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Analysis of Operating Cash Flow (CFO) and Profit Management Using the Modified Jones Model in the Consumer Goods Industry towards Stock Prices in the Indonesia Stock Exchange, 2001-2020

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Abstract

This study aims to examine the usefulness of making decisions about the effect of operating cash flow and earnings management on stock prices in consumer goods industry companies according to conditions in 2001-2020 which are listed on the Indonesia Stock Exchange (IDX) through annual financial reports (Annual Report) and ICMD (Indonesian Capital Market Dictionary). Earnings management is carried out if the company takes advantage of the accounting policies of the consumer goods industry company. This study uses a modified Jones model approach in determining earnings management practices. Furthermore, the sampling technique used is purposive sampling and the data analysis technique uses SPSS to test multiple regression linear analysis. The results showed that operating cash flow had an effect on stock prices according to the year of research, while earnings management had no effect on stock prices. Thus, this research can be used by investors as an information in making investment decisions. The recommendation from this study is that further research can also distinguish pre-IFRS, IFRS transition and full IFRS years.

Keywords
earnings management; operating cash flow; total accruals; stock prices; consumer goods industry; modified Jones model

I. Introduction

The manufacturing companies listed on the Indonesia Stock Exchange are divided into 3 sectors which include the basic chemical industry sector, various industrial sectors and the consumer goods industry. Here, the researcher chooses a manufacturing company in the consumer goods industry sector that produces basic needs that are often used by the people of Indonesia. The consumer goods industry sector is an industrial sector engaged in household needs and household appliances. Companies engaged in this sector have high operating activities because of great interest.

The size of a company in showing its performance can be seen in the financial statements. Many people rely on accounting information in making business or investment decisions. These parties will use financial statements in the form of balance sheets, income statements and cash flow statements which provide most of the information used to make decisions that have economic value. So, in order for a financial report to be accepted by all countries, in its preparation it requires an internationally accepted standard, namely the International Financial Reporting Standard (IFRS). At this time every country in its preparation refers to IFRS. Ball (2006) stated that IFRS has presented financial statement information that is more accurate, comprehensive and timely than using the national standards that have been used previously. The full implementation of IFRS in Indonesia is

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mandatory and effective for companies, especially going public, starting on January 1, 2015. The cash flow report provides information that allows users to evaluate changes in the company's net assets. In addition, the cash flow statement also provides information on the causes of changes in cash in a period. The high amount of cash flow from operating activities becomes a benchmark in the ability to finance all of the company's operating activities. Then investors can judge the company from the operating cash flow. The information content of operating cash flow on stock prices is Barlev and Livnat (1989), Livnat and Zarowin (1990), Syahrin and Wardani (2022), Zettira and Ekawati (2016) and Chen (2004) have proven that operating cash flow has an influence on stock price. So, the first hypothesis in this study is:

H1: operating cash flow has an effect on stock prices.

Managers use financial statements as a medium to account for the results of their performance to shareholders to assess a company. Companies that are able to provide further information regarding their activities will be able to attract investors to invest according to the statement of Birjandi, Hakemi and Sadeghi (2015). Problems will arise if the manager does not reflect all the information he has in the financial statements. Meanwhile, Spence (2002) also states that the purpose of signaling theory is to minimize the occurrence of information imbalances between managers and shareholders. Inequality of information owned by managers and shareholders makes managers free to carry out earnings management.

Earnings management can be known through the accrual value, namely by subtracting the profit value from operating cash flows in the financial statements. Based on the research of Indriani and Pujiono (2021), Dechow, Sloan and Sweeney (1995) and Jones (1991) showed the results that the most effective earnings management measurement used was the modified Jones model approach. Healy and Wahlen (1999) say that earnings management is an economic change made by managers to mislead some stakeholders to influence contractual results in order to benefit themselves at the expense of external parties (shareholders). In this case, the management actions taken by the manager will tend to increase or decrease the company's profits in order to attract investors, of course it will affect the stock price. If the reported profit is large, the stock price will tend to rise and vice versa. Research from Gill et al. (2013), Kamil and Hapsari (2014), and Meita (2019) have proven that earnings management has an influence on stock prices. Then the second hypothesis in this study is:

H2: Earnings management has an effect on stock prices.

II. Review of Literature

2.1 Agency Theory

Jensen and Meckling (1976) states that a company must be able to separate ownership and management functions, it will be vulnerable to agency conflicts which are usually Due to the conflicting interests of each party, it is often said that they only achieve their own interests. In this agency theory, it is explained that for a company there are parties that interact with each other. These parties include company owners (shareholders) and company management. From the relationship between the two parties, there are benefits related to the company's performance. This relationship depends on the company owner's assessment of the company's performance. Management must provide a satisfactory return on investment for the owner of the company because good management will have an impact on the company's valuation and vice versa.

2.2 Positive Accounting Theory

According to Scott (2015): p. 284) has stated that for positive accounting theory a theory that can be used.in predicting a real future event. Usually, this theory is related to an action event starting from the selection of managers to the manager's response to new accounting standards in accordance with existing developments. The existence of this theory can strengthen a prediction of financial statements for companies that give rise to a positive flow from several experts.

2.3 Operating Cash Flow Operating

Activities are the main revenue generating activities of the company (principal revenue activities). According to IAI (PSAK 2002;22) cash flows from operating activities are mainly derived from the company's main income activity. Thus, these cash flows generally come from transactions and other events that affect the determination of net profit or loss. The purpose of this statement of cash flows is to report inflows and outflows in the current period. This cash flow information is useful for users of financial statements as a basis for assessing the company's ability to generate cash to finance operational activities.

2.4 Earnings Management

Schipper (1989) shows that earnings management is an activity carried out for a specific purpose for a stage of external financial reporting whose purpose is to make a profit. Earnings management can also play with the accrual component of the financial statements by using accounting methods in accordance with the personal interest of someone who records the preparation of financial statements. This accrual component does not require physical evidence of cash, so it can play numbers to determine the size of the expected accrual component.

2.5 Earnings Management Patterns

In the opinion of Scott (2015) p: 447) there are patterns of earnings management, namely *taking a bath* in which, this pattern is used to transfer discretionary accrual costs in the current period to future periods or vice versa. Furthermore, earnings management with an *income minimization* can be used to lower profits. For *income maximization,* it can be used to obtain a higher profit than the actual profit, and an incoming *smoothing* pattern is used to obtain consistent profits in each period.

2.6 Earnings Management Measurement

There are several models of earnings management measurement used to measure earnings management by comparing an average accrual for all variables in the earnings management division of Healy (1985). In addition, this model can also predict systematic earnings management that occurs for each period. Jones (1991) in the model has proposed a model that can simplify the assumption of non-discretionary accruals by being constant. This model can control for differences or changes in the economic environment related to non-discriminatory accruals.

In Dechow (1991) testing earnings management known as the Industry Model is almost similar to the Jones Model. This model assumes that non-discretionary accruals can be constant over time. So the variation in the factors for determining non-discriminatory accruals is generally across firms in the same industry. Stubben (2010) explains related to *revenue discretionary models.* There are two formulas in measurement of earnings management in the *revenue discretionary model*, namely revenue *discretionary* and

conditional revenue models. Dechow, Sloan and Sweeney (1995) This model is a modification of the Jones Model version. Thus, the modified model regarding non-discretionary accruals *can* be estimated over the event period. This model lies in determining nondiscretionary accruals which include related elements in changes in receivables to estimate nondiscretionary accruals. This model is often used in accounting research because it is considered the best model in detecting earnings management and has given the strongest results and has a standard error *(error term)* regression result of the smallest estimated total actual value compared to other models.

2.7 Relationship between Earnings Management and Directors Accruals

There is a possibility because accruals can be used to predict earnings management. Regarding the conventional interpretation, high accruals indicate manipulation by managers' earnings. Accruals can be the main indicator in a change in the company's prospects without manipulation on the part of the manager. And accruals can also predict returns if the market views accruals as a reflection of past growth. In a company that has a higher value of discretionary accruals, it will show low-quality earnings. And conversely, for companies that have a lower value of discretionary accruals, the quality of earnings is high.

2.8 Discretionary Accruals

This accrual basis is an event that can operate in one year to affect cash flows, changes in receivables and payables and changes in inventory. Meanwhile, depreciation expense is a form of negative accrual basis. Usually, accountants can calculate the roots by comparing the estimate of a cost to revenue through the treatment of a transaction related to net income as desired. Jones (1991) states that total accruals are divided into 2, namely discretionary accruals and non-discretionary accruals as a tool used to determine earnings management practices. Total accruals are used for the initial stage in determining earnings management practices which then specialize in discretionary accruals as a measure of earnings management.

2.9 Previous

Research Research conducted by Barlev and Livnat (1989), Livnat and Zarowin (1990), Syahrin and Wardani (2022), Zettira and Ekawati (2016) and Chen (2004) shows that operating cash flow results have an influence on stock prices. This is different from the research of Triyono and Hartono (2000) and (Bernard and Stober 1989) which state that operating cash flow has no effect on abnormal returns because the disclosure of operating cash flow information does not provide additional information for users of financial statements. Meanwhile, research conducted by Li, Wang and Guo (2017), Foerster, Sapp and Shi (2009), Tandry, Setiawati and Setiawan (2014) shows that earnings management has an influence on stock prices. In contrast to the research of Gill et al. (2013), Kamil and Hapsari (2014) show the results that earnings management has no effect on stock prices.

III. Research Method

3.1 Types of Research and Data Sources

According to Hill Way (1956) states that research is nothing but a method of study that is carried out by someone through an investigation of a problem in order to obtain the right solution to the problem. Secondary data as a source of data used through reading, understanding, and studying from the literature. In this study, descriptive quantitative methods are used, such as describing the accrual earnings management calculation technique using a modified Jones model approach, total accruals and operating cash flows according to conditions in 2001-2020 listed on the Indonesia Stock Exchange (IDX) through annual financial reports (*Annual Report*), ICMD (*Indonesian Capital Market Dictionary*). And stock price data obtained from Yahoo*! Finance* as well as journals and other literature related to the object of research.

3.2 Population and Sample

This study uses a purposive sampling method that focuses on the *consumer goods industry*. This research has used the following criteria considerations.

a. For companies in the *consumer goods industry* that have published annual reports and financial reports for the period 2001-2020.
b. The *consumer goods industry* has complete data regarding information on total receivables last year and now, fixed assets, total assets, total income last year and now, net income, operating cash flow needed in this study.
c. Based on the selection of research samples, there are 412 company data that meet the criteria.

Research Variable (Y)

The dependent variable in this study is stock price. And stock price data for the *consumer goods industry* is obtained from the *Yahoo! Finance* at the time of *closing price* in 2001-2020 as well as other journals and literature related to the object of research.

Operating Cash Flow (X_1)

The first independent variable is operating cash flow. The value of operating cash flows is obtained from the total cash from operating activities contained in the financial statements, especially in the published cash flow statements.

Earnings Management (X2)

The second independent variable is earnings management. In its measurement, earnings management uses a modified Jones model approach to determine the value of discretionary accruals through the following steps:

1. Calculating the difference between the company's net income and the number of operating flows to determine the total accrual value. The formula is as follows:

TAit = NIit – CFO

2. Determine the equation for parameters 1, 2, and 3 using the data scale divided by assets of the previous year

$$\frac{TA_{it}}{A_{it-1}} = \alpha_{it}\left(\frac{1}{A_{it}}\right) + \alpha_2\left(\frac{REV_{it}}{A_{it-1}}\right) + \alpha_3\left(\frac{PPE_{it}}{A_{it-1}}\right)\varepsilon_{it}$$

3. Next determine the value of non-discretionary accrual with the formula:

$$NDA_{it} = \left(\frac{1}{A_{it-1}}\right) + \alpha_2\left(\frac{REV_{it}}{A_{it-1}} - \frac{\Delta REC_{it}}{A_{it-1}}\right) + \alpha_3\left(\frac{PPE_{it}}{A_{it-1}}\right)\varepsilon_{it}$$

4. Reduces the amount of accruals with the value of non-discretionary accruals to find the total value of discretionary accruals using the formula:

$$DA_{it} = \frac{TA_{it}}{A_{it-1}} - NDA_{it}$$

Description:

TAit = Total accruals of company i year t
NIit = Net profit of company i year t
CFO = Operating cash flow of company i year t
REVit = Company income i year t
RECit = Company's net receivables i year t
PPEit = Fixed assets of company i year t
Ait-1 = Total Assets of company i year t
NDAit = Non discretionary accrual of company i year t
DAit = Non-discretionary accrual company i year t
Parameters obtained from the regression equation
it= error

3.3 Data Analysis

The Data analysis technique in this study is a quantitative analysis method using IBM SPSS Statistics 21 as a data test tool. The testing technique used is descriptive statistical test, classical assumption test in the form of normality test, multicollinearity test, heteroscedasticity, autocorrelation and also hypothesis testing with F test and t test.

3.4 Descriptive Statistical Test

In this test, it provides a more informative presentation of the data, summarizing and grouping the data to conclude the results obtained. Descriptive statistical tests provide a description or description of a data through standard deviation scores, *mean,* scores *minimum.*

3.5 Classical Assumption Test

In the classical assumption there are several tests that must be carried out which include the normality test which in this test uses a regression model between the independent variable and the dependent variable to determine whether the dependent variable is normally distributed or not using the *Kolmogrov-Smirnov test.* Next, perform a multicollinearity test which is used to determine the correlation between independent variables in the regression equation. How to know the existence of multicollinearity by looking at the value of *Tolerance*<0.01 and VIF>10 (multicollinearity occurs) and *Tolerance* >0.01, VIF<10 (no multicollinearity occurs). Then the next effort is to test heteroskedasticity to test the occurrence of inequality of variation in the regression model. The test used in heteroscedasticity is using the glacier test to determine the presence or absence of heteroscedasticity by using a *scatter plot graph.* If it does not form a certain pattern then there is no heteroscedasticity. And the last is the autocorrelation test which is used to see whether or not there is a correlation between confounding variables in the previous period. This test uses the *Run Test* with the condition that the value of Asymp is. Sig (2-tailed) is greater than (>) 0.05 which means there is no autocorrelation

3.6 Multiple Linear Regression Analysis

Testing data in this study to detect the influence of the independent variables (operating cash flow and earnings management) on the dependent variable (stock prices) using IBM SPSS 21 (*Statistics Program for Social Science)* to test multiple regression analysis with the following analysis equation.

Y= + 1.X1 + 2 .X2 +β3 .X3+ ……..…(22):

Y = Stock Price
Information = Constant Value
1, 2,β3…(22) = Regression coefficient of independent variable
X1 = Operating Cash Flow (CFO)
X2 = Earnings Management
X3-X22 = D1-D20 (Research Year)
= Standard error

3.7 Test of the coefficient of determination (R2)

This test is used to determine the ability of the model used to explain the dependent variable. The coefficient value is between 1 and 0, which explains that the greater the coefficient value, the greater the level of influence of the independent variable.

3.8 Simultaneous significance test (F test)

In this F test, it is used to find out at least one of the independent variables (the predictor variable) is an explanatory variable for the dependent variable (response variable). The hypothesis in the F test is:

H_a :$_i$ 0, if p value (sig) < 0.05, then H_{01} rejected
H_0 :$_i$ = 0, if p value (sig) 0.05, then H_{01} accepted

3.9 Research Hypothesis Test (t test)

This test is used to determine the effect of the independent variable partially on the dependent variable. How to determine the effect of the independent and dependent variables by comparing the *p value* (sig) and or the calculated t value using the significance level. The hypothesis for the t test is as follows.

- H_{01} :$_1$ = 0, if *p value* (sig) > 0.05, then H_{01} accepted

H_{a1} :$_1$ 0, if *p value* (sig) < 0.05 then H_{01} accepted

- H_{02} :$_2$ = 0, if *p value* (sig) > 0.05, then H_{02} accepted

H_{a2} :$_2$ 0, if *p value* (sig) < 0.05 then H_{02} accepted

- H_{03}- H_{020} :$_3$- a20$_{20}$ = 0, if *p value* (sig) > 0.05, then H_{01} accepted

H_{a3}- H:3-$_{is}$ 20$_1$ 0, if *p value* (sig) < 0.05 then H_{01} accepted

IV. Result and Discussion

4.1 Descriptive Statistical Test

Descriptive Statistical Test

	N	Minimum	Maximum	Mean	Std. Deviation
MV (Y)	412	1,1850	7925,0000	464,728544	888,8784354
CFO (X_1)	412	-948162000000	7175603000000	21589912373 5.55	872031760815,999
EM (X_2)	412	-725209366769.7	16242538.5	-1761798969,551	35728439888,1340
Valid N (listwise)	412				

Source: Data that has been processed

Based on the results of the descriptive statistical test in table 1 shows that the stock price as the dependent variable with a total of 412 data has the lowest value of 1.1850 and

the highest value of 7925,0000. The average value of the share price is positive at 464,728544 with a standard deviation of 888,8784354 above the average value, meaning that the stock price has a high variation in data. Operating cash flow with a total of 412 data has the lowest value of -948162000000 and the highest value of 7175603000000. The average value of operating cash flow is positive at 215899123735.55 with a standard deviation of 872031760815.999 above the average value means that operating cash flows have variations in high data. And earnings management as an independent variable with 412 data has the lowest value of -725209366769.7 and the highest value of 16242538.5. The average value of earnings management has a negative value of -1761798969,551 with a standard deviation of 35728439888,1340 above the average value, meaning that earnings management has high data variation.

4.2 Classical Assumption Test

Table 2. Classical Assumption Test Results

Normality Test (Terms > 0.05)		**Conclusion**
	,360	Data normally distributed
Multicollinearity test VIF (condition < 10)		**Conclusion**
CFO	1,044	does
EM_X_TA 1.050	Multicollinearity	not occur
D1	1,427	Multicollinearity does not occur
D2	1,528	Multicollinearity does not occur
D3	1,528	Multicollinearity
1,453	does	not occur
1,503	1,503	Does not occur
Multicollinearity	1,453	Multicollinearity does not occur
D7	1,528	Multicollinearity does not occur
D8	1,478	Multicollinearity does not occur
D9	1,480	Multicollinearity does not occur
D10	1,554	Multicollinearity
D11	1,428	not occur
D12	1,350	Multicollinearity does not occur
D13	1,458	Multicollinearity
D15	1,529	Multicollinearity
does	D11	occur
not	1,585	not occur
D17	1,680	not occur
D18	1,629	Multicollinearity did not occur
D20	1,908	not occur Multicollinearity
Autocorrelation Test (Terms > 0.0 5)		**Conclusion**
	,622	Autocorrelation does not occur

Source: Data that has been processed

a. Normality Test One-Sample Kolmogorov-Smirnov Test

Based on the normality test in the table above, it was carried out using a nonparametric test that took into account the *Kolmogorov-Smirnov value.* The data is normally distributed if the significance value is greater than 0.05. In this study, in order to have a normal distribution, efforts were made to eliminate outlier data. After this is done, the results of the normality test are obtained with a significance value of 0.360 greater than 0.05, meaning that the research data is normally distributed.

b. Multicollinearity Test Multicollinearity

Test results from the table above show that all independent variables , namely operating cash flow, earnings management, and D1-D20 have a VIF value less than (<10.00). Thus it can be concluded that in this study there were no symptoms of multicollinearity.

c. Autocorrelation Test

Based on the results of the autocorrelation test above, it was carried out using the Runs Test. If there is autocorrelation in the model, then the equation is not suitable to be used as a prediction. The results obtained from this test have a significance value of 0.622 > 0.05, which means that this study does not have an autocorrelation problem in the equation.

d. Heteroscedasticity Test

Results of this test aim to test in the regression model there is an inequality of variance from the residuals of one observation to another observation. The way to find out whether heteroscedasticity occurs or not is by looking at the graph *plot* between the predicted value of the dependent variable, namely ZPRED and the residual SRESID. There is no heteroscedasticity, that is, if there is no clear pattern, and the points are spread above and below the number 0 on the Y axis. This study shows that there is no heteroscedasticity. To show the results, the *scatterplot*

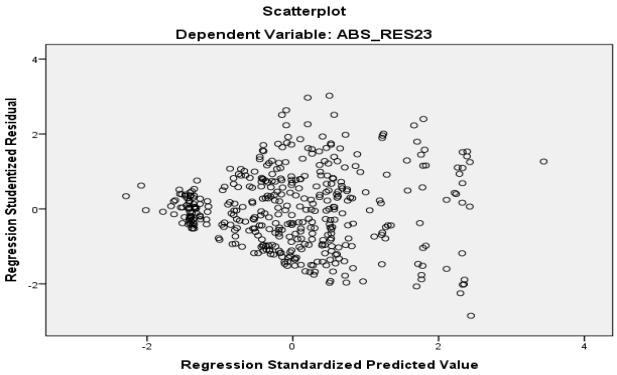

Figure 1. *Heteroscedasticity*

4.3 Test Results Research Hypothesis Test

Table 3. Hypothesis Test Results (t Test)

	B	t	*p-value*	Conclusion
(Constant)	,001	2,560	0,011	**Significant**
CFO	2,886E-16	2,012	0,045	**Significant**
EM	3,165E-15	,901	0,368	**Not Significant**
D1	004	4,765	0,000	**Significant**
D2	,003	4,126	0,000	**Significant**
D3	,003	3,738	0,000	**Significant**
D4	003	4,321	0.000	**Significant**
D5	,002	2,957	0,003	**Significant**
D6	,005	6,597	0,000	**Significant**
9,000	,	8	0,000	**Significant**
D6	,	6,597	0,000	**Significant**
D5	002	2,043	0,000	**Significant**
D10	,002	3,000	0,003	**Significant**
D11	,006	7,636	0,000	**Significant**
D12	002	3,048	0.002	**Significant**
D13	003	4,654	0.000	**Significant**
D14	002	3,046	0,002	**Significant**
D15	,	172,1,4 006	D14	**Significant**
0,046	,	0,002	Signific ant	**002**
,	,	,	0.015	**Significant**
D18	,004	5,762	0.000	**Significant**
D20	,000	,221	0,825	**Not Significant**
R square				,351
Adjust R^2				,336
F-Statistic				10,029
Prob (F-statistic)				.000[b]

Source: Data that has been processed

Based on the results of table 4 below above can be explained that the regression model in this study has a coefficient of determination (R2) of 0.336 or 33.6%. Which means that the regression model in this study has the effect of operating cash flow and earnings management on stock prices of 33.6%. The remaining 66.4 are influenced by other factors outside the research variables.

The results of the F test in table 4 obtained a calculated F value of 10.029 with a significance value (Sig value less than 0.05). The F table value is 0.38 so that the$_{calculated}$ is 10.465 which is greater than the F_{table} is 0.37 (10.465>0.37). The results obtained from the F test of 0.000[b] where this value is smaller than alpha (0.05). It can be concluded that H0 is$_{rejected}$ and Has accepted, which means that the operating cash flow variable (X1) and earnings management (X2) can determine whether at least one of the independent variables is an explanation of the dependent variable of stock price (Y).

The regression equation shows that the magnitude of the coefficient 1 to 22 indicates a positive beta value, meaning that every increase in one variable unit is predicted to increase stock prices. Based on the results of hypothesis testing in table 4 above, operating cash flow has a t-statistic value of 2.012 with a significant probability value of 0.045.

Significantly, it is smaller than (0.05), meaning that H_{a1} accepted and$_{H01}$ is rejected, which states that the operating cash flow variable has an influence on stock prices in the consumer goods industry sector companies in 2001-2020. Earnings Management has a t-statistic value of 0.901 with a significant probability value of 0.368. Significantly, it is greater than (0.05), meaning that H_{a2} rejected and H_{02} is accepted which states that earnings management has no effect on stock prices in the consumer goods industry sector companies in 2001-2020. For the research year variables D1-D15, D17 and D18 because the significance value is smaller than (0.05), it means that Ha is$_{accepted}$ and H0$_{is}$ rejected, which states that the year variable has an influence on stock prices in the consumer goods industry sector company. years 2001-2020. Meanwhile, for the research year variables D16 and D20 because the significance value is greater than (0.05), it means that Ha is$_{rejected}$ and H0$_{is}$ accepted which states that the variable in the research year does not have an effect on stock prices in the consumer goods industry sector companies. 2001-2020.

4.4 Discussion

a. The effect of operating cash flow on stock prices

In table 4 the results of the t-test of this study indicate the effect on stock prices. Based on the testing of hypothesis 1 above regarding the effect of operating cash flow variables on stock prices, the effect on stock prices is 0.045 which is smaller than 0.005. Where the results of the t-test obtained are -2,012. So it can be concluded that H0 is rejected, Ha is accepted. Operating cash flow has reflected the company's performance in obtaining cash to finance the company's operational activities. This indicates that the company is able to generate sufficient cash internally from operating activities to pay its obligations without borrowing from outside parties. The results of this study are in accordance with research conducted by Livnat and Zarowin (1990) Chen (2004) and Kipngetich, Tenai and Kimwolo (2021) which state that operating cash flow can affect stock prices. However, the results of this study differ from those of Triyono and Hartono (2000), and Bernard and Stober (1989) which state that operating cash flows have no effect on abnormal returns because disclosure of operating cash flow information does not provide additional information for users of financial statements.

b. Effect of earnings management on stock prices

The results of this study indicate the effect on stock prices. Based on the test of hypothesis 2 above regarding the effect of earnings management variables on stock prices, there is no significant effect on stock prices of0.368 greater than 0.005. Where the results of the t-test obtained are 0.901. So it can be concluded that H0 is accepted and Ha is accepted. The results of this study are in accordance with research conducted by Gill et al. (2013) and Kamil and Hapsari (2014) state that earnings management has a negative effect on firm value. In contrast to research conducted by Li, Wang and Guo (2017), Foerster, Sapp and Shi (2009; Tandry, Setiawati and Setiawan (2014) stated that earnings management has a positive effect on firm value. Earnings management actions taken by companies will harm the parties. investors because the profits presented in the financial statements do not reflect the actual situation. Investors usually prefer to use other information in making investment decisions because to find out the value of a company's earnings management requires a long calculation process.

c. The effect of D1-D20 affects stock prices

The results of this study show the effect on stock prices. Based on the hypothesis testing of the research year above, which includes the research year variables D1-D17, it

has an effect on stock prices because the significance value is less than 0.005. It can be concluded that H0 is rejected, Ha is accepted, which means 2001-2015, 2017 and 2018 mem have an influence on the stock price variable (Y). Meanwhile, for the 2016 and 2020 research years, the significance value is greater than 0.005. It can be concluded that H0 is accepted, Ha is rejected. Which means that 2016 and 2020 have no effect on stock prices.

V. Conclusion

Based on the results of research and discussions that have been carried out in the consumer goods industry, it can be concluded that accounting information is useful . With the accounting information that discusses the effect of earnings management and operating cash flow on stock prices. This will make it easier for investors to make decisions when investing. As well as operating cash flow, which has become a concern for investors because this operating cash flow is a benchmark for the company's performance in financing its operational activities. Thus, investors will be interested in investing as much as possible which will certainly have an impact on stock prices. It is different with earnings management, in addition to knowing the value of earnings management requires a long calculation, this earnings management practice is also detrimental to investors. Because indirectly the presentation contained in the financial statements is not in accordance with the actual conditions.

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