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The Effect of Profit and Cash Flow Components on Stock Returns in Automotive Sub Sector Manufacturing Companies and its Listed Componentson Bei

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ABSTRACT

Stock return is the return received by the shareholders on the investment that has been made. Many factors that affect stock returns include profit, investment cash flow, operating cash flow and funding cash flow. The present study is a quantitative one using an associative approach, aimed at analyzing the effect of earnings, investment cash flows, operating cash flows and funding cash flows on stock returns of Manufacturing Companies in the automotive subsector and their components listed on the IDX for the period 2014-2020 using time series data. obtained from the financial statements. The research sample consisted of 5 companies during the 8 year research period so that 5 x 8 = 40 observers were obtained. Data collection using documentation method and data analysis using multiple linear regression. The results showed that Profit, Investment Cash Flow, Operating Cash Flow and Funding Cash Flow serentakeously had a significant effect on Stock Return. This is indicated by the F-count (17.197) > F-table (2.48) and sig-p (0.000) < 0.05. Earnings have a significant effect on Stock Return. Investment Cash Flow has a significant effect on Stock Return. Operating Cash Flow has a significant effect on Stock Return. Funding Cash Flow does not have a significant effect on Stock Return. 1. It is recommended that Manufacturing companies in the automotive subsector and their components listed on the Indonesia Stock Exchange pay more attention to aspects that affect Stock Returns so that Stock Returns can be further improved.

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1. INTRODUCTION

The automotive industry and its components are industrial sectors which did not experience a decline in performance during the crisis due to the impact of Covid -19. According to Bernando (2010), when the global crisis hit in 2019-2021 during the COVID-19 pandemic, the automotive and component industries grew positively while several manufacturing industries slowed down. Since semester II of 2009, the national automotive industry has started to get excited after being affected by the global economic crisis in 2008. More details. Bernardo (2017) predicts that the performance of the automotive industry will decline in 2021. This is due to higher inflation than in 2020 along

with increased economic growth. Inflation and interest rates are relatively the most sensitive factors to automotive sales because of their impact on purchasing power and public demand. If you look at the performance of one of the largest automotive companies in Indonesia, namely PT. Astra Internasional Tbk, its revenue has decreased in 2021, from 35.99% to 25.06%. Considering Bernando's forecast (2010) and the decline in revenue experienced by PT. Astra International Tbk, this prediction may be true, considering that revenue growth is one measure that can be used to measure and assess a company's performance. The size of the company's performance has changed due to new economic developments which are more controlled by information and knowledge. Considering Bernando's forecast (2010) and the decline in revenue experienced by PT. Astra International Tbk, this prediction may be true, considering that revenue growth is one measure that can be used to measure and assess a company's performance. The size of the company's performance has changed due to new economic developments which are more controlled by information and knowledge. Considering Bernando's forecast (2010) and the decline in revenue experienced by PT. Astra International Tbk, this prediction may be true, considering that revenue growth is one measure that can be used to measure and assess a company's performance. The size of the company's performance has changed due to new economic developments which are more controlled by information and knowledge.

Based on financial report data for sub-automotive manufacturing companies and their components in 2014 to 2021, they have increased and decreased in 2014-2021. Information in the financial statements in the form of cash flow and profit components with their influence on stock returns is an aspect that needs to be considered by investors and potential investors in investing activities in the capital market.

2. METHOD

2.1 Research Types and Approaches

The type of research used in this research is a quantitative research with a descriptive approach. This research uses a descriptive approach with the aim of intuitively describing the research object or research results.

2.2 Populations and Samples

The population is a generalized area consisting of objects or subjects that become certain quantities and characteristics set by researchers to study and then draw conclusions (Sugiyono, 2016). In this study, the research population is the automotive sub-sector manufacturing companies and their components listed on the Indonesia Stock Exchange in 2014-2020. The reason for choosing a manufacturing company is because it is a highly liquid and competitive business sector. The population in this study consisted of 44 manufacturing companies listed on the Indonesia Stock Exchange (IDX).

The sample selection method uses a purposive sampling method, which is a sampling technique under special consideration using the following inclusive criteria:

a. Manufacturing companies listed on the Indonesia Stock Exchange for the 2014-2020 period.
b. The company publishes its financial reports regularly during the 2014-2020 observation year. The company presents financial reports and annual reports in rupiah.

Based on the 3 criteria above, the following research samples were obtained:

Table 1. List of Research Samples

No	Code	Company name
1	AUTO	PT. Astra Otoparts Tbk
2	BRAM	Indo Kodrsa Tbk
3	LPIN	Multi Prima Sejahtera Tbk
4	NIPS	Nipress Tbk
5	TIME	Multistrada Arah Sarana Tbk

Based on the criteria for determining the sample above, the number of research observations is 5 x 8 years of observation period = 40 issuer data.

2.3 Teknık Analısıs Data

TechThe data analysis that will be used in this research are: Analısıs Lınıer Berganda, Ulјı T (Ulјı Parsıal), Ulјı F (Uljı Sımuiltan) dan Ulјı R² (Ulјı Determınası).

3. RESEARCH RESULTS AND DISCUSSION

3.1 Multiple Linear Regression Results

Table 2. Multiple Linear Regression Results

Model		Unstandardized Coefficients		Standardized Coefficients
		B	std. Error	Betas
1	(Constant)	**1,033**	.967	
	Profit	**.470**	095	.914
	Investment cash flow	**.236**	.109	.407
	Operating cash flow	**.292**	.098	.626
	Funding cash flow	**007**	093	.015

Source: Research Results, 2023 (data processed)

$$Y = a + b1X1 + b2X2 + b3X3 + b4X4 + e$$

Stock returns =1.033 + 0.470X1 +0.236X2 + 0.292X3 + 0.007X4 + e

Interpretation :

a. Stock returns =1.033 + 0.470X1
   This equation shows that every increase Profitby 1 point, can increase Stock Return by 1,033 + 0,470 = 1,473 points. In other words, every increase in Profit can increase Stock Return by 1.473 = 1.5 times
b. Stock returns =1.033 + 0.236X2
   This equation shows that every increase Investment cash flowby 1 point, can increase Stock Return by 1,033 + 0,236 = 1,372 points. In other words, every increase in investment cash flow can increase stock returns by 1,266 = 1.3 times.
c. Stock returns =1.033 + 0.292X3
   This equation shows that every increase Operating cash flowby 1 point, can increase Stock Return by 1,033 + 0,292 = 1,313 points. In other words, every increase in operating cash flow can increase stock returns by 1,313 = 1.3 times.
d. Stock returns =1.033 + 0.007X4
   This equation shows that every 1 point increase in funding cash flow can increase stock returns by 1,033 + 0,007 = 1,102 points. In other words, every increase in Funding cash flow can increase Stock Return by 1,102 = 1.1 times.

3.2 Concurrent Test (F-Test).

Table 3. F test results Simultaneously

ANOVAa						
Model		Sum of Squares	Df	MeanSquare	F	Sig.
1	Regression	24,876	4	6,219	17,193	.000b
	residual	12,660	35	.362		
	Total	37,537	39			

a. Dependent Variable: Stock Return

b. Predictors: (Constant), Funding cash flow, Profit, Investment cash flow, Operating cash flow

Source: Research Results, 2023 (data processed)

The table above shows that the F-value = 17,197 with a significance value (p-value) = 0.000. When compared with the value of F-table = 2.48 (for N = 40 or df = 35), it can be seen that the value of F-count (17.197) > F-table (2.48) and sig-p (0.000) < 0.05, so it can be concluded that the 4 independent variables X1 (Profit), X2 (Investment cash flow), X3 (Operating cash flow) and X4 (Funding cash flow) have a significant influence on the dependent variable Y (Share Return).

3.3 Partial Test (T Test)

Table 4. Partial t-test results

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	Q	Sig.
		B	std. Error	Betas		
1	(Constant)	1,033	.967		1,067	.293
	Profit	.470	095	.914	4,923	.000
	Investment cash flow	.236	.109	.407	2.162	038
	Operating cash flow	.292	.098	.626	2,983	005
	Funding cash flow	007	093	.015	071	.944

a. Dependent Variable: Stock Return

Source: Research Results, 2023 (data processed)

3.4 Interpretation

a. Effect of Profit on Stock Return

Tableabove shows that the t-count value of X1 (profit) = 4,923 with a significance (p-value) of 0.000. When compared to the value of t-table = 1.67 (for N = 40 or df = 35) and sig-□= 0.05, it can be seen that the t-count X1 (4,923) > t-table (1.67) and the p-value (0.000) <0.05. The results of this analysis fulfill the requirements of hypothesis testing where if t-count > t-table and p-value <0.05 it can be concluded that variable X1 (Profit) partially has a significant positive effect on the dependent variable Y (Stock Return).

b. The Effect of Investment Cash Flow on Stock Returns

Tableabove shows that the t-count value of X2 (investment cash flow) = 2.162 with a significance (p-value) of 0.038. When compared to the value of t-table = 1.67 (for N = 40 or df = 35) and sig-□= 0.05, it can be seen that the t-count value of X2 (2.162) > t-table (1.67) and p-value (0.038) <0.05 . The results of this analysis fulfill the requirements of hypothesis testing where if t-count > t-table and p-value < 0.05 it can be concluded that variable X1 (investment cash flow) partially has a significant positive effect on the dependent variable Y (stock return).

c. Effect of operating cash flow on stock returns

Tableabove shows that the t-count value of X3 (Operating cash flow) = 2,983 with a significance (p-value) of 0.005. If compared to the value of t-table = 1.67 (for N = 40 or df = 35) and sig-□= 0.05, it can be seen that the t-count value X3 (2,893) > t-table (1.67) and p-value (0.005) <0.05. The results of this analysis fulfill the requirements of hypothesis testing where if t-count > t-table and p-value < 0.05, it can be concluded that variable X3 (Operating cash flow) partially has a significant positive effect on the dependent variable Y (Stock Return).

d. The Effect of Funding Cash Flow on Stock Returns

The table above shows that the t-count value of X4 (funding cash flow) = 0.071 with a significance (p-value) of 0.944. If compared to the value of t-table = 1.67 (for N = 40 or df = 35) and sig-□= 0.05, it can be seen that the t-count value of X4 (0.071) < t-table (1.67) and p-value (0.944)> 0.05 . The results of this analysis do not meet the requirements of hypothesis testing where if t-count > t-table and p-value < 0.05 so it can be concluded that variable X4 (Funding cash flow) partially does not have a significant effect on the dependent variable Y (Share Return).

3.5 Determination Test (R^2 Test)

Table 5. Summary modelb

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	.814a	.663	.624	.60143629

a. Predictors: (Constant), Funding cash flow, Profit, Investment cash flow, Operating cash flow
b. Dependent Variable: Stock Return

The table above shows that the adjusted r-square value = 0.624. This means that the magnitude of the influence of the independent variable on the dependent variable Y (Stock Return is 0.624 x 100% = 62.4%. In other words, 62.4% of the Stock Return variable can be explained by the variable Profit, investment cash flow, operating cash flow and cash flow Funding while the rest (37.6%) is explained by other factors not examined.

4 CONCLUSIONS

Based on the results of data analysis on the effect of Profit, Investment cash flow, Operational cash flow and Funding cash flow on Stock Return there are Manufacturing companies in the automotive sub-sector and their components listed on the Indonesia Stock Exchange in 2014– 2021 can be summed up as follows; Profit, Investment cash flow, Operating cash flow and Funding cash flow simultaneously have a significant effect on Stock Return. This is indicated by the F-count (17.197) > F-table (2.48) and sig-p (0.000) < 0.05. Profit has a significant influence on Stock Return. This is indicated by the t-count value X1 (4.923) > t-table (1.67) and p-value (0.000) <0.05. Investment cash flow has a significant influence on Stock Returns. This is indicated byt-count value X2 (2.162) > t-table (1.67) and p-value (0.038) <0.05. Operating cash flow has a significant influence on Stock Returns. This is indicated byt-count value X3 (2.893) > t-table (1.67) and p-value (0.005) <0.05. Funding cash flows do not have a significant effect on stock returns. This is indicated byt-count value X4 (0.071) <t-table (1.67) and p-value (0.944)> 0.05.

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