

## Analysis of Cash Flow and Net Income on Stock Prices in Mining Companies in Indonesia

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### Abstract

Information about a company's cash flow and net income is useful for readers of financial statements, especially investors, as a basis for analysing the company's ability to create profits because investors must see the stock price when making an investment. Based on these considerations, this study aims to examine the effect of cash flow and net income on stock prices in mining companies in Indonesia. The population of this study consisted of 19 companies, and a sample of 36 financial records from three coal mining companies was used using a purposive sampling technique. The author uses a multiple linear regression analysis method. The results showed that net income significantly affects stock prices, while cash flow has no significant effect individually. However, when considered together, both cash flow and net income influence stock prices. This study provides valuable insights for future investors and researchers by recommending sample expansion, a more in-depth literature review, and diverse research methods.

**Keywords** *Cash Flow, Net Income, Stock price, Coal Mining Companies, Economic Factors*

### INTRODUCTION

Investment in the capital market is one type of investment that is widely done. Investment is the intention to spend some of the funds or resources owned to get a large enough profit in the future. These funds can be provided in the form of own capital or by third parties in the form of investment (Rose, 2021). When there are still investors who are hesitant to invest, investors will consider what elements will affect the company's financial performance before choosing to invest to prevent mistakes in investing their wealth. Financial statements reflect a company's or organization's financial information over a specific period. Companies or organizations often prepare financial statements to present an overview of their financial performance to stakeholders such as owners, investors, employees, creditors, and other associated parties. Investors can use financial statements to analyze the viability of an investment, and creditors to assess a borrower's ability to repay a loan. Financial statements can also help managers make better strategic and operational decisions. Investors pay attention to two factors, namely profitability and cash flow. According to Quere et al. (2018), investors can use cash flow to measure the financial prosperity of a company, due to cash flow affecting a company's position (Alsharairi et al., 2018). Cash flow can be used as a metric by investors as a source of information about a particular company for people who work in finance. They can also use cash flow to decide the company's capacity to create cash and cash equivalents, as well as the company's need to utilize cash flow.

In addressing the matter of liquidity, it is incumbent upon a financial expert to duly contemplate the valuation of a security, as elucidated by Hornuf and Neuenkirch (2017). Indeed, the price of a given stock stands as a pivotal factor influencing an investor's deliberations regarding capital allocation. As a result, this consideration is used to decide whether cash flow and net income

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affect the cost of shares of coal mining companies listed on the Indonesia Stock Exchange. A package audit of companies in the coal mining division from 2020 to 2022 provides a wealth of data on cash flows, net benefits, and stock costs. PT Adaro Energy Indonesia Tbk (ADRO) cash flow, Net Income, and share price fluctuations. PT Bayan Resources Tbk (BYAN) and PT Golden Energy Mines Tbk (GEMS). The cash flow value of PT ADRO increased in the first and second quarters of 2020 and 2021, respectively, while its share price decreased, and PT BYAN experienced this in the first quarter of 2021.

Meanwhile, PT ADRO's cash flow experienced a decline in the second quarter of 2022, which resulted in an increase in share prices. PT GEMS' cash flow experienced a decline in the second quarter of 2021 with an increase in share prices, and PT BYAN's cash flow decreased in the 2021 and 2022 second quarters. If investors rely on cash flow data, an increase in cash flow should cause share prices to rise (Hartono, 2016). The higher a corporation's share price, the more profitable the company. In the first quarter of 2022, PT GEMS' profits will decrease while its share price will increase. Theoretically, a decline in net income is anticipated to precipitate a significant decrease in a corporation's stock price, as Hartono (2016) asserted. This relationship posits that an augmentation in profits corresponds to a rise in share prices, while a diminution in profits results in a concomitant decline in share prices. The net income generated by the company from year to year will give investors an idea of the company's execution and capacity to produce benefits for financial specialists.

According to previous studies that have already been discussing this issue, some macroeconomic factors that affect investment in a country include GDP, inflation, interest rates, currency exchange rates, budget deficits, private investment, and the balance of trade and payments. Another macroeconomic factor that can affect stock prices is exchange rates. Exchange rates are a significant factor in the stock and money markets because investors tend to be more cautious in investing. In 2020-2022, fluctuations in the USD exchange rate against the Rupiah had a significant effect on the movement of the share prices of companies listed on the Indonesia Stock Exchange. Companies with high exposure to debt in USD dollars experience greater stock price volatility than companies whose revenues come mostly from exports. Thus, investors must pay attention to exchange rate factors when conducting investment analysis, especially during global economic instability.

Companies negatively affected by the increase in the USD exchange rate will experience a decrease in stock price, while companies that get a positive impact from the increase in the USD exchange rate will experience an increase in stock price (Kartikaningsih et al., 2020). According to research by Surenjani et al. (2023), share prices do not have a significant effect on profit growth, which indicates that a decrease in share prices has an impact on increasing company profit growth; this shows that a diminish in share costs within the long term can result in a diminish in company benefit development, where a decrease in share costs within the long term can result in a diminished development in company benefits. The motivation for this research is to find out whether cash flow and Net Income have an impact on the share prices of Indonesian Coal Mining Companies listed on the Indonesia Stock Exchange. This investigation holds significance as it delves into pivotal factors guiding investment decisions. Investors typically assess a company's ability to generate cash and cash equivalents alongside its profitability as crucial indicators in their decision-making process. This study aims to contribute theoretically to the financial accounting literature by shedding light on the interplay between stock prices, cash flow, and net income.

## **LITERATURE REVIEW**

### **Cash Flow**

A cash flow statement can indicate how well a company is managing its financial situation.

It shows how successful the company is at generating cash to pay debt commitments and finance its operations. One of the three main financial statements is the cash flow statement. The cash flow statement can be used to supplement a company's balance sheet and income statement. Three main components must be recognized in the statement of cash flows which start from operating activities, cash flows from investing activities, and cash flows from financing activities.

A cash flow diagram depicts the flow of money in and out of a company. It can also be interpreted as the inflow and outflow of funds over a certain period as evidence of financial activity. Investors will pay more attention to companies with positive cash flow when making investment decisions. Cash flow information must be available to investors to measure and assess the company's performance in obtaining cash (Aisah & Mandala, 2016). According to other research, cash flow is defined as receipts of cash, net cash balances, and cash expenditures generated by a company's operational, investment, and financing activities in a certain period (Weygandt et al., 2013). The formula for evaluating cash flow is presented below,

$$\text{Cash Flow} = \text{Total Operational Cash Flow} + \text{Total Investment Cash Flow} + \text{Total Financing Cash Flow}$$

Where each variable represents,

Total Operational Cash Flow = Total Cash Flow on Net Cash

Total Investment Cash Flow = Total Cash Flow in Investment Activities

Total Financing Cash Flow = Total Cash Flow to the Company

According to the cash flow formula Harahap (2011), the cash input and outflow are calculated using three activity reports: Operating activities, investing activities, and finance activities are all examples of activities, Currency prices continue to benefit from inflationary pressures (Jogiyanto, 2016). The corporation's cash flow can give investors a strong indicator of future modifications, pricing, and shares (Tandelilin, 2012). Cash flow affects stock prices because companies use cash flow extensively to generate profits. Therefore, information on the estimated financial performance of a company can affect stock prices. Furthermore, the company's robust cash flow is a testament to its commendable revenue and profit generation, indicating favourable performance.

Consequently, the significant increase in cash reserves correlates positively with the appreciation of shares, signifying a favourable trajectory. This observation aligns with findings from Bisri (2023), suggesting a substantial impact of cash flow dynamics on stock valuations. Similarly, Zahra's (2023) study underscores the pivotal role of cash flow in influencing stock prices, noting its predominant influence. Notably, other financial metrics such as profitability, solvency, and investment cash flow exhibit limited significance in shaping stock prices, as highlighted in Zahra's (2023) research. The following hypothesis can be suggested based on this description:

H1: The Effect of Cash Flow on Share Prices in Indonesian Mining Firms

### Net Income

Every firm intends to make a profit from the business they operate. Profit is the revenue generated by the company's operations. Profit is earned by decreasing revenue with the company's manufacturing costs. Profit comes in several forms in the company's sustainability, including Net Income. Profit is made up of various components, including income, expenses, and costs. When income is decreased by expenses and costs incurred by the company throughout the continuation of corporate activities, these three components will generate profit.

Ardhianto (2019) states profit is the excess of total income over total expenses, also called

net income or net earnings. On the other side, [Koeswardhana \(2020\)](#) explains that Net Income in the profit and loss statement is the reduction between income from operating activities and income from non-operating activities of the company so that the information contained in Net Income can help users of financial statements to calculate the entity's prospects in the future. Increasing a company's Net Income should result in higher profits ([Friedman, 2020](#)). If sales growth increases, then the company experiences an increase in revenue, thereby increasing its profits ([Donahue et al., 2020](#)). The formula for calculating Net Income according to [Hery \(2017\)](#), This Net Income calculation can be done using the following formula:

$$\text{Net income} = \text{Profit Before Tax} - \text{Tax}$$

Where,

Profit before tax = Profit before deducting taxes

Tax = Expenses payable to the government

This study employs indicators from [Hery \(2017\)](#) based on the formula above, namely net income, which is calculated as profit before tax minus income tax. Generally, the goal of competitors is to achieve maximum profit. If profits rise, the share price will rise; otherwise, if profits fall, the share price will fall. Net income that continues to increase yearly shows that the company is running well and can generate profits from investments made by investors. This shows that net income is an important factor in increasing a company's share price. One of the assessments of investors who invest is the company's profit, and net income reflects good company performance, so the higher the company's profit, the more likely it is to attract investors. This research is in accordance with [Khairina's \(2020\)](#) research, which stated that generally, the company's Net Income can affect its stock price. High net income is usually considered an indicator of good financial performance, so it can increase investor confidence and boost stock prices. The following hypothesis can be suggested based on this description:

H2: Net Income affects share prices in Indonesian mining businesses

### **Stock Price**

According to [Siregar \(2021\)](#), share prices are a management indication used by investors to make offers and requests for shares ([Pinsent, 2021](#)). The greater a company's share price, the more profitable it is. Because shareholder theory serves as the theoretical underpinning and guidance for share prices, management by the board of directors must consider shareholder interests to ensure the company's long-term health, which includes increasing shareholder value ([Adrian, 2011](#)). [Anoraga \(2010\)](#) delineates the share price as the real market price is the simplest to determine because it is the cost of a share in the ongoing stock market or the closing price if the market is closed. Upon contemplation of this definition within the context of existing research, it becomes apparent that a hypothesis may be formulated.

H3: Cash Flow and Net Income influence share prices in mining companies in Indonesia

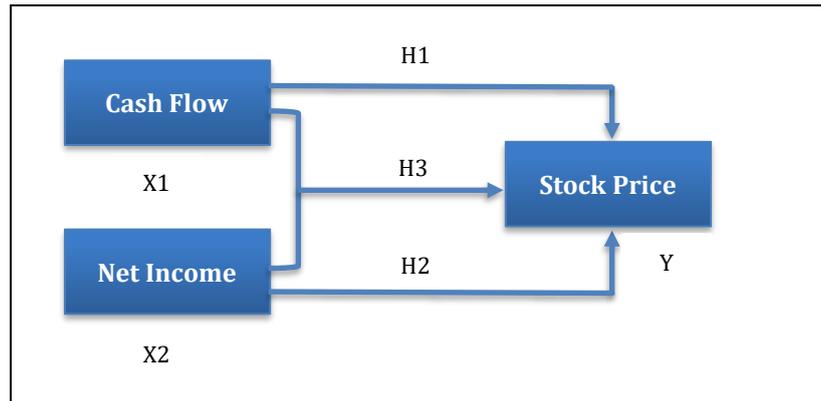


Figure 1. Research Model

## RESEARCH METHOD

### Research Types and Designs

Sugiyono (2019) defines quantitative research as a scientific or scientific technique because it meets scientific principles, may be concreted, objective, measurable, logical, and methodical, and is a scientific or scientific approach. The author used numerous linear regression analysis methods with several independent variables to investigate the data.

### Population and Sample

According to Handayani (2020), population is the sum of all elements to be examined that share the same characteristics, which can be persons from a group, an event, or something to be investigated. For the 2020-2022 timeframe, the populace of this investigation comprises 19 Mining Companies enlisted in the Indonesia Stock Trade (Stockbit, 2023).

Researchers utilized purposeful sampling to select research volunteers. According to Turner (2020), purposeful sampling is a sampling approach employed when researchers have a target individual with relevant qualities to the investigation. In this study, a sample of 36 financial records from three coal mining companies was acquired using the following criteria: Coal Mining Companies that are recorded on the Indonesia Stock Trade within the 2020-2022 period and coal mining companies that scored the largest net profit on the Indonesia Stock Exchange in the period 2020-2022 (Winarni, 2023).

### Data Collection Technique

According to Sugiyono (2019), secondary data sources are data that are utilized to supplement primary data. This data source does not provide data directly to data collectors; it must first go through other individuals and documents. The financial reports of the Batubaru Mining Company for the last three years, 2020-2022, received from the Indonesian Stock Exchange and Yahoo Finance, were used in this study.

## FINDINGS AND DISCUSSION

Mining companies often face significant fluctuations in commodity prices, which have a direct impact on Cash Flow. For example, when the price of commodities such as coal or gold increases, mining companies tend to experience an increase in revenue, which then improves Cash Flow. When copper prices spiked in certain years, the company's Cash Flow increased significantly, which in turn drove up the stock price. This increase in Cash Flow provides a positive signal to the market about the company's ability to generate profits and manage its financial obligations, which

is very attractive to investors. From an investor's perspective, strong Cash Flow is often a leading indicator of a company's financial health. Investors are more likely to invest in companies that demonstrate the ability to generate consistent and increasing Cash Flow. This is because stable Cash Flow reduces the risk of a company's failure to meet short-term obligations and provides opportunities for higher dividends. Institutional investors often use Cash Flow analysis as one of the main tools in making investment decisions. For example, the experience of some large investors in the Indonesian stock market shows that they tend to increase their holdings in mining companies that show a continuous increase in Cash Flow. [Yanti's \(2022\)](#) research shows a positive effect of Cash Flow on stock prices, which is in line with [Aisyah et al.'s \(2023\)](#) research. The results of this study indicate that Net Income and Cash Flow significantly affect Stock Prices. Not all studies find consistent results. Several studies show that the effect of Cash Flow on stock prices can vary depending on the industry sector and market conditions. For example, [Ersyafdi and Nasihah's \(2014\)](#) research shows that investment cash flow does not affect stock prices. The results of research by [Habibulloh et al. \(2024\)](#) show that net income and cash flow have a negative and insignificant effect on stock prices, while net income and total cash flow simultaneously have a significant effect on stock prices. From 2020 to 2022, a survey of several Coal Mining sector companies revealed a wealth of data regarding cash flow, Net Income and share price. The following is an example of cash flow and Net Income based on coal stock prices.

**Table 1.** Cash Flow, Net Income and Stock Price of Coal Mining Companies

Company Code	Year	Quarter	Cash Flow	Net Income	Stock Price
ADRO	2020	First quarter	Rp, 1,250,673	Rp, 105,625	Rp. 990
		Second quarter	Rp, 1,075,141	Rp, 166,521	Rp. 995
		Third quarter	Rp, 1,185,670	Rp, 120,669	Rp. 1,135
		Fourth quarter	Rp, 1,173,703	Rp, 158,505	Rp. 1,430
	2021	First quarter	Rp, 1,190,314	Rp, 75,342	Rp. 1,175
		Second quarter	Rp, 1,207,652	Rp. 189,295	Rp. 1,205
		Third quarter	Rp, 1,510,921	Rp, 465,275	Rp. 1,760
		Fourth quarter	Rp, 1,811,141	Rp, 1,028,593	Rp. 2,250
	2022	First quarter	Rp, 1,555,677	Rp, 440,014	Rp. 2,690
		Second quarter	Rp, 1,345,402	Rp, 1,345,402	Rp. 2,860
		Third quarter	Rp, 3,352,639	Rp, 2,168,538	Rp. 3,960
		Fourth quarter	Rp, 4,067,358	Rp, 2,831,123	Rp. 3,850
GEMSTONE	2020	First quarter	Rp, 151,563,400	Rp, 36,132,191	Rp. 2,550
		Second quarter	Rp, 151,642,056	Rp, 54,643,323	Rp. 2,550
		Third quarter	Rp, 155,360,537	Rp, 65,320,817	Rp. 2,550
		Fourth quarter	Rp, 202,782,114	Rp, 95,856,553	Rp. 2,550
	2021	First quarter	Rp, 264,286,612	Rp, 100,502,897	Rp. 2,550
		Second quarter	Rp, 129,581,968	Rp, 145,986,490	Rp. 3,500
		Third quarter	Rp, 98,783,364	Rp, 199,863,560	Rp. 3,440
		Fourth quarter	Rp, 193,572,821	Rp, 354,024,370	Rp. 4,160
	2022	First quarter	Rp, 228,689,202	Rp, 135,632,846	Rp. 4,860
		Second quarter	Rp, 291,098,644	Rp, 341,897,968	Rp. 6,125
		Third quarter	Rp, 236,955,248	Rp, 481,329,930	Rp. 7,075
		Fourth quarter	Rp, 329,599,981	Rp, 695,908,034	Rp. 7,050
BYAN	2020	First quarter	Rp, 261,736,394	Rp, 40,216,483	Rp. 1,450

Company Code	Year	Quarter	Cash Flow	Net Income	Stock Price
		Second quarter	Rp, 314,389,207	Rp, 75,741,751	Rp. 1,253
		Third quarter	Rp, 352,873,390	Rp, 118,162,333	Rp. 1,265
		Fourth quarter	Rp, 383,810,000	Rp, 344,459,870	Rp. 1,548
	2021	First quarter	Rp, 604,836,713	Rp, 177,336,180	Rp. 1,248
		Second quarter	Rp, 383,810,000	Rp, 359,024,882	Rp. 1,360
		Third quarter	Rp, 530,092,318	Rp, 680,130,876	Rp. 2,945
		Fourth quarter	Rp, 980,507,356	Rp, 1,265,957,342	Rp. 2,700
	2022	First quarter	Rp, 1,331,480,689	Rp, 380,171,264	Rp. 4,335
		Second quarter	Rp, 620,187,935	Rp, 1,007,990,702	Rp. 7,795
		Third quarter	Rp, 1,324,612,173	Rp, 1,707,586,408	Rp. 6,700
		Fourth quarter	Rp, 1,826,876,780	Rp, 2,310,605,547	Rp. 21,000

Source: [Indonesia Stock Exchange \(n.d.\)](#)

Fluctuations in cash flow, net income, and stock prices of PT Adaro Energy Indonesia Tbk (ADRO), PT Golden Energy Mines Tbk (GEMS), and PT Bayan Resources Tbk (BYAN). The cash flow value of PT ADRO increased in the first quarter of 2020 and the second quarter of 2021, and PT BYAN increased in the first quarter of 2021 while its stock price decreased. According to research by [Restrepo and Uribe \(2023\)](#), cash flow affects the company's funding decisions, whereas a one-dollar increase in cash flow can result in an increase or decrease in the issuance of stock and debt prices.

Meanwhile, PT ADRO's cash flow decreased in 2022 quarter II, which had an impact on the increase in share price, PT GEMS's cash flow decreased in 2021 quarter II with an increase in share price, and PT BYAN's cash flow decreased in 2021 and 2022 quarter II. If investors rely on cash flow data, an increase in cash flow should cause the stock price to rise.

In the first quarter of 2022, PT GEMS's profit decreased while its stock price increased. [Surenjani et al. \(2023\)](#) found that stock price has no significant effect on earnings growth. This means that when stock prices fall, it does not directly increase the company's profit growth. However, a decrease in stock prices in the long run can affect the decline in corporate profit growth. High Net Income if it succeeds in increasing its net income through effective asset securitization activities, can reflect good financial performance. Such prowess in financial operations can foster enhanced investor trust and subsequently elevate the bank's stock value, as [Liu et al. \(2023\)](#) noted. Meanwhile, according to research by [Kaustia et al. \(2023\)](#), high corporate net income tends to provide positive signals to investors about the health and performance of the company. This can lead to an increase in share prices because investors tend to give higher valuations to companies that produce stable and increasing net income over time.

### Descriptive Statistical Test

Expressive quantifiable tests are experiences that are utilized to analyze data by delineating or laying out the data that has been collected without plans to draw conclusions that apply to the common open or make wide generalizations [Sugiyono \(2019\)](#).

**Table 2.** Descriptive Statistics

Descriptive Statistics			
	Mean	Std. Deviation	N
Share Price (Y)	3523.8194	3555.54815	36

Cash Flow (X1)	315829310.9167	427627398.76527	36
Net Income (X2)	310654931.0833	517475873.28494	36

### Classic Assumption Test

According to Ghozali (2018), classical hypothesis testing is the first step before performing multiple linear regression analysis. This test ensures that the estimates of the regression coefficients are unbiased, consistent, and accurate. There are several classic types of hypotheses testing in statistics, including:

#### Normality Test

According to Ghozali (2021), the typicality test is utilized to decide whether the remaining factors within the relapse demonstration are ordinarily disseminated or not. If a variable is not ordinarily disseminated, the outcome of measurable testing will be influenced. Typicality testing is utilized to decide whether the two factors in a relapse demonstration, specifically the free and the subordinate variables, have an ordinary conveyance of the information. If the value of the Kolmogorov-Smirnov sign exceeds 0.05, the remainder is even and vice versa.

**Table 3.** Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residuals
N		36
Normal Parameters <sup>a, b</sup>	Mean	.0000000
	Std. Deviation	2110.95286291
Most Extreme Differences	Absolute	,152
	Positive	.104
	Negative	-.152
Statistical Tests		,152
Asymp. Sig. (2-tailed)		.035 <sup>c</sup>

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

The normality test results using the One-Sample Kolmogorov-Smirnov Test are shown, with a sig value of 0.035 < 0.05, which is known to have a sig value < 0.05. It can be concluded that the residual values are not normally distributed.

#### Multicollinearity Test

The reason for multicollinearity testing is to decide whether there is a tall or culminate relationship between autonomous factors. Resilience measures the inconsistency within the chosen free variable not clarified by other independent variables within the relapse demonstrated. A lower resistance demonstrates a better VIF rating—the tolerance and variance inflation factor (VIF) assumptions are 1. Multicollinearity arises when  $VIF > 10$  and  $Tolerance > 0.10$ . 2. Multicollinearity does not occur if the VIF is larger than 10 and the Tolerance value is greater than 0.10.

**Table 4.** Multicollinearity Test

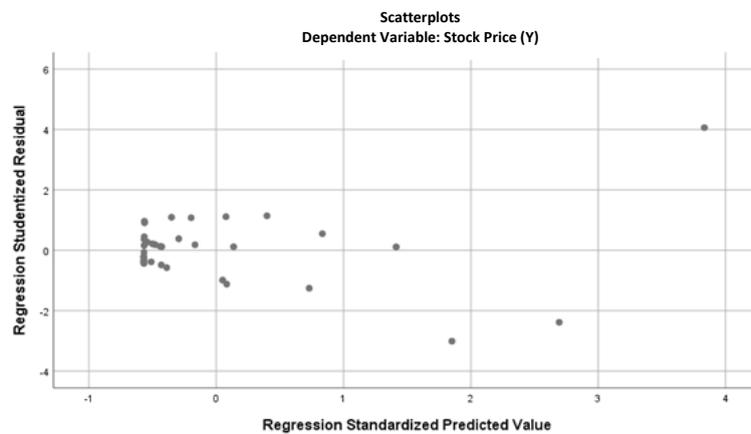
Model	Coefficients <sup>a</sup>									
	Unstandardized Coefficients		Standardized Coefficients	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta	Lower Bound	Upper Bound	Zero-order	Partial s	Part	Tolerance	VIF
1 (Constant)	1899,616	454.124		975,693	2823,539					
Cash Flow (X1)	-9.811E-7	,000	-.118	,000	,000	,676	-.095	-.057	,232	4,315
Net Income (X2)	6.226E-6	,000	,906	,000	,000	,803	,592	,436	,232	4,315

a. Dependent Variable: Stock Price (Y)

The Multicollinearity Test findings utilizing the Variance Inflation Factor (VIF) are free from Multicollinearity problems, in accordance with the table above, because each independent variable has a VIF of no more than 10, namely Cash Flow of 4.315 and Net Income of 4.315. Furthermore, because the tolerance value is greater than 0.1, the tolerance test results are free from multicollinearity, namely Cash Flow of 0.232 and Net Income of 0.232.

*Heteroscedasticity Test*

The heteroscedasticity test looks for differences in variance derived from residuals of one [Ghozali \(2018\)](#), which relates one observable to another in the regression model.



**Figure 2.** Heteroscedasticity Test

Based on the scatterplot image above, this model has no heteroscedasticity, which shows that the points are spread evenly, specifically above and below the 0 on the Y axis. This signifies that this model has no heteroscedasticity.

*Autocorrelation Test*

[Ghozali \(2018\)](#) defines the autocorrelation test. The reason is to see if the direct relapse show encompasses an interface between bewildering mistakes in period t and in period t-1 (before).

**Table 5.** Autocorrelation Test

Model Summary <sup>b</sup>										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.805 <sup>a</sup>	,648	,626	2173.98022	,648	30,310	2	33	,000	1,480

a. Predictors: (Constant). Net Income (X2). Cash Flow (X1)

b. Dependent Variable: Share Price (Y)

**Table 6.** Multiple Linear Regression Tests

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1899,616	454.124		4,183	,000
	Cash Flow (X1)	-9.811E-7	,000	-.118	-.550	,586
	Net Income (X2)	6.226E-6	,000	,906	4,221	,000

a. Share Price (Y)

According to the table above, 1.480 is the Durbin Watson (DW) coefficient. For a sample size of 36 with two independent variables, the autocorrelation-free area ranges from (dU) worth 1.587 to (4-dU) worth 2.413. Autocorrelation is negative because 1.480 is between the two values above (1.587 > 1.480 < 2.413).

#### Multiple Linear Regression Test

This multiple linear regression intends to assess the influence of two or more independent factors on one dependent variable, according to [Ghozali \(2018\)](#).

#### Hypothesis Testing

##### Partial Test (t-Test)

Used to test individuals by describing how far one variable does not influence the dependent variable. This study used a significance level of 0.5 (α = 5%). If t count > t table with significance smaller than 0.05 (5%). Then, the variable significantly affects the dependent variable individually (partially) and vice versa.

$$t(\alpha/2; nk-1) = t(0.025; 33) = 2.034$$

The Sig value for the influence of Cash Flow (X1) on Share Prices (Y) is 0.586 > 0.05, and the calculated t value is -0.550 < t table 2.034, so H1 is rejected, which means X1 does not affect Y. It is known that the Sig value for the influence of Net Income (X2) on Share Price (Y) is 0.000 < 0.05, and the calculated t value is 4.221 > t table 2.034, then H2 is accepted, meaning that X2 affects Y.

##### Simultaneous Test (F Test)

The variable F test is used to find out whether the variable does not influence the dependent variable simultaneously or simultaneously. If the calculated F value is greater than Table F and the significance value is smaller than 0.05, then the data is said to be influential.

**Table 7.** Simultaneous Tests

ANOVA <sup>a</sup>						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	286503023.947	2	143251511.974	30,310	,000 <sup>b</sup>
	Residual	155964269.629	33	4726189.989		
	Total	442467293.576	35			

a. Dependent Variable: Stock Price (Y)

b. Predictors: (Constant). Net Income (X2). Cash Flow (X1)

$$F \text{ table} = F (k; nk) = F (2; 34) = 3.28$$

Based on the table above, the Sig value for the influence of Cash Flow (X1) and Net Income (X2) on Share Prices (Y) is simultaneously  $0.000 < 0.05$ , and the calculated F value is  $30.310 > F$  table 3.28; therefore, we can conclude that H3 is accepted, which shows that there is an influence of Cash Flow (X1) and Net Income (X2) on Share Prices (Y).

#### *Coefficient of Determination Test*

Sugiyono (2019) stated that the coefficient of multiple determination or R-square ( $R^2$ ) is to see how variations influence variations in the value of the dependent variable in the value of the independent variable.

**Table 8.** Coefficient of Determination Test

Model Summary		
R Square	Adjusted R Square	Std. Error of the Estimate
,648	,626	2173.98022

a. Predictors: (Constant). Net Income (X2). Cash Flow (X1)

Based on the table above, the R Square value of 0.648 indicates that the combined influence of Cash Flow (X1) and Net Income (X2) on Share Prices (Y) is 64.8%.

## **Discussion**

### *The Impact of Cash Flow on Stock Prices*

As stated by the partial test results (T-test), Cash Flow is not relevant to the stock price. This is indicated by the results of the Cash Flow variable (X1). The significance level for the effect of Cash Flow (X1) on Stock Price (Y) is  $0.586 > 0.05$ , and the calculated t value of -0.550 indicates the meaninglessness of the company. The findings of this study are consistent with the findings of Fredy and Kusumadewi (2015), who found that operating cash flow has no significant effect on stock prices because unstable or even negative cash flow indicates the company's incompetence. In contrast to previous research findings, Bisri (2023) found that stock prices are influenced by overall cash flow. Cash flow affects stock prices because there is evidence that the company's high and low total cash flow is related to the high and low stock value. Cash flow affects stock prices because companies use cash flow extensively to generate profits, and estimated information about a company's financial performance can affect stock prices. In addition, high cash flow reflects the company's excellent revenue or profit performance. So, just as the increase in cash affects the increase in the company's shares.

### *The Impact of Net Income on Stock Prices*

Partial test results (t-test) show that net income influences stock prices. The t value for the

effect of Net Income (X2) on Stock Price (Y) of  $4.221 > t$  table 2.034 indicates that the Net Income variable influences stock prices. The conclusion of this study is consistent with research by [Wahyuni et al. \(2023\)](#), which found that earnings affect stock prices. The profit in the financial statements shows that each company's Net Income has increased. This can have an impact on investors and potential investors who are interested in participating in the company. The impact of net income on stock price is because a company's Net Income is often used as a benchmark or measure of the success of a company's performance. This is because all companies have very high profits, increasing company profits yearly. The more successful the problem, the greater the Net Income that can be achieved. This is certainly important information for investors because this earnings information provides an estimate of the return achieved and will affect stock price fluctuations due to movements in stock demand and supply. The ability to generate profits indicates the existence of a company.

The more profit a company makes, the more people believe that the company can compete. Investors analyse accounting information called financial statements, namely profit information. Profit has a significant influence on investors' investment decisions. [Zhou et al. \(2021\)](#) found that the risk of future loss in share value was higher when major shareholders used their shares as loan collateral compared to when they did not. This also means the risk is greater compared to companies that do not have the same major shareholders. Meanwhile, according to [Madu et al. \(2023\)](#), an increase in Net Income caused by ICT adoption can raise expectations that banks will experience sustainable growth and have better financial performance in the future. As a result, this can increase investor interest and cause an increase in bank share prices.

#### *The Impact of Cash Flow and Net Income on Stock Prices*

The simultaneous test (F test) results show that Cash Flow and Net Income affect Stock Prices. This is demonstrated by the calculated F value of  $30.310 > F$  table 3.28, which has a significance threshold of  $0.000 < 0.05$ , indicating that Cash Flow (X1) and Net Income (X2) affect Stock Prices (Y) concurrently. According to the calculated Adjusted R Square value of 0.648, the variance of all independent variables, Cash Flow and Net Income, has a 64.8% influence. This study's findings are consistent with previous research by [Saleh et al. \(2022\)](#), which discovered that Cash Flow and Net Income have an impact on stock prices. The cash flow statement, which shows the flow of money into and out of a company, can be used to determine cash flow.

A cash flow statement is required because the profit may not accurately reflect the current state of affairs. This report contains all information about the company's performance over a specific time period and can be used to forecast the company's cash flow in the future. In some cases, net income may not accurately reflect the Company's actual performance results for a given period. As a result, investors desperately need information about the factors that can influence stock prices. Essentially, the better a company performs in terms of profit generation, the greater the demand for its shares, which causes its stock price to rise; conversely, if it performs poorly, its stock price falls. A positive cash flow can reflect a company's financial health and future growth potential, which can affect the stock price. Net income is also an important factor in assessing a company's performance and can influence the share price ([Ainiyah & Rustiadi, 2020](#)).

## **CONCLUSIONS**

The researcher draws the following conclusions based on research data, existing hypotheses, and statistical tests: firstly, the share price of a coal mining company is not influenced by cash flow. Secondly, the Net Income of a coal mining company determines its share price, and thirdly, the share price of a coal mining company is influenced by cash flow and Net Income.

The following are recommendations from the study. The researchers urge investors and

potential investors who want to invest their money to look at stock price movements and profits but to avoid mistakes and make the best investment decisions; they must also consider other dangers. Companies need to maintain and maximize profits so that there is no decline in share prices because research shows that profits have an impact on share prices. Future researchers can add other independent variables that might have a large influence on stock prices, as well as extend the research time, thereby producing more comprehensive research.

### LIMITATION & FURTHER RESEARCH

Based on the research results, several limitations need to be considered for further research. First, the research population only involves coal mining companies with a very small sample, namely three companies. Second, there are shortcomings in the research results and analyses due to the lack of previous research literature. To overcome these limitations, it is recommended that future research cover a wider population and involve various industrial sectors. In addition, the sample size needs to be enlarged to increase the reliability and validity of the results. Future research should also cover a longer period of time to observe long-term trends.

Future research should conduct a more in-depth literature review and review relevant previous research. Using diverse research methods and more complex data analysis techniques is also highly recommended. With these suggestions, it is hoped that future research can overcome the existing limitations and make more significant contributions.

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