

**The Impact of Cash Flow From Operating Activities
On Company's Performance
(The Studied On Pharmaceutical Industry Listed In Indonesia Stock Exchange)**

By
Fadhel Ghoffur
13411067

BACHELOR'S DEGREE
in
ACCOUNTING
FACULTY OF BUSINESS ADMINISTRATION AND HUMANITIES



SWISS GERMAN UNIVERSITY
Edu Town BSD City
Tangerang 15339
Indonesia

January 2016

Revision after the Thesis Defense on 11 January 2016

STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains no material previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.



Fadhel Ghoffur

Student

Date

Approved by:

Dr. Ir. Yosman Bustaman, M.Buss.

Thesis Advisor

Date

Eric Jos Nasution, MBA, MA, Ph.D

Dean

Date

ABSTRACT

By

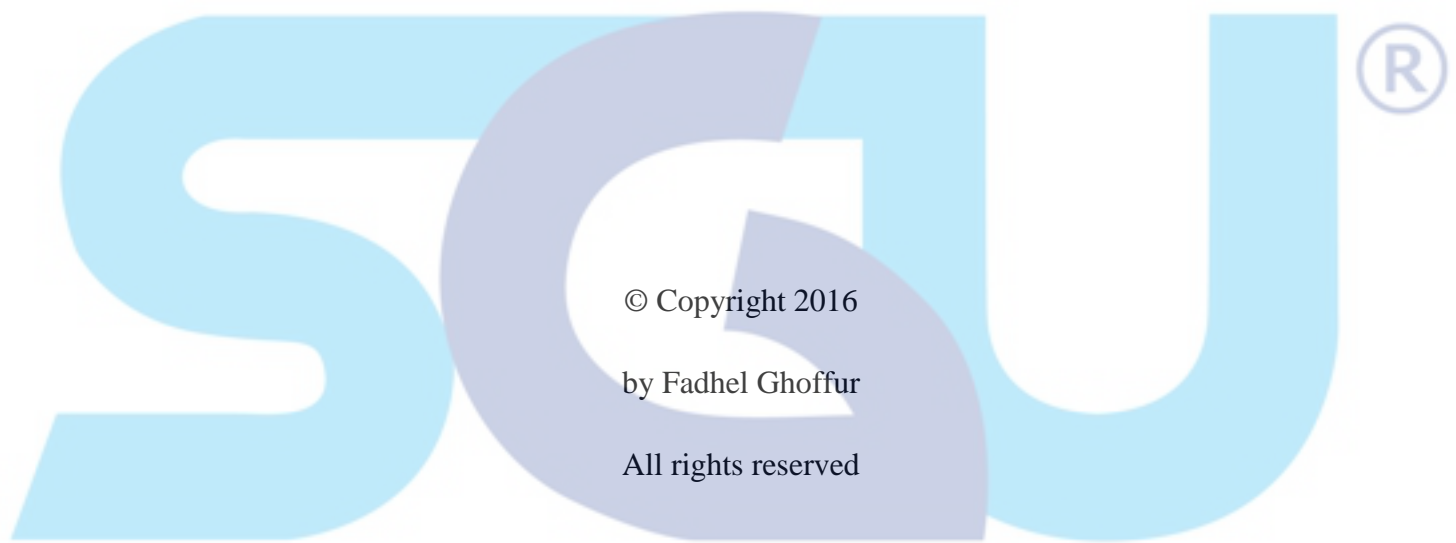
Fadhel Ghoffur

Dr. Ir. Yosman Bustaman, M.Buss.

SWISS GERMAN UNIVERSITY

This research investigates the impact of cash flow from operating activities as an independent variable on performance of companies. The comparators for this research also as an independent variables are sales growth and size asset. There are two dummy variables which are foreign or local ownership and government or private ownership. The company's performance measured by Tobin's Q and company's returns (stock returns) as a dependent variables. An observation of 13 companies listed in Indonesia Stock Exchange which is 9 pharmaceutical industries and 4 cosmetics and household industries during period 2008 until 2014. Using panel data multiple regression, the regression on Tobin's Q used random effect and on the other hand the regression on stock returns used fixed effect. Subsequently, this research found operating cash flow has no significant impact on both performance measurement. The only thing that give an impact on Tobin's Q and stock returns is size asset. Furthermore, based on this result recommends the companies to should more concern on enlargement their size asset.

Keywords: Cash Flow From Operating Activities, Sales Growth, Size Asset, Ownership, Performance, Tobin's Q, Stock Returns, Pharmaceutical



SWISS GERMAN UNIVERSITY

DEDICATION

I dedicate this study research for my beloved family and friends



ACKNOWLEDGEMENT

First of all I would like to thank Allah SWT for the graces and blessing me all the time. Secondly, I thank my beloved family for endless support, my advisor Mr. Yosman and other accounting lecturers Mr. Indra, Ms. Neneng, Ms. Imelda, Ms. Innge, Ms. Liana for teaching and sharing your knowledge patiently. Finally the thankfulness to my SGU friends batch 2011 especially my accounting classmates for the marvelous 4 years. I also would like to thank with the gracious and friendly pepole that have not been mentioned who involved in accomplishment this research either directly or indirectly.



TABLE OF CONTENTS

STATEMENT BY THE AUTHOR.....	2
ABSTRACT.....	3
DEDICATION.....	5
ACKNOWLEDGEMENT.....	6
LIST OF FIGURES.....	9
LIST OF TABLES.....	10
Chapter 1 – Introduction.....	11
1.1. Background.....	11
1.2. Research Problem.....	14
1.3. Research Objective.....	14
1.4. Research Question.....	14
1.5. Significant of Study.....	15
1.6. Scope Limitation.....	15
1.7. Thesis Structure.....	16
Chapter 2 – Literature Review.....	17
2.1. General Theories.....	17
2.1.1. Financial Accounting.....	17
2.1.2. Cash Flow From Operating And Performance.....	18
2.1.3. Sales Growth And Performance.....	18
2.1.4. Size Asset And Performance.....	19
2.1.5. Ownership And Performance.....	20
2.1.6. Performance – Measurement.....	20
2.1.6.1. Tobin's Q.....	20
2.1.6.2. Stock Returns.....	20
2.1.6.2.1. Capital Gain(Loss).....	21
2.1.6.2.2. Dividend.....	21
2.2. Previous Studies.....	21
Chapter 3 – Research Methods.....	29
3.1. Research Process.....	29
3.2. Population And Sampling.....	30
3.3. Data Sources Collection.....	31
3.4. Theoretical Framework.....	31
3.5. Research Model.....	31

3.6.	Research Design.....	32
3.7.	Method of Data Analysis	33
3.7.1.	Panel Data Mutiple Regression.....	33
3.7.2.	Descriptive Test	34
3.7.3.	Chow Test	34
3.7.4.	Hausman Test.....	34
3.7.5.	Normality	35
3.7.6.	Multicollinearity.....	35
3.7.7.	Autocorrelation	35
3.7.8.	Heteroscedasticity	35
3.7.9.	R-Squared.....	36
3.7.10.	F-Test	36
3.7.11.	T-Test	36
3.8.	Hypothesis.....	36
Chapter 4 – Result And Discussion		37
4.1.	Descriptive Statistic	37
4.2.	Multicollinearity.....	38
4.3.	Panel Data Regression	38
4.3.1.	Tobin's Q Measurement.....	39
4.3.2.	Stock Returns Measurement	42
4.4.	Graphic Analyzing	44
4.5.	Heteroscedasticity	48
Chapter 5 – Conclusion And Recommendation.....		49
5.1.	Conclusion	49
5.2.	Recommendation	49
GLOSSARY		51
REFERENCES		52
APPENDICES		57
Raw Data.....		57
EVIIEWS RESULT		65
Curriculum Vitae		Error! Bookmark not defined.