

# The effect of accounting profit information on stock prices in food and beverage companies on the Indonesian stock exchange

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| ARTICLE INFO   | ABSTRACT   |
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| <p><b>Article history:</b><br/>Received Jan 29, 2023<br/>Revised Feb. 20, 2023<br/>Accepted March 30, 2023</p> | <p>So far, financial reports, especially balance sheets and profit and loss are still believed to be reliable tools for users to reduce the risk of uncertainty in making economic decisions. In this study, the authors use accounting profit information which is focused on the three profit figures, namely gross profit, operating profit, and net profit based on the profit and loss financial statements. The purpose of this study was to determine the effect of accounting profit information on stock prices in food and beverage companies listed on the IDX in 2007-2011. Information and data in this study include secondary data. Secondary data was obtained from the company's financial reports and annual reports through the Makassar representative Capital Market Information Center (PIPM), company official website and IDX official website. The research sample is a food and beverage company in the period 2007-2011. The number of samples used is 10 companies. Hypothesis testing uses multiple regression analysis with the help of SPSS version 19.0. Using the t test to analyze the closeness of the relationship of individual variables, and the F test to see the relationship simultaneously. The test results failed to prove the effect of gross profit and operating profit on stock prices in food and beverage companies on the IDX in 2007-2011. Net income is the only variable that has a positive and significant effect on stock prices in food and beverage companies on the IDX in 2007-2011. Hypothesis testing uses multiple regression analysis with the help of SPSS version 19.0. Using the t test to analyze the closeness of the relationship of individual variables, and the F test to see the relationship simultaneously. The test results failed to prove the effect of gross profit and operating profit on stock prices in food and beverage companies on the IDX in 2007-2011. Net income is the only variable that has a positive and significant effect on stock prices in food and beverage companies on the IDX in 2007-2011. Hypothesis testing uses multiple regression analysis with the help of SPSS version 19.0.</p> |
| <p><b>Keywords:</b><br/>Information<br/>Accounting Profit<br/>Stock price</p>                                  | <p><i>This is an open access article under the <a href="#">CC BY-NC</a> license.</i></p>    |

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## 1. INTRODUCTION

The main text format consists of a flat left-right columns on A4 paper (quarto). The margin text from In today's economic conditions which are full of changes, companies are required to be able to maintain and improve their performance in order to survive. The company's ability as seen from management performance can be a measure of the company's success. The capital market, which has a strategic role in supporting the economy, can be influenced by various factors, both internal

and external. Capital market activity can be influenced by the performance of all companies from various industries that are listed on the stock exchange, as well as other factors such as political conditions, security, and so on.

From an investor's point of view, investment in shares through the capital market is expected to provide good results in the form of dividends and capital gains obtained from an increase in share prices. Investors need to consider the risk of investing in stocks. Therefore investors need to have complete, relevant, accurate and timely information, so that the investment decisions taken can provide maximum results.

Islam as the religion of rahmatan lil 'alamin has regulated everything that exists in the heavens and on earth. Both in big things and even in small things, including in terms of disclosing the contents of financial statements. The financial reports that have been prepared must be disclosed in an honest, transparent, relevant, accurate and accountable manner. As the recording order has been explained by Allah SWT in the Qur'an in Surah Al-Baqarah verse 282: 1. Allah SWT has outlined accounting concepts that emphasize responsibility or accountability. The purpose of the command in the verse is to maintain justice and truth which emphasizes accountability. In other words, Islam considers that economic transactions (muamalah) have a very high urgency value, so that recording can be used as evidence (black on white) and using witnesses (for material transactions) is very necessary because it is feared by certain parties. renege on the agreement that has been made.

For this reason, bookkeeping accompanied by explanations and testimony of all economic and financial activities must be based on letters of evidence in the form of invoices, notes, receipts or notarial deeds to avoid disputes between the two parties. Of course the existence of a comprehensive reporting system will strengthen management because all transactions can be managed properly so as to avoid leaks. The interesting thing is that the placement of this verse is very relevant to the nature of accounting, because it is placed in Surah Al-Baqarah which means a cow which is actually a symbol of economic commodities.

The accuracy and relevance of the information presented in the financial statements must reflect the actual information. The process of recording receivables (muamalah not in cash) is one example, it should be recorded accurately and accompanied by evidence, so that final information such as company profit information recorded in the financial statements does not mislead financial statement users. The information needed by investors to invest in stocks includes the economy or market conditions. In addition, investors also need to carry out a fundamental analysis, which is an analysis that studies matters related to the financial condition of a company with the aim of knowing the basic characteristics and operational characteristics of a public company.

Financial statements are a reflection of a company's condition. Therefore, in the financial statements there is information needed by parties with an interest in the company. The financial statements also show what has been done by management or management accountability for the resources entrusted to it. So far, financial reports, especially balance sheets and profit and loss are still believed to be reliable tools for users to reduce the risk of uncertainty in making economic decisions. In this study, the authors use accounting profit information which is focused on the three profit figures, namely gross profit, operating profit, and net profit based on the profit and loss financial statements. The income statement is a report that shows the revenues and expenses for a certain period earned by a company. Two important components related to the financial statements are in the income and expense accounts. The difference between the two components reflects the profits earned and losses suffered by the company.

Important financial statements for potential investors can be used to determine the condition of the company. Several important financial reports for potential investors include profit and loss statements and cash flow statements from operating activities, investing activities, financing activities. From the profit and loss report, prospective investors obtain an overview of the company's ability to provide returns on investments made by investors from the amount of funds that have been used.

This financial statement information will be reported and published to all parties who need it. Many companies report and publish their financial statements in newspapers. The purpose of published financial reports is to study market reactions as an event, or what is often referred to as an event study. This event study can be used to test the information content of an announcement, in



this case relating to the announcement of financial statements. The preparation of financial reports is carried out periodically and the period commonly used is annually starting January 1 and ending December 31. Such a period is called the period of the calendar year. In addition to the calendar year, the accounting period can also start from a date other than January 1.

Based on the initial data that the authors traced, it can be concluded that the stock prices and accounting profits of food and beverage companies fluctuated slightly but were relatively stable. The company produces main necessities, namely food and beverages, so it is predicted that this company will continue to survive and be stable under any conditions. This is also one of the authors' considerations for selecting manufacturing companies in the food and beverage sector as samples in this study. So far, many studies have been carried out discussing earnings figures and stock prices, but there are different conclusions from the results of these studies. Ball and Brown's research, which became the beginning of a new tradition in empirical capital market research to date,

This research is basically a replication of research that was done by Rahmat Febrianto and Erna Widiastuty<sup>9</sup>. The previous study was carried out by Rahmat and Erna, namely testing differences in investor reactions to the announcement of the three profit figures. This research is an extension of previous studies by examining the information content of accounting earnings, namely gross profit, operating profit and net profit which are associated with the effect on stock prices of food and beverage companies on the IDX. This research was also developed using different research periods. The testing period in this study was the 2007-2011 period, while Rahmat and Erna used the 1993-2002 period. The income statement consists of three profit figures, namely gross profit, operating profit and net profit, Besides that, accounting profit is also known, all of which have the same goal, namely measuring the efficiency of managers in managing the company. Accounting research, especially those looking for the relationship between profit figures and stock prices and stock returns, always uses operating profit figures or EPS which are calculated using net profit figures and rarely uses profit figures.

## 2. RESEARCH METHOD

This research is associative research. Associative research is research that aims to determine the relationship between two or more variables. This research has the highest level when compared to descriptive and comparative research. The object in this study is a manufacturing company engaged in the Food and Beverages sector which is listed on the Indonesia Stock Exchange. Data collection in this study was carried out at the Makassar Capital Market Information Center (PIPM), which is the representative power of PT. Indonesia Stock Exchange, which is located at Ruko Pettarani No. 18 A-4 Pettarani Makassar. The research time is estimated to be four months, from May to August 2012. The population is the generalization area which consists of: objects/subjects that have certain qualities and characteristics determined by the researcher to be studied and then conclusions drawn. 2 The population in this study is a manufacturing company engaged in the food and beverages sector. The type of research data is related to data sources and the selection of methods used by researchers to obtain research data. The type of data used in this research is documentary data. Documentary data is a type of research data which includes invoices, journals, letters, minutes of meetings, etc. The source of research data is an important factor to be considered in determining the method of data collection, in addition to the type of data. The data source in this research is secondary data. Secondary data is data obtained indirectly through intermediary media (obtained and recorded by other parties). 5 The data in this study were obtained through the Makassar Capital Market Information Center (PIPM) which is the proxy of PT. Indonesia Stock Exchange and also obtained from PT Indonesian Capital Market Electronic Library. Secondary data is generally in the form of evidence, historical records or reports that have been compiled in published and unpublished archives (documentary data). The data collection method used by the author in obtaining the data and information needed in this research is secondary data tracing, namely the use of data derived from existing documents in the form of company financial reports. 5 The data in this study were obtained through the Makassar Capital Market Information Center (PIPM), which is the proxy of PT. Indonesia Stock Exchange and also obtained from PT Indonesian Capital Market Electronic Library. Secondary data is generally in the form of evidence, historical records or reports that have been compiled in published and unpublished archives (documentary data). The data collection method used by the author in obtaining the data and information needed in this research is secondary data tracing, namely the use of data derived from existing documents in the form of company financial

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### **3. RESULTS AND DISCUSSIONS**

#### **Research result**

##### **1. Company overview**

###### **Cahaya Kalbar Tbk**

PT. Cahaya Kalbar was founded in 1968. Then in 1996, this public company was registered on the Jakarta Stock Exchange with the trading code "CEKA". We are a well-known manufacturer of a wide range of food product ingredients, for the chocolate and chocolate candy industries, icing, and chocolate candy fillings, aloe vera concentrates and powders for the functional food, cosmetic and pharmaceutical industries. We also manufacture and supply ingredients for restaurants, hotels, the baking and bakery industry and then we enter the retail or wholesale markets with functional beverage products. Under the trademark: ALOEFIT.

The selected raw materials are strictly selected to guarantee the quality standards that are made. The raw materials and processes we carry out have received "KOSHER" and "HALAL" certificates. Every step of the production process is well controlled too. We are equipped with a modern quality control laboratory. We have trained analysts and chemists to monitor the quality of our products. We are also equipped with various tools at our pilot plant to develop new products. Our new and exciting products are always tested at our pilot plants.

The market is becoming more dynamic than before. Consumers demand that products get better all the time, and trends change rapidly. Over the years our company has been recognized as a pioneer for many of the products introduced in the market. The desire for innovation, product perfection, new product development, and the culture of "meeting the customer wants a product change" have been big drives for us to be the first in the market and stay competitive.

###### **Davomas Abadi Tbk**

PT. Davomas Abadi Tbk is Indonesia's largest producer and exporter of cocoa and cocoa powder (which is generally referred to as chocolate products). Cocoa is a key ingredient in chocolate and is also used in pharmaceutical and cosmetic products. Cocoa powder is used to flavor chocolate and to color chocolate-related food products. The company exports all cocoa products under the trade name PT. Davomas Abadi for international cocoa sales.

The company was founded in 1990. The production facility is located in Tangerang, West Java. The company currently has a production capacity of 100,800 metric tons per year (tpa), then the capacity will be increased to 40,320 tpa before mid-2007. Davomas has been listed on the Jakarta Stock Exchange since 1994. In 2006, the company had net sales of IDR 1,656.6 billion ( USD 183.7 million), compared to IDR 1,120.9 billion (USD 114.0 million) in 2005, an increase of 47.8%. In 2006, the company's EBITDA amounted to IDR 447.6 billion (USD 49.6 million), compared to IDR 319.3 billion (USD 32.5 million) in 2005, an increase of 40.2%.

###### **Delta Jakarta Tbk**



PT Delta Djakarta was founded in 1932 (the “Company”) by a German business group which was originally named Archipel Brouwerij NV, then a Dutch business group took over the Company and changed its name to NV De Oranje Bouwerij. In 1970, the Company changed its name to its current name, PT Delta Djakarta. On February 27, 1984, PT Delta Djakarta became one of the first groups of companies to list their shares on the Indonesia Stock Exchange and paved the way for growth as one of the major players in the country's beer industry.

In 1993, PT Delta Djakarta Tbk became part of the largest open food, beverage and packaging company in Southeast Asia when the San Miguel Corporation, based in the Philippines, acquired the majority shareholding of the Company. Another major shareholder of the Company is the Regional Government of DKI Jakarta. In 1997, the Company moved its factory from North Jakarta to its current location of operations in Bekasi. The company has a subsidiary company PT Jangkar Delta Indonesia which was established in 1998 which acts as the sole distributor of PT Delta Djakarta Tbk, with a distribution network spread from Medan in North Sumatra to Jayapura in Papua.

### **Mayora Indah Tbk**

Over the decades, MAYORA Group has grown to become one of the recognized names in “Fast Growing Food and Beverage Industry Companies”. The ability to identify market needs and commitment to produce quality products has made MAYORA Group currently have world-renowned brands, such as Kopiko, Danisa, Astor, Energen, Torabika and many more.

At the time of Mayora Group's establishment in 1977, Mayora Group has stepped up its transformation from a simple biscuit cottage industry to become one of the largest companies in the fast-growing food and beverage industry. MAYORA Group became a public company in 1990, with a share listing on the Jakarta Stock Exchange, and throughout the following years, the MAYORA group continued to rapidly expand into an ASEAN-based company, establishing production facilities and marketing offices in several Southeast Asian countries.

MAYORA Group has proven itself as a manufacturer of quality products and eventually received several recognitions and awards such as “100 Exporting Companies in Indonesia” from Swa magazine, “Five Companies with the Best Management in Indonesia” from Asia Money, “100 Listed Public Companies in 2009 and 2010 as the First Position in the Food and Beverage Sector” conducted by Investor Indonesia Magazine, as well as the “Best Halal Product Manufacturer” in 2004 by the Indonesian Ulema Council (MUI).

### **Multi Bintang Indonesia Tbk**

NV Nederlandsch-Indische Bierbrouwerijen was originally founded in Medan in 1929 and had a brewery in Surabaya. Then in 1936 the Company's domicile was moved to Surabaya where in the same year Heineken NV became the majority shareholder. In 1951 the Company changed its name to Heineken's Nederlandsch-Indische Bierbrouwerijen Maatschappij NV, and in 1972 built another brewery in Tangerang.

After several name changes, the Company finally adopted the name PT Multi Bintang Indonesia and officially became a public company in 1981 and transferred its domicile from Surabaya to Jakarta. Its shares are traded on the Indonesia Stock Exchange. Now, PT Multi Bintang Indonesia Tbk has become the leading beer producer in Indonesia. The Company produces and markets a range of well-known products such as Bintang Beer, Heineken, Guinness, Bintang Zero and Green Sands. The Company operates its factories in Sampang Agung (Mojokerto) and Tangerang, while its subsidiary, PT Multi Bintang Indonesia Niaga, has sales and marketing offices in all major cities in Indonesia, from Medan in North Sumatra to Jayapura in Papua.

### **Indofood Sukses Makmur Tbk**

The operational activities of the Indofood CBP Group are currently run by ICBP, a subsidiary of the Company whose shares were listed on the IDX in early October 2010. The group manufactures and markets a variety of packaged food products, which offer daily food solutions for consumers of all ages. Most of its product categories are market leaders, and its product brands are leading products with Top-of-Mind status in Indonesia, which have won the trust and loyalty of millions of consumers in Indonesia over the years.

As one of the largest instant noodle producers in the world with a capacity of more than 15 billion packs per year, this Division produces and markets various noodle products such as bag noodles, cup noodles, egg noodles and instant vermicelli. Its various product brands include Indomie, Supermi, Sarimi, Sakura, Pop Mie, Pop Vermicelli and Egg Cap 3 Chicken Noodles, covering all market segments. The Dairy Division is run by a subsidiary whose 68.57% shares are indirectly owned by ICBP, Indolakto, which is the second largest producer of dairy products in Indonesia. This division produces and markets various dairy products including sweetened condensed milk ("SKM"), ultra-high temperature ("UHT") milk, bottled sterilized milk, pasteurized milk, powdered milk, butter, yoghurt and ice cream drinks,

This division produces various culinary products for the Indofood Group and our associated company, NICI, a joint venture with Nestle SA. NICI is responsible for the marketing of the Division's culinary products, including soy sauce, chili sauce, tomato sauce, instant seasoning and broth under the Indofood, Lombok Plate, Indofood Racik and Maggi brands. The snack division consists of two business units, namely snacks and biscuits. The snack food business unit is run by a joint venture with PepsiCo, which produces modern snacks and traditional packaged snacks including potato chips, cassava and tempeh as well as a variety of extruded snacks. These products are marketed under leading brands including Chitato, Lays, Qtela, Chiki and Jet, The nutrition and special food division produces special food for babies and toddlers as well as milk for pregnant and lactating mothers. Its product range includes various porridges and biscuits for babies and children, as well as milk products for pregnant and lactating mothers. These products are marketed under the Promina and SUN brands, where the Promina brand is aimed at the upper middle segment and SUN for the broad market segment.

## **2. Deed of Establishment and Deed of Amendment of the Company**

The company was established based on Deed No. 8 dated 2 November 1971, juncto Deed of Amendment No. 71 dated 29 December 1971, made by Komar Andasasmita SH, Notary in Bandung. The two deeds have obtained approval from the Minister of Justice of the Republic of Indonesia by Decree No. YA5/34/21 dated January 20, 1973 and has been announced in the State Gazette of the Republic of Indonesia No. 34 dated 27 April 1973, Supplement No. 313.

The Company's Articles of Association have been amended several times. The last amendment was made to comply with Law Number 40 of 2007 concerning Limited Liability Companies, namely the Deed of Statement of Resolutions of the Company's Extraordinary General Meeting of Shareholders No. 43 dated 18 July 2008 made by Fathiah Helmi SH, Notary in Jakarta, and has obtained approval from the Minister of Law and Human Rights of the Republic of Indonesia with Decree No. AHU-56037.AH.01.02 of 2008 dated 27 August 2008 and announced in the State Gazette of the Republic of Indonesia No. 68 dated 25 August 2009 Supplement No. 23080.

## **3. Business fields**

The company is engaged in the food and beverage industry. In the beverage sector, the Company produces various types of drinks such as liquid milk drinks, tea drinks, traditional drinks and health drinks. This beverage product is produced using UHT (Ultra High Temperature) technology, namely heating to 140°C for 3-4 seconds so that the product is sterile without destroying or reducing its nutritional content, and then packaged in aseptic carton packaging (Aseptic Packaging Material) so that it can last a long time without having to using preservatives. In the food sector, the Company produces powdered milk and sweetened condensed milk. The company also produces tropical fruit juice concentrate.

## **4. Raw Material Supply**

Pure milk is supplied by cattle breeders who are members of the South Bandung Breeders Cooperative (KPBS) Pangalengan and other Village Unit Cooperatives. To maintain the continuity and regularity of the supply of this raw material, the Company fosters and maintains a very good partnership relationship with breeders, among others, by providing guidance and counseling in terms of technique, management and capital, aseptic packaging materials for UHT beverage products are still imported.

## **5. Calculation of Dependent Variables**



The dependent variable in this study is the stock price (SHARE PRICE). The share price is the value of proof of equity participation in a limited liability company that has been listed on the stock exchange, where the shares have been outstanding (outstanding securities). To find out the stock price in this study, that is by looking at the value of the closing price of each sample company at the date of publication of the sample company's financial statements.

Table 1. Date of Publication of Financial Statements of Sample Companies for 2007-2011

| Company Code | Publication Date In Observation Year |                |                |                |                |
|--------------|--------------------------------------|----------------|----------------|----------------|----------------|
|              | 2007                                 | 2008           | 2009           | 2010           | 2011           |
| CHECK        | March 31, 2008                       | March 27, 2009 | March 31, 2010 | March 29, 2011 | March 19, 2012 |
| DAVO         | January 25, 2008                     | April 28, 2009 | March 18, 2010 | March 1, 2011  | 31 Dec 2011    |
| DLTA         | March 31, 2008                       | March 30, 2009 | March 30, 2010 | March 31, 2011 | March 30, 2012 |
| INDF         | March 31, 2008                       | March 25, 2009 | March 24, 2010 | March 22, 2011 | March 20, 2012 |
| MYOR         | March 31, 2008                       | March 31, 2009 | March 31, 2010 | March 31, 2011 | March 2, 2012  |
| MLBI         | March 31, 2008                       | March 30, 2009 | March 30, 2010 | March 30, 2011 | March 30, 2012 |
| PSDN         | March 31, 2008                       | March 31, 2009 | March 31, 2010 | March 31, 2011 | March 30, 2012 |
| SKLT         | March 31, 2008                       | March 31, 2009 | March 29, 2010 | March 28, 2011 | March 28, 2012 |
| STTP         | March 31, 2008                       | March 31, 2009 | April 1, 2010  | April 12, 2011 | April 11, 2012 |
| ULTJ         | March 28, 2008                       | March 30, 2009 | March 31, 2010 | March 31, 2011 | April 2, 2011  |

Table 2. Summary of the Results of the 2007-2011 Share Price (HS) Dependent Variable Calculations (in rupiah units)

| Company Code | Year of Observation and Closing price |        |         |         |         |
|--------------|---------------------------------------|--------|---------|---------|---------|
|              | 2007                                  | 2008   | 2009    | 2010    | 2011    |
| CHECK        | 700                                   | 750    | 1,200   | 850     | 1,340   |
| DAVO         | 300                                   | 70     | 50      | 72      | 50      |
| DLTA         | 13,000                                | 25,200 | 73,000  | 120,000 | 139,500 |
| INDF         | 2,325                                 | 960    | 3,925   | 5,000   | 4,875   |
| MYOR         | 1,150                                 | 1030   | 4,000   | 11,300  | 15,200  |
| MLBI         | 57,000                                | 66,000 | 164,000 | 270,500 | 450,000 |
| PSDN         | 76                                    | 135    | 110     | 70      | 245     |
| SKLT         | 60                                    | 90     | 150     | 140     | 140     |
| STTP         | 335                                   | 145    | 265     | 400     | 630     |
| ULTJ         | 590                                   | 750    | 630     | 1030    | 1,160   |

## Discussion result

*(Cici Sutarmi) he effect of accounting profit information on stock prices in food and beverage companies on the Indonesian stock exchang*

The adjusted R square coefficient of determination from the results of this study is 0.094. This means that 9.4% of the stock price of food and beverage companies can be explained by variations in the independent variables, namely gross profit, operating profit and net profit, the remaining 90.6% is explained by other causes outside the variables studied. . As for the variables outside this study that are able to influence stock prices, what researchers estimate is information on cash flow components, namely operating cash flow, investment cash flow and financing cash flow. Then company size, financial leverage, and inflation rate.

As a result of testing the hypothesis using hypothesis F test, it shows that the three independent variables, namely information on gross profit, operating profit and net profit simultaneously have no significant effect on the stock prices of food and beverage companies listed on the Indonesia Stock Exchange. This can be seen from the calculated F value < F table, namely  $2.696 < 10.13$  with a significance probability (p value) indicating 0.057 greater than 0.05.

Partial testing is done by t-test (t-test). This t test was conducted to determine the effect of the independent variables individually on the dependent variable. The test results on  $H_0$  and  $H_a$  were not successfully supported. This is indicated by the significant probability value (p value) of gross profit information, namely  $0.124 > 0.05$  and t count < t table, namely  $-1.565 < 1.676$ . Then the operating profit information is shown by the significance probability value (p value) which is  $0.987 > 0.05$  and t count < t table which is  $0.016 < 1.676$ . This means that the information on gross profit and operating profit has no positive and insignificant effect on the stock prices of food and beverage companies listed on the IDX in 2007-2011.

The partial test results on  $H_a$  were successfully supported. This is indicated by the t value of calculating net profit information which is greater than the value of t table, namely  $2.751 > 1.676$ . Then the significance probability value (p value) of net profit is 0.008 far below 0.05. This means that net profit information has a positive and significant effect on the stock prices of food and beverage companies listed on the IDX. The results of this study still support Ball and Brown's research<sup>1</sup> which has become the beginning of a new tradition in empirical capital market research to date, by finding the fact that the price of a company's securities responds to the information content of financial statements. Evidenced by the effect of net income on stock prices in food and beverage companies listed on the IDX.

The results of this study indicate that investors still have their hopes in the net profit figure as a benchmark in assessing a company's performance. The net profit report (Net Income / Net Earning statement) is a very important study material for analyzing the performance of companies listed on the stock exchange. Fundamental analysis uses net income to estimate whether a company's stock is worth buying. The assumption used then is that the accounting data describes the company's fundametal value and the direction of its change, then the accounting information should have an impact on the company's shares.

Empirically, the growth and decrease in net profit is quite closely related to the movement of the company's stock price. If expectations for the company's net profit growth in the future dominate market sentiment, then 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 causes a decline in stock prices. Conversely, if investors' expectations on the stock exchange are dominated by a decrease in the company's net profit, it is generally followed by a decrease in stock prices. However, if this does not happen, it will be followed by an increase in stock prices

This study is inconsistent with previous research conducted by Rahmat and Erna<sup>2</sup>. They concluded that the gross profit figure is better able to provide a better picture of the relationship between earnings and stock prices which are also very closely related to stock returns. The results of this study also show that investors still have their hopes in operating profit information. The reason they usually use is that the operating profit figure "represents the company's operations better" than net income.

From the comparison of the results of the research above, it can be seen that there are differences in the results of the research. The inconsistency of the results of this study may indicate several things, namely the level of influence of changes in earnings on changes in stock prices tends to fluctuate. This means that investors have not seriously and consistently used accounting profit information in forming stock prices, or there are other factors that influence stock prices. Therefore,





it is necessary to carry out further research by including accounting variables and non-accounting variables that are thought to influence stock prices. For example company growth (growth), capital structure, dividend policy (dividend policy), bank interest rates, inflation rates, and so on that can be quantified.

#### 4. CONCLUSION

Based on the results of the analysis in the previous chapter, the conclusions that can be drawn from this study are; This study failed to prove that there is a positive and significant effect of gross profit information on stock prices. These results indicate that gross profit is not informative enough in predicting the company's stock price. This study failed to prove that there is a positive and significant influence between operating profit information on stock prices. These results indicate that operating profit is not informative enough in predicting the company's stock price. This research is able to prove the influence of net income on stock prices. These results indicate that net profit is informative enough to be used as a measure of company performance in predicting stock prices. This study failed to prove the influence of gross profit information, operating profit, and net profit simultaneously on stock prices. These results indicate that investors have started to be smart in choosing which profit figures are the most informative to be used as a measure of company performance in predicting stock prices.

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