



The Influence of Accounting Information on Stock Prices of Food and Beverage Manufacturing Companies

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Abstract

The purpose of this study is to determine the effect of accounting information on stock prices of manufacturing companies in the food and beverage sub-sector. This research takes place at the Stock Market office. The sample selection method in this study is a purposive sampling method with a total sample of 5 companies. The data collection techniques collect data on the company's financial statements during the research period. The results showed that 1) Based on the results of data analysis, the coefficient values of ROA, ROE, NPM, and EBIT showed an effect on stock prices simultaneously. 2) Based on the results of data analysis ROA, ROE, NPM partially significant effect on stock prices, while EBIT has no effect on stock prices of manufacturing companies in the food and beverage sub-sector on the Stock Market. 3) The most dominant variable that influences ROA, ROE, NPM and EBIT on stock prices of manufacturing companies in the food and beverage sub-sector on the Stock Market is the ROA variable.

Introduction

Financial accounting information is non-financial information that has been prepared in line with Generally Accepted Accounting Principles (GAAP) (Haller et al., 2017). This data is utilized for both internal and external purposes. Financial Accounting Information is provided on the premise that the information required by investors, creditors, prospective investors and creditors, management, and government may be interpreted as representing the information requirements of parties other than investors and creditors (Belfo & Trigo, 2013; Man & Ciurea, 2016;). Thus, a single set of uniform data is required for all parties with an interest in the company's operations.

According to Nielsen et al. 2015) Financial Accounting Information is often collected and published on a quarterly basis, making it incapable of meeting management's demand for immediate information. Additionally, Financial Accounting Information is presented in an overly rigid format, rendering it incapable of meeting management's information requirements.

Qualitative aspects of financial information are as follows: (1) Relevant, meaning that the capability of knowledge that may drive a choice if utilized by users for the goal of forecasting future outcomes based on past and current occurrences. There are three primary characteristics: timeliness, dependability, impartiality, comparability, and consistency.

A business requires accurate information in order to effectively measure its performance; consequently, the balance scorecard should not contain a single report summarizing what occurred, but should instead be based on the variability of key factors that affect the company's economic performance in the future. And businesses often do not disclose the whole picture internally in order to comprehend the company's long-term objectives. As a result, there is no comprehensive view of the business, which eventually results in a management accounting problem.

Accounting information on a company's performance is the most fundamental need for investors in the capital market throughout their decision-making process. Financial statements are one source of this information. The financial report is a summary of a recording procedure, which is a summary of financial transactions that happened during the relevant financial year (Weygandt et al., 2018). Management prepares this financial report in order to demonstrate accountability for the duties given to it by the company's owners. Additionally, financial reports may be utilized for other reasons, such as reporting to external parties.

The primary objective of financial statements is to offer valuable information for economic decision-making. Financial statement users will use them to forecast, compare, and evaluate the financial consequences of economic choices. Financial information regarding the resulting financial impacts is very helpful for forecasting, comparing, and assessing cash flows (Kothari & Short, 2009). If the value of money is unstable, the financial accounts must reflect this. Financial statements will be more helpful if they contain not just quantitative information, but also any additional explanations considered appropriate. Additionally, this information must be factually accurate and objectively quantifiable.

Financial statements may have an effect on the capital market. This implies demonstrating how essential financial statements are. The evolution of stock prices is affected by a variety of variables both inside and external to the business. Earnings per share, the amount of dividends paid, the effectiveness of business management, and the firm's future prospects are all internal variables that affect the corporation

External variables that have an effect on a country's economy include the development of political instability, changes in monetary policy, and high inflation rates (Feng, 2001; Narayan et al., 2011). Recent developments have shown that stock prices, as a leading indicator, have a propensity to be affected by monetary and fiscal policies, as well as social and political circumstances, in order to influence the national economy. Stock prices, in an efficient market, represent all essential information. As a result, erroneous and incomplete information will almost definitely mislead investors into investing in securities, resulting in investor losses. The more precise and timely information reaches prospective investors, the more efficient the capital market in question, as reflected in the share price. Learning the stock prices of companies in the Food and Beverage sector, the author wishes to concentrate on researching registered Food and Beverage companies because this company has provided complete quarterly financial report data for one year and is also widely ogled by investors, indicating an interest in research.

The rise and fall of stock prices in the capital market is an intriguing phenomena to discuss in connection to the problem of the company's worth (Cohen & Dean, 2005). The global economic crisis of 2008 had an effect on the capital market, as shown by the correction of stock values, which fell by 40-60 percent from their 2008 highs. This situation had a direct impact on the company's worth, since the company's value is determined by the prosperity of its shareholders, as measured by the company's share price in the capital market (Bestariningrum, 2015).

While this industry was able to survive, earnings decreased for certain companies, like Indofood Sukses Makmur Tbk. The world's largest processed food company and a leading global instant noodle manufacturer reported a 37% (year on year) decline in profit in Q1 2015, owing to a decline in consumer purchasing power and the rupiah exchange rate. Due to investor worries about a possible second economic slump in Q1 2015, dropped 6.4 percent during the last week, making it Asia's worst performing developing market in 2015. Numerous investors are accused of selling their shares in and investing their gains in the People's Republic of China (PRC), Korea, and Taiwan.

The above explanation demonstrates the critical importance of accounting information pertaining to stock prices on the Stock Market. The accounting information system on the stock market serves as a clearinghouse for all company transactions. As a result, reliable information is required when managing data and systems that exist on the stock market as a public business. This will reveal if the organization's management has been carried out correctly or not. This research is based on a one-year study of the effect of accounting information on stock prices. According to the findings of the research, the factors that influence stock price changes include CR, DER, NPM, and ROE, whereas ROI has no effect on stock price changes. The five independent factors have a substantial impact on stock prices when taken collectively.

Additionally, the stock price reflects the condition of ROA, ROE, NPM, and EBIT in the stock market's financial records. As is well known, these four components have a significant influence in setting stock values. As a result, it is critical to have accurate and comprehensive information regarding ROA, ROE, NPM, and Ebit.

Return On Assets (ROA) is a ratio that assesses the company's capacity to produce profits utilizing total assets. This ratio is directly related to the stock price. While Return On Equity (ROE) is used to determine a company's rate of return or its ability to generate profits.

For example, Net Profit Margin (NPM) is a ratio that indicates a business's capacity to make profits from its net sales. Increases in the NPM value result in a rise in the stock price. Meanwhile, Earnings Before Interest and Taxes (EBIT) is a metric used to assess the health of a company's fundamental business activities without regard for payment or interest expenses

Methods

This is a subset of causality research, or what is often referred to as causal research. causality study is a kind of research that is used to determine whether or not there is a causal connection between variables. the aim of causality study is to establish causal connections between different variables. The data gathering technique utilized is documentation in the form of data acquisition by collecting secondary data in the form of financial statements of transportation firms acquired through online publications that can be accessible via. Data that can be trusted, are timely, and cover a broad scope or can provide an overview of a problem in its entirety are good types and sources of data. Secondary data were utilized in this research, mainly data gathered by data collecting agencies and made public through yearly financial reports from registered pharmaceutical firms. The descriptive analysis method is used in this study. The data utilized is secondary data that is handled in such a manner that it offers systematic, factual, and reliable data about the issues investigated.

Result and Discussion

The impact of ROA on the stock prices of manufacturing firms in the food and beverage subsector as measured by the Stock Market

Return on assets (ROA) is one of the profitability measures used to evaluate a business. ROA is used to determine a company's capacity to generate profits from management-controlled assets. The greater the ROA number, the better the company's performance is.

As shown by data analysis, the ROA coefficient is 0.165 with a partial value of 0.641, indicating that the ROA variable influences 64.1 percent of stock prices. This research is supported by Farida Titik and Nico Adrian (2014), who discovered that: (1) Return on Assets (ROA), Return on Equity (ROE), and Debt Equity Ratio (DER) all have a significant effect on stock prices when used in conjunction (together), with a coefficient of determination (R²) of 80.07 percent; (2) Return on Assets (ROA) and Return On Equity (ROE), *pari passu*, have a

significant effect on stock prices when used in conjunction (together). Stock prices and profitability ratios are critical indications for investors when evaluating a company's future prospects. Several businesses within the Company suffer rises and declines in share values. Declining stock prices may have an effect on the company's perceived worth by investors. The reason for a rise or drop in stock prices is determined by the profitability measures of the business, such as Return On Assets (ROA).

Return On Assets (ROA) is a term that refers to asset turnover as measured by sales. The higher this ratio, the better, since it indicates that assets may generate returns and profits more quickly. The ROA metric demonstrates that the greater the ROA value, the more effective the company is in providing returns to investors..

The impact of ROE on the stock prices of manufacturing firms in the food and beverage subsector on the Stock Market

ROE is a ratio that is used to evaluate a business's capacity to maximize profit and serves as a proxy for the management performance of that business. Profit margin on sales, return on investment, return on equity, and profits per share are all included in this ratio. Return on equity is the profitability ratio utilized in this research. As a measure of profitability, ROE is often used to evaluate the profitability of businesses within the same industry.

As shown by data research, the ROE coefficient is 0.044 with a partial value of 0.505, indicating that the ROE variable influences 50.5 percent of stock prices previous research found that (1) Return On Equity (ROE) has a significant effect on stock prices simultaneously (all at once) with a coefficient of determination (R²) of 80.07 percent; (2) Return On Equity (ROE) has a significant effect on stock prices partially (with a positive regression coefficient value).

The impact of NPM on the stock prices of manufacturers in the food and beverage subsector as measured by the stock market

The Net Profit Margin is the ratio of net profit to revenue. The higher the NPM, the more productive the business's performance, which increases investor trust in the company. This ratio indicates the amount of net profit earned on each sale. The higher this ratio, the more capable the business is of earning large profits.

This is shown by the data analysis findings, which reveal that the NPM coefficient is 0.249 with a partial value of 0.397, indicating that the NPM variable influences 39.7% of stock prices. 1) Simultaneously, it is established that Net Profit Margin (NPM), Earnings per Share (EPS), Return on Assets (ROA), and Return on Equity (ROE) all have a substantial impact on stock prices. 2) It is partly established that Return On Equity (ROE) has a substantial negative impact on stock prices; this is because investors still evaluate the business's capacity to deliver returns to shareholders when evaluating the company. Additionally, it has been shown in part that Earnings Per Share

(EPS) has a major beneficial impact on stock prices; this is because the resultant Earnings Per Share (EPS) includes useful information about stock prices as a representation of a business's success; the higher the stock price, the better the performance of the firm..

The impact of EBIT on the stock prices of manufacturing firms in the food and beverage subsector on the stock market

EBIT stands for earnings before interest and taxes, or operating income as it is more often referred as. Profit before taxes is referred to as NRE. Investors and creditors use this EBIT calculation to assess the health of a business's core activities without regard for payment or

interest expenses. Investors and creditors may use this EBIT calculation to determine if a company's commercial operations can be conducted successfully. Additionally, this estimate may assist Creditors and Investors in determining the company's health and capacity to meet its commitments.

The impact of ROA on the stock prices of manufacturing firms in the food and beverage subsector using the stock market as the primary variable

The stock price is determined in the capital market and is influenced by a number of factors, including earnings per share or earnings per share, the ratio of earnings to price per share or price earning ratio, the risk-free interest rate, as measured by the interest rate on government deposits, and the degree of certainty associated with the company's operations. Thus, it can be argued that the stock price is controlled by transactions in the capital market, which are affected by the demand and supply of the underlying shares, which are impacted by a variety of variables. The most significant element affecting the research is the ROA variable, which has a regression coefficient of 0.165, indicating that a 1% rise in Return On Assets (ROA) would raise the stock price by \$165 (provided the coefficients of other factors stay constant or do not change). If the Return On Assets (ROA) falls by 1% (assuming all other variables' coefficients stay constant or do not change), the stock price is projected to fall by \$11

Conclusion

The impact of assets and liabilities on the stock prices of transportation firms is examined in this research. The population of this research includes transportation firms that are publicly traded on the stock exchange, and the samples were analyzed using multiple regression analysis, descriptive statistics, and classical hypothesis testing. The following findings may be derived from this research, the coefficient values of ROA, ROE, NPM, and EBIT all have an impact on stock prices concurrently. ROA, ROE, and NPM have a marginally significant impact on stock prices, while EBIT has no effect on the stock prices of manufacturing firms in the food and beverage subsector on the Stock Market. The ROA variable is the most influential factor affecting the stock prices of manufacturing firms in the food and beverage subsector on the stock market.

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