



## The Effect of Net Income, Total Cash Flow, And Company Size on Stock Price (Empirical Study on Banking Companies on the IDX)

Heri Sasono<sup>1</sup>, Agung Siswanto<sup>2</sup>, Muhammad Rizki<sup>3</sup>

<sup>1,2,3</sup> STIE Dharma Bumiputera, Jakarta

**ABSTRACT:** This study is to examine the effect of net income, total cash flow and company size on stock prices in the Go Public Banking sector on the Indonesia Stock Exchange (IDX). The population of this study is 43 banks and the research sample is 28 banks that can be

Sampled in the research period 2018 to 2020 and banks that go public on the IDX. This study uses the analysis method of normality test, t test, f test and correlation analysis, determinant coefficient and multiple linear regression using SPSS version 25 software.

The conclusion of this study is that the net income variable (X1) has a significant and positive effect on stock prices, the total cash flow variable (X2) has no significant effect on stock prices and the firm size variable (X3) has an insignificant and negative effect on stock prices. Meanwhile, simultaneously, net income, total cash flow, and company size have a significant effect on stock prices of banking companies listed on the Indonesia Stock Exchange (IDX) in 2018 – 2020.

**KEYWORDS:** Company size and stock price, Net income, Total cash flow.

### PRELIMINARY

Banking is one of the main drivers of a country's economy which includes consumption, investment, and export-import activities. Banking plays a major role in encouraging domestic economic growth, because all economic activities involve the role of banking. In addition, the role of the banking system as an intermediary is the biggest role that utilizes funds from parties experiencing a surplus to parties experiencing a deficit. If this role is carried out efficiently and effectively, it will be able to improve the standard of living of many people. Therefore, every company is obliged to maintain and improve its performance so that the value of the company is maximized.

According to Law Number 8 of 1995 concerning the Capital Market, the capital market is a source of financing for the business world and as an investment vehicle for investors who have a strategic role to assist the implementation of national development. At the Indonesia Stock Exchange (IDX) interested parties can obtain a wealth of information provided by the IDX. The information provided on the IDX is very diverse, such as trading data on Stocks, Bonds and Derivatives, service market references, financial reports of listed companies, to other information related to Securities that is presented in real time, pending and end of the day as well as information.

Many factors influence investors in deciding to purchase banking shares, such as; internal and external factors. External factors (macro environment) that can affect stock prices include domestic political turmoil, macroeconomic conditions of the country concerned, inflation rates, changes in interest rates, changes in government regulations, and so on. Meanwhile, internal factors that influence stock prices are company fundamentals, such as; financial performance and company management.

Empirical growth and decline in net income is quite closely related to the movement of the company's stock price. If expectations of the company's net profit growth in the future dominate stock exchange sentiment, it is often the cause of rising stock prices on the stock exchange. However, if the actual net income is lower than expected, it often leads to a decline in stock prices. On the other hand, if the expectations of investors in the stock exchange are dominated by a decrease in the company's net profit, it will be followed by a decrease in stock prices.

In addition to profit, cash flow statements are also useful for investors and become one of the factors that can affect stock prices. Companies without cash will not survive and cash flow for companies is very important for the survival of the company. Cash flow data is considered to provide the main information in evaluating the market price of securities. Cash flow has an important meaning in evaluating stock market prices, because it describes purchasing power and can be transferred immediately into the market economy of individuals and organizations, for certain purposes (Rahmawati, 2018:14).



Another financial statement indicator, which plays an important role in assessing company performance, is company size. Company size can be seen through assets or total wealth owned by the company through financial statements. A company's size can determine whether or not the performance of the company. Investors usually prefer to trust large companies, this is because large companies are considered capable of improving their performance. Company size reflects the size of the company as seen from the total assets of the company.

Government policy to maintain Indonesia's economic stability, namely through banking. Some of them are Financial Services Authority Regulation (POJK) Number 11/POJK.03/2020, concerning Economic Stimulus as a Countercyclical Policy. Impact of the 2019 Coronavirus Disease Spread in the banking industry which regulates credit restructuring for individuals, MSMEs, and corporations. Then the Financial Services Authority Regulation of the Republic of Indonesia Number 18/POJK.03/2020, concerning Written Orders for Handling Bank Problems which regulates the authority of OJK to give written orders to carry out mergers, consolidations, takeovers and/or integration (P3I), as well as to receive P3I. These policies aim to maintain financial system stability amid the COVID-19 pandemic.

**The Table that the JCI Year: 2008 - 2021**

YEARS	JCI	FINANCE SECTOR
2008	1.355	176
2009	2.534	301
2010	3.703	467
2011	3.821	492
2012	4.316	550
2013	4.274	540
2014	5.226	731
2015	4.593	687
2016	5.296	811
2017	6.355	1.140
2018	6.194	1.175
2019	6.299	1.354
2020	5.979	1.333
2021	7.042	1.526

**Source :** Indonesia Stock Exchange

The JCI should show a positive trend or an increase, but there was still a JCI that experienced a decline (a negative trend), namely the JCI in 2012 to the JCI in 2013, the JCI in 2014 to the JCI in 2015, the JCI in 2017 to the JCI in 2018 and the JCI in 2019 to the JCI in 2020.

The JCI and the decline in the financial sector index in 2020 were caused by the Covid 19 pandemic which began to spread throughout the world in early March 2020, causing a decline in the JCI and the financial sector index in Indonesia.

Looking at the JCI trend and the trend in the financial sector index, the authors are interested in analyzing more deeply the effect of net income, cash flow and company size on stock prices in the banking sector on the Indonesia Stock Exchange (IDX).

Identification of research problems is determined so that the research focuses on the main problems that exist and their discussions, so that the research objectives do not deviate from the target. The problem in this research is in banking companies listed on the Indonesia Stock Exchange (IDX) in 2018-2020.

The limitation of the problem in this study is limited to the analysis of net income, total cash flow, company size, and stock prices in banking companies listed on the Indonesia Stock Exchange (IDX) in 2018-2020.

### Research Purpose

With reference to the formulation of the problem above, the expected objectives of this research are: To obtain empirical evidence of the effect of net income, total cash flow and company size on stock prices of banking companies listed on the IDX, either partially or simultaneously for the period 2018 to 2020.



## THEORITICAL REVIEW

Irham Fahmi (2014: 21) Signaling theory is a theory that discusses the ups and downs of prices in the market such as; stock prices, bonds and so on, so that it will have an influence on investor decisions. Signaling theory emphasizes the importance of information issued by the company on the investment decisions of parties outside the company. Information is an important element for investors and business people, because information basically presents information, notes or descriptions for both past, current and future conditions for the survival of a company and how the securities market will be. Complete, relevant, accurate and timely information is needed by investors in the capital market, as an analytical tool for making investment decisions.

The relationship between signal theory and this study shows that if net income, total cash flow and company size reported by the company increase, then the information can be categorized as a good signal, because it indicates good financial performance and company condition.

The price of a stock tends to rise, if a stock experiences excess demand and tends to be derivative and if there is an excess supply. Stock prices in the capital market are largely determined by the forces of demand (demand) and supply (supply). The more investors who buy shares, the higher the share price.

According to Anoraga and Pakarti, shares are a sign of equity participation in a limited liability company. By owning shares of a company, investors can get advantages such as; receive dividends, capital gains and other non-financial benefits, and the pride and power of obtaining voting rights in determining the running of the company.

The stock price is a reflection of the performance of a company. In a short period, the price of a stock can be very volatile, so the end of the closing period of the stock price is the right reference in comparing or analyzing a research.

Income is the increase in economic benefits during the accounting period (for example, an increase in assets or a decrease in liabilities) that results in an increase in equity, other than those involving transactions with shareholders.

According to Baridwan (2018: 47), Profit (Gains) is an increase in capital (net assets) originating from transactions that rarely occur from a business entity, and from transactions or other events that affect the business entity during a period, except those arising from income. (revenue) or investment by the owner.

Net income is the last number in the profit and loss calculation where to find the operating profit plus other income minus other expenses. Net profit (Net Profit), is profit minus costs which are company expenses in a certain period including.

According to Wenas (2017: 99), explains that net profit is the difference in excess of total revenue over total expenditure. If the total expenditure is greater than the total revenue, the company will report a net loss. If in a certain accounting period, revenues equal expenses, it is said that business operations are at the break-even point.

Cash flow is a very important unit in carrying out financial operational work activities both for planning or implementing audits as well as new investments as one of the pillars of running financial operational activities. Thus, management's efforts to achieve organizational goals are based on the financial budget function, namely by using Cashflow as a Cash Flow Flow.

Reports of sources and uses of cash are used as a basis for estimating future cash needs and the possibility of existing sources, or can be used as a basis for planning by forecasting future cash needs. The company's cash flow statement can be useful for users of financial statements to assess the company's ability to generate cash and assess the company's needs to generate cash.

The size of the company is considered capable of influencing the value of the company, because the larger the size or scale of the company, the easier it will be for the company to obtain funding sources, both internal and external (Hery, 2017:11). Company size is a way that can classify companies in various ways, namely total assets, total sales, number of employees, and others. The greater the total assets and sales, the greater the size of a company.

The size of the company will affect the ability to bear the risks that may arise from various situations faced by the company. Large companies have lower risk than small companies. This is because large companies have greater control over market conditions, so they will be able to face economic competition.

In addition, companies have more resources to increase the value of the company, because they have better access to external sources of funding compared to small companies. Investors will respond more positively to large companies, thus increasing value for large companies.

From the definition above, it can be concluded that the size of the company is the size of the company as seen from its total assets and sales. The greater the total assets owned, the greater the size of the company, so the authors are interested in conducting

more in-depth research on the factors that influence changes in stock prices in the banking sector that go public on the Indonesia Stock Exchange (IDX).

## RESEARCH METHODS

This type of research is associative research where according to (Sugiyono, 2019:11), associative is research that aims to find out the influence or relationship between two or more variables. By using the associative research method, it will be known the effect of net income, total cash flow, and company size on stock prices in banking companies listed on the Indonesia Stock Exchange from 2018 to 2020.

### Research Time and Place

This research was conducted in Jakarta and took company data from [www.idx.co.id](http://www.idx.co.id). The research period to be analyzed is 2018-2020. This is because the financial statements are easy to upload and have been published.

### Operational definition

Operational definition is the operational definition of variables, practically, in real terms within the scope of the research object/object under study.

#### 1. Net Profit (X1)

The net profit is the difference between the realization of income derived from company transactions in a certain period minus the costs incurred to earn income. In this study, net income is measured by calculating the difference between income and expenses.

$$\text{Net profits} = \text{income} - \text{expenses}$$

#### 2. Total cash flows (X2)

Total cash flows represent the total cash flows from operating, investing, financing activities and cash and cash equivalents at the beginning of the year. For the purpose of analysis through regression, previously calculated the total cash flow changes for each year. This change in total cash flow is an independent variable used to analyze the effect of information on total cash flow on stock prices.

$$\text{Total cash flows} = \text{Operation} + \text{Investment} + \text{Financing}$$

#### 3. Company Size

Company size is the size of the company based on the total assets (total assets) of the company. The size of the company in this study is measured by the natural logarithm of the total assets owned by the company. Natural logarithms are used because the units in the total assets of a company can be worth trillions so that in econometrics there will be problems (Ichwan, Yuniar (2015) in Sembiring, 2020), therefore one way to simplify it is through  $\ln$  (natural logarithm) using the formula:

$$\text{Company Size} = \ln (\text{Total Asset})$$

#### 4. Stock Price (Y)

The share price is the price of a share that occurs on the stock market at a certain time determined by market participants and is determined by the demand and supply of related shares in the capital market. In this study, the stock price variable is measured by looking at the closing price of the stock (Closing Price) on the company's financial statements.

$$\text{Stock Price} = \text{Closing Stock Price (Closing Price)}$$

## Variable Definition

1. Independent Variables (Independent Variables) are variables that affect the dependent variable (dependent variable). The independent variables in this study are Net Profit, Total Cash Flow, and Firm Size.
2. The dependent variable (dependent variable) is a variable that is influenced by the independent variable (independent variable). The dependent variable in this study is the stock price.



**Research Population**

**Table.** Sample Selection Process

Sample Criteria	Total Company
Banking companies listed on the Indonesia Stock Exchange in 2018-2020	43
Banking companies that do not consistently publish financial reports during the 2018-2020 periode	(5)
Banking companies that consistently publish financial reports during the 2018-2020 periode	38
Banking Companies that suffered losses for the 2018-2020 periode	(10)
Total Banking Companies that can be used as research samples during the period 2018-2020	28

Source: Processed by the Author

The sample data taken from companies as shown in the table below are 28 banking companies:

**Table.** Research Sample Data.

NO	KODE	NAMA PERUSAHAAN
1	AGRO	Bank Rakyat Indonesia Agroniaga Tbk
2	BABP	Bank MNC Internasional Tbk
3	BACA	Bank Capital Indonesia Tbk
4	BBCA	Bank Central Asia Tbk
5	BBMD	Bank Mestika Dharma Tbk
6	BBNI	Bank Negara Indonesia (Persero) Tbk
7	BBRI	Bank Rakyat Indonesia (Persero) Tbk
8	BBTN	Bank Tabungan Negara (Persero) Tbk
9	BDMN	Bank Danamon Indonesia Tbk
10	BGTG	Bank Ganesha Tbk
11	BINA	Bank Ina Perdana Tbk
12	BJBR	Bank Pembangunan Daerah Jawa Barat dan Banten Tbk
13	BJTM	Bank Pembangunan Daerah Jawa Timur Tbk
14	BMAS	Bank Maspion Indonesia Tbk
15	BMRI	Bank Mandiri (Persero) Tbk
16	BNBA	Bank Bumi Arta Tbk
17	BNGA	Bank CIMB Niaga Tbk
18	BNII	Bank Maybank Indonesia Tbk
19	BNLI	Bank Permata Tbk
20	BSIM	Bank Sinarmas Tbk
21	BTPN	Bank Tabungan Pensiunan Nasional Tbk
22	BTPS	Bank Tabungan Pensiunan Nasional Syariah Tbk
23	MAYA	Bank Mayapada Internasional Tbk
24	MCOR	Bank Windu Kentjana International Tbk
25	MEGA	Bank Mega Tbk
26	NISP	Bank OCBC NISP Tbk
27	PNBN	Bank Panin Indonesia Tbk
28	SDRA	Bank Woori Saudara Indonesia 1906 Tbk

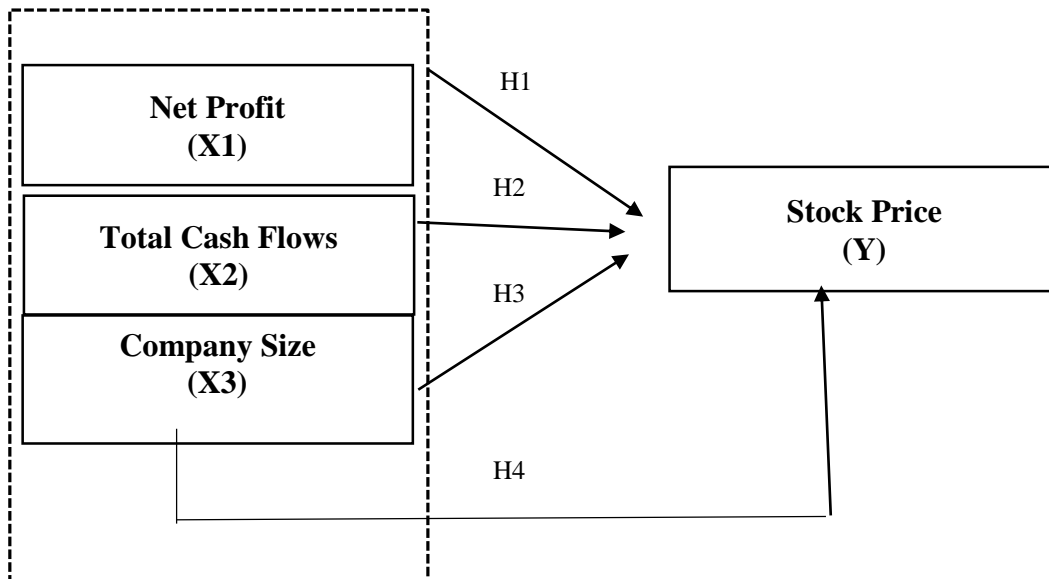
Source : BEI



**Research Conceptual Framework**

In this study, a framework of thought can be made that can be used as the basis for this writing. The research variables used in this study are Stock Price as the dependent variable (Y), then Net Profit, Total Cash Flow, and Company Size as independent variables (X1, X2, and X3).

**Picture. Research Model**



**Research Hypothesis**

**a. Net Profit has an effect on Stock Price**

Investors assess the company's ability to be in a healthy condition and have a good level of profitability for the future through the net income generated by the company. Net income is one of the factors that investors look at in the capital market to be able to make choices in investing. One way that can be done is by buying shares. Maintaining and increasing net income is a must for a company so that shares are still in demand by investors.

Husnan (2015: 276), states that companies that have the ability to increase profits tend to increase their share prices. This means that if the company earns greater profits, theoretically the company will be able to distribute greater dividends and will have a positive effect on stock prices.

From the explanation above, it can be seen that the greater the net profit generated by the company, the share price tends to increase. Vice versa, if the reported profit of the company decreases, the demand for the company's shares will decrease and the impact on the share price will also decrease.

H1: Net income has an effect on stock prices.

**b. Total Cash Flow an effect on Stock Price**

Statements of cash flows are required as part of the completeness of the financial statements. Information about a company's cash flows is useful 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 those cash flows.

The purpose of this statement 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 (Sulindawati, et al, 2017:173) in Khastuti, Gursida and Mulyaningsih, 2018).

Information about the total cash flows of an enterprise is useful for users of financial statements as a basis for assessing the ability of the enterprise to generate cash and cash equivalents and assessing the enterprise's need to use these cash flows.

H2: Total cash flow has a positive effect on stock prices.



**c. Company size an affect stock price**

The size of the company is reflected in the amount of assets owned by the company, generally large companies have large total assets so that they can attract investors to invest in the company and ultimately the shares are able to survive at high prices. Companies that have large total assets show that the company has reached the maturity stage where at this stage the company's cash flow is positive and is considered to have good prospects in a relatively long period of time (Daniati & Suhairi, 2006 in Muhammad, 2017).

The larger the size of the company, the more it shows the company is experiencing development so that investors will respond positively and share prices will increase (Yangs Analysis, 2011).

From the explanation above, it can be seen that the larger the size of a company, the higher the stock price, whereas if the size of the company gets smaller, the stock price will be lower.

H3: Firm size has an effect on stock prices.

**d. Net income, total cash flow, and company size have a simultaneous effect on stock prices.**

The research conducted by Khastuti, Gursida, and Mulyaningsih (2018) states that simultaneously net income, total cash flow, and company size have a significant effect on stock prices.

H4: Net income, total cash flow, and firm size have a positive effect on stock prices.

**Research Data Analysis Method**

The statistical analysis used is as follows:

**1. Descriptive Analysis**

According to Ghozali (2018: 19), descriptive statistics provide a description or description of data as seen from the average value (mean), standard deviation, variance, maximum, minimum, sum, range, kurtosis, and skewness (distribution gap).

Descriptive analysis is used to describe the data in this study which consists of net income (X1), total cash flow (X2), company size (X3), and stock prices (Y). The analytical tools used in this research are standard deviation, mean, median, maximum and minimum.

**2. Normality Test**

According to Ghozali (2018:161) the normality test aims to test whether in the regression model, the confounding or residual variables have a normal distribution. The normality test was tested using the Kolmogorow Smirnov test, that is, if the result value is  $\text{sig} > 0.05$ , it can be concluded that the regression model in this study is normally distribute

**3. Multiple Linear Regression Test**

The analytical method used is multiple regression analysis with the help of SPSS software. Multiple regression analysis is a regression using more than one independent variable to estimate the variables. The advantage of multiple regression analysis is that it can use more information as an independent variable to estimate the dependent variable, thus the estimation results become more accurate (Ghozali, 2016:155).

**For the regression equation as follows:**

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Information:

Y = Stock Price

a : Constant

$\beta_1$  = Regression Coefficient

X1 = Net Profit

X2 = Total Cash Flow

X3 = Company Size

e = Error Facto

**4. Individual Significance Test (Test Statistical t)**

The t statistic test is basically done to test whether the independent variable (X) individually has a significant relationship or not to the dependent variable (Y). The t-test also shows how far the influence of one explanatory variable individually in



explaining the variation of the dependent variable (Ghozali, 2016:157). The t-test was performed using a significant level of confidence in the table of coefficients of statistical regression results

**5. Simultaneous Significance Test (Statistical Test F)**

The F-statistical test is used to prove that there is an effect between the independent variables on the dependent variable simultaneously. The significance of the regression model is simultaneously tested by looking at the significance value (sig) where if the sig value is below 0.05 then the independent variable affects the dependent variable, and if the sig value is above 0.05 then the independent variable has no effect on the dependent variable (Ghozali, 2016: 157).

**6. Coefficient of determination (R<sup>2</sup>)**

According to Ghozali (2018: 97), the coefficient of determination (R<sup>2</sup>) essentially measures how far the model's ability to explain variations in the dependent variable is. The value of the coefficient of determination is between zero or one. A small value of R<sup>2</sup> means that the ability of the independent variables in explaining the variation of the dependent variable is very limited.

**Descriptive Statistical Results**

Descriptive statistical measurements were carried out on research variables consisting of Net Profit, Total Cash Flow, Company Size and Stock Price.

The following are the results of descriptive statistics in this study:

Table. Descriptive statistics

**Tabel.** Statistik Deskriptif

	N	Minimum	Maximum	Mean	Std. Deviation
Laba Bersih	84	22.08	31.31	27.3237	2.27147
Total Cash Flow	84	27.17	33.10	29.8435	1.60860
Firm Size	84	28.98	34.95	31.9233	1.68152
Stock Price	84	3.91	10.43	7.0460	1.51047
Valid N (listwise)	84				

**Sources:** Output SPSS versi 25

Based on the table above, it can be seen that:

1. N = 84, then the number of data processed in this study is 84 samples consisting of 28 banking companies sampled for three years consisting of net income, total cash flow, company size and stock prices.
2. Net Profit, has an average value of 27.3237 with a standard deviation of 2.27147. By looking at the average value greater than the standard deviation value, it can be concluded that the net income variable has scattered data and the sampled companies have relatively small differences between companies.
3. Total Cash Flow, has an average value of 29.8435 with a standard deviation of 1.60860. With an average value greater than the standard deviation value, it can be concluded that the Total Cash Flow variable has scattered data and the sampled companies have relatively small differences between companies.
4. Company size, has an average value of 31.9233 with a standard deviation of 1.68152. With the average value greater than the standard deviation value, it can be concluded that the Firm Size variable has scattered data and the sampled companies have relatively small differences between companies.
5. Share Price, has an average value of 7.0460 with a standard deviation of 1.51047. By looking at the average value greater than the standard deviation value, it can be concluded that the Stock Price variable has scattered data and the sampled companies have relatively small differences between companies.





**Normality Test Results**

The first classic assumption test is the normality test. Normality test aims to be able to test whether a research regression model, both the dependent variable and other variables have a normal data distribution or not. A good regression model is a research model that has data that are normally distributed or close to normal.

The results of the normality test of the data obtained are as follows:

**Tabel. Output Test One Sample Kolmogorov-Smirnov One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		84
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	1.01799285
Most Extreme Differences	Absolute	.063
	Positive	.061
	Negative	-.063
Test Statistic		.063
Asymp. Sig. (2-tailed)		.200 <sup>c,d</sup>

- a. Test distribution is Normal.
  - b. Calculated from data.
  - c. Lilliefors Significance Correction.
  - d. This is a lower bound of the true significance.
- Source:** Data that processed with SPSS version 25

The results of the One Sample Kolmogorov-Smirnov test in the table above show the Kolmogorov-Smirnov value of 0.063 and a significant share price level of 0.200. Because the P value (Asymp.Sig) is greater than the 0.05 level of significance, it can be concluded that the residual data in this regression model are normally distributed. In other words, the regression model used fulfills the assumption of normality.

**Multiple Linear Regression Analysis**

In this study, multiple linear regression analysis was carried out to determine whether there was an influence between the independent variables (independent) on the dependent variable (dependent).

Table. Partial Test Results (Test Statistics t)

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	-7.061	2.675		-2.639	.010
	Net Profit	.458	.128	.689	3.569	.001
	Total Cash Flow	.113	.314	.120	.360	.720
	Firm Size	-.056	.360	-.062	-.155	.877

**Source:** Data that has been processed with SPSS version 25



Based on the table above, the following regression equation is generated:

$$\text{Share Price} = -7.061 + 0.458 \text{ Net Profit} + 0.113 \text{ Total Cash Flow} - 0.056 \text{ Company Size.}$$

The analysis of the regression line equation is:

- a) The constant value of -7.061 states that if the independent variable is considered constant, if all independent variables are 0 (zero), then the stock price is considered to have the same value as the constant value, which is -7.061%.
- b) Net Income has a regression coefficient value of 0.458, meaning that if the other independent variables have a fixed value and the net income value increases by 1%, then the stock price will increase by 0.458% coefficient value.
- c) Total Cash Flow has a regression coefficient value of 0.113, meaning that if the other independent variables have a fixed value and the total cash flow value increases by 1%, then the stock price will increase by 0.113%.
- d) Company Size, the negative regression coefficient is -0.056, meaning that if the other independent variables are fixed and the firm size has decreased by 1%, the stock price will decrease by 0.056%.

**Hypothesis test**

The following are the results of hypothesis testing from the research, including:

Partial Significance Test (Test Statistical t)

The t-test (partial) basically serves to show how far the influence of one independent variable individually in explaining the dependent variable.

The output results of the t test in this study are as follows:

**Table.** Partial Test Results (Test Statistics t)

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-7.061	2.675		-2.639	.010
	Net Profit	.458	.128	.689	3.569	.001
	Total Cash Flow	.113	.314	.120	.360	.720
	Firm Size	-.056	.360	-.062	-.155	.877

a. Dependent Variable: Y\_Stock Price

Source: Data that has been processed with SPSS version 25

Based on the results of the statistical test in the table above, it can be seen between each independent variable on the dependent variable which can be explained as follows:

- 1. Net Income has a t count of 3.569 with a significance value of  $0.001 < 0.05$ , this indicates that, partially Net Income has a significant effect on stock prices, so  $H_a$  is accepted and  $H_o$  is rejected.
- 2. Total Cash Flows have a t count of 0.360 with a significance value of  $0.720 > 0.05$ , this indicates that, partially Total Cash Flows have no significant effect on stock prices, so  $H_a$  is rejected and  $H_o$  is accepted.
- 3. Firm size has a t count of -0.155 with a significance value of  $0.877 > 0.05$ , this indicates that, partially, firm size has an insignificant and negative effect on stock prices, so  $H_a$  is rejected and  $H_o$  is accepted.

**Simultaneous Significance Test (F Statistics Test)**

Simultaneous test or F test is used to show the influence of independent variables simultaneously or simultaneously affect the dependent variable.



**Table.** Simultaneous Test Results (Statistical Test F)

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	103.352	3	34.451	32.042	.000 <sup>b</sup>
	Residual	86.014	80	1.075		
	Total	189.366	83			

a. Dependent Variable: Y\_Stock Price

b. Predictors: (Constant), Net Profit, Total Cash Flow, Firm Size

Source: Data that has been processed with SPSS version 25

Based on the table above, it can be seen that the F test results can be seen from the calculated F value of 32,042 with a significance value of  $0.000 < 0.05$ , it can be concluded that Net Profit, Total Cash Flow, and Company Size simultaneously or together have a significant effect. to stock prices.

**Coefficient of Determination (R<sup>2</sup>)**

The coefficient of determination (R<sup>2</sup>) is a tool to measure how far the model's ability to explain the variation of the dependent variable (Ghozali, 2016).

Table. Coefficient of Determination Test Results (R<sup>2</sup>)

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.739 <sup>a</sup>	.546	.529		1.03690

a. Predictors: (Constant), Net Profit, Total Cash Flow, Firm Size

b. Dependent Variable: Stock Price

Source: Data that has been processed with SPSS version 25

Based on the table above, it can be seen that the value of Adjusted R Square (R<sup>2</sup>) is 0.529 or 52.9%, which means that variations in stock price changes are influenced by net income, total cash flow and company size. While there is 47.1% of the variance of the dependent variable has not been able to be explained by the three independent variables in this study.

**DISCUSSION OF RESEARCH RESULTS**

The following is a discussion of the research results, namely:

**1. Effect of Net Profit on Stock Price**

The results of data analysis show that the net income variable has a significant and positive effect on the stock price variable, then H1 is accepted, because net income has a t count of 3.569 with a significance value of  $0.001 < 0.05$ .

This means that the greater the net profit earned by a company, the company's stock price will also increase. This is because investors are more interested in investing in companies that have a larger net profit. With this interest, it can affect the increase in the company's stock price.

**2. Effect of Total Cash Flow on Stock Price**

The results of data analysis show that the total cash flow variable has no significant effect on the stock price variable, so H2 is rejected, because the total cash flow has a t count of 0.360 with a significance value of  $0.720 > 0.05$ .

The greater the cash flow generated by the company, the stock price will increase. This means that the company can generate cash that is able to repay loans, maintain the company's operating capabilities, pay dividends, make new investments without



relying on external funding sources, cash receipts and disbursements in relation to resources aimed at generating future cash flow income.

### 3. The Effect of Firm Size on Stock Price

The results of data analysis showed that the firm size variable had an insignificant and negative effect on the stock price variable, so H3 was rejected, because firm size had a t count of -0.155 with a significance value of  $0.877 > 0.05$ .

Company size is a scale where the size of the company can be classified according to various ways, including total assets, stock market value and others.

### 4. Effect of Net Profit, Total Cash Flow, and Firm Size Simultaneously on Stock Price.

Based on the results of the simultaneous significance test, it can be seen that the F test results can be seen from the calculated F value of 32,042 with a significance value of  $0.000 < 0.05$ , it can be concluded that Net Profit, Total Cash Flow, and Company Size simultaneously or together have an effect significant to stock prices.

The higher the net profit, the higher the share price obtained by the company, the higher the cash flow, the higher the share price obtained by the company and so is the size of the company, the higher the size of the company, the higher the share price.

## CONCLUSION

Based on the results of the analysis and discussion above, the following conclusions can be drawn; Net income variable (X1) has a significant effect on stock prices of banking companies listed on the Indonesia Stock Exchange (IDX). While the total cash flow variable (X2) and company size variable (X3) have no significant effect on stock prices of banking companies listed on the Indonesia Stock Exchange (IDX) in 2018-2020. Simultaneously, net income, total cash flow, and company size have a significant effect on stock prices of banking companies listed on the Indonesia Stock Exchange (IDX) in 2018-2020.

## RECOMMENDATION

Based on the results of the study, the researchers gave several recommendations:

- Further researchers, can develop the object of research more broadly, not only banking companies and can add other variables besides net income, total cash flow, and company size such as; Return on Equity (ROE), Return on Assets (ROA), and Net Profit Margin (NPM).
- The company is expected to increase net income, total cash flow, and company size in order to avoid falling share prices, while still paying attention to other factors such as avoiding decision-making errors.
- Investors, in addition to other internal and external factors, the variables of net income, total cash flow, and company size Muri Yusuf. 2017. *Research Methods: Quantitative, Qualitative And Combined Research*. Jakarta: Kencana.

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