The Effect of Cash Flows, Company Size, and Profit on Stock Prices in SOE Companies Listed on Bei For the 2013-2017 Period

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This study aims to determine the development of Cash Flow, Company Size, Profit and Stock Price. And to determine the magnitude of the influence of Cash Flow, Company Size and Profit on Stock Prices for the 2013-2017 period, both partially and together. The method used is a descriptive and verification method. By using secondary data consisting of Annual Cash Flow data, Annual Data on Total Assets for Company Size, Annual Profit data, and Annual Stock Prices data, published on several official websites, *idx.co.id, bi.go.co.id, yahoo.finance*. Data analysis methods used are correlation analysis, coefficient of determination, and regression. Hypothesis testing uses the F test for hypotheses together, and the t test for hypotheses individually with program *e views*. The results of data processing together found that there are no significant effects between the variables of Cash Flow, Company Size, and Profit on Stock Prices. And partially Cash Flow, Company Size, and Profit have no significant effect on Stock Prices.

**Key words:** *Cash Flow, Company Size, Profit, Stock Price.*

Introduction
Background

Indonesia is a developing country which has enormous potential to become a developed country through use of its vast natural resources, as well as its human resources. At present, the State of Indonesia is actively implementing national development programs. The economy in Indonesia will not develop without the support of industry as one of the most dominant economic sectors today. Industrial products have a higher selling value than other sectors, because industrial products are very diverse and provide high value and benefits for the community.

State-Owned Enterprises in general (BUMN) are business entities wholly or partially owned by the State through direct participation originating from separated State assets (Based on Law of the Republic of Indonesia No. 19 of 2003). BUMNs are one of the economic actors in the national economic system, in addition to Private Enterprises (BUMS) and cooperatives. BUMNs come from contributions in the economy which play a role in producing various goods and services to realize people's welfare. BUMNs are found in various sectors such as agriculture, plantation, forestry, finance, manufacturing, transportation, mining, electricity, telecommunications, and trade and construction.

One way a company earns revenue is by registering a company on the Indonesia Stock Exchange. This method is known as being an Issuer, which is a term for companies that issue and sell investment products (stocks or bonds) to the general public (investors). Researchers took 10 BUMN Issuers listed on the Indonesia Stock Exchange as samples in this study.

Graph 1. Average Stock Price of BUMN Issuers for the 2013-2017 Period
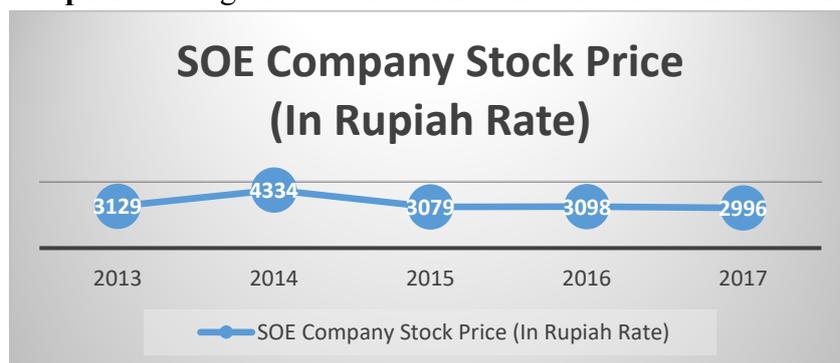
According to Martani (2012), investors use information about past company earnings as an important input in predicting future earnings and cash flows, which is then used as a basis for predicting stock prices and dividends for the company in the future. However, the stock price in the study period is not directly proportional to the cash flow (that continues to rise), as the

stock price shows a fluctuating value. This phenomenon does not always prove that good financial statements, especially cash flows, are attractive to investors and are therefore not always predictive of stock prices in the future (Hussain, Abidin, Kamaruzaman & Shawtari, 2018).

Graph 2. Average Cash Flow to Stock Prices of SOE Issuers for the 2013 - 2017 Period

According to Soliha (2002), easy access to funding is good information for investors; it can reflect good prospects for the company in the future and is seen as a positive signal by investors, so the value (stock) is positively affected. But the information obtained from the size of the company during the study period has shown different results from the theory. In the size chart of the company below, it can be seen that the size of the company which increases every year is not directly proportional to the variable stock prices.

Graph 3. Average Company Size for SOE Stock Prices Period 2013-2017

Profit research partially on Stock Prices by the author during the study period showed a constant result. In the period of 2013-2014, profit experienced an increase from 141,805,352,066 to 161,132,234,875. Directly proportional to the Stock Price, experiencing an increase from 3,129 to 4,334. But the following year showed conflicting results between Earnings and Stock Prices. This is in contrast to the theory according to Simamora (2000) which states that, if a company's profits show an increase over time, investors will be interested in investing the company, thus the stock price owned by the company will increase.

In addition to cash flow, a company's performance parameter that can be of primary concern are the size of the company. One benchmark that shows the size of the company is the total assets of the company. Companies that have large total assets shows that the company has reached the maturity stage, where at this stage the company's cash flow has been positive and is considered to have good prospects over a relatively long period of time. In addition, it also reflects that companies are more stable and more able to generate profits than companies with smaller total assets (Indriani: 2005).

Literature Review
Effect of Cash Flow on Stock Prices Cash

Flow information is useful in evaluating changes in the financial structure, such as liquidity and solvency, and its relation to profitability. Cash flows from financing activities are activities that result in changes in the amount and composition of the company's equity and loans. This includes the proceeds from the issuance of equity securities, such as ordinary shares. The higher the cash inflows from funding means that the amount of debt and interest expense that must be paid to external parties also increases. This will reduce profits and dividends that will be received by investors, so investors tend to respond negatively and this will be reflected in stock prices and the company's returns will tend to fall.

Effect of Company Size on Stock Prices

The size of a company is a scale that can classify companies into large companies and small companies according to various criteria, such as total assets or total assets of the company, stock market value and/or average sales level. Asset size is used as a measure of the size of a company, because total assets are considered more stable and reflect the size of the company. Large companies are considered to have a smaller risk, because large companies are considered to have easier access to the capital market.

Effect of Profit on Stock Prices

According to Weston and Copeland (1997: 125) in Ferdi (2012: 43), a company that has a stable profit can often estimate how much profit it will make in the future. Companies like this usually tend to pay dividends with a higher percentage, with regard to share prices, to investors compared to companies with fluctuating profits. Unstable companies, with regard to their financial performance, are usually not sure whether the expected profits in the years to come can be achieved, so companies tend to hold back most of their current net income. As a result of holding back profits, lower share prices result.

Effect of Cash Flow, Company Size, and Profit on Stock

Stock prices are a function of information. Information that shows the company's financial condition are cash flow statements, company size assessments, and earnings reports. The cash flow report itself contains the flow of funds for company activities that are very vital for the company's operations, while the size of the company is a scale that can classify large companies and small companies according to various criteria, such as total assets or total assets, and profit reports company financial report for one year.

Research Methods

In this study, the method used in this study is a descriptive research method using a quantitative approach. (Sugiyono; 2014: 8) says that the Descriptive Method is to describe the actual conditions of the object of research when conducting research. Quantitative / statistics is used with the aim of testing a predetermined hypothesis. So descriptive method is a method of analysis carried out by collecting data, then based on facts and events, including problems faced by the company, comparing them with theories.

The object in this study is Cash Flow as a free variable (X1), Company Size as an independent variable (X2), Profit as an independent variable (X3), and Stock Price as a dependent variable (Y).

Hypothesis Testing

In this study the authors conducted hypothesis testing individually and together to find out the effect of variable X on Y

Testing the Hypothesis Individually (Test t)

The t test was conducted to determine how much influence each component of the independent variable had on the dependent variable. Using a significance level of 5%.

Test Model (Test F)

Test F aims to determine the effect of independent variables measured by Cash Flow (X1), Company Size (X2), and Profit (X3) together on the variable Share Price (Y).

Research Results and Discussion

Testing of Partial Hypotheses (Test t)
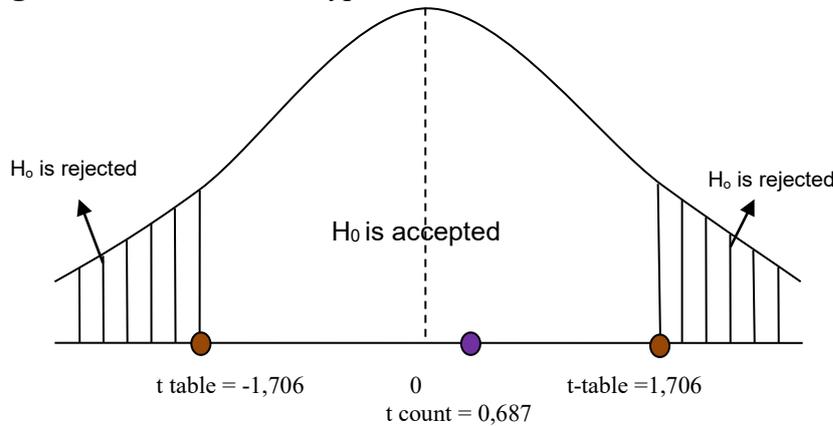### a.   Testing of Partial Hypotheses X_1

It is known that the value of the t-count obtained by cash flow (X_1) is equal to 0.687. This value will be compared with the t-table value in the distribution table t. With $\alpha = 0.05$, df = nk-1 = 30-3-1 = 26, the t-table value for the two-party test is $\pm 1{,}706$. The Values show that the t-count value obtained is 0.687, and the t-table value (-1.706 and 1.706), can be seen in the table below:

Table 1: Testing of Partial Hypothesis X_1

Model	t	t_{table}	Prob. t	α	Decision	Conclusion
Cash Flow	0.687	1.706	0.490	0.05	H_0 accepted	Not Significant

Based on the table above, according to the hypothesis testing criteria, H_0 is accepted and H_a is rejected, meaning that partially cash flow does not significant effect stock prices of state-owned companies listed on the Indonesia Stock Exchange in 2013-2017. If presented in the graph, the value of t-test and t-table, it can be seen in the following table:
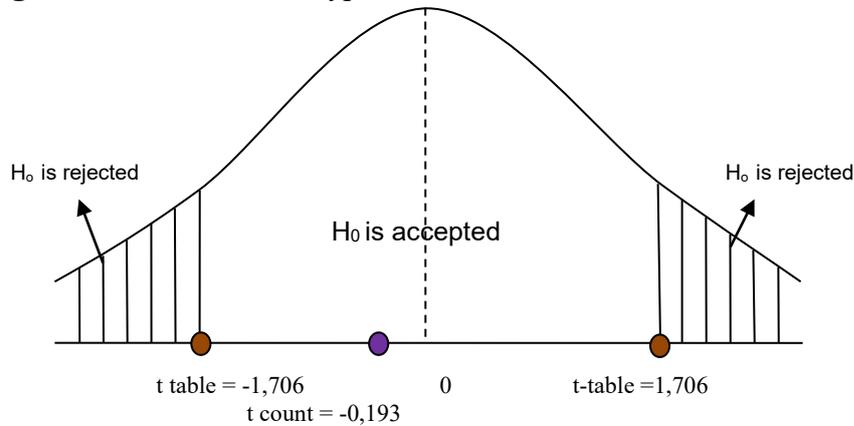
Figure 1. Test of Partial Hypothesis X_1

b.   Testing of Partial Hypotheses X_2

Table 2. Testing of Partial Hypotheses X_2

Model	t	t_{table}	Prob. t	A	Decisions	Conclusion
Size	-0193	1.706	0.8848	0.05	H_0 accepted	Not Significant

Based on the above table, it is known that the t-count value obtained for the size of the company (X_2) is approximately -0.193 . This value will be compared with the t-table value in the distribution table t. With $\alpha = 0.05$, df = nk-1 = 30-3-1 = 26, the t-table value for the two-party test is $\pm 1,706$. From the above values, it can be seen that the calculated t-value is -0.193, between the t-table values (-1.706 and 1.706). In accordance with the hypothesis testing criteria, H_0 is accepted and H_a is rejected, meaning that partially the size of the company does not have a significant effect on the stock price of state-owned companies listed on the Indonesia Stock Exchange in the period 2013 - 2017. If presented in a graph, t-count and t -table can be seen as follows:

Figure 2. Test of Partial Hypothesis X_2

c. Testing of Partial Hypothesis X_3

Table 3: Testing of Partial Hypothesis X_3

Model	t_{counts}	t_{table}	Prob.t	A	The decision	Conclusion
Profit	1,827	1,706	0,041	0.05	H_0 is rejected	Significant

Based on the table above, it is known that the t-count value obtained for profit (X_2) is equal to 1.827. This value will be compared with the t-table value in the distribution table t. With α = 0.05, df = nk-1 = 30-3-1 = 26, the t-table value for the two-party test is ± 1,706. From the values above, it can be seen that the calculated t-value is 1,827, between the t-table values (-1,706 and 1,706). In accordance with the hypothesis testing criteria, H_0 is rejected and H_a is accepted. This means that partially profit has a significant effect on the stock price of state-owned companies listed on the Indonesia Stock Exchange in the period 2013 - 2017. If presented in graphs, t-count and t-table can be seen in the following table (Nobanee, 2018):

Figure 3. Test of Partial Hypothesis X_3
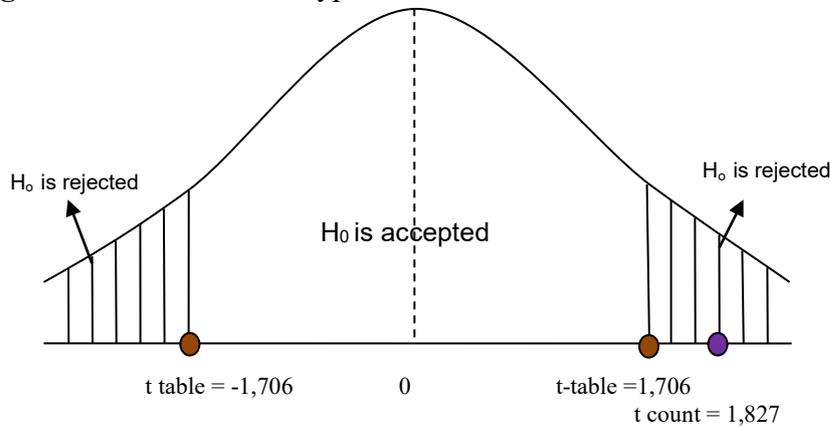
### Testing of the Simultaneous Hypothesis (Test F)

To prove whether the three independent variables tested, consisting of cash flow, company size and profit, have a significant effect on stock prices, then the formulation of the hypothesis is as follows:

Table 4: Testing of Simultaneous Hypotheses

F_{count}	F_{table}	Prob. F	α	Decision	Conclusion
8.832	2.307	0,000	0.1	H_0 rejected	Significant

Based on the table above, it is known that the F-calculated value obtained is 8.832. This value will be compared with the value of F-table in the distribution table F. With $\alpha = 0.1$, $db_1 = 3$ and $db_2 = 26$, the F-table value obtained is 2.307. From the values above, it can be seen that the value of F_{count} (8.832)> F_{table} (2,307), according to the testing criteria of the hypothesis, H_0 is rejected and H_a is accepted. This means that simultaneously the three independent variables consisting of cash flow, company size and profit have a significant effect on the stock prices of state-owned companies listed on the Indonesia Stock Exchange for the period of 2013-2017. If presented in the figure, the value of F_{count} and F_{table}, it can be seen as follows (Tabor, 2018):

Figure 4. Curve Hypothesis Testing Simultaneous X_1 and X_2 to Y

F table = 2,307   F count = 8,832
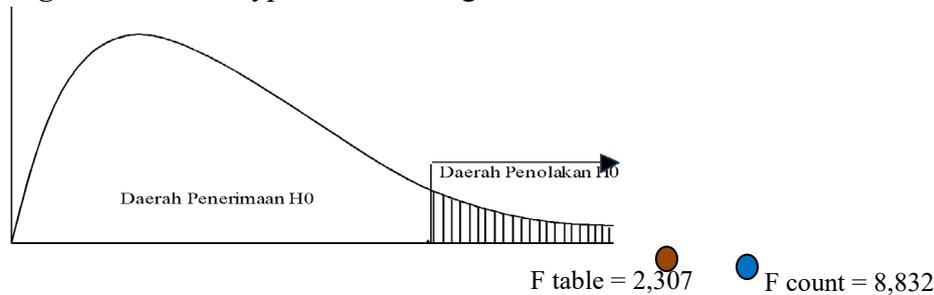
Conclusion

Based on the results of data analysis and discussion, the authors take some conclusions as follows (Meyer, 2018):

1. In part, cash flow does not have a significant effect on the stock prices of state-owned companies listed on the Indonesia Stock Exchange in the period 2013-2017.
2. Partially the size of the company does not have a significant effect on the stock price of state-owned companies listed on the Indonesia Stock Exchange in the period 2013-2017

3. Partially, the profit has a significant effect on the stock prices of state-owned companies listed on the Indonesia Stock Exchange in the period 2013-2017

4. Simultaneously, cash flow, company size and profit have a significant effect on stock prices in state-owned companies in the period 2013-2017 with contributions contributed by 77%, while the remaining 33% are contributions that are not examined.

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