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Can Operating, Investment and Funding Cash Flow Increase the Stock Price of a Food and Beverage Company?

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ABSTRACT

This study analyzes the effect of operating, investment, and funding cash flows on stock prices in food and beverage companies listed on the Indonesia Stock Exchange. This study involved six companies from 14 food and beverage industry companies listed on the Indonesia Stock Exchange. The sampling technique used purposive sampling, with sample criteria (e.g., the company's shares remained actively operating until December 2012; the company publishes its financial statements regularly and earns a profit every year; the company has never been delisted from the Indonesia Stock Exchange during the estimation period, and financial statements have been audited and have been submitted until December 2012). Research data in the form of quantitative and qualitative data sourced directly from the respondents' responses and related documents. Data were collected using the methods of observation, interviews, and documentation. After the data was collected, data analysis was carried out consisting of classical assumption test (normality test, heteroscedasticity test, and multicollinearity test), multiple linear regression analysis, F test, and t test. The results show that operating cash flow has a positive and significant effect on stock prices, while investment and funding cash flows have a negative and significant effect on stock prices in Food and Beverage Industry Companies listed on the Indonesia Stock Exchange.

INTRODUCTION

At this time, the financial manager plays a crucial role in a company. Along with its development, the task of financial managers is not only to record but also to make reports, control cash positions, pay bills, and seek funds (Ahmad et al., 2018). However, financial managers must also be able to invest funds, manage the optimal combination of sources of funds, and distribute profits, including dividend distribution, to increase company value. Fund investment is a measure of the size of a company, both in terms of profit, business risk, and liquidity (Arsyad et al., 2021). Every company always needs funds to meet the needs of daily operations and develop the company. The need for funds is in the form of working capital and for the purchase of fixed assets. To meet these funding needs, companies must find sources of funds with a composition that produces the lowest costs. Financial managers must pursue these things to finance their operational activities (Arsal, 2021).

Warsono, (2003) suggests that financial management is the process of planning, organizing, directing, and controlling financial resources to maximize the owner's wealth. Financial management in a company is planning, organizing, directing, and controlling the company's finances to achieve the goals that have been set. One of the most important financial management goals is to maximize the wealth or prosperity of shareholders or owners. By definition, it is understood that financial management focuses its activities on creating and maintaining corporate value. To achieve this, a tool is needed that will be used to assess the performance of a company (Hasanuddin et al., 2021).

Financial reports are an essential tool for investors and creditors to know the company's development periodically (Muslim et al., 2021). Investors and creditors are interested in knowing the

information in decision-making (Rahim et al., 2020). Alexandri, (2009) suggests that financial statements are media that can be used to examine the company's health condition, consisting of a balance sheet, profit, loss calculation, retained earnings summary, and a statement of financial position. The data in the financial statements will mainly provide information for management as material for analysis and interpretation material to evaluate the company's activities. The financial report will show how far the efficiency of the implementation of activities and the development of the company has been achieved by the management (Lannai & Muslim, 2021).

The main interest of investors and creditors is to estimate future cash flows. Investment and lending decisions are made based on the estimated flow of increased resources. Investors will expect to get back all of their initial investment and receive a return on that investment. Creditors want cash disbursements to be covered by repaying the loan. In addition, creditors want cash resources to increase due to interest payments. For investment and financing analysis, both investors and creditors often use information related to cash receipts and disbursements that reflect liquidity more than accounting profit information (Trisnawati & Wahidahwati, 2013). A liquid company means that it can pay its obligations in the short term. One indicator that is useful in assessing a company's liquidity is the company's cash flow, which is shown in the cash flow statement. The cash flow statement contains information on the sources and uses of the company's cash during a specific period, for example, one month or one year. However, investors and creditors prioritize profit over cash flow. Investors argue that with large profits from a company, the dividends that will be received will also be significant, likewise with creditors. If the profit is generated, the company can pay back debts from creditors.

Objectively, our study aims to provide insight, especially in analyzing the cash flow component of stock prices, which is used as a consideration tool in making investment and financing decisions. The function and role of cash in a company are essential because, without cash owned by the company, operational activities will not be carried out as expected by the company. Therefore, the need for the function and role of cash owned by the company (Amran, 2020). The importance of the function and role of cash in the company, hence the need for a cash flow statement. The cash flow statement is part of the company's financial statements produced in an accounting period that shows cash inflows with cash outflows. In testing the company's cash flow statements, there are components, namely operating cash flows, investment cash flows, and funding cash flows. The results of Trisnawati & Wahidahwati's research (2013) state that changes in cash flow from operating investing and financing activities and net income have a positive effect on stock returns. The difference between this study and the research of Trisnawati & Wahidahwati, (2013) lies in the focus of the research variables, which in this study raises the effect of cash flow (operations, investment, and funding) on stock prices, which refers to the statement of the Indonesian Accounting Association (2007, PSAK No. 2., Paragraph 05) that operating cash flows are the primary income-generating activities of the company, investing activities are the acquisition and disposal of long-term assets and other investments that do not include cash equivalents, and financing activities are activities that experience changes in the amount and capital and borrowings of the company. . Thus, this study aims to analyze the effect of operating, investment and funding cash flows on stock prices in food and beverage companies listed on the Indonesia Stock Exchange.

The market price is the current price in the market. The stock market value is the price of a stock on the ongoing market on the stock exchange. If the stock exchange has closed, the market price is the closing price. To get the total market value of a stock, that is, by multiplying the market price by the number of shares issued (Sunariyah, 2006). Usually, stock price movements are presented every day, based on the closing price on the exchange on that day. The understanding of stock prices, according to Martono & Harijanto, (2008), is defined as a reflection of investment decisions, funding (including dividend policy), and asset management. Meanwhile, Widoatmodjo (2006) defines stock price as the selling price from one investor to another after the shares are listed on the stock exchange, both the primary and OTC (over-the-counter market).

The stock price is an indicator of the success of the company's management, and market power shows its market power through the company's stock transactions in the capital market (Trisnawati & Wahidahwati, 2013). The transaction occurred based on investors' observations of the company's performance in generating profits. When conducting investment analysis, investors typically use information relating to cash income and disbursements that reflect liquidity rather than accounting profit information. Since the "Financial Accounting Standards" was promulgated on January 1, 1995, the cash flow statement has become an integral part of the financial statements of public companies in Indonesia. The company's cash flow situation is getting better and better, and investors will be increasingly interested in investing their funds in the company. In other words, investors also consider stock price forecasts.

Information about a company's cash flows is helpful for users of financial statements as a basis for assessing the company's ability to generate cash and cash equivalents and assessing the company's need to use these cash flows. According to the "Statement of Financial Accounting Standards," Article 05 (IAI, 2007) defines cash flows as inflows and outflows of cash or cash equivalents. Cash includes cash balances and checking accounts, while cash equivalents are defined as highly liquid short-term investments that can quickly turn into cash without facing the risk of significant changes in value (Meythi & Hartono, 2012).

A cash flow statement is a report that shows all aspects related to the company's activities, either directly or indirectly affecting cash (Kasmir, 2008). Furthermore, Dewi, (2004) argues that cash flows or cash flows statements disclose information about cash flows in the past and budgeted cash flows. Information about a company's cash flows is helpful for users of financial statements as a basis for assessing the company's ability to generate cash and cash equivalents and assessing the company's need to use these cash flows. In making economic decisions, users of financial statements need to evaluate the company's ability to generate cash and cash equivalents equivalent to its earning capacity. The purpose of cash flow information is to provide historical information about changes in cash and cash equivalents of a company through a cash flow statement that classifies cash flows based on operating, investing, and financing activities during an accounting period.

Operating activities are principal revenue-generating activities and other activities that are not investing and financing activities, generally arising from transactions and other events that affect whether the company's operations can generate sufficient cash to repay loans, maintain the company's operating capability. Pay dividends and make new investments without relying on outside funding sources. The amount of cash flows from operating activities is an indicator that determines whether the company's operations can generate sufficient cash flows to repay loans, maintain the company's operating capabilities, pay dividends and make new investments without relying on outside sources of funding. Historical information, together with other information, helps predict future operating cash flows. According to Alexandri (2009), cash inflows from operations are collected from customers and interest or dividends. Meanwhile, operating cash outflows include payments to suppliers or employees, interest payments, and income tax payments.

Cash flows from operating activities are mainly derived from the company's main revenue-generating activities. Therefore, these cash flows generally come from transactions and other events that affect net profit or loss. As for some examples of cash flows from operating activities, namely cash receipts from the sale of goods and services; cash receipts from royalties, fees, commissions, and other income; cash payments to suppliers of goods and services; cash receipts and payments by insurance companies in connection with claim premiums, annuities and other insurance benefits; cash payments or income tax refunds unless specifically identified as part of the financing and investing activities; and, cash receipts and payments from contracts entered into for business transactions and trade.

Livnat & Zarowin (1990), in a study conducted by Sinaga, (2010), who tested the cash flow component, found evidence that the cash flow component had a stronger relationship with stock prices. The results of research conducted by Sinaga, (2010) obtained the results of a significant influence between

operating cash flow on stock prices. In theory, the higher the company's operating cash flow, the higher the investor's confidence in the value of the company, so the greater the value of its stock return. Thus, operating cash flow has a positive effect on stock prices.

H1: Operating cash flow has a positive effect on stock prices

Investing activities involve the acquisition or disposal of long-term assets (non-current assets) and other investments that are not included in cash equivalents, including lending money and collecting receivables, and acquiring and selling investments and long-term productive assets. Investing activities reflect cash outlays concerning resources intended to generate future income and cash flows. Investment activities include granting credit, buying or selling long-term investments such as plants and equipment. Separate disclosure of cash flows from investing activities is necessary because these cash flows reflect cash receipts and disbursements related to resources intended to generate future income and cash flows. As for cash flows from investing activities, namely, first, cash payments to purchase fixed assets, intangible assets, and other long-term assets, including capitalized development costs and self-built fixed assets. Second, cash receipts from the sale of land, buildings and equipment, intangible assets, and other long-term assets. Third, the acquisition of shares or other company's financial instruments. Fourth, advances and loans given to other parties and their repayments (except those made by financial institutions). Fifth, cash payments connect with futures contractors, forward contracts, option contracts, and swap contracts unless the contracts are made for trading purposes (dealing or trading) or when the payments are classified as financing activities. Miller and Rock (1985) in Daniati et al., (2006) conducted a test of the effect of investment on stock prices. This study found that an increase in investment is associated with an increase in future cash flows and has a positive effect on stock prices at the time of announcement of new investments. In theory, the higher the company's investment cash flow, the higher the investor's confidence in the company, so the greater the value of the stock price. Conversely, the lower the company's investment cash flow, the smaller the investor's confidence in the company, so the smaller the value of the stock price.

H2: Investment cash flow has a negative effect on stock prices

Financing activities result in changes in the amount and composition of the company's equity and loans. Funding cash flows help predict claims on future cash flows by suppliers of a firm's capital. Funding activities include transactions to obtain funds and distribution of returns to lenders, and repayment of debts. Separate disclosure of cash flows arising from financing activities is necessary because it helps predict claims on future cash flows by suppliers of the company's capital. Cash flows originating from financing activities, namely cash receipts from the issuance of shares or other capital instruments; cash payments to shareholders to withdraw or redeem company shares; cash receipts from the issuance of bonds, loans, notes, mortgages, and other loans; repayment of loans; and, cash payments by the lessee to reduce the balance of liabilities related to financing leases. Daniati et al. (2006), with signaling theory, explain that the market will react negatively to the announcement of funding from cash because it will affect lower cash flows from operations in the future. In addition, signaling theory also identifies other signals that affect cash flow from funding, namely changes in dividends closely related to stock returns. The results of research conducted by Daniati et al., (2006) have not succeeded in proving the existence of a significant and positive influence between funding cash flows on stock prices. In theory, the higher the cash flow of the company's funding, the higher the investor's confidence in the company, so the greater the value of the stock price. Conversely, the lower the cash flow of the company's funding, the smaller the investor's confidence in the company, so the smaller the value of the stock price.

H3: Funding cash flow has a negative effect on stock prices

RESEARCH METHOD

This study involved six companies from 14 food and beverage industry companies listed on the Indonesia Stock Exchange. This research was conducted at the Capital Market Information Center (PIPM) from December 2013 to February 2014. The sampling technique used purposive sampling, with sample criteria: 1) the company's shares remained actively operating (survive) until December 2012. 2) the company publishes its financial reports regularly and earns a profit every year; (3) the company has never been delisted from the Indonesia Stock Exchange during the estimation period, and (4) the financial statements have been audited and submitted until December 2012. The research data are in the form of quantitative and qualitative data sourced directly from the informants' responses and related documents. Data were collected using the methods of observation, interviews, and documentation. After the data was collected, data analysis was carried out consisting of classical assumption test (normality test, heteroscedasticity test, and multicollinearity test), multiple linear regression analysis, F test, and t-test.

The variables raised in this study are operating cash flow (X1), investment cash flow (X2), funding cash flow (X3), and stock price (Y). Cash flow analysis of operating activities is cash flow obtained from the primary income-generating activities of the company. Therefore, it generally comes from transactions from other companies that affect net profit (loss). Cash flows from operating activities include, among others, cash flows from sales transactions, payments to suppliers, employees, loans, other operating expenses, and income taxes. Meanwhile, investment cash flow analysis is cash flow that determines cash receipts and disbursements connected with recording or reporting resources aimed at generating future income and cash flows. Furthermore, funding cash flows is a separate disclosure of cash flows arising from financing activities because it helps predict claims on future cash flows by the company's capital suppliers. Next, the stock price, according to Martono & Harijanto, (2008), is defined as a reflection of investment decisions, funding (including dividend policy), and asset management.

Table 1. List of Food and Beverage Industry Company Names and Codes

No	Industrial Company Name Food and Drink	Code
1.	PT. Delta Djakarta, Tbk.	DLTA
2.	PT. Indofood Sukses Makmur, Tbk	INDF
3.	PT. Siantar Top, Tbk.	DLTA
4.	PT. Davomas Abadi, Tbk.	DAVO
5.	PT. Cahaya Kalbar, Tbk.	CEKA
6.	PT. Mayorah Indah, Tbk.	MYOR

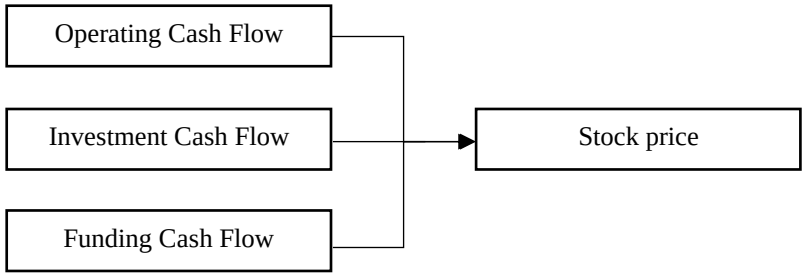

Figure 1. Research Model

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RESULTS AND DISCUSSION

Operating cash flow through the observation period from 2008 to 2012 shows that cash flow from operating activities at Food and Beverage Companies listed on the Indonesia Stock Exchange has fluctuated, where fluctuations in operating cash flow statements for the last five years are influenced by increases and decreases in cash receipts from customers, in addition to payments to suppliers and employees. The investment cash flow statement for the last five years has increased and decreased. The factors that cause an increase and decrease in investment cash flows are due to fluctuations in the amount of cash funding, such as payments or receipts of loans from each bank, especially in 2008 to 2012. The analysis of cash flow data on funding of Food and Beverage Industry Companies listed on the Stock Exchange Indonesia shows that funding cash flows for each year fluctuates. This is due to several factors, namely the increase and decrease in loan debt during the last five years. Data on stock prices in Food and Beverage Industry Companies during the observation period from 2008 to 2012 shows that the stock price has fluctuated for the last five years due to the ups and downs of stock sales by each Food and Beverage Industry Company during 2008 to 2012.

Table 2. Descriptive Statistical Data

	N	Minimum	Maximum	Mean	Std. Deviation
Operating Cash Flow	30	-607940000000	7407130000000	870042115206.53	2024014205808.828
Investment Cash Flow	30	- 7575210000000	9010271305	- 815839619971.73	1734059309886.922
Funding Cash Flow	30	-2308720000000	4600550000000	252440508070.20	1025852955616.493
Stock price	30	50	9850	1680.73	2420.589
Valid N (listwise)	30				

Table 2 shows the descriptive statistics of the average (mean) operating cash flow of Rp.870.042.115.207 with a standard deviation of Rp.2.024.205.809. Meanwhile, from the 30 samples determined, the highest operating cash flow was Rp. 7,407.130,000,000, and the lowest was -Rp. 607,940,000,000. Then, for the investment cash flow, which shows that of the 30 samples studied, the average investment cash flow is Rp. 815,839,619,972 with a standard deviation of Rp. 1,734,059,309,887. Meanwhile, the highest investment cash flow was IDR 9,010,271,305, and the lowest was IDR 7,575,210,000,000. Furthermore, seen from the average value (mean) of funding cash flows of Rp.252,440,508.070 with a standard deviation of Rp.1,025,852,955,616 and the highest funding flow of Rp. 4,600,550,000,000 and the lowest is Rp.2,308,720,000,000. Then the average stock price with 30 samples determined is 1,680.73, with the highest share price of 9,850 and the lowest of 50. The next stage is the normality test. The normality test aims to test whether the confounding or residual variables have a normal distribution in the regression model. Sunjoyo et al., (2010) stated that to detect normality can be tested with Kolmogorov Smirnov said to be normal if the residual value generated is above the specified significant value (0.05).

Table 3. Normality Test Results with Kolmogorov Smirnov Test

		Unstandardized Residual
N		30
Normal Parameters[a,b]	Mean	0E-7
	Std. Deviation	1376.45941744
Most Extreme Differences	Absolute	.199
	Positive	.199

a. Test distribution is Normal.
b. Calculated from data.

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The normality test results in table 3 show that the sig value obtained is 0.184 > 0.05, meaning it can be concluded that the residual value generated above is of a significant value, which means that the resulting residual can be said to be normal. A multicollinearity test was conducted to test whether the regression model found a correlation between the independent variables. A good regression model should not correlate with the independent variables. Ghozali, (2009) revealed that the tolerance value > 0.10 and VIP < 10 means no multicollinearity symptoms.

Table 4. Multicollinearity Test Results

Variabel bebas	Colinearitas Statistik		VIF	Info
	Tolerance	VIF	Standar	
Operating cash flow	0,331	3,020	< 10	Non Multicollinearity
Investment cash flow	0,247	4,046	< 10	Non Multicollinearity
Funding cash flow	0,515	1,940	< 10	Non Multicollinearity

The results of the multicollinearity test in table 4 of each independent variable (operating cash flow, investment, and funding) that will be used in this study, it can be concluded that each independent variable does not correlate with the independent variables because the value is tolerance > 0.10 and the VIF is less of 10 means that it can be concluded that each variable/construct to be analyzed in the regression analysis has no symptoms of multicollinearity. A heteroscedasticity test was carried out and assessed by looking at the distribution of points in the plot. The basis for making these decisions is that if a specific pattern forms a specific regular pattern, then heteroscedasticity occurs. If there is no clear pattern and the points are spread out, then there is no heteroscedasticity. The results of the heteroscedasticity test can be shown in Figure 2.

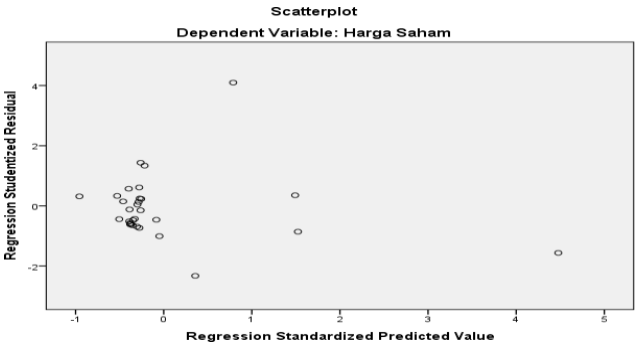

Figure 2. Heteroscedasticity Test Results

The results of the test scatterplot show that the regression data does not have a clear pattern, and the points spread above and below the number 0. So it can be concluded that the regression data in this study does not have symptoms of heteroscedasticity because from the processed data test, it can be seen from the statistical value of sig > 0, 05 while seen from the graph there is no clear pattern. The points spread above and below the number 0 on the Y-axis. Next, an autocorrelation test is carried out to determine whether the regression model has met the autocorrelation assumption. In this case, to detect the presence or absence of autocorrelation, the Durbin Watson test is carried out, the Durbin Watson value is 1.764, the dL value = 1.213, and the dU value = 1.645 because the dU value = 1.645 < 1.764 < 2.355 (4 - 1.645) means that the regression data do not have autocorrelation. To find out the extent of the relationship between operating cash flow, investment cash flow, and funding cash flow to stock prices, it can be presented in table 5.

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Table 5. Correlation and Determination Coefficient Test Results

Model	R	R Square	Adjusted RSquare	Std. Error ofthe Estimate
1	.823[a]	.677	.639	1453.703

Table 5 shows that the value of R = 0.823, which means that the relationship between operating cash flow, investment cash flow, and funding cash flow has a reasonably strong relationship to stock prices because the R-value = 82.3% or close to 1. In contrast, the coefficient of determination (R2) of 0.677, which means the percentage contribution of the influence of the independent variable (operating cash flow, investment cash flow, and funding cash flow) to the dependent variable (stock price), is 67.7%. At the same time, the remaining 32.3% is determined by other variables that are not included in the regression model. A simultaneous test of operating cash flow, investment cash flow, and funding cash flow to stock prices, it can be done by comparing the value of count and f-table. The test results obtained the value of f-count = 18.135 > f-table = 2.975 and has a sig value of 0.000 <0.05. It can be concluded that the three cash flows, namely operating cash flow, investment cash flows, and funding cash flows, have a significant influence. Simultaneously with the share price of the Food and Beverage Industry Companies listed on the Indonesia Stock Exchange.

Table 6. F Statistical Test Results

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	114973722.559	3	38324574.186	18.135	.000[b]
	Residual	54944575.308	26	2113252.896		
	Total	169918297.867	29			

The test results obtained the value of f-count = 18.135 > f-table = 2.975 and have a sig value of 0.000 <0.05; it can be concluded that the three cash flows, namely operating cash flows, investment cash, and cash flows and funding cash flows, have a simultaneous influence. To share prices in Food and Beverage Industrial Companies listed on the Indonesia Stock Exchange.

Table 7. Processed Results of Regression Data

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	968.670	297.540		3.256	.003
	Operating cash flow	5.113E-010	.000	.427	2.206	.036
	Investment cash flow	-6.607E-010	.000	-.473	-2.110	.045
	Funding cash flow	-1.077E-009	.000	-.456	-2.937	.007

Based on table 7, the multiple regression equation is presented as follows:

$$Y = 968{,}670 + 0427X1 – 0{,}473X2 – 0{,}456X3$$

From the regression equation results, it can be explained the value of each regression coefficient, which can be interpreted that operating cash flow has a positive and significant effect on stock prices. The higher the operating cash flow presented by the company in the cash flow statement, the stock price will increase, so it is stated that H1 is accepted. Then, the investment cash flow with stock prices has a negative and significant effect, which can be interpreted that any increase in investment cash flow will affect the decline in stock prices. Thus, H2 is declared accepted. Meanwhile, the effect of funding cash flows on stock prices is negative and significant, which means that every increase in funding cash flows causes stock prices to decrease, so H3 is declared accepted.

Discussion

Based on the results of data analysis that has been carried out on Food and Beverage Industry Companies listed on the Indonesia Stock Exchange for the last five years, it shows that cash flow as measured by operating activity cash flow, investment cash flow, and funding cash flow affects stock prices. The regression test results between operating cash flows and stock prices, especially in Food and Beverage Industry companies listed on the Indonesia Stock Exchange, show that operating cash flows have a positive effect on stock prices. Alternatively, in other words, any increase in operating cash flow will increase stock prices. Then, partially in the regression test shows that the operating cash flow with stock prices can be said to have a significant effect on stock prices. It can be said that the reaction of investors to the operating cash flow achieved by the company in the cash flow statement positively affects the stock price. This means operating cash flow can predict stock prices in stock trading in the capital market. From the results of the regression analysis, it can be said that the operating cash flow presented in the cash flow statement of the company is used to predict stock prices in the capital market. Research conducted by Sonia, (2013) related to operating cash flow on stock prices which shows that operating cash flows have a significant effect on stock prices. So the results of this study support research conducted by researchers. Furthermore, based on the regression analysis results, especially in the Food and Beverage Industry Companies that were used as research samples, it turned out that the investment cash flow and stock prices had a negative effect. Where every increase in investment cash flow can lower the stock price, or in other words, the higher the investment cash flow, the stock price will fall.

Partially between investment cash flow and stock prices in Food and Beverage Companies listed on the Indonesia Stock Exchange, it has a significant (significant) effect. In the regression test analysis, the investment cash flow achieved by the company in the cash flow statement has been able to be used as a tool in predicting stock prices. The research results conducted by Yustiadi (2013) show that investment cash flow has a significant effect on stock prices. So in this study, to support research conducted by researchers. Next, the data analysis results that have been carried out are between funding cash flows and stock prices; it can be said to have a negative effect, where the higher funding cash flows, the lower the stock price. This means that any increase in funding cash flow can explain the decline in stock prices, especially in Food and Beverage Companies listed on the Indonesia Stock Exchange. Funding cash flows with stock prices have a significant effect and indicate that funding cash flows reported by companies in the cash flow statement can already be used as a tool in predicting stock prices. The results of research conducted by Pancawati, (2012) examined the effect of funding cash flows on stock prices. The results of this study indicate that funding cash flows and stock prices have a significant effect. So the results of the study support the results of research conducted by researchers.

CONCLUSIONS

Based on the analysis and discussion results, the conclusion of this study is that operating cash flow has a positive and significant effect on stock prices. In contrast, investment and funding cash flows have a negative and significant effect on stock prices in Food and Beverage Industry Companies listed on the Indonesia Stock Exchange. Thus, the proposed hypothesis is proven. Through this research, it is suggested that companies should publish cash flow reports every year; this is intended so that investors can use guidelines in predicting stock prices in the future. In addition, it is also recommended for future research to add other variables that affect stock prices, such as EPS, DER, DVB, and other fundamental factors.

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