DO CASH FLOW AND ACCOUNTING PROFIT INFORMATION AFFECT STOCK PRICES?
(Study of Food & Beverage Companies on the Indonesia Stock Exchange)

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Abstract
This study aims to determine the effect of cash flow statement information and accounting profit on stock prices. The object of this research is a food & beverage sub-sector manufacturing company listed on the Indonesia Stock Exchange in 2015-2019. The sampling technique used a purposive sampling technique with ten samples of financial statements that meet the criteria. The analysis technique uses the help of Partial Least Square (PLS) with SmartPLS 3.0 Software. The study results show that the Cash Flow Statement of operating and funding information does not affect stock prices. On the other hand, information on the investing Cash Flow Statement and accounting profit affect stock prices. The more investors intend to buy or keep shares; the stock price will increase. Vice versa, if the number of investors who intend to sell or release shares increases, the share price will decrease. Based on these results, it is suggested that investors in deciding on selling or buying stock shares may pay more attention to the information from investing cash flow and accounting profit.

Keywords: Cash Flow, Accounting Profit, Stock Prices.

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INTRODUCTION

Investors invest in companies that need funds to carry out functional activities. These activities are done to achieve company value by obtaining increased profits. One of the signals for investors in deciding to invest is by looking at stock prices on the Indonesia Stock Exchange (Pamungkas, Magdalena, & Ismanu, 2020). The share price is determined by the desire and negotiation of shares linked in the capital market (Hiltari, 2015).
The more investors who want to buy or keep shares, the stock prices will increase. Vice versa, if the number of investors who wish to sell or release shares increases, the share price will decrease. Thus, the stock prices fluctuate from time to time (up-down), and the investor returns will fluctuate according to its stock prices. Although that causes investors to find it challenging to make provisions for investing, many companies have experienced a decline in stock prices in several years, including those experienced by manufacturing companies in the food & beverage sub-sector. The following is a statement of a reduction in stock prices in manufacturing companies in the food & beverage sub-sector in 2018-2019.

Table 1. The Decline in Stock Prices of Manufacturing Companies in the Food & Beverage Sub-Sector 2018-2019

<table>
<thead>
<tr>
<th>Year</th>
<th>No.</th>
<th>Company Code</th>
<th>Opening Price</th>
<th>Closing Price</th>
<th>Change</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>1</td>
<td>CAMP</td>
<td>376.00</td>
<td>346.00</td>
<td>-30</td>
<td>-7.97%</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>ICBP</td>
<td>10,700.00</td>
<td>10,450.00</td>
<td>-250</td>
<td>-2.33%</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>PSDN</td>
<td>194.00</td>
<td>192.00</td>
<td>-2</td>
<td>-1.03%</td>
</tr>
<tr>
<td>2019</td>
<td>1</td>
<td>CLEO</td>
<td>510.00</td>
<td>505.00</td>
<td>-5</td>
<td>-0.98%</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>ICBP</td>
<td>11,200.00</td>
<td>11,150.00</td>
<td>-50</td>
<td>-0.44%</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>PCAR</td>
<td>1,350.00</td>
<td>1,100.00</td>
<td>-250</td>
<td>-18.51%</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>ULTJ</td>
<td>1,725.00</td>
<td>1,680.00</td>
<td>-45</td>
<td>-2.60%</td>
</tr>
</tbody>
</table>

Data Source: [www.finance.yahoo.com](http://www.finance.yahoo.com)

In 2018 (Table 1), three manufacturing companies in the food & beverage sub-sector experienced a decline in stock prices, namely the Campina Ice Cream Industry Tbk (CAMP) company, which decreased by -7.97% along with two other companies. In 2019, four manufacturing companies in the food & beverage sub-sector experienced a decline in share prices, namely the Sariguna Primatirta Tbk (CLEO) company, which decreased by -0.98%, and three other companies.

Many factors can affect stock prices. One of the factors that affect stock prices is that an investor can obtain data related to the company's financial performance. Financial performance data can be seen from the company's financial statements that are often used, namely, data about profits (Pamungkas, Magdalena, & Ismanu, 2020). In addition, the research results show several factors that affect the price of shares, including reports flow of cash and profit net companies (Adriani & Fajar, 2020).

Investors are motivated by looking at the profits given to determine the relationship between stock prices and the total shares owned (Pamungkas, Magdalena, & Ismanu, 2020). The accounting profit is a difference between the income earned and achieved from the transaction in the period and is related to historical costs (Nurdina & Sidharta, 2020). Net income can be seen in the income statement because the income statement conveys information about the company's competence in returning investment to investors. On the other side of the financial statements that investors can use to determine the relationship between stock prices is information about the company's cash flow statement.
A cash flow statement is a statement of a company’s cash income and expenditure for a certain period. With the availability of information about the company’s cash flow report, investors can determine its cash income and spending and how it does it in all activities (Pamungkas, Magdalena, & Ismanu, 2020). Cash flow statements are divided into three activities. The divisions are cash flow statements from operating activities, cash flow statements from investing activities, and financing activities.

Cash flows from operating activities are primary revenue activities, and others are not called investing and financing activities. Instead, it is derived from transactions and other events that affect net profit or loss decisions and the parameters that determine the net profit or loss. Whether from operating activities, the company can obtain the right cash to pay all loans, repay the capital, and maintain the company's operating capacity (Muchran & Thaib, 2020).

Cash flows from investing activities are activities regarding the receipt or disposal of long-term assets (non-current assets) and other investments not included in cash equivalents, involving borrowing money and collecting these receivables and generating and trading investments long-term productive assets. Parameters for using cash flow from investment activities include procuring shares or owning other companies and lending capital to creditors (Muchran & Thaib, 2020).

Cash flows from financing activities concerning owner's equity items and liabilities. That includes the capital of owners and creditors and payments (dividends) to them, as well as recovery of investments made use of and cash income used for cash dividends, bond issuance, publishing common stock and debt/bonds (Muchran & Thaib, 2020).

The theory that underlies the relationship between a statement of cash flows and accounting earnings on stock prices is the signaling theory. The signaling theory originated from the year 1973 by Spence that describes the signals on the working market with education. Furthermore, in the year 2002, Spence associates the signal on the stock market. Essentially, signaling theory reduces information asymmetry between the two parties (Connelly, Certo, Ireland, & Reutzel, 2011). According to this theory, Management influences investors to make decisions (Indrawati, Darmayanti, & Syakur, 2016). The signal given from Management to shareholders is in the decomposition of the company's performance financial statements. Therefore, the signal from the management side is very supportive of the investor side because the given information is information about current and future performance activities in the company for the development of a company.

PSAK No. 2 (IAI, 2018) states that the cash flow from operating activities indicates the operating performance. It shows whether the company's operations can realize sufficient cash flows to pay its activities. The activities include paying off debt, processing the entity's operating performance, and paying dividends without expecting external funding sources; the transformation of cash flows from operating activities will positively signal investors. That makes the investor's goal to carry out the sale or purchase of shares in a company.

According to Lumbanraja's (2018) research, cash flow from operating activities positively affects stock prices. That means that every 1 percent increase in cash flow from operating activities will cause an increase in the share price received by the coefficient value. So that the researcher
formulates the hypothesis that there is a positive effect of cash flow from operating activities on stock prices. Cash flow from operating activities describes several activities that reveal a summary of cash income and expenditure related to the company's operations. For example, the company's efforts to produce products and all businesses are connected with selling and selling products or activities to earn operating profits (Wibowo, 2020).

Signaling theory indicates that operating cash flow information that can meet the company's operational needs signals good management performance. Thus, investors who receive the information signal will decide to invest. This decision, in turn, will increase the stock prices. Therefore, the first hypothesis is:

**H1: Cash flow from operating activities information affects stock prices.**

PSAK No. 2 (IAI, 2018) discloses that cash flows from investing activities are eliminations that have already occurred for resources which are interpreted as realizing future income and cash flows. Therefore, with the increased cash flow from investing activities, it can be shown that the company will be able to add revenue in the future. In addition, the creation of this income will lure investors into buying shares on the stock exchange so that the stock prices will continue to increase.

Cash flows from investing activities describe cash inflows and outflows related to valuable resources for obtaining future income and cash flows (Muchran & Thaib, 2020). According to Asrianti and Rahim's (2015) research, investment activities' cash flow positively affects stock prices. That means that cash flow reporting from investing activities can be used as information for an investor's decision-making. So that the researcher formulates the hypothesis that there is a positive effect of cash flow from investment activities on stock prices.

Signaling theory indicates that investing cash flow information that can meet the company's investment needs signals good management performance. Thus, investors who receive the information signal will decide to invest. This decision, in turn, will increase the stock prices. Therefore, the second hypothesis is:

**H2: Cash flow from investing activities information affects stock prices.**

PSAK No. 2 (IAI, 2018) explains that separate disclosure of cash flows from financing activities is essential because it helps estimate claims on future cash flows by distributors of company capital. All activities that can foster the company's funding sources, such as issuing bonds or new shares, seek to develop the company's capital structure. All activities the company uses to advance its funding create a positive signal to investors to increase the stock prices.

According to research conducted by Dana, Purnami, & Giri (2018), cash flow from funding activities positively affects stock prices. That is because the company can increase its funding, which is a positive signal for investors to rise. So, the researcher formulates the hypothesis that there is a positive effect of cash flow from funding activities on stock prices. Cash flow from financing activities is an activity that relates to changes in the amount and structure of the company's capital and debt. A split statement of cash flows originating from financing activities is necessary because it helps the entity's capital distributors predict future demand or cash flows (Muchran & Thaib, 2020).
Signaling theory indicates that funding cash flow information that can meet the company's fund needs signals good management performance. Thus, investors who receive the information signal will decide to invest.

This decision, in turn, will increase the stock prices. Therefore, the third hypothesis is:

**H3: Cash flow from funding activities information affects stock prices.**

Accounting profit describes an increase in economic utility during an accounting period in the form of changes in assets, income, or decreases in liabilities that result in an increase in equity that does not stem from participation in additional capital. Profit is intended to compensate for the company's efforts when producing goods or services so that profit is more income above costs (Aida & Sudradjat, 2020).

Accounting profit affects stock prices because accounting profit has a lot of information to shareholders, commonly called investors, as a determinant in making future decisions. If a company has an accounting profit report with an increasing value in each period, it can attract investors to invest their capital (Wibowo, 2020).

Signaling theory indicates that accounting profit information for the company's future needs signals good management performance. Thus, investors who receive the information signal will decide to invest. This decision, in turn, will increase the stock prices. Therefore, the third hypothesis is:

**H4: Accounting profit information affects stock prices.**

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**Figure 1. Research Framework**

Operating Cash Flow Information (X1)  
Investing Cash Flow Information (X2)  
Funding Cash Flow Information (X3)  
Accounting Profit Information (X4)  
Stock Prices (Y)  
Partial Least Square (PLS)  

H1  
H2  
H3  
H4
Figure 1 explained that cash flow statement information from operating activities (X1), cash flow statement information from investing activities (X2), cash flow statement information from financing activities (X3), and accounting profit information (X4) could affect stock prices (Y). The relationship between the independent and dependent variables was tested using Partial Least Square (PLS).

RESEARCH METHODS

This study uses quantitative methods. The type of data used in this study is secondary data. The data in this study was obtained from the annual reports of manufacturing companies in the food & beverage sub-sector listed on the Indonesia Stock Exchange in 2015-2019. Researchers used data collection techniques using purposive sampling as a data collection tool with specific considerations, namely:

1. Companies are manufacturing sub-sector food & beverage that reveals an annual report, and its shares are listed on the Stock Exchange Indonesia (IDX) from 2015 to 2019 and can be accessed through the site IDX (www.idx.co.id).
2. The company has sufficient data needed by researchers as of December 31 in the 2015-2019 period.
3. Companies disclose annual reports in rupiah.

   Based on the sampling technique, the companies are PT. Delta Djakarta Tbk, PT. Indofood CBP Sukses Makmur Tbk, PT. Indofood Sukses Makmur Tbk, PT. Mayora Indah Tbk, PT. Prashida Aneka Niaga Tbk, PT. Nippon Indosari Corporindo Tbk, PT. Sekar Bumi Tbk, PT Sekar Laut Tbk, PT. Siantar Top Tbk, PT. Ultrajaya Milk Industry and Trading Company.

   This study uses one dependent variable and four independent variables. The dependent variable is the stock prices. The independent variables are operating activity cash flow, investing activity cash flow, financing activity cash flow, accounting profit, as presented in table 2.

   The outer model test was used to check the construct validity and instrument reliability. The construct validity and instrument reliability are tested by several methods: convergent validity, discriminant, and reliability. In addition to the outer model test, the inner model is also used to estimate causality between latent variables by testing the magnitude of the variance, namely the R-Square, and to understand the significance of the P-Value (Ghozali & Iatan, 2015). The test of the hypothesis is using a path coefficient, having a T statistic value of 1.96 or having a $P-Value$ 0.05 is declared significant; otherwise, the hypothesis is rejected.

   The data analysis technique used by the researcher is using the stock prices research method using SmartPLS 3.0 software.
RESULTS AND DISCUSSION

Results

Outer Model (Measurement Model)

Model measurements or models are models of measurement used to check the validity of construct and reliability of the instrument. For example, the outer model uses formative parameters assessed from the substantive essence, comparing the relative breadth of weight (Ghozali & Iatan, 2015).

Table 2. Variable Definition and Measurement

<table>
<thead>
<tr>
<th>No.</th>
<th>Variable</th>
<th>Variable Definition</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Stock Prices (Y)</td>
<td>The price is set by the desire and negotiation of shares linked in the capital market (Hiltari, 2015).</td>
<td>[PHS_{it} = \frac{(HS_{it} - HS_{it-1})}{HS_{it-1}}]</td>
</tr>
<tr>
<td>2.</td>
<td>Cash Flow Information from Operating Activities (X1)</td>
<td>The company's important activities are used as parameters to run operations, pay off debt, pay dividends, carry out non-funded investments from external sources (Diana &amp; Setiawati, 2017).</td>
<td>[PAO_{it} = \frac{(AO_{it} - AO_{it-1})}{AO_{it-1}}]</td>
</tr>
<tr>
<td>3.</td>
<td>Cash Flow Information from Investing Activities (X2)</td>
<td>The company's activities are obtained from the income and expenditure of cash investments that are useful in the future (Diana &amp; Setiawati, 2017).</td>
<td>[PAI_{it} = \frac{(AI_{it} - AI_{it-1})}{AI_{it-1}}]</td>
</tr>
<tr>
<td>4.</td>
<td>Cash Flow Information from Funding Activities (X3)</td>
<td>The company's activities are tied to the company's financing (decrease and increase in capital) for a certain period (Diana &amp; Setiawati, 2017).</td>
<td>[PAP_{it} = \frac{(AP_{it} - AP_{it-1})}{AP_{it-1}}]</td>
</tr>
<tr>
<td>5.</td>
<td>Accounting Profit (X4)</td>
<td>The profit obtained through income or sale reduction includes interest and income tax expenses (Kieso, 2018).</td>
<td>[PLB_{it} = \frac{(LB_{it} - LB_{it-1})}{LB_{it-1}}]</td>
</tr>
</tbody>
</table>
Based on Table 3, Convergent Validity, each variable has a loading factor value of more than 0.70 (> 0.70) and has an Average Variance Extracted (AVE) value of more than 0.50 (> 0.50), so it can be concluded that all variables have met the rule of thumb from convergent validity.

**Table 3. Convergent Validity**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Loading Factor</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock prices</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Cash Flow Statement Information Operating Activities</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Information on Cash Flow Statement Investing Activities</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Information on Cash Flow Statement Funding Activities</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Accounting Profit Information</td>
<td>1.000</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Source: Processed Data (2021)

Based on Table 4, the discriminant validity of each variable has a value of cross loading more major than 0.70 (> 0.70). Moreover, the value of roots of quadratic AVE is higher than the correlation between variables, so it can be concluded that the entire variable already meets the rule of thumb of discriminant validity.

**Table 4. Discriminant Validity**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cross Loading</th>
<th>AVE. Square Root</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock prices</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Cash Flow Statement Information Operating Activities</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Information on Cash Flow Statement Investing Activities</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Information on Cash Flow Statement Funding Activities</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Accounting Profit Information</td>
<td>1.000</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Source: Processed Data (2021)

Based on Table 5, the reliability of each variable has a Cronbach Alpha value of 1.000 and Composite Reliability value of 1.000, indicating high reliability.

**Table 5. Reliability**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach Alpha</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock prices</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Cash Flow Statement Information Operating Activities</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Information on Cash Flow Statement Investing Activities</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Information on Cash Flow Statement Funding Activities</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Accounting Profit Information</td>
<td>1.000</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Source: Processed Data (2021)
Based on Table 5, Reliability, each variable has a Cronbach alpha value and a composite reliability value of more than 0.70 (>0.70), so it can be concluded that all variables have met the rule of thumb of the reliability test.

**Inner Model ( Structural Model )**

Inner models are models of structure that estimate the relationship of causality between the variables’ latency to pay attention to the amount of variance with R-Square and understand the significance of P-Value. Rated R-Square or adjusted R2 of 0.75; 0.50, and 0.25 can reveal that the model is robust, moderate, or weak (Ghozali & Iatan, 2015). Increasingly increase the value of R-Square shows better models of prediction of the model study were presented.

**Table 6. R-Square (R²)**

<table>
<thead>
<tr>
<th>Y</th>
<th>R²</th>
<th>Adjusted R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock Price</td>
<td>0.769</td>
<td>0.749</td>
</tr>
</tbody>
</table>

Source: Processed Data (2021)

Based on Table 6, the R-Square (R²) value of 0.769 means that the stock prices can be explained 76.9% by the cash flow information (operating, Investing, and funding) and Information Profit Accounting. In comparison, the rest of 23.1% is explained by variables other was not examined in this study.

**Hypothesis testing**

Hypothesis testing is a decision-making procedure in which a researcher assesses the research results on what he wants to obtain (Abdillah, 2015). A hypothesis can be accepted and verified if the path coefficient has a T statistic value of 1.96 (or rounded to 2) or a P-Value of 0.05 is declared significant. And the hypothesis is rejected if the T statistic value is <1.96 or the P-Value value is >0.05. The significance value used in hypothesis testing is 0.05 (significance level 5%).

**Table 7. Path Coefficient**

<table>
<thead>
<tr>
<th>Dependent Variables</th>
<th>Original Sample (O)</th>
<th>t- Statistics</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Flow Statement Information Operating Activities</td>
<td>-0.160</td>
<td>0.402</td>
<td>0.688</td>
</tr>
<tr>
<td>Information on Cash Flow Statement Investing Activities</td>
<td>-0.366</td>
<td>3.300</td>
<td>0.001</td>
</tr>
<tr>
<td>Information on Cash Flow Statement Funding Activities</td>
<td>-0.203</td>
<td>1.187</td>
<td>0.236</td>
</tr>
<tr>
<td>Accounting Profit Information</td>
<td>0.744</td>
<td>2.191</td>
<td>0.029</td>
</tr>
</tbody>
</table>

Source: Processed Data (2021)
Based on Table 7, Path Coefficient, obtained the results as follows:
1. Information on Cash Flow Statements Operating Activities does not affect stock prices, with a parameter coefficient of -0.160 and a t-Statistics value < 1.96 and p-values > 0.05 at a significance level of 5%.
2. Information on Cash Flow Statements investing Activities affects stock prices, with a parameter coefficient of -0.366 and a t-Statistics value > 1.96 and p-values < 0.05 at a significance level of 5%.
3. Information on the Cash Flow Statement of Funding Activities does not affect stock prices, with a parameter coefficient of -0.203 and a t-Statistics value < 1.96 and p-values > 0.05 at a significance level of 5%.
4. Accounting Profit Information affects stock prices, with a parameter coefficient of 0.744 and a t-Statistics value > 1.96 and p-values < 0.05 at a significance level of 5%.

Discussion
The inner model result indicates that cash flow information (operating, investing, and funding) and accounting profit affect stock prices by 76.9%. Other factors explain the additional 23.1%. It is suggested that future research may add other variables such as information on leverage (Sulia, 2012), Company Size (Nugraha & Riyadhi, 2019), or sales growth and assets structure (Nugraha, Fitria, Nurlaela, Nugraha, & Torong, 2021).

The effect of operating cash flow information on the stock prices.
This study indicates that the cash flow information variable from operating activities (X1) does not affect stock prices, with a parameter coefficient of -0.160 and a t-Statistics value < 1.96 and p-values > 0.05 at a significance level of 5%. The researcher argues that operating cash flow cannot be used as the primary variable determining an investor's investment decisions. Operating cash flow also cannot guarantee the company so that all activities related to operations in the future. Sometimes, the accounting profit and operating cash flow information indicates a contra, namely an increase in profit followed by a decrease in operating cash flow.

The results of this research do not support the signaling theory. In this study, operating cash flow information cannot signal investors about the company's future operating liquidity. Operational cash flow information has not provided investors' confidence that the company can meet its operational cash needs in the future. In addition, details on operating cash flows may be too vague or blurred to be acceptable to the investors.

The results of this study are not in line with previous research that found Cash flow from operating activities has a positive effect on stock prices (Lumbanraja, 2018). However, this study is consistent with other research results that show cash flows from operating activities have no significant effect on stock prices (Ayu, Willy, & Vaya, 2017).

The effect of investing cash flow information on the stock prices.
The information from cash flow investing activities (X2) affects stock prices, with a parameter coefficient of -0.366 and a t-Statistics value > 1.96 and p-values < 0.05 at a significance level of 5%. Researchers argue that increasing the flow of cash from the investment activities can be
demonstrated that the company will add revenue in the future. Furthermore, income creation will lure investors into buying shares on the exchange effect, so the stock prices will continue to experience an increase.

The results of this research support the signaling theory. In this study, investing cash flow information signals investors about the company's future investment capability. The investing cash flow information can give investors confidence that the company can meet its investment cash needs in the future. Therefore, investors must pay more attention to the information on investment cash flow activities.

The results of this study are not in line with the research results), which showed that operating cash flow had no significant effect on stock prices (Putra & Widyaningsih, 2016). However, the research results align with the research results, which states that cash flow from investment activities positively impacts the stock prices (Asrianti & Rahim, 2015).

The effect of funding cash flow information on the stock prices.
The variable cash flow information on funding activities (X3) does not affect stock prices. A parameter coefficient of -0.203 and a t-Statistics value < 1.96 and p-values > 0.05 at a significance level of 5%. The researcher argues that funding cash flows better describe a direct relationship with company funding. Positive funding cash flows lead to changes in the total and capital structure and loans of the company. While the number of loan repayments, additional paid-in capital, or cash dividend payments depends on the company's strategy, usually, the state of funding cash flows has less impact on the company's performance. Consequently, it has less effect on changes in changes the company's stock prices.

The results of this research do not support the signaling theory. In this study, funding cash flow information cannot signal investors about the company's future funding activities. As a result, the funding cash flow information has not provided investors' confidence that the company can meet its funding cash needs in the future. In addition, details on funding cash flows may be too vague or blurred to be acceptable to the investors.

The results of this study are not in line with the results of research, which states that cash flow from funding activities affects stock prices (Dana, Purnami, & Giri, 2018). However, the results of this study are in line with the results of research which shows that funding cash flows do not affect stock prices (Mas’ut & Sijabat, 2017).

The effect of accounting profit information on the stock prices.
The accounting profit information variable (X4) affects stock prices, with a parameter coefficient of 0.744 and a T-Statistics value > 1.96 and p values < 0.05 at a significance level of 5%. Researchers found when companies earn profits that increasingly large. Then the company will be able to distribute great dividends. Profit or gains will be distributed to the shareholders to contribute service since their capital is instilled in the company. The improved condition of net income had an impact on the company's financial performance. Publication profit net often positively impacts the investor directly to the development of the price of the stock company.
The results of this research support the signaling theory. In this study, accounting profit information signals investors about the company's future earnings capability. The accounting profit information can provide investors' confidence that the company can meet its dividend needs in the future. Therefore, investors must pay more attention to the information accounting profit.

The results of this study are not in line with the results of research which concludes that accounting earnings or profit do not affect stock prices (Cornelius, 2019). However, the resulting analysis aligns with the study results, stating that profit accounting positively impacts stock prices (Pamungkas, Magdalena, & Ismanu, 2020).

CONCLUSION

The analysis results using SmartPLS 3.0 in this study indicate that the variables that affect stock prices are information on cash flow statements of investment activities and accounting profit information. In contrast, data on cash flow reports from operating activities and cash flow statement information from funding activity do not affect stock prices.

Suggestions for the companies, they can use operating and financing cash flow as consideration for the company in evaluating its performance so that it can be used for making provisions in the company's internal scope. Further research suggests adding other variables that are expected to affect stock prices and increasing the number of research samples to obtain better results.

Some of the limitations in this study that impact the study results are: first, this study only uses four variables, namely operating cash flow, investment cash flow, funding cash flow, and accounting profit. So, many other possible variables can affect stock prices that are not included in this study. Second, the sample used in this study is only the food and beverage sub-sector companies. So, there are still many sub-sector companies that are not examined in this study. Therefore, it causes the results of this study cannot be generalized to other sub-sector companies.

REFERENCES


Do Cash Flow and Accounting Profit Information Affect Stock Prices? (Study of Food & Beverage Companies on the Indonesia Stock Exchange)

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