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Relevance of Value Owned Profit and Cash Flows Based on the Life Cycle in the Growth Stage of Food and Beverages Companies Listed on the Indonesia Stock Exchange

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ABSTRACT: This study aims to determine the relevance of the value of earnings and cash flow as a measure of accounting performance against market value when the company is in the growth life cycle.

The sample of this company is a food and beverage company listed on the Indonesia Stock Exchange in 2006-2010. The sample was selected using the purposive judgment sampling method and 16 companies were sampled. The results showed that (1) earnings have value relevance in measuring the market value of the company at the stagegrowth, (2) profit is significant to the market value of companies that are in the company's life cycle at the growth stage, (3) cash flows are not significant to the market value of companies that are in the company's life cycle at the growth stage, (4) profit is an option for investors in assessing whether they will invest in the company. With a relatively short time, investors are required to move quickly and precisely in assessing the company, therefore profit is the right component in completing work.

KEYWORDS: Value relevance, growth, market value, profit, cash flow, life cycle.

CHAPTER 1
INTRODUCTION

1.1 Background

Indonesia is a country that has abundant natural wealth. This is inseparable from the location of the State of Indonesia which is on the equator, so that there are a lot of natural products contained therein. With so many natural resources that we have, there are lots of companies that dare to invest to be able to explore the crops that can be produced. The food and beverage company is one of the companies that is growing rapidly in line with market demand. However, to overcome the availability of funds, many Indonesian food and beverage companies are listed on the Indonesia Stock Exchange, in order to meet the level of capital adequacy to support operational activities or to use the investment funds for business expansion.

Food and beverage companies in Indonesia are able to remain stable in their development even though Indonesia is in a state of economic crisis. This is because the needs of the Indonesian people must continue, and food and beverage companies are able to answer the wishes of the people. This can be seen from the continued existence of the companies PT Ades Waters Indonesia Tbk and PT Aqua Golden Mississippi Tbk in meeting the needs of clean water in Indonesia. This is only a small example that we can see from food and beverage companies that are growing in Indonesia.

Financial reporting is made to be able to provide information that can be used to make decisions. Therefore, relevant and reliable financial reporting is very important for investors to see important components such as income statements or cash flow. When asked to choose between two measures of a company's performance, which one to choose between profit and cash flow, investors and creditors must be absolutely sure that what they choose can truly represent economic conditions and future prospects.

When faced with two benchmarks of a company's performance, namely profit and cash flow, investors and creditors must feel confident that the performance measure they are concerned about is one that can best describe the condition and economic prospects of the company in future growth. Investors and creditors wish to know more about in-depth and useful information to evaluate the performance of a particular company. Therefore, the economic framework of the company at that time should be considered, which is achieved by incorporating the company's life cycle. The life stages include the establishment or start-up stage, the growth stage, the maturity stage and the decline (declining).

The criteria used to evaluate the success of an organization will differ at each stage of its life cycle. By better understanding the position of the company's life cycle stage, it can determine the appropriate accounting information to use, namely one that has

More information content that can explain the actual condition of the company (value-relevant).

Meanwhile, research on the information content of accounting earnings and cash flows measures of performance conducted by Hassabelnaby & Said (2001) found that cash flow measures provide superior measures of economic performance and provide greater information content when compared to earnings-based measurement.

Based on several previous studies which have almost the same elements, and to redevelop this research so that it does not only focus on manufacturing companies, but can also be carried out on financial, insurance, food and beverages and banking companies, therefore the authors are interested in conducted research on the life cycle of food and beverage companies, with the title: "Relevance of Value Owned by Profit and Cash Flow Based on Life Cycle in the Growth Stage of Food and Beverage Companies Listed on the IDX"

1.2 Problem Formulation and Problem Limitations

1.2.1 Formulation of the problem

Users of financial statements have an interest in knowing useful information that best describes the condition of the company. Based on the description that has been stated, the problem raised is "Is the relevance of the value contained in profits and cash flows to make investors make decisions in assessing a company based on the cycle at the life growth stage of food and beverages companies during the current global crisis"

1.2.2 Scope of problem

The samples taken are food and beverage companies listed on the Indonesia Stock Exchange. Regarding the year of observation, the timeframe was taken, namely from the period 2006 to 2010. The selection for this period was in 2006 to 2010 because that year the economy in Indonesia, including food and beverage companies, was experiencing economic turmoil. The food and beverage companies that were sampled remained listed on the IDX during the observation period and these companies also met the requirements as companies that are in the growth life cycle stage and also have complete financial data. The growth cycle stage was chosen in this study because at this stage investors are very interested in investing their capital,

1.3 Research Objectives and Benefits

1.3.1 Research purposes

This study aims to determine the relevance of the value of earnings and cash flow as a measure of accounting performance against market value when the company is in the growth life cycle.

1.3.2 Benefits of research

This research can assist investors and creditors in determining the most appropriate measurement of accounting performance and which reflects the best value relevance in informing the condition and future prospects of the company. So that it is easier for investors and creditors to do their job. And also make investors and creditors able to do their job well.

For students, these studies are useful as reference material and additional information for other students who will conduct further research in the future. As a researcher, the learning process will provide additional knowledge and apply what is learned during college to the realities that occur in the field.

CHAPTER II THEORETICAL FRAMEWORK, FRAMEWORK, AND HYPOTHESIS

2.1 Signaling Theory

Signaling TheoryThis has the intention of aiming to provide a signal that contains information. This is due to the existence of asymmetric information, where asymmetric information is a condition where one party has more information needed than the other party. An example is where managers in a company have more and more specific information than investors in the capital market. The quality of investors' decisions is influenced by the quality of the information disclosed by the company in the financial statements. The quality of this information aims to reduce information asymmetry that arises when managers know more about internal information and the company's future prospects than external parties.

The level of asymmetric information varies from very high to very low (Pramastuti S, 2007). Therefore, the circumstances and position of the company must be included in the stages in the form of the company's life cycle, so that by knowing the company's life cycle we can choose to use appropriate reports in determining the accounting information that should be used.

2.2 Profit

Profit is defined by IAI as an increase in economic benefits during an accounting period in the form of income or profit on assets or a decrease in liabilities resulting in an increase in equity that does not come from investment contributions (IAI, 2007). According

to Stice (2009: 240) profit is the taking of investment to the owner. It measures the value that can be provided by the entity to investors and the entity still has the same wealth as its initial position.

In addition, information about profits is also used for the efficient use of funds embedded in the company which is manifested in the rate of return, measurement of management performance, the basis for determining the amount of tax imposition, the basis for compensation and distribution of bonuses, a motivational tool for management in controlling the company, the basis for increasing prosperity and as well as the basis for dividends (Ghozali I, 2007).

2.3 Cash flow

According to PSAK No. 2, cash flow is the inflow and outflow of cash or cash equivalents. When used in conjunction with other financial statements, the statement of cash flows can provide information that enables users to evaluate changes in a company's net assets, financial structure (including liquidity and solvency) and ability to influence the amount and timing of cash flows in order to adapt to changes. circumstances and opportunities.

The statement of cash flows must report cash flows over a certain period and be classified according to operating, investing and financing activities. The company presents cash flows from operating, investing and financing activities in a way that is most appropriate to the company's business. Classification by activity provides information that enables report users to assess the effect of these activities on the company's financial position and on the amount of cash and cash equivalents. The information can also be used to evaluate the relationships among the three activities.

2.4 Value Relevance

Accounting information must be able to make a difference in a decision. If it does not affect the decision, then the information is said to be irrelevant to the decision taken. Relevant information will help users make predictions about the outcome of past, present and future events; that is, it has predictive value. Relevant information also helps users justify or correct past expectations or expectations; that is, it has a feedback value. To be relevant, information must also be available to decision makers before the information loses its capacity to influence decisions taken (Kieso, 2002). Users of financial statements, especially investors and creditors, interested in knowing more useful and better information in helping to predict the company's prospects in the future and evaluate performance at a certain time. Research on Value Relevance is important because there are claims that historical cost-based financial reports have lost most of their relevance to investors due to major changes in the economy, namely from an industrial economy to a high-technology and service-oriented economy (Francis and Schipper, 1999).

The criteria for recognizing certain transactions/events in the financial statements are (Ghozali I, 2007):

1. **Definition**

An item will be included in the accounting structure if it meets the definition of elements of financial statements.

2. **Measurability**

An item must have a certain meaning that is relevant and can be measured in amount with high reliability.

3. **Relevance**

The information contained (contained) in the post has the ability to make a difference in the decisions taken by users of financial statements.

4. **Reliability**

The information generated must be in accordance with the circumstances described or represented, verifiable and neutral.

From the criteria mentioned above, it can be concluded that the transactions/events that occur in the financial statements are true.

2.5 Organizational/Company Life Cycle

The organization that was born when a few individuals and called-out entrepreneurs recognized and then took advantage of the opportunity to use their skills and abilities to create value. They conquer these opportunities by setting up an organization to produce something, either in the form of products or services. These opportunities need to be maintained properly, if you want continuity or sustainability of the life of the organization. Organizations that have successfully overcome the uniqueness of their environment will be able to attract resources in dealing with various problems in an effort to maintain growth and resilience. The first problem it faces is surviving the vulnerabilities of organizational birth. Other problems arise as the organization grows, and as the organization matures,

The stages of the life cycle in Juniarti and Limanjaya (2005) are as follows

a. Start up/Establishment stage

Companies that are in the first stage (start-up) are the stage where they will experience relatively slow revenue and profit growth. Companies that are at this stage earn less profit, because they are trying to get consumers, so companies spend cash for promotion and expansion. This condition can emphasize short-term profits but is expected to bring long-term profits in the future. Black (1998) states that company investment cash flows will be very influential in assessing company value at this start-up stage. Because in order to develop and maintain market share and master technology so that the company can grow (growth) a very large investment expenditure is required.

The company's operating cash flow at this stage is also expected to be negative because the company is still in the search for market share and it is possible that it may still not be able to generate cash inflows from operating activities in larger amounts than cash outflows (Juniarti and Limanjaya, 2005).

b. Stage Growth / Grow

When in this growth stage, consumers are starting to get to know the products the company produces with rapidly increasing sales and profits coupled with strong promotions. This will cause more and more sellers and distributors to get involved with the aim of taking advantage of the increasing market demand for the company's products.

c. Mature / Maturity Stage

In the mature stage, the company's products experience a saturation point marked by not adding existing customers so that sales figures remain at a certain point and the number of profits decreases and sales tend to fall if not accompanied by strategies to attract the attention of consumers and traders. Because there are already many competitors, traders are starting to leave the competition and new ones will not get much involved because the number of consumers is fixed and tends to fall.

At this stage, although the value of growth opportunities is one of the main components, it is relatively reduced compared to the start-up and growth stages, while asset values begin to increase (Juniarti and Limanjaya, 2005).

d. Decline / Decline Stage

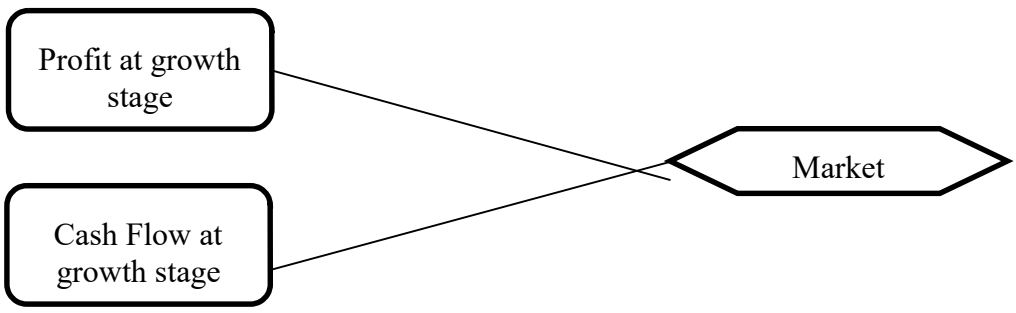
At the decline stage, consumers are starting to abandon company products and switch to other products because these products no longer meet consumer needs or there are other products that are better in terms of both quality and quantity. This will result in the number of sales and profits earned by producers and traders will decrease drastically or slowly but surely and eventually die. Competition caused by competitors can offer more attractive choices to make consumers start switching to other competitors. The company's cash flow will also decrease. At this stage operating cash flow can provide information on how much the company is able to generate capital for its own activities. Operating cash flow at this stage will certainly decrease. At this stage,

2.6 Company Life Cycle Relationship with Profit and Cash Flow Information

The company life cycle that occurs can actually be utilized by certain parties such as investors and creditors who can evaluate the value of the company. So that they are also able to determine what is the right way to assess the company after they know the company's life cycle. Myers (1997) as quoted by Black (1998) states that the performance of a company can be seen from the value of the company where the concept of company value explains that each stage of the company's life cycle is related to the amount of profit and cash flow generated by the company.

Firm value consists of two components, namely assets and growth opportunities. Because the proportions of these two components differ between the stages of the company's life cycle, the information on accounting performance measures provided at each stage of the life cycle for each component is also different, as is the value relevance of these accounting performance measures. Black (1998) obtained empirical evidence that the company's life cycle influences the value relevance of earnings and cash flow measures.

2.7 Research Model



2.8 Hypothesis

For companies that are in the growth stage, cash flow can be proven to have more value relevance than profit. The test results prove that investment cash flows and financing cash flows have a significant effect on market value. Therefore, investment and funding cash flows have more relevant information to assess the performance of a company that is in the growth stage (Juniarti and Limanjaya, 2005).

At this growth stage, profits will increase rapidly, consumers already know the products sold by the company, as well as operating cash flow, investment cash flow, and financing cash flow which will increase as well. This is a natural thing because the company must meet market demand.

At this stage it is hypothesized as follows:

Ha1: Information on profits affects the value of the company at the stage growth.

Ha2: Information on cash flow affects the value of the company at the stage growth.

CHAPTER III

RESEARCH METHOD

3.1 Data Types and Sources

The data in this study uses secondary data which is based on the time of collection in the form of time series data. Based on other sources are audited financial reports and annual reports of companies listed on the Indonesia Stock Exchange (IDX). The secondary data was obtained from the Indonesia Capital Market Directory (ICMD).

The type of data used is quantitative data, namely data in the form of numbers, which are then processed and interpreted to obtain meaning from the data.

3.2 Sample Selection Method

In this study, the sample used was a food and beverage company listed on the Indonesia Stock Exchange (IDX). This company was chosen because a food and beverage company is a type of company whose financial statements are stable even though the global crisis is hitting, marked by the company's growth which is increasing. This company tends to be stable because this company sells products that are needed by consumers, so even though the global crisis is hitting, these products will still sell well.

The technique used in sampling is the purpose judgment sampling method. This method is a non-random (non-probability) sample selection method in which information is obtained using certain criteria. The criteria in question are

1. The company meets the criteria as a company that is in the growth stage
2. Companies taken as samples must remain listed on the IDX for the period 2006 to 2010.
3. The financial statements owned by the company must be complete and also use the Indonesian currency (Rupiah)
4. Companies attaching closing prices and outstanding shares
5. Companies that have financial statement issuance dates.

Table 1. Selection results sample with purpose judgment sampling method.

Sample Description	**Total** **19**
➢ Stage 1 violation The company meets the criteria as a company that is in the growth stage	**4**
➢ Stage 2 violation The company remained listed on the IDX during the period 2006 -2010	**3**
➢ Stage 3 violation Have complete financial statements and use the Indonesian currency	**0**
Number of samples	**12**

Table 2. List of company names used as research samples.

COMPANY NAME	**ISSUER CODE**
Akasha Wira International Tbk	ADES
Tiga Pilar Sejahtera Food Tbk	AISA
Cahaya Kalbar Tbk	CHECK

Delta Djakarta Tbk	DLTA
Multi Bintang Indonesia Tbk	MLBI
Mayora Indah Tbk	MYOR
Prasidha Aneka Niaga Tbk	PSDN
Pioneerindo Gourmet International Tbk	PTSP
Sierrad Produce Tbk	SIPD
Sekar Laut Tbk	SKLT
Siantar Top Tbk	STTP
New Tunas Lampung Tbk	TBLA

3.3 Research Variables

The operationalization of the research variables are the variables contained in the research. The concept of corporate value explains that each stage of the company's life cycle is related to the amount of profit and cash flow generated by the company. In a company, recognized net assets are the assets in place of the company while unrecognized net assets are growth opportunities owned by the company. Based on the statement above (as quoted by Black, 1998).

Then the market value of a company in a certain year can be expressed as follows:

$NPit = \alpha + \beta1.LBit + \beta2.AK + \varepsilon$ Information :

- NPit= Market value
- Lbit= Net profit before tax
- AK= Cash Flow
- α = Constant
- $\beta1$ = Parameters LB
- $\beta2$= AK Parameters

a. Dependent Variable (Y)

In this research, the dependent variable is the value of a company expressed in market value, then the method for calculating NP is multiplying the Outstanding Share with the Closing Price.

b. Independent Variable (X)

In this study some of the Independent Variables are

a. Profit (NI), is profit or loss before tax obtained from the results of the company's operations.
b. Cash Flow, is a financial report that contains the effect of cash from operating activities, investment transaction activities and financing/funding transaction activities as well as the increase or decrease in the net cash of a company during one period.

3.4 Company Life Cycle Classification

Food and Beverages Company is a company engaged in product sales. So that the income they get comes from how well they can sell their products. Therefore, to find out the life cycle of a food and beverage company, with the main activities carried out by the company which include selling products to the public so that from these sales. The percentage of sales growth that has been used by Black (1998), which is based on the method of Anthony & Ramesh (1992) can be calculated by the formula:

$SGt = ((SALESt – SALESt-1)/SALESt-1) \times 100$

After the existing samples are classified into their respective life cycle stages, based on these percentages, then hypothesis testing is carried out at the company's life cycle stage.

3.4.1 Start-up/ Establishment

Companies that are in the first stage (start-up) are the stage where they will experience relatively slow revenue and profit growth. At this stage, if the growth percentage is more than 50%, the company can be categorized as in the start-up stage.

3.4.2 growth

When in this growth stage, consumers are starting to get to know the products the company produces with rapidly increasing sales and profits coupled with strong promotions. This will cause more and more sellers and distributors to get involved with the aim of taking advantage of the increasing market demand for the company's products. If the percentage of sales growth is between 10-50%, it can be categorized as being in the growth stage.

3.4.3 Mature

In the mature stage, the company's products experience a saturation point marked by not adding existing customers so that sales figures remain at a certain point and the number of profits decreases and sales tend to fall if not accompanied by strategies to attract the attention of consumers and traders. Because there are already many competitors, traders are starting to leave the competition and new ones will not get much involved because the number of consumers is fixed and tends to fall. If sales growth is at 1-10%, it can be ascertained that the company is in the mature stage.

3.4.4 decline

At the decline stage, consumers are starting to abandon company products and switch to other products because these products no longer meet consumer needs or there are other products that are better in terms of both quality and quantity. This will result in the number of sales and profits earned by producers and traders will decrease drastically or slowly but surely and eventually die. At this stage, if the sales growth is less than 1%, it is certain that the company is in the decline stage.

3.5 Classical Assumption Testing

Research on the regression analysis model must meet the assumptions underlying the regression model. There is no definite provision as to which order of tests must be met first. Analysis can be carried out depending on the existing data. For example, an analysis of all classical assumption tests is carried out, then it is seen which ones do not meet the requirements. Then make improvements to the test, and after fulfilling the requirements, testing is carried out on another test. Classical assumption testing is needed to find out whether the results of the regression estimation carried out really show heteroscedasticity, multicollinearity, and autocorrelation symptoms.

3.5.1 Normality test

The Normality Test has the benefit of seeing whether the residual values are normally distributed or not. A good regression model is to have normally distributed residual values. So the normality test is not carried out on each variable but on the residual value. There is often a plural error, namely that the normality test is carried out on each variable. This is not prohibited but the regression model requires normality on the residual value not on each research variable. There are two ways to detect whether the residuals are normally distributed or not, namely by graphical analysis and statistical tests.

Basis for Decision Making:

1. If the data spreads away from the diagonal line and or does not follow the diagonal direction, then the regression model does not meet the assumption of normality.
2. If the data spreads around the diagonal line and follows the direction of the diagonal line, then the regression model satisfies the assumption of normality.

The Normality Test with a Simple Statistical Test is a way to see kurtosis and skewness with the non-parametric Kolmogorov-Smirnov (KS) statistical test. According to Imam (2006), the Kolmogorov-Smirnov (KS) test is also used to test data normality.

The trick is to first determine the testing hypothesis, namely:

Null Hypothesis (Ho): data is normally distributed.

Alternative Hypothesis (Ha): Data is not normally distributed.

To accept or reject the hypothesis used:

If Sig > 5% then: Ho is accepted

If Sig < 5% then: Ho is rejected

3.5.2 Multicollinearity Test

The multicollinearity test aims to test whether the regression model finds a correlation between the independent (independent) variables. In a good regression model there should be no correlation between the independent variables. The multicollinearity test is carried out by looking at the tolerance value and variance inflation factor (VIF) from the results of the analysis using SPSS.

If the tolerance value is <0.10 or VIF > than 10 (because VIF = 1/Tolerance), it can be concluded that multicollinearity does not occur (Santoso, 2002: 206)

3.5.3 Autocorrelation Test

In this study the autocorrelation test aims to test whether in a linear regression model there is a correlation between confounding errors in period t and errors in period t-1 (previously). If there is a correlation then there is called an autocorrelation problem.

Autocorrelation arises because successive observations over time are related to one another. This problem arises because the residuals (confounding errors) are not independent from one observation to another. A good regression model is a regression that is free from autocorrelation.

The method for detecting autocorrelation is the Durbin-Watson test.

Null Hypothesis	Decision	If
No autocorrelation (+)	Reject	0<d<dl
No autocorrelation (+)	No decision	dl≤d≤du
No autocorrelation (+)	Reject	4-dl<d<4
No autocorrelation (+)	No decision	4-du≤d≤4-dl
No autocorrelation (+)	No Reject	du<d<4-du

3.5.4 Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance and residuals from one observation to another. if the residual variance from one observation to another observation remains, then it is called homoscedasticity and if it is different it is called heteroscedasticity. A good regression model is one that has homoscedasticity or does not have heteroscedasticity (Ghozali, 2006)

Important point :

1. If there is a certain pattern, such as the dots that form a certain pattern that is regular (wavy, widens and then narrows), then it indicates that it has experienced heteroscedasticity.
2. If there is no clear pattern, and the dots spread above and below the number 0 on the Y axis, then heteroscedasticity does not occur.

3.6 Hypothesis test

Hypothesis testing is carried out partially with the aim of knowing the influence and significance of each independent variable on the dependent variable. Testing the hypothesis on the regression coefficient partially was carried out with a confidence level of 95% with an analysis error rate of 5%.

To reject or accept the hypothesis used:

If Sig < 5% then: Ha is accepted.

If Sig > 5% then: Ha is rejected.

CHAPTER IV

ANALYSIS AND DISCUSSION

This chapter presents the results of the analysis of the data that has been collected during the implementation of the research. Data analysis that has been carried out in this study includes descriptive analysis and statistical analysis. Descriptive analysis using descriptive statistics (minimum, maximum, average and standard deviation). While the statistical analysis used in this study is multiple linear regression analysis.

Hypothesis testing is done using multiple linear regression analysis. Before being used to test the hypothesis, the regression model obtained was first used to test the classical assumptions including the normality test, autocorrelation test, heteroscedasticity test and multicollinearity test. The data used to calculate the independent and dependent variables are the financial reports of food and beverages listed on the IDX for 2006-2010.

4.1 Descriptive statistics

Descriptive statistics provide an overview or description of a data seen from the average/mean, standard deviation, maximum value, minimum value of the research variables. This descriptive statistical data processing uses the SPSS 18 program.

Table 3. Test Results Descriptive Statistics on the Growth Stage

Descriptive Statistics

	N	Minimum	Maximum	Means	std. Deviation
Y	36	61826240000	9.E12	1.16E12	1.827E12
X1	36	-3.E10	7.E11	1.36E11	1.842E11
X2	36	5138189074	5.E11	1.10E11	1.385E11
Valid N (listwise)	36				

Appendix 5

From the statistical data above, it can be seen that the maximum and minimum market values in the table above are represented by the symbol Y with a total sample of 32 companies. The dependent variable is the market value, which has a minimum value of

61826240000 and a maximum value of 9.E12 with an average value of 1.16E12. The minimum value of 61826240000 was owned by Pioneerindo Gourmet Internasional Tbk in 2009, the maximum value was recorded on behalf of Mayora Indah Tbk in 2010. This shows that the stock market price of Pioneerindo Gourmet Internasional Tbk is the lowest compared to other food and beverages companies at the growth stage. While the highest stock market price is owned by the company Mayora Indah, Tbk. With a standard deviation of 1,827 x 1012 (1.

The profit represented by the X1 symbol has a minimum value of -3.E10 which is represented by the company Akasha Wira International, Tbk in 2008 and a maximum value of 7x1012 (7.E11) represented by Mayora Indah, Tbk in 2010 which makes the company have a profit greatest at the growth stage. This indicates that the company Mayora Indah, Tbk has been successful in developing its products so that consumers are very loyal in buying the company's products. Then the average value for profit is 1.36E11 with a standard deviation of 1.842 x 1011 (1.842E11).

The cash flow represented by the symbol X2 has a minimum value of 5138189074 and a maximum value of 5.E11. While the average value for these cash flows is 1.10 x 1011 (1.10E11). The minimum value in the descriptive data table is represented by Siantar Top, Tbk 2008. Meanwhile, the maximum value of cash flows in the growth stage is represented by Mayora Indah, Tbk in 2010. The standard deviation that occurs is 1,385 x 1011 (1,385E11).

4.2 Classic assumption test

The Regression Model can be said to produce a good estimator if it fulfills the assumptions that greatly affect changes in the dependent variable. The following is an explanation of the classical assumption test that was carried out in this study

4.2.1 Growth Stage

a. Normality test

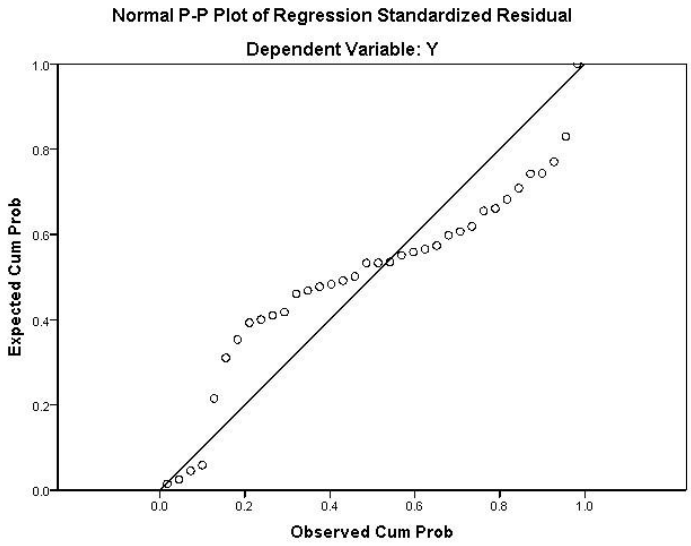


Figure 1. Normality Test Results (Graph)

Appendix 4

Table 4. Kolmogorov-Smirno Non-Parametric Test Resultsv (KS)

One-Sample Kolmogorov-Smirnov Test

		Standardized Residuals
N		36
Normal Parameters, b	Means	.0000000
	std. Deviation	.97100831
Most Extreme Differences	absolute	.195
	Positive	.168
	Negative	-.195
Kolmogorov-Smirnov Z		1,170
asymp. Sig. (2-tailed)		.129

a. Test distribution is Normal.

b. Calculated from data.

The plot graph above illustrates that the residual values or error terms are normally distributed. This can be seen from the graph that spreads around the diagonal line and follows the direction of the diagonal line.
Based on the non-parametric Kolmogorov-Smirnov (KS) test, it shows that the
Kolmogorov-Smirnov value is 1.170 and significant at 0.129 (a significant value is greater than 0.05 with a 95% confidence level). This means that Ho is accepted, thus making it clear that the residual data is normally distributed. This corresponds to a plot graph where the points spread around the diagonal line and follow the direction of the diagonal line.

b. Multicollinearity Test

Table 5. Multicollinearity Test Results

No	Information	tolerance	VIF	Conclusion
1	Profit	0.461	2,170	No multicollinearity
2	Cash flow	0.461	2,170	No multicollinearity

Based on the table above, it can be concluded that all independent variables are free from multicollinearity assumptions.

c. Autocorrelation Test

Table 6. Autocorrelation Test Results

Summary model b

Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
dimension0 1	.908a	.824	.814	7.884E11	1,093

a. Predictors: (Constant),X2, X1

b. Dependent Variable: Y

Appendix 4

From the table above, it is known that the DW is 1,093 out of 36 samples with 2 variables (n=36, k=2) and a significance level of 0.05. With these data, the limit du = 1.587 and dL = 1.354.

Table 7. IInterpretation of Durbin-Watson Autocorrelation Results

value d	Information
0 < d < 1.354	Reject
1.354 ≤ d ≤ 1.587	No decision
2.646 < d < 4	Reject
2.413 ≤ d ≤ 2.646	No decision
1.587 < d < 2.413	No Reject

Because the Durbin-Watson value (1.093) lies between dU and 4-dU, it can be it can be concluded that this regression equation model does not contain autocorrelation problems.

4.3 Goodness of Fit Test

The accuracy of the sample regression function in estimating the actual value can be measured from the goodness of fit test. Statistical calculations are called statistically significant if the statistical test values are in the critical area (areas where Ho is rejected). The coefficient of determination (R2) measures how far the model's ability to explain the dependent variable is. The value of R2 (coefficient of determination) is between 0 and 1. A value close to 1 means that the independent variables provide almost all the information needed to predict the dependent variable. The fundamental weakness of using the coefficients is the bias towards the number of independent variables included in the model. Each additional one independent variable, then R2 must increase regardless of whether the variable has a significant effect on the dependent variable

Table 8. Goodness of Fit Test P there is a Growth Stage

Summary model b

Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.908a	.824	.814	7.884E11	1,093

a. Predictors: (Constant), X1, X2

b. Dependent Variable: Y

Source: Appendix 4

Based on the regression test performed, the adjusted R2 value was 0.814 which indicated that the independent variables consisting of profit and cash flow were able to explain the dependent variable (market value) of 81.4% while the remaining 18.6% was explained or influenced by other variables. which are not included in this regression model. The Standard Error of The Estimate (SEE) is 7.884 x 1011 (7.884E117.884E11). The smaller the SEE value, the faster the regression model will predict the dependent variable.

4.4 Hypothesis test

Hypothesis testing is carried out partially with the aim of knowing the effect and significance of each independent variable on the dependent variable. Partial hypothesis testing of the regression coefficients was carried out by means of a ttest at a 95% confidence level with an analysis error rate (α) of 5%.

To reject or accept the hypothesis used:

If Sig < 5% then: Ha is accepted

If Sig > 5% then: Ha is rejected

4.4.1 Hypothesis Results

Ha1:Information based on profit affects firm value at the growth stage.

Table 9. Test Results

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	std. Error	Betas	t	Sig.
1	(Constant)	-7.494E10	1.713E11		-.437	.665
	X1	8,945	1,066	.902	8,391	.000
	X2	.116	1,418	.009	082	.935

a. Dependent Variable: Y

Source: Appendix 3

Testing the first and second hypotheses aims to prove the effect of earnings and cash flow on the relevance of firm value at the growth stage in food and beverages companies. Based on the results of the regression test from the t-value in the table above, the profit variable t-value obtained a significance of 0.000. Thus, from the test results, it is evident that profit has an effect on value relevance so that profit is one of the accounting performance measurement tools that is relevant in describing the actual condition of a company and also in making predictions about the company's prospects in the future, especially in food and beverage companies. which is the object of this research. With a relatively short time span of 7 days of observation, Investors are indeed required to make quick decisions whether they will invest or not in the company, the time span must be used as well as possible. This is because if he makes a decision slowly, it is feared that other investors will invest in the company

Ha2: Information based on cash flow affects the value of the company at the growth stage.

At this growth stage, based on the results of the regression test of the t-value in the table above, the t-value of the profit variable obtained a significance of 0.935. Thus, from the test results, it is evident that cash flow is not significant to value relevance so that

cash flow is not a relevant accounting performance measurement tool in describing the actual condition of the company and also in making predictions about the company's prospects in the future at the growth stage.

especially in food and beverage companies which are the objects of this study. A very short time span makes creditors have to make quick and right decisions. And cash flow is not included in these criteria. Because cash flow requires a longer span of time in making decisions. If given a longer time frame

CHAPTER V
CONCLUSIONS AND RECOMMENDATIONS

As the final part of writing this thesis, in this chapter the writer will present conclusions and suggestions. The conclusions and suggestions presented in this chapter are entirely based on the results of data analysis and hypothesis testing. The conclusions and suggestions are as follows

5.1 Conclusion

The purpose of this research is to find out whether there is an effect of earnings and cash flow on the growth stage of the Indonesia Stock Exchange in 2006-2010.

Based on the results and analysis of the data that has been presented in the previous chapter, the following conclusions can be drawn

At the growth stage, companies engaged in the food and beverage sector are in a state of growth. Based on the results of the data analysis, it has been concluded that profit has more value relevance than cash flow. At the growth stage, variables that have more value relevance can assist investors in providing estimates about the condition and prospects of the company, namely profit and then the cash flow component.

5.2 Research Limitations

This study has limitations that may affect the results of the study, namely the number of samples used in this study only use food and beverage companies listed on the Indonesia Stock Exchange in the range of 2006 to 2010. So the conclusions of this study may not apply to companies in this sector. other.

5.3 Suggestion

From the results of this study, the authors submit suggestions as follows

1. The development of the company analyzed by investors and creditors through a life cycle that can be done by utilizing sales figures by making percentages and grouping them into a life cycle.
2. Expanding research by extending the research period by adding years of observation and also increasing the number of samples for future research.

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