THE INFLUENCE OF EARNINGS, OPERATING CASH FLOWS, FIRM SIZE AND LEVERAGETO STOCK PRICE

(Empirical Study on Companies manufacturing are Listedin Indonesia Stock Exchange in 2016-2019)

1st Mia Melyanti Oktari, 2nd Uun Sunarsih
Accounting Major, Indonesian College of Economics
STIE Indonesia
Jakarta, Indonesia
Miamelyanti22@gmail.com; uun_sunarsih@stei.ac.id

ABSTRACT

Stock price is a reflection to see the performance of a company, if the stock price of a company is classified into high criteria, it can be said that the company's performance is in very good condition. Stock movements have an important role in economic activity. This study aims to determine how much influence earnings, operating cash flows, firm size and leverage have on stock prices on manufacturing companies listed on the Indonesian stock exchange.

This research uses quantitative research type, with descriptive approach, as measured by the method of linear regression of the data panel with Eviews version10. The population of this research is in manufacturing company are listed in the Indonesia Stock Exchange of 2016-2019. The sample are determined based on the method of purposive sampling, with 77 manufacturing companies, so the total observations in this study as much as 308 observations. The data used in this research is secondary data. The method of data collection using documentation through the official website of IDX www.idx.co.id.

The results of this study partially show that earnings have a positive effect on stock prices, because profits that continue to experience a positive response from investors. Operating cash flows have no effect on stock prices, because the company uses OCF to expand its business rather than distribute dividends. Firm size has a positive effect on stock prices, because investors are of the opinion that large companies have more business certainty than small companies. And leverage has a negative effect on stock prices, because the higher the debt the more risky the company is, so that all operating activities are financed by debt.

Keywords :Earnings, Operating Cash Flows, Firm Size, leverage, Stock Price.

Mia Melyanti Oktari[1], Uun Sunarsih[2]

1. INTRODUCTION

Countries that adhere to a market economic system have shown a positive response to investors in the current era of globalization. Stock movements play a strong function in their economic activities. The capital market is the main medium for moving capital and while making companies more competent. In understanding the world of investing, a potential investor must initially learn the conception that is the basis for when considering investment decisions(Wijaya, 2017).

One of the investors' concerns is the change in share price in a company, therefore an investor needs information from the company, both information relating to the company's financial statements or corporate social information. However, the fundamental factor that is needed by potential investors is the company's financial statements. Fahmi (2013:22), states that "Financial statements are information that reflects a company's financial condition, where this information can be used as a description of the company's financial performance".

There is a phenomenon of rising and falling share prices occurring in the manufacturing company PT. Bakrie and Brothers Tbk. (BNBR) is a company whose shares paid dividends negatively during 2018. During that year, BNBR suffered a loss of investment in shares of up to 79.2%. Initially, BNBR shares experienced a drastic increase, where previously the BNBR share price was valued at Rp. 50 / share, a significant increase of Rp. 500 / sheet. However, the financial performance at BNBR is considered bad by investors. Bakrie and Brothers' performance in the first quarter of 2018 was not satisfactory. In the first quarter of 2018, BNBR had a net loss of Rp. 336.71 billion, an increase from the net loss in 2017 of Rp. 155.03 billion. Where the company's total debt increased to Rp. 13.2 trillion in the last three months of 2018, from the previous Rp. 12.6 last year. BNBR's share price immediately fell 24.8% at that time from the price of Rp. 500 / share to Rp. 376 / sheet. The impact of the continuing decline in BNBR's share price, investors who have bought BNBR shares then sell and sell BNBR shares massively (CNBC Indonesia, 20/06/2018).

The share price is the closing price of the shares during the observation stage for each type of stock which is used as an example and its development is always monitored by investors. The stock price occurs because it goes through the supply and demand process in the stock exchange. If a stock faces a continuous supply, it is likely that the share price will decline. Conversely, if stocks face increasing demand, it is likely that the stock price will be high(Wehantouw *et al*., 2017).

The performance indicator of a company that is considered by potential investors is the financial report and the most important thing is profit. Profit indicators are measured by net income and operating cash flows. According to Subramanyam and Wild (2014: 25) are: "Profit (earnings) or net income (net income) indicates the profitability of the company. Profits represent returns to equity holders for the period, while reporting items detail how the profits were

made. Thus, net income is profit that is distributed partly in the form of dividends and the remainder is retained earnings for the company.

PSAK No. 1 (2019: 3) states that reports on the entity's cash flows can be used by non-profit activities in the private sector or the public sector that require financial reports as a basis for assessing the company's ability. According to Brigham and Houston (2014: 4) states that "Company size is an indicator that shows the company's financial strength. The bigger the company, the higher the investor's interest in investing its shares compared to the small company". According to the Law of the Republic of Indonesia No. 20 of 2008 concerning micro, small, and medium enterprises in Chapter IV article 6 explains that Firm Size can be measured from the wealth or total net assets of a company (Undang-Undang 2008).

Several methods used to assess financial data in assessing company performance are ratio analysis. According to Fahmi (2015: 72) "The leverage ratio is to estimate how much a company is financed by debt by a creditor. The use of debt that is too high will endanger the company because the company will fall into the extreme leverage category, that is, the company is trapped in a high level of debt and it is difficult to release the debt burden".

It is hoped that in this study, empirical evidence is obtained about the relationship between earnings disclosure, Operating Cash Flows, Firm Size, and Leverage on Stock Prices in manufacturing companies listed on the Indonesia Stock Exchange for the period 2016-2019. Based on the background described above, the problem formulations in this study are:

1. Does profit affect stock prices in manufacturing companies listed on the Indonesia Stock Exchange 2016-2019?
2. Does operating cash flow affect stock prices in manufacturing companies listed on the Indonesia Stock Exchange 2016-2019?
3. Does firm size affect stock prices in manufacturing companies listed on the Indonesia Stock Exchange 2016-2019?
4. Does leverage affect stock prices in manufacturing companies listed on the Indonesia Stock Exchange 2016-2019?

2. LITERATURE REVIEW AND DEVELOPMENT OF HYPOTHESES
2.1. Prior Research

As literature and material differences in this study. The author will estimate the results of previous studies. Where the subject matter which is expressed is in accordance with the problems contained in the research that will be carried out. The literature used as a reference includes:

In the first study conducted by Lores and Siregar (2017). This study examines the effect of accounting earnings and operating cash flow on stock prices. The data analysis method used is multiple regression analysis, classical assumption test, and hypothesis testing. The population in this study are automotive companies listed on the IDX. The sampling technique was purposive sampling method. The selected sample is 10 companies. The results show that profit has no effect on stock prices (closing price), while operating cash flows have an influence on stock prices.

Furthermore, the second research was conducted by Santoso and Manaf (2019). This study examines the effect of operating cash flow and net income on stock prices. The data analysis method used is multiple regression analysis, classical assumption test, and hypothesis testing. The population in this study were automotive companies listed on the IDX in 2013-2017. The sampling technique in this study was purposive sampling method. The selected sample was 9 companies. The results of this study indicate that there is an effect of operating cash flow on stock prices and net income, there is an influence on stock prices.

The third research was conducted by Wehantouw, et al., (2017). This study examines the effect of capital structure, company size and profitability on stock prices. The analysis method used is multiple regression analysis, classical assumption test and hypothesis testing. The population of this study is the food and beverage consumer goods industry companies listed on the IDX in 2012-2015. The sampling technique was purposive sampling. The selected sample was 13 companies. The results of this study indicate that the capital structure has a significant effect on stock prices, firm size does not have a significant effect on stock prices, then profitability has a significant effect on stock prices.

The fourth research was carried out by Putranto and Darmawan (2018). This study examines the influence of company size, profitability ratios, and leverage ratios on stock prices. The analysis method used is multiple regression analysis, descriptive statistics and inferential statistical analysis, classical assumption test and hypothesis testing. The population of this research is mining sector companies on the Indonesia Stock Exchange in the period 2010-2016. The sampling technique in this study was purposive sampling. Samples that match the criteria were obtained as many as 7 companies. The results partially show that the market value has no effect on stock prices. Company size has a positive influence on stock prices. The profitability ratio has a positive influence on stock prices. The leverage ratio has a negative effect on stock prices.

Then the fifth research was conducted by Setiawati (2018). This study examines the effect of net income and operating cash flow on stock prices. The analysis method used is panel data regression analysis and hypothesis testing. The population used is Food and Beverages companies listed on the Indonesia Stock Exchange for the period 2012-2015. The sample selection technique used was purposive sampling. Samples that fit the criteria were obtained as many as 40 companies. The partial results show that net income has an influence on stock prices, but operating cash flows have no effect on stock prices. And simultaneously shows that the two variables have no effect on stock prices.

The first international research conducted by Salha T.A, et al., (2017). This study examines the effect of cash flow on stock prices. The analytical method used is multiple regression analysis and hypothesis testing. The population used is the Jordanian ASE-listed companies. The sample selection technique used was purposive sampling. The selected sample is 12 companies. The results of this study indicate that cash flows consisting of operating cash flows (OCF), free cash flows (FCF), and investment cash flows (ICF) have an influence on stock prices. However, for the Operating Cash Flows variable,

there is a positive influence on the share prices of Jordanian companies, while the Financing Cash Flows effect has a negative effect.

The second international research was conducted by Saymeh and Salameh (2016). This study examines the influence of factors that are determined by the price of service shares. The analytical method used is multiple regression analysis, classical assumption test, and hypothesis testing. The population in this study are service companies listed on the Amman Stock Exchange (ASE) Jordan in the 2010-2015 period. The sample selection technique used was purposive sampling. The selected research sample was 27 companies listed on the Amman Stock Exchange (ASE) during the period 2010 to 2015. The results showed that there was a significant influence on the selected factors such as distributed profit (net profit), return on assets and operating. cash flows to stock prices in ASE-listed service companies.

The third international study was conducted by Al Qaisi, et al., (2016). This study examines the factors that will affect stock prices, such as Return on Assets (ROA), Return on Equity (ROE), Debt Equity Ratio (DER), Company Age, and Company Size. The analytical method used is simple and multiple linear regression analysis, descriptive statistical test and hypothesis testing. The population in this study are insurance companies listed on the Amman Stock Exchange (ASE) in the 2011-2015 period. The sample selection technique used was purposive sampling. The selected sample was 23 companies. The results showed that there was an influence between ROA on market share prices, but there was no influence between ROE on market share prices. Then there is an influence between the Debt Ratio or DER on the market share price, there is an influence between the age of the company on the market share price, and there is also an influence between firm size on stock prices in insurance companies listed on ASE.

The fourth international study was conducted by Farooq, et al., (2016). This study aims to examine the effect of various leverage measures on stock prices. The analysis method used is panel data regression analysis, classical assumption test, and hypothesis testing. The population in this study were cement companies on the Pakistan Stock Exchange from 2005 to 2015. The sample selection technique used was purposive sampling. The research sample chosen was 17 companies. The results showed that the debt ratio and the level of financial leverage had no negative effect on stock prices, while company size had a positive effect on stock prices.

2.2. Theoretical basis
2.2.1. Financial statements

Financial statements are information that reflects the financial condition of a company, and further information can be used as a description of the company's financial performance (Fahmi, 2013: 2). According to PSAK No.1 (2019: 3) states that "Financial statements are a structured presentation of the financial position and financial performance of an entity. A perfect financial statement consists of a balance sheet, an income statement, a statement of changes in financial position (which can be presented in a variety of ways for example, as a cash flow statement, or a cash flow statement). Notes and other

reports as well as explanatory material that are an integral part of the financial statements".

2.2.2. Financial Ratios

The definition of financial ratios according to Harahap (2015: 297) is: "Figures are obtained from the results of comparisons of one financial statement post with other posts that have a relevant and significant (meaningful) relationship. These financial ratios only simplify information that describes the relationship between certain items and other items. With this simplification we can compare it with other ratios so that we can obtain information and provide judgments ". Types of financial ratios include liquidity ratios, activity ratios, leverage ratios, and profitability ratios. However, this study only uses the leverage ratio as a calculation.

2.2.3. Earnings

Earnings is a summary of the net results of business operating activities in a certain period which are expressed in financial terms. As well as information on companies that are most in demand in the money market (Subramanyam, 2012: 109). However, according to Martani et al., (2012: 113) states that "Profit is income earned in the form of financial amounts (money). Where the financial net assets at the end of the period (excluding distribution and owner contributions) exceed the net assets at the beginning of the period ". Profit classification according to Gozali and Chariri (2016: 130), namely gross profit, operating profit and net profit.

2.2.4. Operating Cash Flows

According to Sumarsan (2013: 24), the definition of operating cash flows is "Cash flow from operating activities shows the net cash value obtained from the sale of company goods or services after deducting the cash that must be spent to produce and sell the product or service." Meanwhile, according to Surya (2012: 48), "The amount of cash flow that comes from operating activities is an indicator that determines whether the company's operations can generate sufficient cash flow to pay off loans. Cash flow that can maintain the company's operating ability, pay dividends, and make new investments without relying on outside sources of funding.

2.2.5. Firm Size

Firm Size is how much a company functions as an economic benefit provider (Supriyono, 2017:61). Meanwhile, according to Brigham and Houston (2014: 4) "Company size is an indicator that shows the company's financial strength". Meanwhile, according to Hartono (2016: 685) states that "The size of the company is the size of the company which can be measured by the value of total assets or net sales or equity value". The firm size measurement can be measured using total equity, total assets and sales.

2.2.6. Leverage

According to Kasmir (2016: 151), the leverage ratio is "a ratio used to measure the extent to which the company's assets are financed with debt. This means how much debt burden the company bears compared to its assets. In a broad sense it is said that this ratio is used to measure the company's ability to pay all of its obligations, both short and long term ". The definition of leverage according to Fahmi (2013: 127) is "Measuring how much a company is

financed by debt. The use of debt that is too high will endanger the company because it will fall into the extreme leverage category, where the company is trapped in a high level of debt and it is difficult to release the debt burden. Therefore, the company should have to balance how much debt is feasible to take and from which sources can be used to pay debts".

2.2.7. Stock Theory

Shares are a sign of ownership of a person or entity in a company or limited liability company. The form of shares is a sheet of paper which states that the owner of the paper is the owner of the company that issued the securities. The portion of ownership is determined by how much investment is invested in the company(Darmadji dan Fakhruddin, 2012:5).

According to Darmadji and Fakhruddin (2012: 102), stated that "The share price is the price that occurs on the stock exchange at a certain time. Stock prices can change up or down in a matter of time very quickly. Stock prices can change in a matter of minutes or can even change in seconds. This is possible because it depends on the demand and supply between the buyer of shares and the seller of shares.

2.3. Hypothesis Development

2.3.1. Effect of Earning on Stock prices

Earnings is a summary of the net results of business operating activities in a certain period which are expressed in financial terms. As well as information on companies that are most in demand in the capital market activity market. Theoretically, high profits will reflect the company's ability.

Based on the above theory, the relationship between earnings and share prices can be made the first hypothesis (H1) as follows:

H1 = Earnings has an effect on stock prices.

2.3.2. Effect of *Operating Cash Flows* on Stock prices

Operating Cash Flows is cash that shows the net cash value obtained from the sale of goods or services after deducting the cash that must be spent to produce and sell the product or service. Then the higher the value of the company's operating cash flow, it means that the company is increasingly able to show that the company is profitable and gets good cash.

Based on the above theory, the relationship between Operating Cash Flows and stock prices can be made a second hypothesis (H2) as follows:

H2 = Operating Cash Flows has an effects stock prices.

2.3.3. Effect of *Firm Size* on Stock prices

Firm Size is a measure that is assessed from the size of a company which can be calculated using total assets, total sales, and tax expenses and others. According to Surgawati et al., (2019) stated that the higher the number of assets of a company, the more it becomes a consideration for investors to invest in the company.

Based on the theory above, the relationship between Firm Size and stock prices can be made a third hypothesis (H3) as follows:

H3 = Firm Size has an effects stock prices.

2.3.4. Effect of *Leverage* on Stock prices

Leverage is a ratio that shows the proportion of debt used to finance investment. Therefore, before an investor makes a decision to invest, it is

necessary to analyze the company's debt ratio. Debt to Equity Ratio is a financial ratio that shows the relative proportion between Equity and Debt used to finance company assets.

Based on the theory above, the relationship between leverage and stock prices can be made the fourth hypothesis (H4) as follows:

H4 = Leverage has an effect on stock prices.

2.4. Research Conceptual Framework

Gambar 1. Research Conceptual Framework
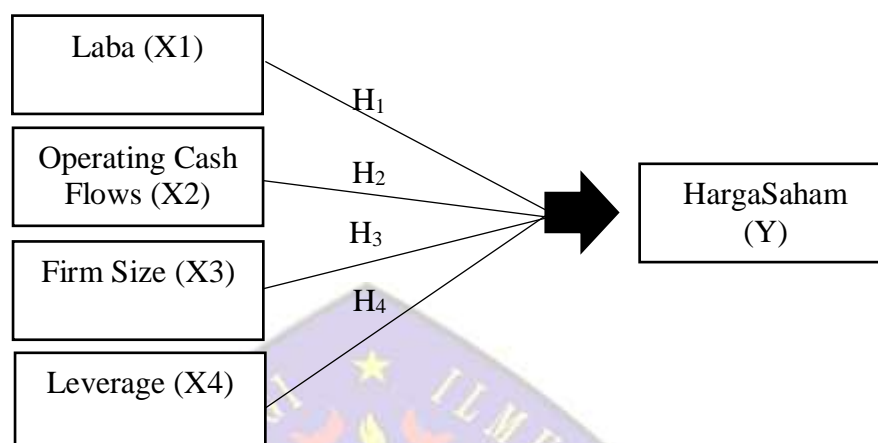
3. RESEARCH METHOD

3.1. Population and Sample

The population used in this study were 184 manufacturing companies listed on the Indonesia Stock Exchange 2016-2019. The sampling technique used was purposive sampling, which is a sampling technique selected based on consideration of certain criteria. The criteria that have been determined by the researcher are as follows:

Table 1. Operationalization of Variables

No.	Criteria	Amount
1.	A company that focuses on manufacturing and has been listed on the Indonesian Stock Exchange (IDX) in the 2016-2019 period.	184
2.	Manufacturing companies listed on the Indonesia Stock Exchange (IDX) that consistently report or disclose complete annual reports. With the end of the financial reporting period every 31 December.	123
3.	Manufacturing companies that during the period 2016 to 2019 never suffered a loss.	77
Total Data for 4 years of research		308

3.2. Data and Data Collection Methods

The source data used in this research is secondary data. This secondary data is data that supports primary data needs such as books, literature and reading related to and supports this research. To obtain data and information in this study, the authors used data collection methods by combining two methods, namely cross section data and time series. This data collection also aims to obtain data on company financial reports related to the needs of this research, namely in the form of financial statements of manufacturing companies from the Indonesia Stock Exchange (IDX) for the period 2016-2019 through the website www.idx.co.id.

3.3. Variable Operations

Table 2. Operationalization of Variables

Variable	Concept	Indicator	Measurement	Scale
VariableIndependent (X)				
Earnings (X1)	Indicates the profitability of the company. Profit is an accounting concept that reflects returns to equity holders for the period, while the items in the report detail how the profit was obtained.	1. Gross profit 2. Operating Profits 3. Net Income	Net Income for the Year Profit = (Ln) Profit for the Year Ket : Ln = Log Natural	Ratio
Operating Cash Flows (X2)	reflects how the company's performance can be done well and maintain the company's operating ability, pay dividends, and make new investments.	Cash flows from operating activities	OCF = (Ln) Total net cash (used for) obtained from operating activities.	Ratio
Firm Size (X2)	Large companies that are well established will find it easier to obtain capital in the capital market compared to small companies.	1. Total Assets 2. Total Equity 3. Total Sales 4. Others	Size = Total Assets Firm Size = (Ln) Total Assets	Ratio
Leverage (X3)	reflects the financial risk of a company which can describe the capital structure. Shows the proportion of the use of debt in financing the investment	1. Debt to Assets Ratio 2. Debt To Equity Ratio	$DER = \dfrac{Total\ Liabilities}{Total\ Ekuitas}$	Ratio
Variable Dependent (Y)				
Stock Price (Y)	The share price that occurs on the stock exchange at a certain time is determined by market players and is determined by the demand and offering of the relevant shares on the capital market. (Brigham and Houston, 2014: 89)	*Closing Price*	*Closing Price*	Nominal

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3.4. Data Analysis Method

The method used to process data is quantitative analysis. The strategy used is descriptive analysis. Descriptive analysis used in this research is panel data regression analysis (pooled data) where panel data regression unites two methods, namely cross section and time series, model selection, hypothesis testing model and hypothesis testing. There is a data processing tool used in this research is Excel 2013 software and Eviews version 10.

4. DISCUSSION

4.1. Description of Research Data

This research is a hypothesis which aims to analyze empirical evidence regarding the effect of Profit, Operating Cash Flows, Firm Size, and Leverage. The data used is the annual report. The sample of this research is a manufacturing company. Manufacturing companies were chosen because the manufacturing industry sector can contribute significantly to the Indonesian economy. Where most of the Indonesian economy is produced from manufacturing companies, with the progress of local products that have very good quality so they can compete in the global market. The sample selection technique is selected by purposive sampling. Based on the criteria specified in chapter 3, there were 77 manufacturing companies that met the predetermined criteria for 4 consecutive years, from 2016 to 2019. Thus, the total research sample was 308 observations.

4.2. Descriptive Statistical Analysis

Table 3. Descriptive Statistics Test Results

	HargaSaham	Laba	*Operating Cash Flows*	*Firm Size*	*Leverage*
Mean	4446,495	11,35675	11,44010	12,60071	1,01537
Maximum	83.800	13,43731	13,44235	14,55	15,8932
Minimum	50	9,20007	8,582772	11,20	0,0833
Std. Dev.	10457,03	0,833888	0,889477	0,683425	1,219342
Observations	308	308	308	308	308

Sumber : Output eviews10, 2020 (diolah)

Based on the table of descriptive statistical results above, there is a dependent variable. Stock Prices have an average value of 4446.495. The highest value of the stock price variable (Y) of 83,800 this figure is found at PT. GudangGaramTbk. in 2017. While the lowest value is 50 at PT. IndoacitamaTbk. in 2016 and 2017. The standard deviation of the share price was 10457.03.

Earnings variable (X1) which is measured using current year net income in the income statement. Has an average value of 11,35675. The highest value of 13.43731 figures is found at PT. Astra International Tbk. right in 2018. This means that the performance of PT. Astra International Tbk. in 2018 had a good performance. Meanwhile, the lowest value was 9.20007 at PT. Kirana Megatara Tbk. in 2018. The standard deviation is 0.833888.

Variable Operating Cash Flows (X2) which is measured using the total net cash earned / used by operating activities in the cash flow statement. This

variable has an average value of 11.44010. The highest value of 13.44235 figures was obtained from PT. Astra International Tbk. right in 2018. Meanwhile, the lowest value was 8.582772 at PT. Jembo Cable Company Tbk. in 2018. The decline in operating cash flows was due to the large number of projects being implemented on a turnkey scheme. The standard deviation is 0.889477.

Variable Firm Size (X3) which is measured using (Ln) total assets. This variable has an average value of 12,60071. The highest value of 14.55 figures was obtained from PT. Astra International Tbk. in 2019 with total assets of 351,958,000,000,000. This means that PT. Astra International Tbk. in 2019 it can reach the stage of being known to the public which means the company has business certainty. Meanwhile, the lowest value was 11.20 at PT. PyridamFarmaTbk. in 2017. The standard deviation is 0.683425.

Variabel independen *Leverage* (X4) yang diukur menggunakan *Debt to Equity Ratio*. Variabel ini mempunyai nilai rata-rata sebesar1,01537. Nilai tertinggi sebesar 15,8932 atau 1589,32% angka tersebut diperoleh dari PT. Pabrik Kertas Tjiwi Kimia Tbk. Tepat ditahun 2017 dengan total liabilitas sebesar 21.461.860.980.000. Sedangkan, nilai terendahnya sebesar 0,0833 atau 8,33% pada Industri Jamu dan Farmasi Sido Muncul Tbk. di tahun 2017 dengan total liabilitas sebesar 229.729.000.000 dan total ekuitas sebesar 2.757.885.000.000, dapat dilihat dari perbandingan tersebut bahwa total ekuitas lebih besar daripada total liabiliatas. Artinya perusahaan tersebut mempunyai resiko likuiditas yang kecil. Standar deviasi sebesar 1,219342.

4.3. Panel Data Regression Model Selection
1. *Lagrangr Multiplier*Test (LM)

Lagrange Multiplier (LM) is a test to see which one is more efficient if it is used whether the Random Effect model or the Common Effect model. This significance test Lagrange Multiplier is based on Breusch Pagan. With the following hypothesis:

H0 = Common Effect Model (CEM) is better than Random Effect Model (REM)
H1 = Random Effect Model (REM) is better than Common Effect Model (CEM)

Table 4. Lagrange Multiplier (LM) Test Results

Lagrange Multiplier Tests for Random Effects			
Null hypotheses: No effects			
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided			
(all others) alternatives			
	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	187.0731	0.081976	187.1551
	(0.0000)	(0.7746)	(0.0000)

Sumber : Output eviews10, 2020 (diolah)

Based on the test results from the table above, it can be seen that the value of the Breusch-food cross section is 0.0000, which means it is smaller than the significant value (α = 0.05) or 5% if translated is 0.0000 <0.05. Then H0 is rejected and H1 is accepted. So it can be concluded that the appropriate model to be used as further hypothesis testing is the Random Effect Model (REM).

2.   *Likelihood Ratio Test* (**Chow Test**)

The chow test is a test to see which one is more efficient if the Common Effect or Fixed Effect models are used. This chow test goes through a comparison process between the statistical F test and the F table and sees the significance probability. With the following hypothesis:

H0 = Common Effect Model (CEM) is better than Fixed Effect Model (FEM)

H1 = Fixed Effect Model (FEM) is better than Common Effect Model (CEM)

Table 5. Likelihood Ratio Test (Chow Test) Results

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-section fixed effects			
Effects Test	**Statistic**	**d.f.**	**Prob.**
Cross-section F	9.154563	(76,227)	**0.0000**
Cross-section Chi-square	431.940690	76	0.0000

Sumber : Output eviews10, 2020 (diolah)

Based on the test results from the table above, it can be seen that the value of the Cross-section F statistic is 9.154563. From the table above, it can be seen that the probability is smaller than $\alpha = 0.05$ (prob<0.05) (0.0000 <0.05). So it can be concluded from the Likelihood Ratio Test (Chow Test) that H0 is rejected and H1 is accepted. Then we get a more efficient model to use is the Fixed Effect Model.

3.   **Hausaman Test**

The Hausman test is a test to see which one is more efficient if used, whether the Fixed Effect Model or the Random Effect Model. This test follows the chi-square distribution. With the following hypothesis:

H0 = Random Effect Model (REM) is better than Fixed Effect Model (FEM)

H1 = Fixed Effect Model (FEM) is better than Random Effect Model (REM)

Table 6. HausmanTest Results

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	11.817544	4	**0.0188**

Sumber : Output eviews10, 2020 (diolah)

Based on the test results from the table above, it can be seen that the Cross-section Random value is 11.817544. From the table above it can be seen that the probability is smaller than $\alpha = 0.05$ (prob<0.05) or (0.0188 <0.05). So it can be concluded from the observations of the thirst test, that H0 is rejected and H1 is accepted. Then we get a model that is more efficient to use is the Fixed Effect Model (FEM).

4.4. Panel Data Regression Analysis

Table 7. Panel Data Regression Analysis Results

Dependenvariabel : HargaSaham				
Method : Panel Least Squares				
Date : 08/10/20 Time : 19:32				
Sampel : 2016-2019				
Periods Included : 4				
Cross section Included :77				
Total Panel (Balanced) Observations : 308				
Variabel	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
Laba	0.581412	0.089169	6.720092	0.0018
Operating_Cash_Flows	-0.090431	0.077921	-1.261178	0.3262
Firm_Size	18.99631	6.895795	2.929566	0.0037
Leverage	-0.185356	0.135567	-2.367270	0.0329
C	25.79230	7.070497	3.078946	0.0028

Sumber : Output eviews10, 2020 (diolah)

Based on the results of the panel data regression analysis above, it can be formulated as follows:

Stock Price $= 25.79230 + 0,581412 \text{Earnings}_{it} - 0,090431 \text{OCF}_{it} + 18,99631 \text{FirmSize}_{it} - 0,185356 \text{Leverage}_{it}$

Based on the equation formula for the panel data regression results above, the following is an analysis of the above equation.

1. The constant value is 25.79230, this means that when the independent variable is 0, the stock price will have a value of 25.79230.
2. The Profit variable has a positive coefficient value of 0.581412 explaining that if each one-unit increase in accounting profit assumes that the other independent variable is constant (a constant value of 0) it will increase the stock price by 0.581412.
3. The Operating Cash Flows variable has a negative coefficient value of -0.090431 explaining that if each one-unit increase in Operating Cash Flows with the assumption of other independent variables remains (a constant value of 0) it will reduce the stock price by 0.090431.
4. The Firm Size variable has a positive coefficient value of 18.99631, explaining that if each one-unit increase in Firm Size with the assumption of other independent variables remains (the constant is 0) it will increase the stock price by 18.99631.
5. The leverage variable has a negative coefficient value of -0.185356 explaining that if each one-unit increase in leverage with the assumption of other independent variables remains, it will decrease the stock price by 0.185356.

4.5. Hypothesis testing
1. Statistic t Test (Partial Test)

The t statistical test is used to test the significance level of the effect of each independent variable on the dependent variable in parallel (separately). This statistical test considers other variables to be constants. To see the hypothesis can be accepted or rejected.

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Table 8. Test Results Statistic t(Partial Test)

Variabel	Coefficient	Std. Error	t-Statistic	Prob.
Dependenvariabel : HargaSaham				
Method : Panel Least Squares				
Date : 08/10/20 Time : 19:32				
Sampel : 2016-2019				
Periods Included : 4				
Cross section Included :77				
Total Panel (Balanced) Observations : 308				
Laba	0.581412	0.089169	6.720092	0.0018
Operating_Cash_Flows	-0.090431	0.077921	-1.261178	0.3262
Firm_Size	18.99631	6.895795	2.929566	0.0037
Leverage	-0.185356	0.135567	-2.367270	0.0329
C	25.79230	7.070497	3.078946	0.0028

Sumber : Output eviews10, 2020 (diolah)

The following will explain in more detail the results of the analysis of the hypothesis testing for the hypothesis of the statistical t test (partial Test):

a.   Hypothesis 1 Test Results: Earnings has a effect on Stock Price

The first hypothesis in this study is that Earnings has an effect on stock prices. The results in the table above show that the t-count is greater than the t-table (6.720092>1.967824) and the probability result is smaller than the significance level (0.0018<0.05). Based on the test results, it can be concluded that H1 which states that profit has an effect on stock prices is acceptable. This may imply that there is an influence between accounting earnings on share prices.

b.   Hypothesis 2 Test Results: *Operating Cash Flows*has a effect on Stock Price

The second hypothesis in this study is that operating cash flows have an effect on stock prices. The results in the table above, shows the t-count result is smaller than the t-table (-1.261178<1.967824) and the probability result is greater than the significance level (0.3262>0.05). Based on the test results, it can be concluded that H2 which states operating cash flows has an effect on stock prices, which is rejected. This means that there is no influence between operating cash flows on stock prices.

c.   Hypothesis 3 Test Results: *Firm Size*has a effect on Stock Price

The results in the table above show that the t-count is greater than the t-table (2.929566>1.967824) and the probability result is greater than the significance level (0.0037<0.05). Based on the test results, it can be concluded that H3 which states that Firm Size affects the stock price is accepted. This means that there is an influence between Firm Size on stock prices.

d.   Hypothesis 4 Test Results: *Leverage*has a effect on Stock Price

The fourth hypothesis in this study is that leverage has an effect on stock prices. The results in the table above, shows that the result of the t-count is greater than the t-table (-2.367270>1.967824) and the probability result is smaller than the significance level (0.0329<0.05). Based on the test results, it can be concluded that H4 which states that Leverage has an effect on stock

prices is accepted. This means that there is a negative influence between leverage on stock prices.

2. Determination Coefficient Test (R^2)

The coefficient of determination in this study is carried out because the coefficient of determination can describe the goodness of the regression model in predicting the dependent variable. The coefficient of determination in this study is determined by the Adjusted R-Square value. The following are the results of the determination coefficient test of this study:

Table 9. Determination Coefficient Test Results (R^2)

Weighted Statistics			
R-squared	0.839821	Mean dependeanvar	3.049246
Adjusted R-squared	0.783390	S.D. dependent var	0.767335
S.E. of regression	0.357155	Akaike info criterion	0.999533
Sum Squared Resid	28.95612	Schwarz criterion	1.980501
Log Likelihood	-72.92805	Hannan-Quinn criter	1.391769
F-statistic	14.87597	Durbian-Watson stat	1.620513
Prob (F-statistic)	0.000000		

Sumber : Output eviews10, 2020 (diolah)

Based on the observations in table 9, it shows that there is a value on the Adjusted R-Square of 0.783390. This value is based on the variation in the dependent variable stock price which is represented by the closing price as an indicator. This means that the goodness of stock prices can be explained by profit, operating cash flows, Firm Size and, Leverage, amounting to 78.339% and the difference of 21.661% is described by other factors that are not included in this study.

4.6. Interpretation of Research Results
4.6.1. Effect of Earnings on Stock Price

The results of the analysis of the first hypothesis (H1) which states that earnings affect stock prices are **accepted**. This is supported by the results of the observations which can be seen in table 4.5 where the results of the t-count is greater than the t-count (6.720092> 1.967824). And the probability result is smaller than the significance level (0.0018 <0.05). Then H1 which states that profit has an effect on stock prices is **acceptable**.

Profits can have a positive effect on stock prices. This means that potential investors respond positively to the development of the value of earnings, this is because profits are increasing from year to year or in other words, if the company earns high profits, it will reflect good company performance, this can encourage investors' perceptions. Because if the company's profits are high and the company's performance is very good, investors will assume that a company is able to distribute high dividends to investors properly and on time. And this is interrelated with the share price, meaning, the more investors or the more interested investors are to invest in the company, the more the share price increases in the company. Vice versa, the lower the interest of investors to invest in a company, the lower the share price of the company. The results of this study are in line with research conducted by

Santoso and Manaf (2019). This is also supported by research conducted by Dillak et al., (2017) which shows the results that net income has an effect on stock prices. However, this study is inversely proportional to the research of Lores and Siregar (2017) showing the results that partially earnings have no effect on stock prices.

4.6.2. Effect of *Operating Cash Flows* on Stock Price

The results of the second hypothesis analysis (H2) which states that operating cash flows have an effect on stock prices, is **rejected**. This is supported by the results of observations which can be seen in table 4.5 where the t-count results are smaller than the t-table (-1.261178 <1.967824) and the probability results are greater than the significance level (0.3262> 0.05). So H2 which states that operating cash flows have an effect on stock prices is **rejected.**

Operating cash flows are fundamental factors that can be seen by potential investors, but apart from fundamental factors, investors also need to pay attention to technical factors before they invest their capital. Operating cash flows have no effect on stock prices because investors do not only consider fundamental factors, but investors must consider technical factors such as the risk of the company not distributing its dividends to investors which will happen to the company. Then, if seen in the research, it can also have no effect because in manufacturing companies from 2016-2019, many companies produced minus Operating cash flows and if examined more deeply in the financial statements, many companies did not pay dividends. The cause of this is possible because the operating cash flows of the company are prioritized to be used for business expansion not to be used as dividend distribution to investors. The results in this study are in line with previous researchers conducted by setiawati (2018). Research is also supported by Ridha (2019) who shows the results in his research that operating cash flows have no effect on stock prices. However, this research is inversely proportional to research conducted by Kumayas et al., (2018) which shows the results that partially Operating Cash Flows have an effect on stock prices.

4.6.3. Effect of *Firm Size* on Stock Price

The results of the third hypothesis analysis (H3) which states that the Firm Size of the stock price is **accepted.** This is supported by the results of observations which can be seen in table 4.5 where the t-count result is greater than the t-table (2.929566> 1.967824) and the probability result is greater than the significance level (0.0037 <0.05). So H3 which states that Firm Size affects the share price is **accepted.**

Firm size can have a positive effect on stock prices. This means that potential investors respond positively related to people's perceptions that the company is a large company. Firm Size is an important indicator that can measure the company's financial strength. Firm size has a good influence on stocks, because if the company has a large size, then the company has business certainty by looking at the total assets in the financial statements. Companies that have a high number of assets, the company will be considered to have reached the maturity or established stage, in other words, companies that have reached this stage have more certainty in their business so that they can predict the resulting increase in profits in the future. Certainty of this business can

certainly be the basis for investment in taking an investor's decision. In accounting theory, there is a basic accounting equation that is assets = liabilities + capital. This means that the company's assets can reflect the company's operating activities, which means that when the total assets are large, the company can generate large profits from its operating activities which will later be reprocessed for sale or purchase with other assets such as buildings, land equipment, etc. The results of this study are in line with the research conducted by Marzuki and Akhyar (2019). It is also supported by research conducted by Zaki et al., (2017) which shows the results that firm size affects stock prices. However, this research is inversely proportional to research conducted by Cornelius and Hanna (2019) showing the results that partially company size (Firm Size) has no effect on stock prices.

4.6.4. Effect of Leverage on Stock Price

The results of the analysis of the fourth hypothesis (H4) which states that leverage affects stock prices are **accepted.** This is supported by the results of observations which can be seen in table 4.5 where the results of the t-count is greater than the t-table (-2.367270> 1.967824) and the probability results are smaller than the significance level (0.0329 <0.05). So H4 which states that leverage affects the share price is **accepted.**

The leverage coefficient on DER in this study produces a negative value, leverage negatively affects stock prices. This means that when the leverage rate (DER) is high, the share price will decrease, because it means that the company has high enough debt so that its operational activities and other activities are borne by debt. Companies that have a large debt value can endanger the company, and the company will be classified as a leveraged extreame company. Where the company will be trapped into very large debt and prioritize paying its debts to creditors so that they are freed from debt. This greatly affects investors in deciding to invest because companies that have a high leverage rate (DER) means that financial performance is poor because the company's operational activities are partly financed by debt, and the company will prioritize paying its debts compared to paying dividends. The results of this study are in line with research conducted by Wehantouw et al., (2017). It is also supported by research researched by Putranto and Darmawan (2018) which shows the results that Leverage (DER) has an effect on stock prices. However, this research is inversely proportional to the research conducted by Dewi and Adiwibowo (2018) showing the results that leverage has no effect on stock prices**.**

## 5.	CONCLUSIONS AND SUGGESTIONS
### 5.1.	Conclusions

Based on the results of research and discussion, the following conclusions can be drawn in this section:

1. Earnings has a positive effect on stock prices in manufacturing companies listed on the Indonesia Stock Exchange in 2016-2019. This can happen because the company's profits have continued to increase from year to year, and have been responded positively by investors.

2. Operating Cash Flows has no effect on stock prices in manufacturing companies listed on the Indonesia Stock Exchange in 2016-2019. This happens because the company's operating cash flows are used more as an expansion of its business and investors not only consider fundamental factors but also prioritize technical factors such as the risk of dividend distribution.
3. Firm Size affects stock prices in manufacturing companies listed on the Indonesia Stock Exchange in 2016-2019. This happens because investors are of the opinion that large companies have more business certainty so that
4. companies are more precise in predicting future profits and this will attract investors.
5. Leverage has an effect on stock prices in manufacturing companies listed on the Indonesia Stock Exchange in 2016-2019. This happens because when the leverage rate (DER) reaches a high number, the share price decreases, meaning that the company has high debt compared to its capital so that in operational activities and other activities the company is financed by debt.

5.2. Suggestion

Based on the results of research and discussion, in this section the researcher will provide the following suggestions:
1. Research is expected to provide corporate financial accounting information for the public or students in gaining insight and increasing knowledge or analyzing ratio analysis techniques.
2. Researchers are expected to provide information to Corporate Governance in monitoring the factors that cause them and can minimize the causes of the decline in stock prices.
3. This research is hopefully able to provide company financial accounting information for potential investors in considering or making a decision before investing in a particular company.

5.3. Limitations and Further Research Development
5.3.1. Research limitations

Researchers are aware that this study has shortcomings and limitations in research, including:
1. Researchers are aware that researchers do research in a long time because a lot of free time is spent on other things.
2. Researchers have limitations in finding complete data on the Indonesia Stock Exchange due to delays in publishing financial reports.
3. The independent variable in this study only explains four variables, while based on theory there are many other variables that can measure the effect of changes in stock prices.

5.3.2. Research development
1. In this study the authors only use manufacturing companies as objects. So further researchers who wish to study the same topic can use all companies on the Indonesia Stock Exchange. And should do research in a more recent period.

2. For further research, if using the leverage variable, this variable can be calculated using the debt to assets ratio (DAR) so that there are differences in research indicators that may have differences in research results.
3. In this study the authors only use the independent variable (X) and the dependent variable (Y). So for the next researchers, if they can add additional variables that are not yet in this study, such as moderating or interveningvariables

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