

**IMPACT OF ACCOUNTING INFORMATION ON STOCK PRICE OF FOOD
& BEVERAGE COMPANIES LISTED IN INDONESIA STOCK EXCHANGE
FOR PERIOD 2006 - 2012**

By

Alexandre Richard

13409133

A thesis submitted to the Faculty of
BUSINESS ADMINISTRATION & HUMANITIES

in Partial Fulfillment of the Requirements
for the

BACHELOR'S DEGREE

in

ACCOUNTING



SWISS GERMAN UNIVERSITY

Bumi Serpong Damai

Tangerang 15339

Indonesia

January 2014

Revision after the Thesis Defense on January 24, 2014

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.

Alexandre Richard

February 07, 2014

Approved by:

Ir. Yosman Bustaman, M.Bus.

February 07, 2014

Chairman of the Examination Steering Committee

February 07, 2014

Alexandre Richard

ABSTRACT

THE IMPACT OF ACCOUNTING INFORMATION ON STOCK PRICE OF FOOD
& BEVERAGES COMPANIES LISTED IN INDONESIA STOCK EXCHANGE
FOR PERIOD 2006-2012

By

Alexandre Richard

SWISS GERMAN UNIVERSITY

Bumi Serpong Damai

Ir. Yosman Bustaman, M. Bus, Advisor

This study aims to explain the impact of accounting information consist of earning per share, book value per share, total asset, leverage, and operating cash flow, to stock price. This study uses 12 of 16 food & beverages sub-sector companies listed in Indonesia Stock Exchange for period 2006-2012 as samples. The panel data is analyzed using Pooled Ordinary Least Square (OLS) method. The result of this study found that as simultaneously there is significant effect (impact) of earning per share, book value per share, total assets, leverage, and operating cash flow, to stock price. However, as partially only earning per share that has positive and significant effect to stock price, while the other independent variables do not have significant effect to stock price. In other words, it can be concluded that earning per share has value relevance to the stock price.

Keywords : Value Relevance, Earning per Share, Book Value per Share, Total Asset, Leverage, Operating Cash Flow, Stock Price

© Copyright 2014
by Alexandre Richard
All rights reserved

DEDICATION

I dedicate this thesis to my family especially my parents, sister, and to my beloved.

ACKNOWLEDGEMENT

Praise and thanks to Lord Jesus, by His blessing and grace, I can complete the thesis which titled “Impact of Accounting Information on Stock Price of Food & Beverage Companies Listed in Indonesia Stock Exchange for Period 2006 – 2012”.

I would like to thank Ir. Yosman Bustaman, M. Bus as my advisor who is constantly guided and helped me from the beginning to the completion of this thesis. Thanks for his time, energy, and support for guiding and directing me which are very useful in the preparation of this thesis and for my future.

I wish thank to my family, especially my parents Fransiscus Monangin & Olga Lasaru, my sister Tisa, Joycelyn, Diva, and Oma Elsje for their supports, motivation and never ending prayers. Thanks to my beloved Teresa Yulianto for her love, patient and care during the struggle on this thesis preparation.

Finally I would like to thank for Accounting batch 2009 Arief, Diaz, Feimi, Theris, Karina, Mitha, Natasha, Flavi, Nidya, Velicia, Widya, and Sheila. Thanks for the togetherness during the last few years. Especially to Ryan Diaz, as my thesis ‘Bro’ mates, thanks for being my best friend during the ups and downs moments since the thesis proposal.

TABLE OF CONTENTS

STATEMENT BY THE AUTHOR	2
ABSTRACT	3
COPYRIGHT PAGE	4
DEDICATION	5
ACKNOWLEDGEMENT	6
CHAPTER 1 – INTRODUCTION	12
1.1 Background	12
1.2 Research Purpose	15
1.3 Research Problem	16
1.4 Significance of Study	16
1.5 Research Question	17
1.6 Scope of Work and Limitation	17
1.7 Thesis Framework	18
CHAPTER 2 – LITERATURE REVIEW	19
2.1 Financial Markets	19
2.1.1 Primary Markets	19
2.1.2 Secondary Markets	19
2.2 Stock	19
2.2.1 Preferred Stock	20
2.2.2 Common Stock	20
2.2.3 Stock Price	21
2.3 Valuation Models	21
2.4 Value Relevance Theory	21
2.4.1 Earning per Share (EPS)	24
2.4.2 Book Value per Share (BVS)	25
2.4.3 Total Assets (TA)	26
2.4.4 Leverage (LEV)	27
2.4.5 Operating Cash Flow (OCF)	27
2.5 Previous Study	28
CHAPTER 3 – METHODOLOGY	31
3.1 Research Workflow	31

3.2	Research Model	32
3.3	Operational Variable	32
3.3.1	Dependent Variable	32
3.3.2	Independent Variable	32
3.3.2.1	Earning per Share (EPS)	33
3.3.2.2	Book Value per Share (BVS)	33
3.3.2.3	Total Asset (TA)	33
3.3.2.4	Leverage (LEV)	33
3.3.2.5	Operating Cash Flow (OCF)	34
3.4	Data Collection Method	34
3.4.1	Source & Specification of Data	34
3.4.2	Selection of Period	35
3.5	Sampling Techniques	35
3.6	Data Processing Method	35
3.6.1	Testing the Model	36
3.6.2	Coefficient of Determination	38
3.6.3	BLUE (Best Linear Unbiased Estimator) Assumption	38
3.6.3.1	Multicollinearity	39
3.6.3.2	Heteroscedasticity	40
3.6.3.3	Autocorellation	40
3.6.4	F-Test	41
3.6.5	t-Test	41
3.7	Hypothesis	42
CHAPTER 4 – DATA ANALYSIS		43
4.1	Industry Profile	45
4.2	Data Analysis	49
4.2.1	Model Testing	49
4.2.2	Descriptive Statistic	50
4.2.3	BLUE Assumption Test	53
4.2.3.1	Multicollinearity	53
4.2.3.2	Heteroscedasticity	54
4.2.3.3	Autocorrelation	54
4.2.4	Statistical Models Testing	55

4.2.4.1 Coefficient of Determination	58
4.2.4.2 F-Test	59
4.2.4.3 t-Test	59
4.2.4.3.1 Earning per Share (EPS)	60
4.2.4.3.2 Book Value per Share (BVS)	60
4.2.4.3.3 Total Asset (LOGTA)	60
4.2.4.3.4 Operating Cash Flow (LOGOCF)	61
4.2.4.3.5 Leverage (LEV)	61
4.2.4.4 Interpretation	62
4.2.4.4.1 Earning per Share (EPS)	63
4.2.4.4.2 Book Value per Share (BVS)	64
4.2.4.4.3 Total Asset (LOGTA)	65
4.2.4.4.4 Leverage (LEV)	66
4.2.4.4.5 Operating Cash Flow (LOGOCF)	67
CHAPTER 5 – CONCLUSION & RECOMMENDATION	69
5.1 Conclusion	69
5.2 Limitation of Study	71
5.3 Recommendation	71
5.3.1 Investor	71
5.3.2 Further Research	72
GLOSSARY	73
REFERENCES	75
APPENDICES	79
CURICULUM VITAE	81

LIST OF TABLES

Table	Page
1. Summary of Previous Studies	29
2. Classification Coefficient of Determination Interval	38
3. Summary of Sampling Number	45
4. Manufacturing Sub-Sector	47
5. List of Research Sample	49
6. Pooled / Fixed Effect Testing	50
7. Descriptive Statistic	51
8. Correlation Matrix of Independent Variables	53
9. Estimated Coefficients Output Model	56
10. Summary of Statistical Model Testing	62

LIST OF FIGURES

Figure	Page
1. Research Workflow	31
2. Testing the Model	37
3. Durbin Watson Statistic	40
4. Sampling Chart	44
5. Structure of Gross Domestic Product by Industrial Origin 2011 (%)	46
6. Durbin Watson Statistic.....	54