



**THE EFFECT OF CASH FLOW AND ACCOUNTING PROFIT
ON THE STOCK PRICE OF FOOD AND BEVERAGE COMPANIES
IN THE INDONESIA STOCK EXCHANGE**

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ABSTRACT

This study aims to test and analyze cash flow and accounting profit on stock prices in manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange (IDX). The sampling technique was carried out using the purposive sampling method, and we obtained 14 companies that became research samples. The observation period is 5 years, namely 2016 - 2020 so the analysis data obtained is 70. The data was tested using Multiple Linear Regression Analysis, t test, F test, and Coefficient of Determination. The results of this study using the t test show that the operating cash flow, investment cash flow, and funding cash flow variables partially have no significant effect on the stock price variable, and the accounting profit variable partially has a positive and significant effect on the stock price variable. While the results of research using the F test show that simultaneously the operating cash flow variable, investment cash flow, and funding cash flow have a significant effect on the stock price variable. The results of the study using the coefficient of determination (R²) variable operating cash flow, investment cash flow, funding cash flow, and accounting profit together affect the variable stock price of 42.9%. While the remaining 57.1% is influenced by other variables outside of this regression equation.

Keywords: Cash Flow, Accounting Profit, Stock Price

A. INTRODUCTION

Nowadays, every company must have a strategy to face increasingly fierce competition so that the company that has been built can adapt to the times. An important role for the economy is the capital market because it is a place for investors to invest their capital. With the capital market, it is open to the wider community to invest in a company. This will help the company achieve success in its business in the future. Therefore, it is necessary to have knowledge about the world of investment. All are contained in the financial statements before making a decision to invest and one of them is about cash flow. Cash flow describes the amount of cash flow in and out of a certain period and can be used to measure the increase or decrease in company performance because it has a close relationship with information about the shares that investors will choose.

Profit from the point of view of shareholders is the change in net assets or net worth of shareholders in a period that comes from operating transactions and not capital transactions. The goal of every company in general is to maximize the profit it wants to earn. Profit is the difference between revenue and costs during a certain period. (Harti, Sakti, Sudarwanto, Pratama, & Habibah, 2022) According to Agung Soedrajat (2018) shares are a sign of capital participation in a company or limited liability company. A person or entity that invests in shares has full rights to the company's income, company assets, and has the right to attend the General Meeting of Shareholders (GMS). Therefore, the urgency of this research is aimed at testing and analyzing cash flow and accounting profit on stock prices partially in food and beverage sub-sector companies listed on the Indonesia Stock Exchange. (Pratama & Sakti, 2020)

B. LITERATURE REVIEW

Financial Report

According to Fahmi, (2017), "Financial statements are information that describes the financial condition of a company, and furthermore this information can be used as a description of the company's financial performance". According to Kasmir, (2012) in practice, in general, financial statements consist of the balance sheet, profit and loss statement, statement of changes in capital, and cash flow statement. Financial statements are the final result of an accounting activity process (accounting cycle) that reflects the company's financial condition and operating results. This accounting information will be used by various parties, such as internal and external parties. Therefore, financial statements are used as a tool to communicate with interested parties with company data with the aim of making certain decisions. Cash flow and profit and loss statements can be considerations for investors when making decisions.

Cash Flow

According to Kasmir, (2012) the cash flow report is a report that shows cash inflows and outflows in the company. Cash inflows are in the form of income or loans from other parties, while cash outflows are costs that the company has incurred. Cash flow consists of three components, including operating cash flow, investment cash flow, and funding cash flow. Operating cash flow, among others, can be cash flow from sales transactions, payments to suppliers, employees, interest, other operating expenses and income taxes. Investment cash flows are cash flows that contain Investment activities are the acquisition and disposal of long-term assets and other investments that do not include cash equivalents. And funding cash flows are cash flows that contain funding activities that include obtaining or returning resources from or to their owners, providing rewards for investors' investments, and repaying liabilities.

Accounting Profit

As an investor who will invest, then of course expect the maximum possible rate of return. Therefore, profit is one of the main components assessed by potential investors. According to Harahap, (2015) accounting profit is the difference between the realization of income derived from company transactions in a certain period minus the costs incurred to obtain that income.

Stock

According to Fahmi (2017) Shares are one of the capital market instruments that are most in demand by investors because they are able to provide an attractive rate of return. Shares are papers that clearly state the nominal value and company name, followed by the rights and obligations that have been explained to each holder.

Stock Price

According to Anoraga quoted by Purnama Sari (2018) the share price is the money spent to obtain proof of participation or ownership of a company. The share price can also be interpreted as the price formed from the interaction of sellers and buyers of shares based on their expectations of company profits. For this reason, investors need information related to the formation of these shares when making decisions to sell or buy shares.

C. RESEARCH METHODS

Variable of research

1. Independent Variable (X)

a. Cash Flow from Operating Activities

In this study, Operating Cash Flow is calculated as "inflows and outflows of operating cash flows", namely the difference between cash obtained from operating activities in the current period and cash used for operating activities in the current period. Operating activity flows can be calculated using the following formula:

$$\text{Operating Cash Flow} = \text{Ln Operating Cash Flow}$$

b. Cash Flow from Investing Activities

In this study, the cash flow of investment activities is taken from the cash flow statements of food and beverage companies in 2016–2020. Investment activity flows can be calculated using the following formula:

$$\text{Investment Cash Flow} = \text{Ln Investment Cash Flow}$$

c. Cash Flow from Financing Activities

This cash flow includes cash receipts from the issuance of shares, bonds, notes, etc., as well as expenses for shares issued and repayment of loans. Funding activity flows can be calculated with the following formula:

$$\text{Funding Cash Flow} = \text{Ln Funding Cash Flow}$$

d. Accounting Profit

Accounting profit used in this study is calculated as "changes in accounting profit", which is the result of reducing revenue and cost of goods sold and other expenses and losses. The formula is shown as follows:

$$\text{Accounting Profit} = \text{Ln Accounting Profit}$$

2. Dependent Variable (Y)

The share price in this study is the price per share of the common stock of food and beverage companies listed on the Indonesia Stock Exchange at the closing price at the end of 2016 to 2020, where the formula can be calculated as follows:

$$PER = \frac{PRICE}{EPS}$$

Description:

PER : Price Earning Ratio

Price : Share price at closing price

EPS : Earnings per share

Data analysis technique

The analysis techniques used in this study are as follows: Multiple Linear Regression Analysis, Classical Assumption Test, Hypothesis Test and Coefficient of Determination (R²) using SPSS version 26. (Arifin, Pratama, & Utomo, 2023)

D. RESEARCH RESULTS AND DISCUSSION**Analysis of Multiple Linear Regression**

Multiple linear regression analysis Arifin et al., (2023) is an analysis that relates two or more independent variables to the dependent variable. The multiple regression line equation is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Description:

Y = Share Price

X₁ = Operating Cash Flow

X2 = Investment Cash Flow
 X3 = Funding Cash Flow
 X4 = Accounting Profit
 α = Constant coefficient
 β = Independent variable coefficient
 e = Error

Table 1
Multiple Linear Regression Analysis Results
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	1,636	,777		2,107	,039		
Arus Operasi	,033	,042	,096	,786	,435	,892	1,121
Arus Investasi	-,009	,043	-,025	-,210	,835	,927	1,078
Arus Pendanaan	-,036	,094	-,044	-,379	,706	,992	1,008
Laba Akuntansi	,263	,078	,398	3,353	,001	,939	1,065

a. Dependent Variable: Harga Saham
 Source: data processed by researchers, 2022

Based on Table 1 above, it is known that the multiple linear regression equation is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

$$Y = 1.636 + 0.033 X_1 - 0.009 X_2 - 0.036 X_3 + 0.263 X_4 + e$$

The resulting regression equation can be interpreted as follows:

1. The constant value is 1.636, which means that if the independent variable (operating cash flow, investment cash flow, and funding cash flow) is assumed to have no change (constant), then the value of the stock price variable is 1.636.
2. The coefficient on the operating cash flow variable is 0.033, which means that for every 1 unit increase in the operating cash flow variable, the stock price variable will decrease by 0.033 units, assuming that the other independent variables are constant.
3. The coefficient on the investment cash flow variable is -0.009, which means that for every 1 unit increase in the investment cash flow variable, the stock price variable will decrease by -0.009 units, assuming that the other independent variables are constant.
4. The coefficient on the funding cash flow variable is -0.036, which means that for every 1 unit increase in the funding cash flow variable, the stock price variable will decrease by -0.0036 units, assuming that the other independent variables are constant.
5. The coefficient on the accounting profit variable is 0.263, which means that for every 1 unit increase in the operating cash flow variable, the accounting profit variable will decrease by 0.263 units, assuming that the other independent variables are constant.

Partial Test (T-test)

Tabel 2
Hasil Uji T
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	1,636	,777		2,107	,039		
Arus Operasi	,033	,042	,096	,786	,435	,892	1,121
Arus Investasi	-,009	,043	-,025	-,210	,835	,927	1,078
Arus Pendanaan	-,036	,094	-,044	-,379	,706	,992	1,008
Laba Akuntansi	,263	,078	,398	3,353	,001	,939	1,065

a. Dependent Variable: Harga Saham

Source: data processed by researchers, 2022

Based on table 2 above, it shows that the operating cash flow variable has a significance value greater than 0.05, which is equal to 0.435 and the calculated t value is smaller than the t table (1,997), which is equal to 0.786, so the operating cash flow variable has no effect on the stock price variable. The investment cash flow variable has a significance value greater than 0.05, which is equal to 0.835 and the calculated t value is smaller than the t table (1,997), which is equal to -0.210, so the investment cash flow variable has no effect on the stock price variable. The funding cash flow variable has a significance value greater than 0.05, which is 0.706 and the calculated t value is smaller than the t table (1,997), which is -0.379, so the funding cash flow variable has no effect on the stock price variable. The accounting profit variable has a significance value smaller than 0.05, which is 0.001 and the calculated t value is greater than the t table (1,997), which is 3.353, so the accounting profit variable affects the stock price variable.

Simultaneous Test (F-test)

Tabel 3
Hasil Uji F
ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5,352	4	1,338	2,727	,037 ^b
	Residual	31,406	64	,491		
	Total	36,759	68			

a. Dependent Variable: Harga Saham

b. Predictors: (Constant), Arus Operasi, Arus Investasi, Arus Pendanaan, Laba Akuntansi

Source: data processed by researchers, 2022

Based on table 3 above, which shows that the significance value is smaller than 0.05 which is equal to 0.037 and the F count is greater than F table (2.513) which is equal to 2.727, it can be said that the variable operating cash flow, investment cash flow, funding cash flow, and accounting profit simultaneously affect the variable stock price.

Coefficient of Determination (R²)

The Coefficient of Determination (R²) essentially measures the model's ability to explain variations in the dependent variable. The value of R² is between 0 and 1, the closer it is to 0 the more limited the ability of the independent variables to explain the variation in the dependent variable. Conversely, if it is closer to 1, the independent variables provide almost all the information needed to predict variations in the dependent variable. In order to obtain good results, many researchers recommend using adjusted R².

Table 4
Determination Coefficient Test Results
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,382 ^a	,146	,492	,70052	1,746

a. Predictors: (Constant), Arus Operasi, Arus Investasi, Arus Pendanaan, Laba Akuntansi

b. Dependent Variable: Harga Saham

Source: data processed by researchers, 2022

Based on table 4, it can be seen that the Adjusted R Square value as the coefficient of determination is 0.429 or equal to 42.9%. This shows that the operating cash flow, investment cash flow, funding cash flow, and accounting profit variables together affect the stock price variable by 42.9%. While the remaining 57.1% is influenced by other variables outside of this regression equation.

Discussion

Based on the hypothesis testing that has been carried out, it can be seen that the effect of each independent variable partially affects the dependent variable. So, the discussion of each variable is as follows:

a. Effect of operating cash flow on stock prices

Based on the results of the analysis and testing of the hypothesis carried out, it shows that operating cash flow has a positive and insignificant effect on stock prices. It can be said that operating cash flow has no significant effect on stock prices in manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange (IDX) for the 2016-2020 period. The results of this study are in line with research conducted by Regina, (2018) which states that operating cash flow has no effect on stock prices. However, it is not in line with Yurki's research, (2021) which states that operating cash flow affects stock prices. This is not in line with the theory, which states that the greater the operating cash flow, the more it will affect the company's stock price.

b. The effect of investment cash flow on stock prices

Based on the results of the analysis and testing of the hypothesis carried out, it shows that investment cash flow has a negative and insignificant effect on stock prices. It can be said that investment cash flow has no significant effect on stock prices in manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange (IDX) for the 2016-2020 period. The results of this study are in line with research conducted by Satria & Hafasah, (2016) which states that investment cash flow has no effect on stock prices. However, it is not in line with the research of Sulistiowati

et al., (2018) which states that investment cash flow affects stock prices. This is not in line with the theory which states that the greater the investment cash flow, the more it will affect the company's stock price.

c. The effect of funding cash flow on stock prices

Based on the results of the analysis and testing of the hypothesis carried out, it shows that funding cash flow has a negative and insignificant effect on stock prices. It can be said that funding cash flow has no significant effect on stock prices in manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange (IDX) for the 2016-2020 period. The results of this study are in line with research conducted by Satria & Hafasah, (2016) which states that funding cash flow has no effect on stock prices. However, it is not in line with Yurki's research, (2021) which states that funding cash flow affects stock prices. This is not in line with the theory which states that the greater the funding cash flow, the more it will affect the company's stock price.

d. The effect of accounting profit on stock price

Based on the results of the analysis and testing of the hypothesis carried out, it shows that accounting profit has a positive and significant effect on stock prices. It can be said that accounting profit has a significant effect on stock prices in manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange (IDX) for the 2016-2020 period. The results of this study are in line with research conducted by Diah, (2021) which states that accounting profit has an effect on stock prices. However, it is not in line with Satria & Hafasah, (2016) which state that accounting profit has no effect on stock prices. This is in line with the theory, which states that the greater the accounting profit, the more it will affect the company's stock price.

Based on the results of the analysis and testing of the hypothesis conducted, it shows that operating cash flow, investment cash flow, funding cash flow, and accounting profit have a positive and significant effect on stock prices in manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange. This is because the information in the financial statements, especially the information in the cash flow and accounting profit reports, that have an important role in making investment decisions. This is in line with the purpose of preparing financial statements, which are useful for providing information regarding the financial position, performance, and changes in the financial position of a company that is useful for users of financial statements as a basis for making economic decisions. (Hidayah et al., 2023)

E. CONCLUSIONS AND SUGGESTIONS

Conclusion

Based on the results of research and discussion, the following conclusions are obtained:

1. Operating cash flow partially had a positive and insignificant effect on stock prices in food and beverage companies listed on the Indonesia Stock Exchange (IDX) in the 2016–2020 period.
2. Investment cash flow partially has a negative and insignificant effect on stock prices in food and beverage companies listed on the Indonesia Stock Exchange (IDX) in the period 2016–2020.
3. Funding cash flow partially has a negative and insignificant effect on stock prices in food and beverage companies listed on the Indonesia Stock Exchange (IDX) in the period 2016–2020.
4. Accounting profit partially has a positive and significant effect on stock prices in food and beverage companies listed on the Indonesia Stock Exchange (IDX) in the period 2016–2020.

5. Operating cash flow, investment cash flow, and funding cash flow simultaneously have a significant positive effect on stock prices in food and beverage companies listed on the Indonesia Stock Exchange (IDX) in the 2016–2020 period.

Suggestion

1. Companies that are sampled in this study and companies outside this study are expected to pay attention to factors that affect stock prices so that companies can maximize their performance and expected profits.
2. The results of this study are expected to be a consideration for investors to make decisions in investing in stocks, by not only relying on the variables in this study but also by looking at other variables that are not in this study, and by giving investors a new foundation in making decisions in the form of stocks..

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