dynamics that influence a company's financial performance. This means expanding the research methodology to include variables such as profitability, solvency, liquidity, and activity ratios that will improve the accuracy of the predictive model. Thirdly, the low R Square value in this study indicates a great opportunity to improve the prediction of financial performance, leading future research to involve more independent variables and extend the study period. Overall, this study not only identifies the limitations of leverage as a predictor of EPS, but also paves the way for more in-depth and informed investigations in financial research.

CONCLUSIONS

This study evaluates the impact of the Degree of Operating Leverage (DOL) and the Degree of Financial Leverage (DFL) on the Earnings Per Share (EPS) of PT Agung Podomoro Land Tbk from 2015 to 2019. It was found that both DOL and DFL have a very limited influence on EPS, contributing only 6% to its variance. Statistically, neither DOL nor DFL significantly affect EPS, as evidenced by low F and T test values compared to their respective critical values. The study suggests that other factors, possibly including

the economic and political environment in Indonesia, taxation policies, and changes in sales and purchasing power, play a more significant role in affecting the company's EPS. These findings indicate the need for investors and researchers to consider a broader range of factors beyond just leverage when evaluating company performance or conducting similar research. Future studies should expand the scope of variables to include aspects like profitability, solvency, and liquidity to gain a more comprehensive understanding of what influences EPS.

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