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The Influence of Net Profit and Operating Cash Flow on Share Prices in Food and Beverages Companies Listed on The Indonesia Stock Exchange For The 2019-2022 Period

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Abstract

This research is intended to investigate the impact of net profit and operating cash flow on share prices in food and beverages companies listed on the Indonesia Stock Exchange during the 2019-2022 period. By utilizing financial data and share prices, regression methodology is applied to evaluate the relationship between the independent variables, namely net profit and operating cash flow, and the dependent variable, namely share prices. Research findings show that there is a significant influence between net income and share prices, while operating cash flow does not have a significant impact on share prices. Furthermore, net profit and share price simultaneously influence share prices.

Keywords: Net profit, operating cash flow, share price

INTRODUCTION

The capital market has a very important role in driving a country's economy. In Indonesia, the Indonesian Stock Exchange (BEI) is the main forum for companies to obtain funds from the public through share offerings (Permata & Ghoni, 2019). The share price of a company listed on the IDX reflects investors' perceptions of the company's prospects and performance (Suryandari & Mongan, 2020). Therefore, studying the factors that influence stock prices is essential in understanding the dynamics of the Indonesian capital market.

One industrial sector that plays a crucial role in the Indonesian economy is the Food and Beverages sector. Companies operating in this sector not only fulfill people's basic needs for food and drink, but also provide significant employment opportunities and contribute to national

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economic growth (Dasep, Candra, Adinugroho, Nasution, & Yanti, 2023). In recent years, the Food and Beverages sector in Indonesia has experienced rapid growth, in line with changes in consumption patterns and people's lifestyles (Sari & Nurani, 2022).

However, the development of this sector is also accompanied by various challenges, including increasingly fierce competition, fluctuations in raw material prices, changes in consumer preferences, and changes in regulations relating to the food and beverage industry (Sakinah, Juwagiantoro, Sari, Wilhar, & Putra, 2023) . During the 2019-2022 period, Food and Beverages companies on the IDX may have experienced the impact of these various dynamics, which could be reflected in their financial performance.

This research aims to investigate the influence of two main factors, namely net profit and operating cash flow, on the share prices of Food and Beverages companies listed on the IDX during that period. Net profit is the main indicator of a company's profitability (Nirawati, et al., 2022), while operating cash flow reflects the company's ability to generate cash flow from its operational activities (Nursya'adah, 2020). Understanding how these two factors influence stock prices can provide investors, financial analysts, and company management with better insight to make better investment and strategy decisions.

Through in-depth analysis of the relationship between net profit, operating cash flow and share prices in Food and Beverages companies on the IDX during the 2019-2022 period, this research is expected to provide a valuable contribution to understanding the Indonesian capital market and the Food and Beverages sector, as well as helping stakeholders in making more informed and evidence-based decisions.

RESEARCH METHODS

This research is a quantitative study with the aim of evaluating the influence of net profit and operating cash flow on the share value of food and beverage sub-sector companies listed on the Indonesia Stock Exchange in the 2019-2022 period. Data sources will include annual financial reports of food and beverage companies listed on the Indonesia Stock Exchange during that period. In addition, daily share price data of relevant companies will also be taken for analysis. The theoretical basis of this research will be strengthened with references from journals, books and related literature that discuss the research topic.

The data analysis technique applied in this research includes statistical analysis, which involves multiple linear regression to assess the impact of net income and operating cash flow on

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stock prices. To test the significance of the research results, this research will use hypothesis testing, including the t test and F test (model feasibility test). The t test will be used to test the individual significance of each independent variable, while the F test will be used to test the feasibility of the overall model.

RESULTS AND DISCUSSION

1. Classic assumption test

Normality test

Based on the one sample Kolmogorov-Smirnov test, the results show that the Asymp. Sig. (2-tailed) of 0.060. This figure exceeds the general one sample Kolmogorov-Smirnov standard value, which is generally 0.05. From the results of this test, it can be concluded that the data in this study follows a normal distribution. A data is considered not to follow a normal distribution if the value of Asymp. Sig. (2-tailed) is below 0.05.

Table 1. one Sample Kolmogorov-Smirnov

One-Sample Kolmogorov-Smirnov Test

			Unstandardized Residual
N			29
Normal Parameters[a,b]	Mean		,0000000
	Std. Deviation		2710,087723
Most Extreme Differences	Absolute		,159
	Positive		,159
	Negative		-,139
Test Statistic			,159
Asymp. Sig. (2-tailed)			,060[c]
Monte Carlo Sig. (2-tailed)	Sig.		,413[d]
	99% Confidence Interval	Lower Bound	,400
		Upper Bound	,425

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. Based on 10000 sampled tables with starting seed 624387341.

Source: Processed secondary data, 2023

Multicollinearity Test

The results of the multicollinearity test show that there are no independent variables with a tolerance value below 0.10. Specifically, the tolerance values for net profit (X1) and operational cash flow (X2) are 0.180 each, exceeding the established limit of 0.10. Apart from that, the calculation of the VIF value also shows that there are no independent variables with a VIF value of

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more than 10. Therefore, it can be concluded that there are no signs of multicollinearity between the independent variables in this regression model.

Table 2. Multicollinearity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	990,440	447,964		2,211	,036		
	X1	8,824E-10	,000	1,249	5,577	,000	,180	5,549
	X2	-8,269E-11	,000	-,435	-1,942	,063	,180	5,549

a. Dependent Variable: Y

Source: Processed secondary data, 2023

Heteroscedasticity Test

The results of the heteroscedasticity test show that the significance value for the net profit variable is 1.000, exceeding the limit of 0.05. Likewise, for the operating cash flow variable, the significance value is also 1.000, which exceeds the limit of 0.05. Thus, it can be concluded that there is no indication of heteroscedasticity in the regression model, because the significance value (sig.) of the two variables is greater than 0.05.

Heteroscedasticity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	9,409E-14	447,964		,000	1,000		
	X1	,000	,000	,000	,000	1,000	,180	5,549
	X2	,000	,000	,000	,000	1,000	,180	5,549

a. Dependent Variable: ABSRES

Source: Processed secondary data, 2023

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Multiple Linear Regression Test

Table 4. Multiple Linear Regression Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	990,440	447,964		2,211	,036		
	X1	8,824E-10	,000	1,249	5,577	,000	,180	5,549
	X2	-8,269E-11	,000	-,435	-1,942	,063	,180	5,549

a. Dependent Variable: Y

Source: Processed secondary data, 2023

From the multiple linear regression test table presented above, the regression equation can be formulated as follows: The constant value a of 990,440 indicates that if the values of the variables net profit and operating cash flow are constant or equal to zero, then the share price value will reach IDR 990,440 . 2) . In multiple linear regression calculations, the net profit coefficient (X1) has a positive value of 8.824. This means that with an increase in the net profit variable, assuming other variables remain constant, the share price will increase. The operating cash flow coefficient (X2) in the multiple linear regression calculation has a negative value of 8.269. This means that if there is an increase in the operating cash flow variable, with other variables remaining constant, the share price will decrease.

2. Hypothesis testing

F Test (Simultaneous Test)

Table 5. F Test (Simultaneous Test)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	990,440	447,964		2,211	,036		
	X1	8,824E-10	,000	1,249	5,577	,000	,180	5,549
	X2	-8,269E-11	,000	-,435	-1,942	,063	,180	5,549

a. Dependent Variable: Y

Source: Processed secondary data, 2023

From the analysis of the table above, it can be concluded that the influence of the independent variable on the dependent variable is partial. Research findings include:

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a. The significance of the t test for net profit (X1) is 0.000 < 0.05. Therefore, H01 is rejected, supporting Ha1, indicating that net income (X1) has a partially positive and significant influence on stock prices (Y).
b. The significance of the t test for operating cash flow (X2) is 0.063, greater than 0.05. This results in acceptance of H02 and rejection of Ha2, indicating that operating cash flow (X2) partially has a negative, but not significant, influence on share prices (Y).

Company profits have a significant influence on investors' expectations regarding dividend potential, which in turn influences investors' actions in the stock market. Investors tend to hold or buy shares of companies that consistently increase their profits every year. If similar behavior were adopted by all investors, demand for the company's shares would increase, outstripping the supply of shares, and driving share prices higher. Increasing profits are an attraction for investors, in accordance with previous findings which are strengthened by the results of previous research by (Silalahi & Sembiring, 2020), (Setiawati, 2018), (Nawangwulan, Ilat, & Warongan, 2018), and (Rabi' ah Al Adawiyah & Wanialisa, 2023), which shows that the net profit variable significantly influences individual share price movements.

When making investment decisions, investors also consider factors outside operational cash flow, including dividend distribution, company risk, market conditions, as well as social, political and economic aspects. This finding is in line with the results of research conducted by (Aribowo & Tombilayuk, 2021), (Aprianti, 2017), (Setiawati, 2018), and (Rabi'ah Al Adawiyah & Wanialisa, 2023), which shows that, individually, variables Operational cash flow does not have a significant impact on share price movements.

F Test (Simultaneous Test)

Table 6. F Test (Simultaneous Test)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	401417191,4	2	200708595,7	42,345	,000[b]
	Residual	123235054,0	26	4739809,770		
	Total	524652245,4	28			

a. Dependent Variable: Y
b. Predictors: (Constant), X2, X1

Source: Processed secondary data, 2023

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From the partial test table above, there is a Sig value. of 0.000, which indicates that the value is below the significance limit of 0.05. Therefore, H03 is rejected, and Ha3 is accepted. This means that net profit and operating cash flow have a simultaneous influence on share prices. This finding shows that the independent variable has succeeded in measuring the dependent variable correctly, so that the regression model can be considered appropriate or fit.

CONCLUSION

The results of the research analysis show the following findings:

1. There is a positive and significant influence between net profit and share price on food and beverage subsector manufacturing companies listed on the Indonesia Stock Exchange during the 2019-2022 period. This is evident from the results of the t test which shows the significance of the net profit variable (X1) on share prices (Y) of 0.000, a value lower than the significance level of 0.05.
2. In the same sector, there is no significant influence between operating cash flow (X2) and share prices. This finding is strengthened by the significance value of the t test for the operating cash flow variable (X2) on share prices (Y) of 0.063, exceeding the significance level of 0.05. Therefore, it can be concluded that the operating cash flow variable (X2) partially has a negative, but not significant, influence on share prices (Y).
3. Simultaneously, net profit (X1) and operating cash flow (X2) have a significant influence on share prices. This finding is supported by the results of the F test which shows a significance of 0.000, a figure lower than the significance level of 0.05, indicating that simultaneously, net profit and operating cash flow have a significant influence on share prices.

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