

The Influence of Net Profit and Operating Cash Flow on Share Prices in Telecommunication Companies Listed on the Indonesian Stock Exchange

Akifah Fikriah Anwar¹, Hariany Idris², Sahade³

^{1,2,3} Program Studi Akuntansi, Fakultas Ekonomi, Universitas Negeri Makassar, Jl. A.P Pettarani, Sulawesi Selatan, Indonesia

E-mail: ¹kifahfikriah@gmail.com ²hariany.idris@unm.ac.id ³sahade@unm.ac.id

Abstract: This research aims to: determine the partial influence of net profit and operating cash flow on stock prices, and determine the simultaneous influence of net profit and operating cash flow on stock prices. The variables in this study are stock prices as the dependent variable (Y), measured by the closing stock price at the end of the trading day, net profit as an independent variable (X1), measured by pre-tax net profit minus income tax, and operating cash flow as an independent variable (X2), measured by the difference between cash inflows and cash outflows. The population of this study consists of telecommunication companies listed on the Indonesia Stock Exchange, while the sample consists of 10 telecommunication companies selected using purposive sampling technique. Data collection is conducted through documentation techniques. This study uses multiple linear regression analysis to examine the relationship between net profit, operating cash flow, and stock prices. The data used are the financial data of telecommunication companies listed on the Indonesia Stock Exchange during the period 2020-2022. This research employed multiple linear regression analysis to examine the relationship between net profit, operating cash flow, and stock prices. The data used were the financial data of telecommunication companies listed on the Indonesia Stock Exchange during the period 2020-2022. Data analysis was carried out using multiple linear regression analysis. The results of this study showed $Y = 2331.185 + 3.218 X1 + 7.780 X2$. Based on the analysis results, it can be concluded that net profit has a significant partial effect on stock prices. Operating cash flow also has a significant partial effect on stock prices. Furthermore, it can be determined that both net profit and operating cash flow simultaneously have a significant effect on stock prices.

Keywords: net income, operating cash flow, stock prices

1. Introduction

The telecommunications sector is one of the most important sectors in the economy, because it makes a significant contribution to increasing business productivity and efficiency. Telecommunications provides communication networks needed by society and various economic sectors, such as trade, industry and services. In the current digital era, the role of telecommunications is one of the business sectors that has an important role in the Indonesian economy. Because, the telecommunications sector is one sector that is experiencing fast and stable growth.

Telecommunication companies are an interesting object to analyze in studies of factors that influence share prices. Net profit is an indicator of a company's financial performance which shows how much profit is obtained

after deducting all costs incurred by the company. High net profit shows that the company is able to manage costs well and earn quite large profits. Meanwhile, operating cash flow is the flow of funds generated from company operations, which shows how well the company manages the flow of funds generated from its operations. Positive operating cash flow shows that the company is able to generate funds from its operations that can be used for further company needs. Company telecommunication Keep going try increase performance his finances by increasing net profit and operating cash flow. Because, these two financial indicators, net profit and operating cash flow, are considered important in determining share prices because they can provide information about the company's financial performance and the company's ability to manage the funds generated. Investors tend to be more interested in investing in companies that have good net profits and operating cash flow, so that they can increase the company's share price. Shares are one of the investment alternatives in the capital market that is most widely used by investors because the profits obtained are greater than bonds.

The share price is an indicator of the success of company management and shows market strength through stock transactions in market capital. By understanding the influence of net profit and operating cash flow on share prices, telecommunications companies can design more effective strategies in optimizing share value for shareholders. This study can also provide input for telecommunications company management in managing company finances and improving company financial performance in order to increase the company's share price.

Research on the influence of net profit and operating cash flow on share prices has been carried out by several previous researchers. Research conducted by Tombilayuk & Aribowo (2021) states that net profit and cash flow simultaneously have a significant effect on stock price. Study Also done Djago (2016) Which state that profit clean no influential to price share, and Also current cash No own influence significant to price share. However there is study other Which show that net profit and current cash operation positive influence to price share, study Which done by Miranti (2017) results study that net profit and operating cash flow have a positive effect on share prices, this means there is connection between profit clean And current cash operation to price share. Study Also done by Bahtiar & Charisma (2019) which shows that profit clean influential significant to price share. Based on results review to study previously there are differences research result (research gap) that exists inconsistency (No consistent) from the relationship of net profit and operating cash flow to share prices. This is a consideration researcher For do study replication from Tombilayuk & Aribowo (2021) regarding the influence of net profit and flow cash to share prices. Company telecommunication chosen become object, Because writer not yet found study Which use sub telecommunication as object of research. Besides That seen various problem Which concerning with company profits which resulted in a decline in share prices in telecommunications companies. In quote from Report Finance PT

Telkom Indonesia Tbk. Year 2020. disclose that is the decline in Telkomsel's performance resulted in a decline in Telkom's share price in exchange share. During year 2020, price share Telkom in The Indonesian Stock Exchange experienced a decline of 16.45% from its highest price at the beginning of the year. This decline is in line with the decline in Telkomsel's performance, which is one of the largest contributors to Telkom's revenue.

The following is table 1 regarding data on net profit, operating cash flow and share prices of telecommunications companies listed on the Indonesia Stock Exchange for the 2017-2019 period.

Table 1. Preliminary data Net profit, Current Cash Operation, And Stock price

NO	Code	Year	Net Profit	Currebt Operating Cash	Stock Price
1	FREN	2017	(3,022,73)	(969,398)	50
		2018	(3,552,83)	(912,619)	78
		2019	(2,187,77)	175,616	138
2	TLKM	2017	32,701,000	49,405,000	4,440
		2018	26,979,000	45,671,000	3,750
		2019	27,592,000	54,949,000	3,970
3	ISAT	2017	1.301.929	8.960.936	4,800
		2018	(2.085.05)	4.161.943	1,685
		2019	1.630.372	10.588.453	2,910
4	EXCL	2017	375.244	9.612.170	2,960
		2018	(3.296.89)	9.357.786	3,410
		2019	712.579	12.357.027	3,150
5	TOWR	2017	2.100.138	3.454.291	4,000
		2018	2.200.060	3.620.921	690
		2019	2.353.089	3.955.483	805
6	LINK	2017	1.007.278	1.547.163	5,500
		2018	788.918	1.721.611	4,900
		2019	894.531	1.757.585	3,960
7	KBLV	2017	(1.494.88)	(367.118)	428
		2018	(4.187.43)	(10.852)	700
		2019	(256.057)	(311.897)	274
8	BALI	2017	61.526	212.998	1,530
		2018	50.353	152.137	1,560
		2019	46.024	379.996	1,090
9	IBST	2017	262.126	493.424	8,100
		2018	146.006	457.099	8,300
		2019	128,831	727,453	6,525
10	SUPR	2017	330,962	2,084,673	6,800
		2018	(1,223,84)	1,637,052	6,800
		2019	228,382	1,876,969	3,280

Source: www.idx.co.id, 2023 (data processed).

Based on table 1, there are telecommunications companies that continue to experience a decline in profits, namely the telecommunications company PT. Inti Bangus Sejahtera experienced a decline in net operating profit for 3 consecutive years. In 2019 the company recorded a net profit of IDR 128,831,147,635, this amount is the lowest total net profit in the last three years.

Apart from that, there is one company that experiences an increase in profits every year. The company is PT Sarana Menara Nusantara Tbk (TOWR). This is different from PT. Bali Towerindo Sentra Tbk (BALI) which experiences a decline every year. PT. Inti Bangus Sejahtera (IBST) recorded its biggest loss in 2019. Company leaders must immediately take strategic steps to increase company profits. If these difficulties are not resolved properly and correctly, then these difficulties will develop into major difficulties and can result in bankruptcy. Company bankruptcy occurs because financial problems are not handled properly.

Based on Table 1, the increase in profit may not be followed by current cash operation Which increase, so vice versa, it could be current Operating cash increases but net profit decreases. As is the case, PT. Telkom Indonesia (Persero) Tbk noted different things. Total Operating Cash Flow PT. Telkom Indonesia (Persero) Tbk in 2019 was recorded at IDR 54,949,000,000,000, an increase compared to the previous year. However, net profit only reached IDR 45,671,000,000,000, which was a decrease compared to the previous year. This is certainly a consideration for investors' decisions when deciding to invest. The next aspect is the share price. Stock price is the value of shares on the Indonesian Stock Exchange (BEI) at a certain time determined by market players and by the demand and supply of the shares concerned in the capital market. In its development, the company always strives to maintain its business excellence to increase company value, the share price is a benchmark in assessing the company, the share price is also an indicator of management success where market strength is shown by the company's share trading transactions on the capital market. Changes in share prices can occur in a matter of minutes or seconds, that is depends from request and offer between buyer share and stock seller. Investors really need information on what factors can influence stock prices. Basically, the better the company's performance in gaining profits, the more it will increase demand for shares, so the share price will increase. If we look at the case described, it can be concluded that profit performance and operating cash flow do not have consistency in influencing share prices on the Indonesian Stock Exchange.

LITERATURE REVIEW

Net Profit

Hery (2016:30) states that a profit and loss report is a report that presents a measure of the success of a company's operations over a certain period of time. Net profit is the difference in total income minus costs obtained from the business activities of a company during a certain period. Profit Also often called income and profit. Profit is a measuring tool for changes in shareholder wealth or changes in value and is an estimate of future profits. Profit can also be used to measure company performance.

Flow Report Cash

A cash flow report is a report that reports cash receipts, cash payments and net changes in cash originating from operating, investing and financing activities of a company during a certain period.

The main purpose of a cash flow statement is to provide information about an entity's cash receipts and cash payments during the reporting period. This objective focuses attention on the cash inflows and cash outflows that occur during the accounting period. The cash flow statement classifies cash flows into three group activity cash main: operation, investment, and funding, there are inflows and outflows that affect each category. According to Kasmir (2018:29), the cash flow report is a report that shows all aspects related to company activities, whether they have a direct or indirect effect on cash. The cash flow statement must be prepared based on the concept of cash during the reporting period. The cash flow report consists of cash inflow and cash outflow.

Stock Price

Share price is the value of shares in rupiah which is formed as a result of buying and offering shares on the Stock Exchange by fellow exchange members (Hadi & Latif, 2017). Darmaji And Fakhrudi (2016: 102) put forward that is the share price is the price that occurs on the stock exchange at a certain time. Share prices can rise or fall in a matter of time very quickly. Stock prices can change in minutes or seconds. This depends on demand and supply between share buyers and share sellers. From these two definitions it can be concluded that the share price is the price of a company's shares traded on the capital market within a certain time due to the activity of demand and supply of shares.

RESEARCH METHODS

Variable and Design Study

The variables in this research consist of dependent variables and independent variables. The dependent variable in this research is the stock price symbolized with Y , whereas variable independent consists on 2 that is net profit Which symbolized with X_1 and current cash operation Which symbolized with X_2 .

The type of research used is research using a quantitative approach that analyzes casual relationships between one variable and other variables. This research was conducted at a telecommunications company registered in Exchange Effect Indonesia with period time three year that is 2020-2022. The data used in this research is secondary data, namely data obtained by collecting financial reports through the official website of the Indonesian Stock Exchange.

Population and Sample

The population in this research will be telecommunications companies listed on the Indonesia Stock Exchange, consisting of 19 companies. The sampling method in this research was a nonprobability sampling technique with a purposive sampling method where the sample was determined based on

certain considerations Sugiyono (2018:144). Data the can be accessed via the website www.idx.co.id. From 19 company telecommunication Which registered in Exchange Effect Indonesia, which met the sampling criteria, was 10 companies

Technique Analysis Data

The data analysis technique carried out in this research used the Statistical Package for Social Science (SPSS) Version 23 program. The results of data collection were then interpreted and analyzed further according to the form of discussion analysis technique used. In order for the collected data to be useful, it must be processed and analyzed first so that can made as base in take decision.

RESULTS AND DISCUSSION

Analysis Data

Test Assumption Classic

1. Test Normality

As for results test normality on study This show mark as follows:

Table 2. Test One Sample Kolmogorv Smirnov

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		30
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	1698.049548
		15
Most Extreme Differences	Absolute	.156
	Positive	.156
	Negative	-.113
Test Statistic		.156
Asymp. Sig. (2-tailed)		.059 ^c
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Based on table 2 in on can seen that mark from asymp sig 2 tailed is 0.059. results This show that mark the more from 0.05 so that it can be concluded that the data used in the research are normally distributed.

2. Test Multicollinearity

Table 3. Results test tolerance and VIF

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	NET PROFIT	.825	1,213
	OPERATING CASH FLOWS	.825	1,213

Based on table 3 above, the Tolerance value of each independent variable is 0.825 while the value VIF from each variable is 1,213. A Tolerance value of more than 0.1 and a VIF value of less than 10 indicate that there are no symptoms of multicollinearity in this study.

3. Heteroscedasticity Test

The following are the results of the Glejser test heteroscedasticity carried out by researchers.

Table 4. Test Glejser

Model	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
1 (Constant)	1579,307	264,773	5,965	,000
NET PROFIT	3,263E-05	,000	,032	,748
CASH FLOW	2,049E-06	,000	,045	,964

a. Dependent Variables: Abs_RES

Based on table 9 in on can seen that mark significance from each variable is 0.748 and 0.964. This result shows that the value is significant more from 0.05 so that can concluded that no there is symptoms of heteroscedasticity that exist in the research.

4. Test Autocorrelation

following are the results of the autocorrelation test carried out by researchers:

Tabel 5. Uji Durbin Watson

Model Summary ^b			
Model	R	Std. Error of the Estimate	Durbin Watson
1	.411 ^a	1569.90368032	1.665
a. Predictors: (Constant)			
b. Dependent Variable: Unstandardized Residual			

Based on table 10 above, the Watson durbin value is 1.665, the Du value as obtained from the Watson durbin table is 1.567 so the $4 - d_u$ value is 2.433. Based on these results, the following equation can be formed: $d_u (1,567) < d_w (1,665) < 4 - d_u (2,433)$ so that can concluded that there are no symptoms of autocorrelation in the research.

Test Hypothesis

1. Analysis Regression Linear Multiple

The following is table 6 of the calculation results obtained by the author using SPSS.

Table 6. Results Analysis Regression Double Linear

Following is equality Which can made based on equality on:

$$Y = 2331.185 + 3.218E-5 X1 + 7.780E-5 X2 + e$$

Model		Unstandardized Coefficients	
		B	Std. Error
1	(Constant)	2331.185	37.550
	LABA BERSIH	3.218E-5	.000
	ARUS KAS	7.780E-5	.000

a. Dependent Variable: HARGA SAHAM

Model Summary				
Model	R	R Square	Adjusted R Square	R Square
1	.912 ^a	.832	.820	

a. Predictors: (Constant), Current Cash Operation, Profit Clean

Following is explanation from equality in on:

- The constant value is 2331.185. This shows that increases and decreases in the dependent variable and independent variables do not affect the value of the constant.
- The coefficient value of variable x1 (net profit) is 3.218. These results indicate that variable x1 (net profit) has a positive effect on stock prices (y). Results This show that increase variable x1 as big as 3,218 points will increase the y variable by 3,218.
- The coefficient value of the variable x2 (operating cash flow) is 7,780. These results indicate that variable x2 (operating cash flow) has a positive effect on prices share (y). Results This show that increase variable x2 of 7,780 points will increase the y variable by 7,780.

2. Test Coefficient Determination (R Square)

The following is table 7 results from the R square determination test.

Table 7. Test Determination R Square

Based on table 7 in on can seen that mark adjusted r square is 0.820 (82%). These results indicate that the net profit and cash flow variables provide influence as big as 82% to price share whereas the rest namely 18% (100% - 82%) influenced by other variables such as liquidity, DER, and Dividend Yield.

3. Test Partial (t)

The results of the t-test using SPSS can be seen in the following table:

Table 8. Results Test Partial (Test t)

Model	T	Sig.
1 (Constant)	62,081	,000
Profit Clean	2,504	.019
Operating Cash Flows	14,536	,000

The following are the t table values carried out by researchers: T table = $0.05/2 (n-1) = 0.05/2 (30-1) = 0.05/2 (29) = 1.45$. Following is results interpretation from test t (partial test):

- a. Mark t count from variable x1 (profit clean) is 2,504 whereas mark t table is 1.45. This result shows that the value of tcount > ttable. The significance value is 0.019 or less than 0.05 so it can be concluded that net profit has a positive and significant effect on share prices.
- b. The calculated t value of the variable x2 (current operating cash) is 14,536 while the t table value is 1.45. These results show that the value of tcount > ttable. Significance value is 0,000 or not enough from 0.05 so that can concluded that operating cash flow has a positive and significant effect on share prices.

4. Test Simultaneous (Test F)

The following are the results of data processing carried out using SPSS.

Table 9. Results Uji Simultaneous (Test F)

ANOVA ^a			
Model		F	Sig.
1	Regression	66.869	.000 ^b
	Residual		

Based on table 14, it can be seen that the calculated F value is 66,869, while the F table value obtained from table F is 3.35. significance value is 0,000. based on results calculation the can concluded that F value count more big compared to with F table as well as nilia significance not enough from 0.05 so it can be concluded that net profit and cash flow have a simultaneous effect on share prices.

Results and Discussion

Influence Profit Clean to price Share

Based on the results of research conducted, net profit has a positive and significant influence on share prices in telecommunications service companies listed on the IDX for the 2020-2022 period. The effect of net profit on price share on company telecommunication Which registered in Exchange The Indonesian effect can be partially identified from the size of the regression coefficient for the variable the. The results of this research are in accordance with the hypothesis that has been made, where H1: Net profit partially has a positive and significant effect on stock prices.

Influence Current Cash Operation against price share

Based on results influence research current cash operation to price Shares in telecommunications companies listed on the Indonesian Stock Exchange can be partially determined from the size of the variable regression coefficient. Results study This has in accordance with hypothesis Which has been made, where H2: Operating Cash Flow partially has a significant effect on share prices.

Influence Profit Clean and Current Cash Operation to Stock price

Based on the research results, the effect of net profit and operating cash flow on price share on telecommunication Which registered in Exchange Effect Indonesia. Results study This in accordance with hypothesis Which has made that is H3: net profit and operating cash flow to share prices. The results of this research are in line with research conducted by Tombilayuk & Aribowo (2021) which shows that net profit and cash flow simultaneously have a significant influence on stock prices.

CONCLUSION

Based on display at above, the following is conclusion which can drawn. First, variable profit clean (X1) in a way Partial influential significant to share price (Y). Second, the operating cash flow variable (X2) partially influences share prices (Y). Third, net profit and operating cash flow simultaneously have a significant influence on share prices.

SUGGESTION

For further research, it is hoped that other variables can be added that can influence stock prices, which are not included in this research. It is hoped that the company can increase net profit and operating cash flow because these two variables can simultaneously influence share prices, so that they can attract investors' interest in investing in shares.

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