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The Influence of Cash Flow, Net Profit and Company Size on Stock Prices in Food and Beverage Companies Listed on the Indonesia Stock Exchange (BEI) Period 2018 - 2022

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Abstract

This study aims to empirically prove the effects of cash flow, net income, and company size on the stock prices of food and beverage companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2022. The population in this study consists of 48 food and beverage companies. The sampling technique used is purposive sampling, based on predetermined criteria, resulting in a sample of 18 companies over a five-year research period, totaling 90 samples. The analytical method employed is quantitative analysis using multiple linear regression, t-tests, and F-tests with the assistance of SPSS 26. The results indicate that, partially, cash flow has no significant effect on stock prices, net income has a positive and significant effect on stock prices, and company size has a negative and insignificant effect on stock prices. Furthermore, simultaneously, cash flow, net income, and company size have a positive and significant effect on stock prices.

Keywords: cash flow, net profit, company size, stock price

INTRODUCTION

The era of globalization is marked by increasing competition across various industrial sectors. Every company must developed strategies to maintain its existence and enhance its competitiveness in the global market. Companies have several objectives to achieve, both in the short term and the long term. To grow their business and achieve these objectives, companies will undertake additional activities to seek sources of funding. One alternative that companies can pursue is selling shares in the capital market or the Indonesia Stock Exchange (IDX). In capital market activities, investors must first conduct an analysis of the company using information about its performance.

Stock prices are an important factor for investors or potential investors to consider before making an investment. According to Miransa & Yuni, (2023), stock price movements are aligned with company performance; when a company performs well, the resulting profits typically lead to an increase in its stock price. The following is a table showing the stock prices of several food and beverage companies that experienced significant increases and decreases during the years 2018 to 2022.

Table 1. Average Share Price of Food and Beverage Companies on the Stock Exchange Indonesia Period 2018 – 2022

No.	Issue Code	Stock Price					Flat-flat
		2018	201	202	2021	202	

		9	0		2	
1 ADES	6.82	6.95	7.2 9	8.10	8.88	7.61
2 FOLK	4.56	4.63	4.6 0	5.19	5.42	4.88
3 CAMPS	5.85	5.92	5.7 1	5.67	5.72	5.77
4 CHECK	7.23	7.42	7.4 9	7.54	7.59	7.45
5 CLEO	5.65	6.22	6.2 1	6.15	6.32	6.11
6 DLTA	8.61	8.82	8.3 9	8.23	8.25	8.46
7 GOOD	7.54	7.32	7.1 5	6.26	6.26	6.91
8 LUCKY	5.20	5.46	5.5 3	5.20	4.63	5.20
9 ICBP	9.25	9.32	9.1 7	9.07	9.21	9.20
10 INDF	8.92	8.98	8.8 3	8.75	8.81	8.86
11 MLBI	9.68	9.65	9.1 8	8.96	9.10	9.31
12 MYOR	7.87	7.63	7.9 0	7.62	7.82	7.77
13 BREAD	7.09	7.17	7.2 2	7.22	7.19	7.18
14 SKBM	6.54	6.02	5.7 8	5.89	5.93	6.03
15 SKLT	5.01	5.08	5.0 5	5.49	5.27	5.18
16 STTP	8.23	8.41	9.1 6	8.93	8.94	8.73
17 TBLA	6.76	6.90	6.8 4	6.68	6.54	6.75
18 ULTJ	7.21	7.43	7.3 8	7.36	7.30	7.33
Amount	128.03	129.34	128.86	128.30	129.20	128.75
Average	7.11	7.19	7.16	7.1 3	7.18	7.15
Development (%)	-	1.13	-0.42	- 0.4 2	0.70	-

Based on the table above, the average stock price development experienced by each food and beverage company listed on the Indonesia Stock Exchange from 2018 to 2022 shows fluctuations (increases and decreases). This is indicated by a stock price increase of 1.13% in 2019. However, from 2020 to 2022, there was a decrease of -0.42% compared to the previous year. Subsequently, in 2022,

there was a recovery with an increase of 0.70%.

According to financial performance reports from several food and beverage companies, the decline in stock prices is believed to be influenced, among other factors, by the COVID-19 pandemic in 2020, during which the government imposed restrictions on activities and public mobility, impacting household consumption. The effects of the pandemic are also reflected in several financial performance indicators, such as cash flow and net income, which tended to decline.

One way to measure company performance is by looking at net income. If a company's net income is large, then theoretically, the dividends distributed to investors will also be larger. According to Firmansyah & Darsawati, (2016), net income can be defined as the profit that has been reduced by expenses incurred by the company over a specific period, including taxes.

In addition to profit, another important component of financial statements for decision-making is the company's cash flow information. According to the Indonesian Accounting Association (2014), the cash flow statement is a financial report that contains the prerequisites for cash flow disclosures, which serve as a basis for assessing an entity's ability to generate and use cash (Amir & Runtu, 2014).

When investing, investors also need to consider company size. According to Silalahi and Sembiring (2020), company size is a measure to determine the scale of a company, which can be assessed by the total assets of the company. The larger the total asset ownership, the more likely the company is classified as a large company, thereby facilitating easier access to the capital market.

Several pieces of evidence indicate inconsistencies in the results of previous studies regarding the effects of cash flow, net income, and company size on stock prices. Some researchers have found a significant positive impact of cash flow, net income, and company size on stock prices. However, other studies have not found any effect of cash flow, net income, or company size on stock prices.

For instance, research by Muchran & Thaib, (2020) dan Permadi et al., (2017) concluded that cash flow has a positive and significant effect on stock prices. This is supported by the research of Angraeni & Purwaningsih, (2022), which also found that cash flow positively impacts stock prices. On the other hand, the research by Fiali & Indrati, (2022) concluded that cash flow does not significantly affect stock prices, aligning with studies by Setyowati et al., (2021); Siregar & Prabowo, (2021), which also state that cash flow does not have a significant impact on stock prices.

The research conducted by Silalahi and Sembiring (2020) concluded that net income has a positive and significant effect on stock prices. This finding is consistent with the results from Pabunna et al., (2021) dan Sasono et al., (2022), which also found that net income significantly influences stock prices. Conversely, Asiah & Mulyani (2020) concluded that net income does not affect stock prices.

Based on the research results by E. Silalahi et al., (2022), it was shown that company size has a significant positive effect on stock prices. This is supported by research from Sianturi & Wibowo (2022), which found that company size significantly influences stock prices. On the other hand, Ravelita (2020) concluded that company size has a significant negative effect on stock prices, aligning with research by Pabunna et al., (2021), which stated that company size does not influence stock prices. Given this information, the results of previous studies yield varying conclusions, prompting the author to re-examine the influence of cash flow, net income, and company size on stock prices.

RESEARCH METHODS

The population used in this study consists of all food and beverage companies listed on the Indonesia Stock Exchange from 2018 to 2022, totaling 48 companies. The sample selection employs a purposive sampling method, which involves selecting samples based on specific criteria. The study takes a sample of 18 food and beverage companies listed on the Indonesia Stock Exchange during the years 2018 to 2022. Data collection techniques are derived from secondary data, specifically financial reports of food and beverage companies obtained from the Indonesia Stock Exchange website. The data analysis technique uses descriptive statistics to examine the research, which includes classical assumption tests such as normality, multicollinearity, heteroscedasticity, and autocorrelation. Additionally, multiple regression analysis, determination coefficients, correlation, and hypothesis

testing, including t-tests and F-tests, are conducted.

RESULTS AND DISCUSSION

Descriptive Statistics

Table 2. Results of Descriptive Statistical Tests Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ARUS KAS	90	-.3231	3.576	.784	.73551
LABA BERSIH	90	18.322	30.049	26.329	1.93225
UKURAN PERUSAHAAN	90	27.339	32.826	29.0299	1.48990
HARGA SAHAM	90	4.5643	9.680	7.1526	1.41497
Valid N (listwise)	90				

Based on the table, the Cash Flow variable has the lowest value of -.3231, the highest value of 3,576 and the average value of 0.784. The Net Profit variable has the lowest value is 18,322, the highest value is 30,049 and the average value is 26,329. The Company Size variable has the lowest value of 27,339, the highest value is 32,826, and the average value is 29.0299. The Stock Price variable has the lowest value of 4.5643, the highest value of 9.680, and the average value of 7.1526.

Classical Assumption Test

Based on the table above, the following results were obtained:

1. From the results of the t-test calculation between cash flow and share price, it can be seen that The significance obtained was 0.070, which means the value is greater than 0.05 (sig. 0.070 > 0.05). then the positive t-count value of 1.836 is smaller than the t-table namely 1.9879, then $t_{count} < t_{table}$ (1.836 < 1.9879). this shows that the independent cash flow variable has no influence and is not significant. the dependent variable is the stock price.
2. From the results of the t-test calculation between net profit and share price, it can be seen that the significance obtained was 0.000, which means the value is smaller than 0.05 (sig. 0.000 < 0.05). Then the positive t-count value of 6.360 is greater than the t-table. namely 1.9879, then $t_{count} > t_{table}$ (6.360 > 1.9879). this shows that the independent variable net profit has a positive and significant influence on the dependent variable is the stock price.
3. From the results of the t-test calculation between company size and share price, it can be seen that the significance value obtained was 0.714, which means the value is greater than 0.05. (sig. 0.714 > 0.05). Then the negative t- value of -0.368 is smaller than ttable is 1.9879, then $t_{count} > t_{table}$ (-0.368 > 1.9879). this shows that the independent variable of company size has a negative and no influence significant on the dependent variable, namely stock prices.

Simultaneous Hypothesis Test (F Test)

The results of the F test between the independent variables, namely cash flow, net profit, and size companies with the dependent variable, namely share price, are shown in table 9 below:

Table 3. Results of Hypothesis Test F ANOVA

Model 1	Sum of Squares	df	Mean Square	F	Sig.
Regression	98,806		32.935	35.680	.000b
Residual	79,385	3	.923		
Total	178,191	86 89			

a. Dependent Variable: STOCK_PRICE

b. Predictors: (Constant), COMPANY_SIZE, CASH_FLOW, NET_PROFIT

Based on table 3, it can be seen that $Df1 = \text{number of variables} - 1 = 4 - 1 = 3$.

Then the value of $df1 = n - k - 1 = 90 - 3 - 1 = 86$, so that the F_{table} obtained is 2.711. According to the results of processing the data in the table above, there is a positive F value of 35.680, which means $F_{count} > F_{table}$ ($35.680 > 2.711$) and the significance value is 0.000 which means it is smaller than 0.05. ($0.000 < 0.05$). This shows that simultaneously the independent variable, namely cash flow, net profit, and company size have an influence and are significant on the dependent variable, namely stock prices.

The Effect of Cash Flow on Stock Prices

Based on the partial tests conducted, it is found that cash flow does not have a significant effect on stock prices. This can be seen from the significance value obtained, which is 0.070, indicating that it is greater than 0.05, and the calculated t-value is smaller than the table t-value, which is $1.836 < 1.9879$. This analysis shows that cash flow does not significantly influence the increase in stock prices for food and beverage companies from 2018 to 2022. Therefore, the research hypothesis H1, which states that there is a positive and significant effect of cash flow on stock prices of food and beverage companies from 2018 to 2022, is rejected.

The results of this study are consistent with research conducted by Tombilayuk & Aribowo (2021), which found that cash flow does not significantly affect stock prices. This is supported by research from Setyowati et al. (2021), which indicates that cash flow does not significantly influence stock prices in manufacturing companies in the consumer goods sector listed on the Indonesia Stock Exchange, possibly because investors realize that operational cash flow does not guarantee that the company has sufficient funds to sustain its operations in the future. Additionally, research by Siregar & Prabowo (2021) states that cash flow does not provide sufficient information to elicit positive reactions from investors towards the company. This is because the information contained in cash flow is more useful for predicting cash availability for dividend payments to investors and debt repayments, rather than for forecasting expected investment income.

The Effect of Net Profit on Stock Prices

Based on the t-test conducted, the results of this study align with the second hypothesis, indicating that net profit has an effect on stock prices. The analysis shows that net profit significantly influences the increase in stock prices for food and beverage companies from 2018 to 2022. This is clearly evidenced by the test results, which indicate that the significance value for the net profit variable is less than 0.05, at 0.000, and the calculated t-value is greater than the table t-value, at $6.360 > 1.9879$. This means that net profit does influence stock prices. Consequently, the research hypothesis H2, which states that there is a positive and significant effect of net profit on stock prices for food and beverage companies from 2018 to 2022, is accepted.

These findings are consistent with the research conducted by Silalahi & Sembiring (2020), which found that net profit has a positive and significant effect on stock prices, indicating that an increase in net profit is followed by a rise in stock prices for insurance sector companies listed on the Indonesia Stock Exchange. Additionally, research by Pabunna et al. (2021) confirms that net profit positively and significantly affects stock prices, and research by Iman & Norsita (2022) states that as net profit increases, the company's stock price tends to rise as well. This information is crucial for investors because net profit data provides insights into potential returns, which can impact stock price movements due to changes in supply and demand for shares.

The Effect of Company Size on Stock Prices

Based on the t-test conducted, it was found that company size has a negative and insignificant effect on stock prices. The results indicate that the coefficient for the company size variable is -0.44, with a significance value of 0.714, which is greater than 0.05. Additionally, the negative calculated t-value is smaller than the table t-value, at $-0.368 > 1.9879$. This analysis shows that as company size

increases in the regression model, it results in a negative value, indicating a negative relationship between company size and stock prices. Therefore, the research hypothesis H3, which posits that company size has a positive and significant effect on stock prices, is rejected.

These findings are consistent with research conducted by Sasono et al. (2022), which also found that company size has a negative and insignificant effect on stock prices for banking sector companies listed on the Indonesia Stock Exchange from 2018 to 2020. This is further supported by the research of Pasaribu et al. (2023), which found that company size has a negative and insignificant effect on stock prices. Larger companies tend to have substantial total assets; however, if these companies also have significant debt, they must fulfill their debt obligations. This situation can lead to reduced profits, decreasing the company's performance, and resulting in lower stock prices.

The Influence of Cash Flow, Net Profit and Company Size on Stock Prices

Based on the F-test conducted, the results of this study align with the fourth hypothesis, which states that cash flow, net profit, and company size have a positive and significant effect on stock prices. The analysis shows that cash flow, net profit, and company size contribute to the increase in stock prices for food and beverage companies from 2018 to 2022. This is evident from the test results, which indicate that the significance value for the net profit variable is less than 0.05, specifically 0.000, and the positive calculated F-value is greater than the table F-value, at $35.680 > 2.711$. The effect of cash flow, net profit, and company size on stock prices is positive, meaning that any increase in cash flow, net profit, and company size will also lead to an increase in stock prices. Thus, the research hypothesis H4, which posits a positive and significant effect of cash flow, net profit, and company size on stock prices for food and beverage companies from 2018 to 2022, is accepted.

These results are consistent with research conducted by Silalahi & Sembiring (2020), which found that the independent variables of net profit, cash flow, and company size have a simultaneous positive and significant effect on the stock prices of insurance sector companies listed on the Indonesia Stock Exchange. Additionally, research by Sianturi & Wibowo (2022) indicated that operating cash flow, net profit, and company size have a significant effect on stock prices simultaneously. Furthermore, research by Sari et al. (2022) stated that if cash flow, net profit, and company size increase, the company's stock prices will also rise, and vice versa.

CONCLUSION

The research results regarding the influence of cash flow, net profit, and company size on the stock prices of food and beverage companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2022 yield several important conclusions. Firstly, the partial testing using the t-test indicates that cash flow does not have a significant effect on stock prices, suggesting that while it is crucial for operational management, it may not directly impact investor perceptions in this sector. In contrast, net profit demonstrates a positive and significant effect on stock prices, highlighting its critical role in attracting investors and enhancing market value. Conversely, company size shows a negative and insignificant effect, implying that larger companies do not necessarily command higher stock valuations.

Furthermore, the simultaneous testing using the F-test reveals that cash flow, net profit, and company size collectively exert a positive and significant influence on stock prices. This indicates that while cash flow alone may not be a decisive factor, it contributes to a broader understanding of market valuations when considered with net profit and company size. Based on these findings, investors should prioritize profitability when making investment decisions, as it appears to be a key driver of stock prices. Companies in the food and beverage sector should focus on improving their profitability and operational efficiency to attract investment and enhance their market standing.

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