

# INFLUENCE OF CASH FLOW AND NET PROFIT ON STOCK PRICE

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**Abstract:** The value of the company will be reflected in its share price, so the stock price can be said to be a measure of the company's success. In addition, it can also be seen through the condition of profits and cash flow turnover. The better the company's performance, the share price will increase, so it is natural for issuers to maintain their share prices because they reflect the actual condition of the company. This study aims to analyze the effect of operating cash flow, investment cash flow, funding cash flow, and net income on stock prices. This type of research is quantitative associative. The population in this study is the financial statements of the company Kalbe Farma Tbk. the 2013-2020 period, while the samples taken are all financial reports at the company Kalbe Farma Tbk. period 2013-2020 and the sampling was taken through a saturated sample (non-purposive sampling). The results of this study indicate that partially and simultaneously the variables of operating cash flow, investment cash flow, funding cash flow, and net income do not affect stock prices. This study does not support the theory put forward by Wetson and Bridgham, that the higher the earnings per share provided by the company, the higher the return.

**Abstrak:** Harga saham adalah salah satu ukuran keberhasilan perusahaan karena merupakan cerminan dari nilai perusahaan. Selain harga saham, keberhasilan juga dapat dilihat melalui kondisi laba dan perputaran arus kas. Semakin baik kinerja perusahaan, maka harga saham akan meningkat. Penelitian ini bertujuan untuk menganalisis pengaruh arus kas operasi, arus kas investasi, arus kas pendanaan, dan laba bersih terhadap harga saham. Jenis penelitian ini adalah kuantitatif-asosiatif. Populasi dalam penelitian ini adalah laporan keuangan perusahaan Kalbe Farma Tbk. periode 2013-2020, sedangkan sampel yang diambil adalah seluruh laporan keuangan perusahaan Kalbe Farma Tbk. periode 2013-2020 dan pengambilan sampel diambil melalui sampel jenuh (non-purposive sampling). Hasil penelitian ini menunjukkan bahwa secara parsial dan simultan variabel arus kas operasi, arus kas investasi, arus kas pendanaan, dan laba bersih tidak mempengaruhi harga saham. Penelitian ini tidak mendukung teori yang dikemukakan oleh Wetson dan Bridgham, bahwa semakin tinggi laba per saham yang diberikan oleh perusahaan, semakin tinggi pengembaliannya.

**Keywords:** cash flow, net profit, stock

## A. INTRODUCTION

The stock price is an indicator of the success of a company. The better the company's performance, the share price will increase, so it is natural for issuers to maintain their share prices because they reflect the actual condition of the company. Company size is one of the factors that influence the price of shares. Total assets owned is a factor that determines the size of the company. In the end, the size of the company will determine the share price.

Many factors will affect the stock price of a company, both from within the company itself and from outside the company. Internal factors that influence include profit, asset growth, liquidity, total wealth, and sales. External factors include policies implemented by the government, prevailing interest rates, and currency exchange rates. Issues related to the company and market conditions. Investors can obtain information about the company's performance through the financial statements of the company concerned. One part of the financial statements that is often used by investors to assess the company's performance is information about earnings. Another part of the financial statements that can be used by investors is information about the company's cash flows.

One of the financial statements used by investors to consider investing in a company is the cash flow statement and the income statement. The ups and downs of cash flow can be a correction to stock prices and the company's success is reflected in the income statement so the income statement can also be a correction to stock prices. Therefore, investors can assess the company's ability to manage cash and those classified as cash through a cash flow report, then evaluate and compare the equivalent value of future cash flows in a company. According to Harahap, cash flows include cash flows from operating activities. This is a cash flow from transactions that affect net income, and then cash flow from investing activities is a flow of cash in and out due to the company's activities in terms of investment in assets and securities. Meanwhile, cash flow from funding activities is cash flow for transactions and affects the company's capital and debt.

The cash flow statement prepared by the company is important for the company to make because the information in the statement can be used as a factor or basis for management to make a decision. The statement of cash flows is often used by managers to evaluate past operating activities

and plan future financing and investing activities. This report is also used by investors, creditors, and other parties to assess the probable profits of the company. In addition, the statement of cash flows is the basis for assessing a company's ability to pay debts as they fall due and pay dividends. The cash flow statement has provided an overview of very relevant information about the receipts and disbursements of cash or cash equivalents from a company during a certain period. In this report, there are cash receipts and disbursements which are grouped from several sources from the company's operational activities, a financing/funding activity, and an investment activity. The cash flow report is one of the basic level financial statements, so this report is very useful for evaluating past operations and planning activities from investing and financing in the future. This report is of course also useful for investors, many creditors, and other parties in assessing the potential for profit of a company. In addition, this report will also provide a basic stage for assessing the company's ability to pay its debts when they are due.

An investor before the activity of investing his funds in a company will perform an analysis and prediction technique on the condition of the company's finances through the preparation of financial statements. An investor has used cash flow information to carry out activities to measure a company's performance because the information on a cash flow is used as a basis for assessing the company's ability to generate cash and a cash equivalent.

Kalbe Farma Tbk is one of the health sector companies listed on the Jakarta Islamic Index (JII). Kalbe Farma Tbk manufactures medicines and other health services based in Jakarta, Indonesia. Kalbe Farma Tbk shares are one of the sharia shares in the pharmaceutical sub-sector. This stock has also consistently been included in the Jakarta Islamic Index (JII) for the last 10 years. So, it is clear about the quality and has a positive performance. Based on the selection made by the Indonesia Stock Exchange (IDX), it is not easy for companies to be included in the Jakarta Islamic Index (JII) along with the increasing number of companies listed on the Sharia Securities List (DES).

The pandemic did not dampen the profit growth generated by Kalbe Farma Tbk. In 2020 the profit attributable to owners of the parent entity reached Rp 2.733 trillion, which can be said to increase by 9.05% from the

previous year which was Rp. 2.506 trillion. Meanwhile, in terms of cash flow, it increased to Rp 5.2 trillion from the previous year's Rp 2.99 trillion.

**Table 1. Share Price, Operating Cash Flow, Investment Cash Flow, Funding Cash Flow, and Net Profit of PT Kalbe Farma Tbk. The year 2013**

Quarter	Stock Price	Operating Cash Flow	Investing Cash Flow	Funding Cash Flow	Net Profit
I	1.240	185.324.669.484	(164.471.484.020)	11.442.110.447	454.386.841.930
II	1.440	376.683.560.131	(517.237.436.153)	215.233.580.117	948.042.228.485
III	1.180	717.227.811.153	(671.056.248.822)	(844.101.167.672)	1.400.852.746.005
IV	1.250	927.163.654.212	(882.146.088.037)	(613.320.636.890)	1.970.452.449.686

Source: PT Kalbe Farma Financial Report, 2013<sup>1</sup>

**Table 2. Share Price, Operating Cash Flow, Investment Cash Flow, Funding Cash Flow, and Net Profit of PT Kalbe Farma Tbk. The year 2014**

Quarter	Stock Price	Operating Cash Flow	Investing Cash Flow	Funding Cash Flow	Net Profit
I	1.465	350.540.250.720	(190.558.821.339)	(49.226.581.487)	505.914.049.669
II	1.660	885.931.051.642	(358.878.950.596)	(131.459.963.662)	1.019.093.783.870
III	1.700	1.653.489.873.320	(549.739.467.881)	(1.048.524.096.312)	1.526.031.339.313
IV	1.830	2.316.125.821.045	(676.505.875.521)	(1.177.272.244.029)	2.122.677.647.816

Source: PT Kalbe Farma Financial Report, 2014<sup>2</sup>

**Table 3. Share Price, Operating Cash Flow, Investment Cash Flow, Funding Cash Flow, and Net Profit of PT Kalbe Farma Tbk. The year 2015**

Quarter	Stock Price	Operating Cash Flow	Investing Cash Flow	Funding Cash Flow	Net Profit
I	1.865	538.581.402.030	(184.848.750.392)	(42.668.088.567)	537.404.698.911
II	1.675	884.362.263.009	(363.488.926.441)	(802.565.660.211)	1.084.404.884.728
III	1.375	1.614.899.142.090	(610.762.430.106)	(849.349.489.358)	1.534.229.905.893
IV	1.320	2.456.995.428.106	(801.460.782.255)	(861.498.096.667)	2.057.694.281.873

Source: PT Kalbe Farma Financial Report, 2015<sup>3</sup>

<sup>1</sup> Farma, Kalbe. n.d. <https://www.kalbe.co.id/id/investor/laporan-keuangan-dan-investasi/laporan-keuangan> (accessed 2021)

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

**Table 4. Share Price, Operating Cash Flow, Investment Cash Flow, Funding Cash Flow, and Net Profit of PT Kalbe Farma Tbk. The year 2016**

Quarter	Stock Price	Operating Cash Flow	Investing Cash Flow	Funding Cash Flow	Net Profit
I	1.445	282.093.648.291	(221.434.873.786.291)	4.094.101.704	576.338.299.904
II	1.530	805.796.779.168	(553.025.091.551)	(823.701.899.655)	1.172.881.699.253
III	1.715	1.589.651.876.942	(781.754.619.790)	(941.020.267.403)	1.736.689.306.369
IV	1.515	2.159.833.281.176	(1.014.922.828.804)	(941.395.591.980)	2.350.884.933.551

Source: PT Kalbe Farma Financial Report, 2016<sup>4</sup>

**Table 5. Share Price, Operating Cash Flow, Investment Cash Flow, Funding Cash Flow, and Net Profit of PT Kalbe Farma Tbk. The year 2017**

Quarter	Stock Price	Operating Cash Flow	Investing Cash Flow	Funding Cash Flow	Net Profit
I	1.540	356.191.798.746	(188.868.488.641)	30.725.129.031	596.346.019.447
II	1.625	728.411.157.743	(369.581.040.333)	236.439.487	1.237.927.895.121
III	1.665	1.387.488.452.441	(724.697.119.399)	(854.408.045.175)	1.812.361.866.815
IV	1.690	2.008.316.536.066	(1.113.563.321.510)	(976.386.871.130)	2.453.251.410.604

Source: PT Kalbe Farma Financial Report, 2017<sup>5</sup>

**Table 6. Share Price, Operating Cash Flow, Investment Cash Flow, Funding Cash Flow, and Net Profit of PT Kalbe Farma Tbk. The year 2018**

Quarter	Stock Price	Operating Cash Flow	Investing Cash Flow	Funding Cash Flow	Net Profit
I	1.500	456.563.570.430	(225.758.255.764)	23.172.822.021	597.835.285.158
II	1.220	826.358.520.846	(523.578.658.350)	(31.473.007.510)	1.233.414.571.852
III	1.380	1.913.061.384.605	(951.076.565.282)	(1.255.317.229.070)	1.833.645.938.987
IV	1.520	2.770.775.949.459	(1.289.828.516.617)	(1.139.657.725.535)	2.497.261.964.575

Source: PT Kalbe Farma Financial Report, 2018<sup>6</sup>

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

**Table 7. Share Price, Operating Cash Flow, Investment Cash Flow, Funding Cash Flow, and Net Profit of PT Kalbe Farma Tbk. The year 2019**

Quarter	Stock Price	Operating Cash Flow	Investing Cash Flow	Funding Cash Flow	Net Profit
I	1.520	320.393.506656	(402.979.765.179)	133.796.770.830	603.614.521.810
II	1.460	887.181.578.299	(867.905.580.371)	(693.715.451.484)	1.278.443.391.558
III	1.675	1.556.380.607.406	(1.341.083.779.354)	(744.358.386.218)	1.945.830.734.915
IV	1.620	2.502.968.822.391	(1.900.541.453.691)	(706.915.284.781)	2.537.601.823.645

Source: PT Kalbe Farma Financial Report, 2019<sup>7</sup>

**Table 8. Share Price, Operating Cash Flow, Investment Cash Flow, Funding Cash Flow, and Net Profit of PT Kalbe Farma Tbk. The year 2020**

Quarter	Stock Price	Operating Cash Flow	Investing Cash Flow	Funding Cash Flow	Net Profit
I	1.200	721.339.445.760	(342.015.311.845)	296.222.798.370	667.028.576.662
II	1.460	1.536.767.131.535	(568.806.001.331)	(79.946.071.977)	1.408.181.082.738
III	1.550	2.523.258.517.179	(755.347.238.409)	(510.115.533.719)	2.072.224.136.344
IV	1.480	4.221.549.815.090	(951.215.261.376)	(1.099.712.433.603)	2.799.622.515.814

Source: PT Kalbe Farma Financial Report, 2020<sup>8</sup>

Based on the table above, stock prices, cash flow, and net income have increased and decreased every year. Cash flow and net income at Kalbe Farma Tbk. In 2020 there was an increase but it was not followed by an increase in stock prices, there was a decline in stock prices. In 2017 and 2018 quarterly profits and cash flow increased, while stock prices did not always increase. It can be seen in the second quarter of 2018, the price of *salam* decreased from Rp. 1.500 in the first quarter to Rp. 1.220 in the second quarter. Meanwhile, cash flow increased from Rp. 456,563,570,430 in the first quarter to Rp. 826,358,520,846 in the second quarter. Likewise, the profit earned also increased from Rp 597,835,285,158 in the first quarter to Rp 1,233,414,571,852 in the second quarter. The same thing happened in 2015.

The cash flow statement prepared by the company is important for the company to make because the information in the statement can be used

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

as a factor or basis for management to make a decision.<sup>9</sup> The statement of cash flows is often used by managers to evaluate past operating activities and plan future financing and investing activities. This report is also used by investors, creditors, and other parties to assess the probable profits of the company. In addition, the statement of cash flows is the basis for assessing a company's ability to pay debts as they fall due and pay dividends.<sup>10</sup> The cash flow statement has provided an overview of very relevant information about the receipts and disbursements of cash or cash equivalents from a company during a certain period. In this report, there are cash receipts and disbursements which are grouped from several sources from the company's operational activities, a financing/funding activity, and an investment activity. The cash flow report is one of the basic level financial statements, so this report is very useful for evaluating past operations and planning activities from investing and financing in the future.

This report is of course also useful for investors, many creditors, and other parties in assessing the potential for profit of a company. In addition, this report will also provide a basic stage for assessing the company's ability to pay its debts when they are due. An investor before the activity of investing his funds in a company will perform an analysis and prediction technique on the condition of the company's finances through the preparation of financial statements. An investor has used cash flow information to carry out activities to measure a company's performance because the information on a cash flow is used as a basis for assessing the company's ability to generate cash and a cash equivalent.

Researchers are interested in researching this object because the facts in Table 1 data are not inconsistent with Brigham's, theory that if cash flow increases, the value of the company will increase, which in turn will increase stock prices. This data does not follow the results of Badri and Mayasari's research, which shows a positive influence of operating cash flow on stock prices.<sup>11</sup> Debbie's research shows the results that net income

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<sup>9</sup> Utama, Yopi Yudha, and Nadya Arisanti. "Coronavirus Disease 2019 and Cash Flow: Sebuah Studi Kualitatif." *Jurnal Akuntansi Terapan Dan Bisnis* 1, no. 1 (2021): 25-34.

<sup>10</sup> Warren, Carl S., James M . Reeve, Jonathan E . Duchac, and Chaerul D. Djakman. *Pengantar Akuntansi: Adaptasi Indonesia*. Jakarta: Salemba Empat, 2015.

<sup>11</sup> Badri, Dede Muhamad, and Mayasari. "Pengaruh Arus Kas Operasi Terhadap Harga Saham (Studi Kasus Pada Perusahaan Sub Sektor Pertambangan Batubara yang

has a positive effect on stock prices, these results are not by the data on the company Kalbe Farma Tbk. which shows an increase in net income but is not followed by an increase in share prices, which the share price decreases.<sup>12</sup>

## B. THEORETICAL BASIS

### Stock Price

Share price is the price of shares on the stock market at a certain time determined by market participants. The share price is the price of a share which is determined at the time the stock market takes place according to the demand and supply of the shares in question. Based on this definition, stock prices are formed from the forces of supply and demand that occur in the stock market.

Investors before deciding to invest need to know the valuation related to stocks. There are several values related to stocks including: book value, market value, and intrinsic value. Of the several types of share value, the measurement of share prices in the capital market is included in market value, namely the price of shares determined by market participants. The share price is the current price of a share. The share price is used by investors to buy several shares in the capital market. If the stock exchange market has closed, then the market price is the closing price.

### Cash flow

Cash flow is information in the form of incoming and outgoing cash and cash equivalents of an entity or company in a period; in other words, cash flow is information that contains the movement of company cash, both cash in and cash out. The cash flow statement prepared by the company is important for the company to make because the information in the statement can be used as a factor or basis for management to make a decision.<sup>13</sup> The statement of cash flows is often used by managers to evaluate past operating

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Terdaftar di BEI Periode 2011-2013)." *Journal of Business Management and Entrepreneurship Education* 1, no. 1 (2016).

<sup>12</sup> Debbie, Christine. "Pengaruh Komponen Arus Kas Dan Laba Bersih Terhadap Harga Saham (Studi Empiris Pada Perusahaan Manufaktur Sektor Industri Barang Konsumsi Yang Terdaftar Di Bursa Efek Indonesia Periode 2010-2014)." *Forum Keuangan dan Bisnis V*, 2016.

<sup>13</sup> Utama, Yopi Yudha, and Nadya Arisanti. "Coronavirus Disease 2019 and Cash Flow: Sebuah Studi Kualitatif." *Jurnal Akuntansi Terapan Dan Bisnis* 1, no. 1 (2021): 25-34.

activities and plan future financing and investing activities. This report is also used by investors, creditors, and other parties to assess the probable profits of the company. In addition, the statement of cash flows is the basis for assessing a company's ability to pay debts as they fall due and pay dividends.<sup>14</sup>

According to PSAK item No. 2, , the cash flow statement must have reported a cash flow during a certain period which is classified according to an operating activity, an investing activity, and a financing activity, namely:

**a. Cash Flow from an Operating Activity**

An activity from the company's operations gives rise to an income and an expense from the operations of a company so that in the end it affects the income statement that has been reported on an accrual basis. Meanwhile, the statement of cash flows, reports the impact on the amount of cash. Cash flows that come in the order of the largest come from a collection activity at the customer. Cash outflow includes an activity that makes payments to the number of employees and suppliers as well as payments on interest and taxes. Meanwhile, the receipt of interest on loans as well as dividends on the investment of a stock is a cash flow that is often less important. Some examples of these operating activities include cash receipts from selling merchandise or providing services, then disbursing cash to purchase goods.<sup>15</sup>

**b. Cash Flow from Investing Activities**

Cash flows from investing activities have been able to increase and decrease at the same time for long-term activities which are generally used by companies to maintain continuity in their activities. Activities in the purchase or sale of fixed assets such as land and buildings are an investment activity and it can also be for the purchase and sale of a stock or bond in another company. The activities of investing at the time of the cash flow statement are not only to cover the purchase and sale of assets but also to provide a loan because the loan creates a receivable to a borrower and the repayment is also reported as an investment part of the cash flow statement. Examples include cash receipts from the sale of

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<sup>14</sup> Warren, Carl S., James M . Reeve, Jonathan E . Duchac, and Chaerul D. Djakman. *Pengantar Akuntansi: Adaptasi Indonesia*. Jakarta: Salemba Empat, 2015.

<sup>15</sup> Utama, Coronavirus Disease, 25-34.

fixed assets as well as cash disbursements for the purchase of fixed assets.

### **c. On Cash Flows from a Funding Activity**

Cash flow for financing activities includes an activity to obtain cash flow from investors and creditors which is much needed to be able to run and continue activities in the company. Funding activities include the issuance of shares, borrowing money with the consequences of issuing notes payable and loans on bonds, selling shares for the treasury, and paying transactions to shareholders such as dividends. Payment activities made to creditors are only payments on the principal of the loan.

### **Net Profit**

Net income comes from transactions of income, expenses, gains, and losses. Net profit or loss is the gain or loss from continuing operations plus or minus discontinued operations and minus extraordinary losses to provide users of financial statements with a summary of the company's overall performance during the period (whether from continuing operations).

Soemarso stated that the last number in the income statement is net income. This amount represents the net increase in capital. Net profit is the company's net profit after deducting expenses and taxes. The progress of a company depends on the profits it makes each year. If the profits obtained increase every year, then a company is considered to have good performance so that it can attract investors to invest their funds in the company. However, if the opposite happens, the company's performance is considered bad, so it will make investors reluctant to invest funds in the company

## **C. RESEARCH METHOD**

This type of research is quantitative associative. The population in this study is the financial statements of the company Kalbe Farma Tbk. from 2013 to 2020. The method used for sampling is non-purposive sampling or saturated sample. The data used as samples in this study were from all populations, namely the financial statements of the company Kalbe Farma

Tbk. period 2013-2020 with data per quarter totaling 32 samples, so that it can be representative for research to be carried out.

Operational definition of Operating Cash Flow is the amount of cash flow from operating activities is an indicator that determines whether the company's operations can generate sufficient cash flow to repay loans, maintain the company's operating capability, pay dividends, and make new investments without relying on external sources of funds. Cash Flow Funding is an activity that results in changes in the amount and composition of a company's equity and borrowings. Investing Cash Flows are cash flows from investing activities showing cash disbursements or receipts to generate future income or cash flows. Net profit is the final profit after all expenses (operations, accounts payable, and taxes) are paid. The stock price is the stock market price is the value of shares that occur as a result of buying and selling these shares.

**D. FINDINGS AND DISCUSSION**

**Table 9. Uji ANOVA<sup>a</sup>**

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	128779.779	4	32194.945	1.014	.418 <sup>b</sup>
Residual	857567.096	27	31761.744		
Total	986346.875	31			

**Table 10. Uji T  
Coefficients a**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1418.612	73.689		19.25	.000
AKO	-6.801E-011	.000	-.358	-.845	.405
AKI	1.627E-010	.000	.360	1.140	.264
AKP	-7.794E-011	.000	-.213	-.783	.440
LB	1.753E-010	.000	.721	1.440	.161

a. Dependent Variable: HS

**Table11. Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.359 <sup>a</sup>	.129	-.006	181.588

- a. Predictors: (Constant), LB, AKP, AKI, AKO
- b. Dependent Variable: HS

### Effect of Operating Cash Flow on Stock Prices

Operating cash flow does not affect the stock price of Kalbe Farma Tbk. The results of this study do not provide empirical evidence that an increase in operating cash flow will increase the value of the company, in other words, the results of this study are contrary to the existing theory. High operating cash flow reflects the output or income that will be received by shareholders for each share they own. Investors need consideration before investors decide to invest. The company's large operating cash flow attracts investors to invest in the company. The higher demand for shares causes an increase in the share price. So, it can be concluded that high operating cash flow will increase stock prices. The results of this study support the research conducted by Fita Enjelina Rawung, Stanly W. Alexander, Meily Y.B. Kalalo,<sup>16</sup> Sofyan Hadinata,<sup>17</sup> Sa'adah, and Kadarusman,<sup>18</sup> state that operating cash flow variables do not affect stock prices.

### Effect of Investment Cash Flow on Stock Prices

The cash flow of investing activities does not affect the sharia share price of Kalbe Farma Tbk. There is no effect of investment cash flow on stock prices because a company's investment cash flow can be positive or

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<sup>16</sup> Rawung, Fita Enjelina, Stanly W. Alexander, and Meily Y.B. Kalalo. "Pengaruh Arus Kas Operasi Dan Return On Asset (Roa) Terhadap Harga Saham Studi Pada Perusahaan Perbankan Yang Terdaftar Di Bursa Efek Indonesia." *Jurnal Riset Akuntansi Going Concern* 12, no. 1 (2017).

<sup>17</sup> Hadinata, Sofyan. "Relevansi Nilai Informasi Akuntansi Pada Laba, Nilai Buku, Dan Arus Kas Operasi: Kasus Di Perbankan Indonesia." *AKTSAR: Jurnal Akuntansi Syariah* 3, no. 2 (2020).

<sup>18</sup> Sa'adah, Lailatus, and Kadarusman. "Pengaruh Laba Akuntansi, Komponen Arus Kas, Ukuran Perusahaan Terhadap Harga Saham Pada Perusahaan Kelompok LQ45 Yang Listing Di Bursa Efek Indonesia." *Jurnal* 3, no. 2 (2014).

negative. A positive cash flow explains that the company receives income based on the investments it makes, while a negative investment cash flow explains that the company uses a lot of investments, for example buying long-term fixed assets, and securities or providing loans to other companies to obtain profits in the future. will come. This shows that the value of positive or negative investment cash flows will not affect the level of stock returns received by investors. The results of this study support the research of Rahma Rizal, Fathurrochman,<sup>19</sup> Miranti, Pan Budi Marwoto and Medinal,<sup>20</sup> and Lailatus Sa'adah Kadarusman.<sup>21</sup>

### **Effect of Funding Cash Flow on Stock Price**

Funding cash flow does not affect the sharia share price of Kalbe Farma Tbk. There is no effect of funding cash flow on stock prices because funding cash flows more reflect direct interactions using company funding. In addition, funding cash flows can cause changes in the amount and composition of the company's capital. Meanwhile, the addition of paid-in capital or cash dividend payments is highly dependent on company policies, as a result, funding cash flows do not affect the company's performance in general and as a result are less able to influence changes in the company's share price so that some investors do not rely on funding cash flows as a decision-making material. The results of this study support the research of Miranti, Pan Budi Marwoto, Medinal,<sup>22</sup> Fathurrochman,<sup>23</sup> Lailatus Sa'adah, and Kadarusman,<sup>24</sup> concluding that cash flow from funding activities does not affect stock prices.

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<sup>19</sup> Fathurrochman. "Pengaruh Arus Kas Dan Persistensi Laba Terhadap Harga Saham (Studi Kasus Jakarta Islamic Index Tahun 2005-2011)." *Economic: Jurnal Ekonomi dan Hukum Islam* 4, no. 2 (2014).

<sup>20</sup> Miranti, Pan Budi Marwoto, and Medinal. "Pengaruh Komponen Arus Kas Dan Laba Bersih Terhadap Harga Saham Studi Empiris Pada Perusahaan Asuransi Yang Terdaftar Di Bursa Efek Indonesia Periode Tahun 2010-2014." *Jurnal Ilmiah Akuntansi Kesatuan* 6, no. 1 (2017).

<sup>21</sup> Sa'adah, Lailatus, and Kadarusman. "Pengaruh Laba Akuntansi, Komponen Arus Kas, Ukuran Perusahaan Terhadap Harga Saham Pada Perusahaan Kelompok LQ45 Yang Listing Di Bursa Efek Indonesia." *Jurnal* 3, no. 2 (2014).

<sup>22</sup> Miranti, Pengaruh Komponen.

<sup>23</sup> Fathurrochman, Pengaruh Arus Kas.

<sup>24</sup> Sa'adah, Pengaruh Laba Akuntansi.

### **Effect of Net Profit on Stock Price**

Net income has no significant effect on the sharia share price of the company Kalbe Farma Tbk. The results showed that net income had no effect on sharia stock prices at Kalbe Farma Tbk., this was because accounting profit reporting contained a transitory component. The transitory component is a disruptive component of earnings that can reduce the relevance of the value of earnings, such as the financial difficulties of a company that reflect the value of the company is no longer profit but other components, or the subject of manipulation for management which is usually done through the use of different accounting methods for the same transaction for the same purpose. certain information and the increase in other important non-financial information. This study does not support the theory put forward by Wetson and Bridgham, the higher the earnings per share provided by the company, the higher the return. The results of this study also support the research of Keni, Priyatin, and Hutabarat which state that there is no influence of accounting earnings on stock prices.

### **E. CONCLUSION**

In the realm of financial analysis, one fundamental tenet that has gained increasing prominence is the understanding that certain components of cash flow and financial performance bear no direct influence on stock prices. The first aspect to consider is the cash flow generated from investment activities. It is well-established that this cash flow, while crucial for a company's long-term growth and expansion, does not significantly impact stock prices. Investors seem to be primarily concerned with the company's ability to generate consistent and robust operating cash flows, rather than the allocation of funds within the investment realm.

Similarly, the cash flow derived from funding activities, encompassing various financing methods such as debt issuance or share repurchases, demonstrates a surprising disconnect from stock prices. Although these activities are essential for capital structure management, they do not sway investor sentiment in a way that translates to immediate changes in stock valuations. This disconnect has led to the conclusion that while financing activities may influence a firm's financial health, their impact on stock prices is secondary.

Net income, often considered a vital indicator of a company's profitability and performance, does not directly influence stock prices.

Contrary to common belief, investors do not place overwhelming importance on a firm's bottom line when making investment decisions. Instead, they tend to focus on other factors, such as future growth prospects, market trends, and macroeconomic conditions. This peculiarity raises questions about the traditional association between a company's financial performance and its stock market performance.

Intriguingly, the combination of cash flow in operating, investing, and financing activities, along with the existence of net income, collectively does not have a substantial impact on share prices. Investors seem to rely on a more comprehensive set of metrics and factors, including the company's competitive positioning, innovation, and macroeconomic influences. This leads to a compelling realization that stock prices are influenced by a complex interplay of factors beyond traditional financial measures, challenging conventional wisdom in the world of finance and underscoring the importance of a holistic approach to investment analysis.

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