THE INFLUENCE OF CASH FLOW, NET PROFIT, AND COMPANY SIZE ON SHARE PRICES EMPIRICAL STUDY ON AUTOMOTIVE AND COMPONENT SUBSECTOR COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE FOR THE 2019-2022 PERIOD

Putri Atika Surya Sakinah[1], Erly Sherlita[2]
Accounting, Faculty of Accounting and Business, Widyatama University
Jl. Cikutra No. 204, Bandung 40125
putri.atika@widyatama.ac.id
erly.sherlita@widyatama.ac.id

ABSTRACT

This research aims to determine the influence of cash flow, net profit and company size on share prices in Automotive and Components Subsector companies listed on the Indonesia Stock Exchange for the 2019-2021 period. The factors tested in this research are cash flow, net profit, and company size as independent variables, while share price is the dependent variable. The research method used in this research is descriptive and verification methods. The population in this research is the Automotive and Components Subsector companies listed on the Indonesia Stock Exchange for the 2019-2021 period, totaling 12 companies. The sampling technique used was non- probability sampling with a saturated sampling method, so the total sample was 12 companies. The data analysis used is panel data analysis using the Eviews 13 program. The research results show that cash flow, net profit and company size affect share prices. Apart from that, the research results also show that the influence of cash flow, net profit and company size in contributing to share prices is 65.3%.

Keywords: Cash Flow, Net Profit, Company Size, and Share Price.

1. INTRODUCTION

The economic development of a country can be measured in various ways, one of which is by knowing the level of capital market development and the development of various types of industry in that country. The Indonesian capital market has a big role in the country's economy. The existence of a capital market means that investors as parties who have excess funds can invest their funds in various securities in the hope of getting a return (Darmadji and Fakhrudin, 2018:1). The Indonesian capital market is currently experiencing good development, in line with the increasing number of companies registered on the capital market, the public having good awareness and interest in investment, and the large support from the government for investment policies. Based on data from PT Kustodian Sentral Efek Indonesia (KSEI), the number of capital market investors referring to Single Investor Identification (SID) as of November 3, 2022 has reached 10,000,628, with the number of local investors at 99.78%.

Based on the results of a survey conducted by Populix entitled "Insights and Future Trends of Investments in Indonesia" shows that in 2022, 72% of respondents will start investing, especially the millennial generation. This figure has increased from the previous survey in 2021, namely 44% of respondents who had started investing. From this survey, mutual funds were the investment instrument most frequently chosen by respondents, namely 47%. Furthermore, the investment instruments that are of interest to respondents are gold jewelry as much as 46%, 32% of respondents choose to invest in shares, 30% of respondents invest in precious metals, 29% of

respondents invest in the form of deposits, 21% of respondents invest in property, and 20% respondents invested in crypto assets (Nabila, 2022). The number of investors in the Indonesian capital market has increased quite significantly in 2019-2022 with the majority of investors under 30 years old.

Before investing in shares in the capital market, investors need to know and choose which shares can provide the most optimal profits for the funds invested (Fahmi, 2018: 81). Investors can assess the performance of company shares through the company's share price. Basically, the share price is the price that occurs on the stock exchange at a certain time. Share prices can change up or down at any time, this is possible because it depends on demand and supply between share buyers and share sellers (Darmadji and Fakhrudin, 2018: 102).

The high number of investors causes the market capitalization of the Indonesian Stock Exchange to experience positive movement or increase. Many companies experience downward and upward movements in share prices, one of which is felt by companies in the Automotive and Components Subsector listed on the Indonesia Stock Exchange. In 2018-2019 the performance of the stock index increased by 6.83%. In 2019-2020, the performance of the stock index decreased by - 24.16%. In 2020-2021, the performance of the stock index increased by 58.11%. Meanwhile, in 2021-2022, the performance of the stock index again decreased by -25.91%. From the description above, it shows that the performance of the stock index in the Automotive and Components Subsector companies listed on the Indonesia Stock Exchange for the 2018-2022 period tends to be less than optimal, as seen by the company's share prices which tend to fluctuate, and experience a decline in 2020 and 2022.

According to an article from Yazid Muamar, 2020, it is stated that in line with the manufacturing industry which experienced a decline in 2019, shares of the automotive industry and its components have also experienced a decline since the beginning of 2020. The various industries sector which houses the automotive and components industry experienced a decline of 7.03 % (year to date). Data from the Indonesian Stock Exchange shows that of the 13 issuers in the automotive sector, 11 shares experienced a decline, 1 share rose, and 1 share stagnated.

A company's share price can be influenced by various things that investors must pay attention to, one of which is total cash flow. According to Silalahi and Sembiring (2020) who state that the greater the cash flow generated by the company, the share price will increase. This means that the company can generate cash that is capable of paying off loans, maintaining the company's operating capabilities, paying dividends, making new investments without relying on external sources of funding, receiving and disbursing cash in connection with resources aimed at generating future cash flow income.

Apart from cash flow, another factor that can influence a company's share price is the company's net profit. The theory according to Tarwiyah and Sinthia (2021) is that net profit is one of the factors that can influence share prices, where the greater the net profit obtained by the company will directly influence the share price. And according to Sari et al (2022), if the company earns a large net profit, then theoretically the greater the dividends the company will distribute to investors. This makes investors more interested in investing because investors usually like big profits, thus causing an increase in share prices.

Apart from cash flow and net profit, company size can influence share prices. Company size can directly show the value of the company, therefore company size can influence share prices (Tarwiyah and Sinthia, 2021). Company size is a scale where companies can be classified as large or small according to several ways, such as based on sales, total assets, workforce, etc., all of which are highly correlated (Sawir, 2018: 102). Total assets can describe the size of the company,

the larger the assets, the bigger the company usually is. Asset size can be measured as the natural logarithm of total assets (Hartono, 2019:282).

Based on the background that has been described, the researcher is interested in further research with the title of the research being proposed which is as follows: "The Influence of Cash Flow, Net Profit and Company Size on Company Share Prices in Automotive and Component Subsector Companies listed on the Indonesia Stock Exchange 2019-2022 period".

2. THEORETICAL REVIEW

2.1. Financial statements

The Indonesian Accountants Association (IAI) in PSAK No.1 of 2018 (2018:1) states that financial reports are a structured presentation of the financial position and financial performance of an entity. Financial reports are the primary means by which a company communicates its financial information to those outside it. These statements provide the history of the company quantified in monetary terms. The financial statements most frequently provided are (1) statement of financial position, (2) statement of profit or loss or statement of comprehensive income, (3) statement of cash flows, and (4) statement of changes in equity. Disclosure of records is an integral part of every financial report (Kieso et al, 2018:5). Meanwhile, Munawir (2019:16) states that financial reports are a structured presentation of the financial position, financial performance and cash flow of an entity.

2.2. Financial Report Analysis

Financial report analysis means breaking down financial report accounts into smaller units of information and looking at their relationships which are significant or which have meaning between one another, both quantitative data and non-quantitative data with the aim of finding out the financial condition more deeply. very important in the process of producing the right decision (Harahap, 2018:190).

2.3. Cash Flow

Cash flow is a means of cash inflow and outflow in a period which is related to company management responsibilities in managing cash from operational activities, funding and investment (Ikasari, 2016: 242). Cash flow in this research is measured based on the total value of cash flow from operating, investment and financing assets. According to Azra (2018:194) states that the measurement of cash flow is as follows:

Total Cash Flow = Total Operating Cash Flow + Total Investment Cash Flow + Total Funding Cash Flow

2.4. Net Profit

Net profit is profit before income tax which is deducted by income tax (Hery, 2018:43). Sujarweni (2019:197) states that net profit is the last figure in the profit and loss calculation where to find: operating profit plus other income minus other expenses. Net profit in this study is measured based on the total value of net profit. According to Hery (2018:43) states that the formula for measuring net profit is as follows:

Net Profit = Profit Before Tax – Tax Expense

According to Kasmir (2019:303), the formula for measuring net profit is as follows:

Net Profit = Gross Profit – Operating Expenses – Tax Expenses

2.5. Company Size

Company size is the size of the company seen from the size of the equity value, sales value or asset value (Riyanto, 2017:343). Sawir (2018: 102) states that company size is a scale where the size of the company can be classified according to several ways, such as based on sales, total assets, workforce, etc., all of which are highly correlated. According to Hartono (2019:282) the calculation of company size can be formulated according to the following:

Company Size = Ln (Total Assets)

2.6. Stock price

Brigham and Houston (2019:7) state that share prices determine shareholder wealth. Maximizing shareholder wealth translates into maximizing the company's share price. The stock price at any given time will depend on the cash flows that the "average" investor is expected to receive in the future if the investor purchases the stock. Meanwhile Darmadji and Fakhrudin (2020:102) state that share prices are the prices that occur on the stock exchange at a certain time. Share prices can change up or down in a matter of time very quickly. Stock prices can change in minutes and can even change in seconds. This is possible because it depends on demand and supply between share buyers and share sellers.

The measurement of share prices in this research is measured by the value of the closing share price at the end of the annual financial reporting period. The closing share price is the price of a share at the time the shares close on the capital market (Hadi, 2015: 179). Closing price is the price that occurs on shares due to demand and supply in the market, which is determined before closing on the stock exchange every day, so the annual closing price of shares is the average price that occurs on a share in a particular year (Wibowo, 2019).

2.7. Framework of thinking
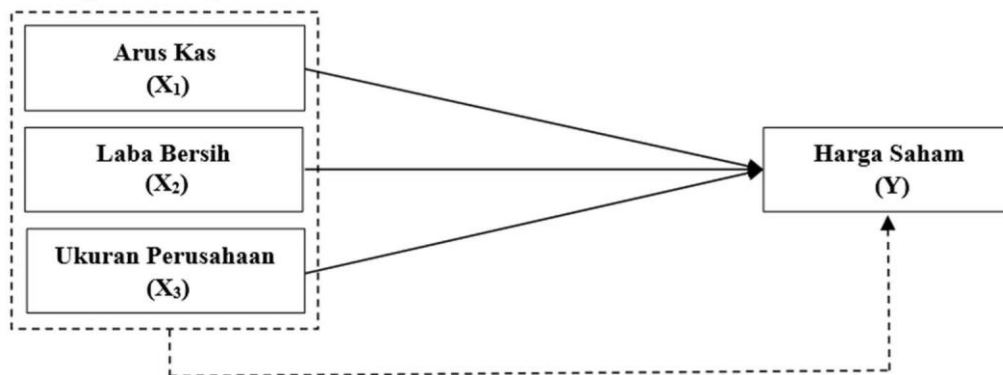
2.8. Research Hypothesis

H_1 : Cash flow influences stock prices.
H_2 : Net profit influences share prices.
H_3 : Company size influences share prices.
H_4 : Cash flow, net profit, and company size influence stock prices.

3. RESEARCH METHODS

3.1. Types of Research

The type of research used in this research is quantitative research. Quantitative research is research based on the philosophy of positivism, used for research on certain populations or

samples, collecting data using research instruments, quantitative/statistical data analysis, with the aim of testing predetermined hypotheses (Sugiyono, 2017:13).

3.2. Research Population and Sample

Population is a generalization area consisting of objects/subjects that have certain qualities and characteristics determined by researchers to be studied and then conclusions drawn (Sugiyono, 2019:61). The population in this research is the Automotive and Components Subsector companies listed on the Indonesia Stock Exchange for the 2019-2022 period, totaling 12 companies.

The sample is part of the number and characteristics of the population (Sugiyono, 2019:81). The sampling technique used in this research is non-probability sampling with a saturated sample method. The sample in this research is all 12 companies in the Automotive and Components Subsector listed on the Indonesia Stock Exchange for the 2019-2022 period.

3.3. Data and Data Sources

The type of data used in this research is secondary data in the form of financial reports of Automotive and Components Subsector companies listed on the Indonesia Stock Exchange for the 2019-2022 period. The data source in this research is secondary data sourced from www.idx.co.id (Indonesian Stock Exchange).

3.4. Data Analysis Technique

The data analysis technique used in this research is mutlivariate analysis. Multivariate analysis is the analysis of several variables in one relationship or set of relationships (Hair et al., 2016:2). The mutlivariate analysis used in this research is panel data regression analysis using Eviews 13 software.

4. RESULTS AND DISCUSSION

4.1. Multicollinearity Test

This test aims to test whether in the regression analysis model a correlation is found between the independent variables. A good regression model should have no correlation between independent variables. Based on the results of multicollinearity testing using the Variance Inflation Factor (VIF) value, the following results were obtained:

Variance Inflation Factors
Date: 03/20/24   Time: 11:58
Sample: 1 48
Included observations: 48

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.516510	337.5779	NA
ARUS_KAS	1.93E-05	1.526618	1.477901
LABA_BERSIH	3.50E-05	3.011225	1.620814
UKURAN_PERUSAHAAN	0.000621	352.7892	1.310663

From the results of the multicollinearity test, the centered Variance Inflation Factors (VIF) value for each variable is no more than 10 or less than 10. Therefore, it can be concluded that there is no multicollinearity between the independent variables in the regression model.

4.2. **Heteroscedasticity Test**

The heteroscedasticity test aims to test whether the regression model has unequal variances from the residuals of one observation to another. If the variance of the residuals from one observation to another is constant, it is called homoscedasticity, and if the variance is different, it is called heteroscedasticity. Based on the results of heteroscedasticity testing using the White test, the following results were obtained:

Heteroskedasticity Test: White
Null hypothesis: Homoskedasticity

F-statistic	0.719581	Prob. F(3,44)	0.5456
Obs*R-squared	2.244854	Prob. Chi-Square(3)	0.5232
Scaled explained SS	1.202116	Prob. Chi-Square(3)	0.7525

The test results show that the Obs*R-squared value is 2.244, then from the Chi Square table, at an error rate of 5% (0.05) and degrees of freedom of 3, a value of 7.815 is obtained. If you look at the Obs*R-squared value of 2.244, it shows that the value is less than the Chi Square table value of 7.815, namely (2.244<7.815). Apart from that, the chi-square probability value of 0.5232 shows a value greater than 0.05, namely (0.5232>0.05), so it can be concluded that there are no symptoms of heteroscedasticity in the regression model.

4.3. **Autocorrelation Test**

This test aims to test whether in the linear regression model there is a correlation between confounding errors in period t and confounding errors in period t-1 (previously) to test whether there is autocorrelation, in this study using the Durbin-Watson test. Based on the results of the autocorrelation test, the following results were obtained:

R-squared	0.653889	Mean dependent var	0.603649
Adjusted R-squared	0.630290	S.D. dependent var	0.181475
S.E. of regression	0.110343	Sum squared resid	0.535730
F-statistic	27.70892	Durbin-Watson stat	2.313109
Prob(F-statistic)	0.000000		

The test results show that the Durbin-Watson value is 2.313, this value will be compared with the value in the DW table with the number of observations (n) = 48, the number of independent variables (k) = 3 and a significance level of 0.05 to get a value of dl = 1.406 and du value = 1.670. Because the value of DW=2.313 is above the value of du=1.671 but below the value of 4-du=2.329, namely (1.671<2.313<2.329), because DW is between the values of du and 4-du (du<dw<4-du), then It can be concluded that there is no positive or negative autocorrelation in the regression model.

4.4. **Panel Data Regression Analysis**

Regression analysis is used to determine the relationship that exists between variables so that from the relationship obtained one variable can be estimated, if the price of the other variable is known. The regression model equation used by the author is the panel data regression model equation. Based on the test results using panel data regression analysis, the following results were obtained:

```
Dependent Variable: HARGA_SAHAM
Method: Panel EGLS (Cross-section random effects)
Date: 03/20/24   Time: 11:56
Sample: 2019 2022
Periods included: 4
Cross-sections included: 12
Total panel (balanced) observations: 48
Swamy and Arora estimator of component variances
```

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.495905	0.625088	2.393110	0.0210
ARUS_KAS	0.008169	0.002533	3.225175	0.0024
LABA_BERSIH	0.027072	0.003837	7.055693	0.0000
UKURAN_PERUSAHAAN	0.046888	0.021129	2.219180	0.0317

The regression equation model formed based on the research results is as follows:

$$Y = 1.495905 + 0.008169\ X1 + 0.027072\ X2 + 0.046888\ X3$$

Based on the regression equation model, it can be explained as follows: First, if the constant value is 1.495905, this means that if the independent variables, namely cash flow, net profit and company size, are considered constant (with a value of 0), then the dependent variable, namely the share price variable, will have a value of 1.495905. This means that when there is no change in value, namely cash flow, net profit and company size, share prices tend to remain the same or do not change. Second, if the regression coefficient value of the cash flow variable shows 0.008169, this means that if the cash flow variable has increased by (one) unit, while the other independent variables, namely the net profit variable and company size, are considered constant (with a value of 0), then the dependent variable is the share price variable will experience an increase of 0.008169. A positive sign on the regression coefficient value indicates that cash flow has a positive influence on stock prices. This means that the higher the cash flow value, the higher the share price, and vice versa. Third, if the regression coefficient value of the net profit variable shows 0.027072, this means that if the net profit variable has increased by (one) unit, while the other independent variables, namely the cash flow variable and company size, are considered constant (with a value of 0), then the dependent variable is the share price variable will experience an increase of 0.027072. The positive sign on the regression coefficient value shows that net profit has a positive influence on share prices. This means that the higher the net profit value, the higher the share price, and vice versa. Fourth, if the regression coefficient value for the company size variable shows 0.046888, this means that if the company size variable has increased by (one) unit, while the other independent variables, namely the cash flow and net profit variables, are considered constant (with a value of 0), then the dependent variable is the share price variable will experience an increase of 0.046888. The positive sign on the regression coefficient value shows that company size has a positive influence on share prices. This means that the higher the company size value, the higher the share price, and vice versa.

4.5. Partial Hypothesis Testing (t Test)

This test basically aims to show the influence of individual independent variables on the dependent variable. Based on the results of partial hypothesis testing, the following results were obtained:

```
Dependent Variable: HARGA_SAHAM
Method: Panel EGLS (Cross-section random effects)
Date: 03/20/24   Time: 11:56
Sample: 2019 2022
Periods included: 4
Cross-sections included: 12
Total panel (balanced) observations: 48
Swamy and Arora estimator of component variances
```

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.495905	0.625088	2.393110	0.0210
ARUS_KAS	0.008169	0.002533	3.225175	0.0024
LABA_BERSIH	0.027072	0.003837	7.055693	0.0000
UKURAN_PERUSAHAAN	0.046888	0.021129	2.219180	0.0317

The results of partial hypothesis testing are as follows:

1. Based on the results of partial hypothesis testing, the cash flow variable probability value is 0.0024<0.05. Apart from that, it can also be seen from the results of the comparison between t_{count} and t_{table} which shows the t_{count} value is 3.225, while t_{table} is 2.015. From these results it can be seen that $t_{count}>t_{table}$ is 3.225>2.015, so it can be concluded that H_1 is accepted, meaning that the cash flow variable partially influences the share price variable.

2. Based on the results of partial hypothesis testing, the probability value for the net profit variable is 0.0000<0.05. Apart from that, it can also be seen from the results of the comparison between t_{count} and t_{table} which shows the t_{count} value is 7.055, while t_{table} is 2.015. From these results it can be seen that $t_{count}>t_{table}$ is 7.055>2.015, so it can be concluded that H_2 is accepted, meaning that the net profit variable partially influences the share price variable.

3. Based on the results of partial hypothesis testing, the probability value for the company size variable is 0.0317<0.05. Apart from that, it can also be seen from the results of the comparison between t_{count} and t_{table} which shows the tcount value is 2.219, while t_{table} is 2.015. From these results it can be seen that $t_{count}>t_{table}$ is 2.219>2.015, so it can be concluded that H_3 is accepted, meaning that the company size variable partially influences the stock price variable.

4.6. Simultaneous Hypothesis Testing (F Test)

The simultaneous test is used to find out whether the independent variables jointly or simultaneously influence the dependent variable. Based on the results of simultaneous hypothesis testing, the following results were obtained:

R-squared	0.653889	Mean dependent var	0.603649
Adjusted R-squared	0.630290	S.D. dependent var	0.181475
S.E. of regression	0.110343	Sum squared resid	0.535730
F-statistic	27.70892	Durbin-Watson stat	2.313109
Prob(F-statistic)	0.000000		

Testing shows that the probability value is 0.0000<0.05. Apart from that, it can also be seen from the results of the comparison between F_{count} and F_{table} which shows that the Fcount value is 27.708 while Ftable is 2.82. From these results it can be seen that $F_{count}>F_{table}$ is 27.708>2.82, so it can be concluded that H_4 is accepted, meaning that together or simultaneously the variables cash flow, net profit and company size have an effect on the stock price variable.

4.7. Coefficient of Determination Test.

The coefficient of determination test is used to measure how far the model's ability to explain variations in the independent variable on the dependent variable. Below will be presented the results of testing the coefficient of determination, namely as follows:

R-squared	0.653889	Mean dependent var	0.603649
Adjusted R-squared	0.630290	S.D. dependent var	0.181475
S.E. of regression	0.110343	Sum squared resid	0.535730
F-statistic	27.70892	Durbin-Watson stat	2.313109
Prob(F-statistic)	0.000000		

The test results show that the R2 (R-squared) value is 0.653, which means that the variability of the dependent variable, namely share prices, can be explained by the independent variables, namely cash flow, net profit and company size in this study, is 65.3%, while the rest 34.7% is explained by other variables outside the research model.

4.8. The Effect of Cash Flow on Stock Prices

The research results show that cash flow has an effect on stock prices. The results of this research are supported by the previous discussion which states that cash flow contains cash receipts, cash disbursements and net cash balances resulting from operating activities, investment activities and funding activities in a certain period (Azra, 2018: 194). The total cash flow report can be used as a basis for investors' decisions to invest in shares. The main purpose of cash flow itself is to provide information about cash receipts and cash payments in a certain period. This information can be used by investors, creditors and other parties in assessing the company's ability to generate cash flow in the future (Wibowo, 2019).

4.9. The Effect of Net Profit on Share Prices

The research results show that net profit has an effect on share prices. The results of this research are supported by the previous discussion which states that net profit is the last figure in the profit and loss calculation where to find: operating profit plus other income minus other expenses (Sujarweni, 2019: 197). Net profit is one of the factors that can influence share prices, where the greater the net profit obtained by the company will directly influence the share price (Tarwiyah and Sinthia, 2021).

4.10. The Effect of Company Size on Share Prices

The research results show that company size influences share prices. The results of this research are supported by the previous discussion which states that company size is a scale where companies can be classified according to several ways, such as based on sales, total assets, workforce, etc., all of which are highly correlated (Sawir, 2018: 102) .

Company size can directly show the value of the company, therefore company size can influence share prices (Tarwiyah and Sinthia, 2021). Company size is a measure to determine the size of a company which can be assessed from the company's total assets. If the total assets of a company experience an increase in assets every year, then it can be a consideration for investors to invest in that company and vice versa. The greater the total asset ownership, the company will be classified as a fairly large company and most investors will choose to invest in companies that have large economies of scale. The high interest of investors in investing will have an impact on increasing company share prices (Sari et al, 2022).

5. CONCLUSION

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

1. The research results show that cash flow has an effect on stock prices. This means that the higher the cash flow value, the higher the share price, and vice versa.

2. The research results show that net profit has an effect on share prices. This means that the higher the net profit value, the higher the share price, and vice versa.

3. The research results show that company size has an effect on share prices. This means that the higher the company size value, the higher the share price, and vice versa.

4. The research results show that cash flow, net profit and company size have an effect on stock prices. This means that the higher the value of cash flow, net profit and company size, the higher the share price, and vice versa.

LITERATURE

Darmadji, T., C Fakhruddin, H. M. (2018). Pasar Modal di Indonesia. Salemba Empat.

Harahap, S. S. (2018). Analisis Kritis Atas Laporan Keuangan. Raja Grafindo Persada.

Kasmir. (2019). Analisis Laporan Keuangan.

Nabila, M. (2022). Survei Populix: Di Tahun 2022, Masyarakat Semakin Melek Investasi. Retrieved from Dailysocial.id: https://dailysocial.id/post/survei-investasi-populix

Sari, d. (n.d.). Pengaruh laba bersih, kompnen arus kas, ukuran perusahaan terhadap harga saham perusahaan perbankan pada masa pandemi Covid-19.

Sawir, A. (2018). Analisis Kinerja Keuangan dan Perencaaan Keuangan Perusahaan. PT. Gramedia Pustaka Utama.

Silalahi, C Sembiring. (2020). Pengaruh laba bersih, total arus kas, dan ukuran perusahaan terhadap harga saham pada perusahaan sektor asuransi yang terdaftar di Bursa Efek Indonesia Tahun 2014-2017.

Sugiyono. (2019). Metodelogi Penelitian Kuantitatif dan Kualitatif dan RCD. ALFABETA.

Tjiptono, D., C Hendy, M. F. (2018). Pasar Modal di Indonesia. Salemba Empat.

Wibowo. (2019). Pengaruh total arus kas dan laba bersih terhadap harga saham pada perusahaan Indeks Kompas 100 yang terdaftar di BEI periode 2013-2017.