

THE IMPACT OF CASH FLOW ON SHARE VALUES IN MANUFACTURING FIRMS FOR THE CONSUMER GOODS INDUSTRY CONSUMER GOODS INDUSTRY

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Abstract: This research seeks to assess how operating cash flow influences stock prices via earnings persistence, which serves as an intermediary variable for firms in the food and beverage manufacturing sector. The information required for this research was gathered through documentary methods. The type of information utilized in this research is secondary data. The approach taken for data analysis is descriptive statistics and multiple linear regression using the Ordinary Least Squares (OLS) technique. The software employed for the study is SPSS version 23. The findings from the Partial test, or t-test, indicate that the operating cash flow variable does not have a considerable and individual impact on the dependent variable, which is the market price. The results of the t-test present a significant value of 0.767, exceeding the significance level (α) of 5%. Therefore, collectively, these variables are not effective for analyzing market prices. According to the model summary table, the R^2 value is 0.027, suggesting that operating cash flow and earnings persistence contribute 2.7%, while the remaining 97.3% is attributed to other variables.

INTRODUCTION

Financial reporting serves as a means for management to hold themselves accountable for handling company resources on behalf of stakeholders over a defined time frame. According to statement of financial accounting concepts (SFAC) no. 1, financial reporting aims to provide, first, valuable information for investors, creditors, potential investors, and various other users. Second, it supplies insights regarding cash flow expectations to aid investors and creditors in evaluating the company's future cash flow potential. An effective financial report should also indicate a solid profit existence, enabling the company to maintain its financial stability. Initially, financial reporting

included just a balance sheet and an income statement. In 1971, opinion no. 19 from the Securities and Exchange Commission (SEC) mandated the reporting of changes in each entity's financial position. However, in 1987, the Financial Accounting Standards Board (FASB) called for cash flow reporting to replace the statement on changes in financial position outlined in Statement of Financial Accounting Standards (SFAS) no. 95. 95. As noted by Martono and Harjito (2012), cash inflows refer to the origins from which cash is acquired, while cash outflows describe the cash being spent.

RESEARCH METHODS

This study applies quantitative descriptive research. The descriptive quantitative approach, which is a form of scientific investigation, adheres to scientific principles in a concrete or empirical, objective, measurable, rational, and systematic manner since the research data is numerical and analyzed using statistics Sugiyono (2017). The research process is conducted by adhering to the sequence outlined in the conceptual framework. The data type utilized in this study is secondary data. As stated by Sugiyono (2018), secondary data refers to sources that do not directly supply data to the collectors, such as through intermediaries or documents. This type of data is acquired indirectly or via other parties or historical records that have been compiled in published formats or completed forms, having been gathered and processed by other individuals. For this research, the data source was derived from the financial statements of PT Blue Bird Tbk, accessible on their official website, www.bluebirdgroup.com. The data utilized pertains to the year 2021. Additionally, regarding its nature, the type of data in this research is quantitative, specifically numerical data.

RESULTS AND DISCUSSION

The following are several companies from the food and beverage sector listed on the Indonesia Stock Exchange.

1) Ades (Akasha Wira International Tbk)

Akasha Wira International is involved in producing and distributing bottled water. The firm was previously known as PT Ades Waters Indonesia Tbk and changed its name to PT Akasha Wira International in 2009 to improve its branding through the GMS. It sells bottled water under brands like Vica Royal, AdeS, AdeS Royal, and

Nestle Pure Life. The company also participates in the cosmetics industry. PT Akasha Wira International Tbk.

2) AISA (Tiga Pilar Sejahtera Food Tbk)

PT Tiga Pilar Sejahtera Food, Tbk (TPSF) became a public company on the Indonesia Stock Exchange in 2003. Initially, it focused only on food (TPS Food). Following a transformation beginning in 2009, TPSF has been listed in the Kompas 100 Index. In 2011, it was recognized in Forbes Indonesia Magazine as one of “A List of the Top 40 Best Performing Listed Companies,” and in 2012, it earned the Indonesia Best Corporate Transformation award from SWA Magazine. Furthermore, TPSF received the Asia’s Best Companies 2014 award in the Best Small Cap category from Finance Asia and was featured among the 20 Rising Global Stars by Forbes Indonesia. The t test analysis indicates that operating cash flow does not directly impact stock prices, with a significance value (sig.) of 0.767, which is greater than 0.05. The coefficient table reveals that operating cash flow, when mediated by earnings persistence, also shows no significant effect on stock prices with a significance value greater than 0.05.

Hypothesis testing using path analysis yields similar findings to the t test. The regression output model summary shows an R² value of 0.027, suggesting that operating cash flow and earnings persistence contribute 2.7%, with the remaining 97.3% coming from other variables. Additionally, the coefficient table indicates a significance value of 0.694 for operating cash flow, leading to the conclusion that operating cash flow via earnings persistence does not significantly influence stock prices.

CONCLUSION

The findings from the Partial test or t test indicate that the operating cash flow variable does not significantly influence the dependent variable, which is the market price. The t-test indicates a significant value of 0.767, which is above the significance level (α) of 5%. Therefore, these variables cannot be utilized for analyzing market prices as a whole. According to the model summary table, the R² or R Square value is 0.027, suggesting that the impact of operating cash flow and earnings persistence is only 2.7%, with the remaining 97.3% attributed to other factors.

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