Ekombis Review – Jurnal Ilmiah Ekonomi dan Bisnis
Available online at : https://jurnal.unived.ac.id/index.php/er/index
DOI: https://doi.org/10.37676/ekombis.v14i2

The Effective Tax Rate And Cash Flow Effect On Stock Prices (Empirical Study Of Food And Beverage Companies Listed On The Indonesia Stock Exchange (IDX) 2020-2024)

Ahmad Junaidi [1], Furqonti Ranidiah [2], Ummul Khair [3], Muammar Akhda [4]
[1,2,3,4)] Universitas Muhammadiyah Bengkulu, Indonesia
Email: [1)] ahmadjunaidi@umb.ac.id

How to Cite :
Junaidi, A., Ranidiah, F., Khair, U., Akhda, M. (2026). The Effective Tax Rate And Cash Flow Effect On Stock Prices (Empirical Study Of Food And Beverage Companies Listed On The Indonesia Stock Exchange (Idx) 2020-2024) . EKOMBIS REVIEW: Jurnal Ilmiah Ekonomi Dan Bisnis, 14(2). doi: https://doi.org/10.37676/ekombis.v14i2

ARTICLE HISTORY
Received [01 September 2025]
Revised [15 April 2026]
Accepted [24 April 2026]

KEYWORDS
Effective Tax Rate, Cash Flow And Share Price.

ABSTRACT

This study aims to determine the effect of the effective tax rate and cash flow on stock prices. The study was conducted on food and beverage companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2024 period. This study used a purposive sampling method and statistical analysis, including classical assumption tests, using IBM SPSS Statistics version 22. The sample size for 21 food and beverage companies listed on the IDX was 21. Therefore, the total number of 21 companies multiplied by 5 years resulted in 105 observations. The results of this study indicate that: The effective tax rate has no effect on stock prices with a significant value of 0.318. Cash flow has an effect on stock prices with a significant value of 0.046. The effective tax rate and cash flow simultaneously influence profitability with a significance value of 0.00 <0.05, and an adjusted R-square value of 10.8%.

INTRODUCTION

Entering the current era of globalization, rapid technological and information developments, competition in the business world has become increasingly fierce. The only way to survive, compete, and maintain one's existence in the business world is through continuous growth and development.

The role of the capital market is currently considered crucial, as it connects those in need of funds with those willing to invest. The capital market is a marketplace for various tradable long-term financial instruments, including bonds, stocks, mutual funds, derivatives, and other instruments. One element of capital market investment is the share price. The share price also reflects the value of a company.

Stock prices are constantly fluctuating, so a strategic approach is needed. Currently, many people want to own shares based on experience, recommendations from friends or colleagues, and other factors. People are not simply looking for immediate profits but also for long-term investments.

Figure 1

Source: www.idx.co.id

Based on the graph above, it can be concluded that stock prices have fluctuated from 2018 to 2022. In 2018, the stock price declined by -2.7%. In 2019, when Indonesia was hit by the COVID-19 pandemic, this positive signal boosted the stock price by 20.8%. In 2020, the stock price declined by 4.0%, and in 2021, it declined by 0.1% compared to 2019. In 2022, the stock price declined by -1.5%. The drastic decline in stock prices in recent years has been a negative signal for investors to withdraw their investments in the company. According to the graph accessed at www.idx.co.id, the stock price was high in 2019, but has declined over the past three years due to economic instability in Indonesia caused by the pandemic. This negatively impacted the company. The value of the stock price significantly influences investor interest in investing part of their capital in the company. Investor interest is undoubtedly influenced by the company's stock price (Nufu, 2019). In these uncertain times, a company's stock price is a key measure of performance, heavily influenced by operational efficiency and resource management. Therefore, it is important to analyze the factors that influence stock prices, particularly those related to the effective tax rate and Here's the full English translation of your text:Cash Flow. In the context of stock prices, the Effective Tax Rate (ETR) plays a significant role because lower tax burdens can increase net income and cash flow of a company, thus providing a positive signal for investors. Conversely, a high ETR indicates a large tax burden that can reduce company profits and negatively affect stock prices. Therefore, understanding the relationship between ETR and stock prices is important to measure how tax policies and corporate tax efficiency can influence the market value of a company in the eyes of investors.

The cash flow statement is a report that presents the company's cash inflows and outflows from operating, investing, and financing activities. A cash flow statement reports the major cash inflows and outflows of a company over a certain period. Without cash, a company cannot grow, distribute its products, or provide returns to its owners. The role of the cash flow statement is crucial for every company to ensure that all financial processes run smoothly. It also serves as a reference for planning future investment activities (Mafsud & Meirini, 2023).

In signal theory, Brigham and Houston (2013:185) state that a signal can be interpreted as an action taken by management to provide guidance to investors on how management demonstrates the company's future prospects. Operating cash flow, in this case, can serve as a signal or early warning for investors regarding the company's operational activities, which will be responded to in the form of stock returns (Halawa, 2023). Therefore, information on ETR and operating cash flow is important as a reference for analysis to support investment decision-making.

This research focuses on food and beverage companies, one of the business sectors that continues to grow. Along with the increasing population, the demand for food and beverages also continues to rise. Many food and beverage companies are expanding, such as by enlarging factories and seeking new market shares. The tendency of people to consume ready-to-eat food has led to the emergence of many new companies in the food and beverage industry. Moreover, these products are essential for the entire population. Food and beverage companies are considered among the strongest, with food stocks remaining attractive and relatively liquid compared to other sectors (Fauci, 2019). The food and beverage (F\&B) sector holds a strategic role in Indonesia's economy, especially due to the stable demand for consumer products. The stock prices of F\&B companies listed on the Indonesia Stock Exchange (IDX) are influenced by various factors, including tax policies and cash flow conditions. The Effective Tax Rate (ETR) reflects the actual tax burden borne by the company, while cash flow indicates the company's ability to generate liquidity for operations and expansion. These two factors can shape investor perceptions of a company's performance and prospects, thereby affecting stock prices.Research conducted by Andre (Irwanda, 2019), An (2020), and Setyowati et al. (2021) found that cash flow has no significant effect on stock prices.

LITERATURE REVIEW

The theories underlying this research are signaling theory and agency theory. Signaling theory was first introduced by Spence (1973) and explains how management provides information to external parties, particularly investors, to reduce information asymmetry. Published information, such as financial statements, can function as either positive or negative signals that influence investment decisions. According to Ghozali (2020) and Andriani (2023), good financial information serves as a positive signal regarding the company's future prospects, while poor information provides a negative signal that can reduce investor confidence. In the context of this research, the effective tax rate (ETR) and operating cash flow are important signals for investors. A low ETR may indicate efficient tax management, while stable operating cash flow demonstrates the company's ability to maintain liquidity. Both factors can enhance market confidence and positively impact stock prices.

In addition, this study is also based on agency theory, proposed by Jensen and Meckling (1976). This theory explains the contractual relationship between principals (shareholders) and agents (company management). Conflicts of interest often arise because management possesses more information than the owners, creating opportunities to use this information for personal gain. In taxation practices, for example, management may reduce the ETR through tax planning. Such a strategy can signal efficiency; however, if carried out aggressively and non-transparently, it may pose legal and reputational risks that harm shareholders. Therefore, oversight from external parties such as auditors and the board of commissioners is crucial to ensure that management policies remain aligned with shareholder interests.

One of the key variables in this research is stock price, which reflects a company's value in the capital market. Stock prices are formed through supply and demand mechanisms and are therefore influenced by both internal and external company factors. According to Tandelilin (2010) and Jogiyanto (2013), stock prices reflect investor expectations of the company's future cash flows. Stable or rising stock prices indicate investor confidence in the company's performance, while declining stock prices reflect concerns about internal conditions or the external environment. In this study, stock price is measured using the **closing price* at a given period compared with the previous period.

The next variable is the effective tax rate (ETR). Stickney and Weil (2010) explain that ETR is the ratio of tax expense to pre-tax income. This ratio more accurately reflects the level of tax burden borne by a company compared to the statutory tax rate, as it accounts for various incentives and differences in accounting methods. A low ETR indicates a company's ability to manage its tax burden efficiently, thereby increasing net income. Conversely, a high ETR means the company bears a heavier tax burden, which could suppress profitability and reduce stock attractiveness in the eyes of investors. Thus, ETR is one of the indicators that can influence investor perceptions of a company's value in the capital market.

Another variable examined in this research is cash flow, particularly cash flow from operating activities. The cash flow statement provides an overview of the company's cash inflows and outflows during a given period, divided into three main components: operating cash flow, investing cash flow, and financing cash flow (Rudianto, 2009; Hery, 2012). Among these three, operating cash flow is considered the most important because it reflects the company's ability to generate cash from its core business activities. According to Purwanti et al. (2015), positive and stable operating cash flow serves as an indicator of business sustainability, boosts investor confidence, and contributes to higher stock prices. Therefore, operating cash flow is viewed as a relevant financial signal in assessing company performance.

Based on the above theories, it can be understood that stock prices are influenced by many factors, one of which is tax policy as reflected in ETR, as well as the company's ability to generate cash through operating cash flow. Signaling theory and agency theory explain that these two variables are not merely numbers in financial statements but also serve as signals that influence investor perceptions and decision-making in the capital market.

METHODS

This research is a quantitative study with the object of food and beverage sector companies listed on the Indonesia Stock Exchange (IDX) for the 2020–2024 period. The data used are secondary data in the form of annual financial reports obtained from the official IDX website. The study population consisted of 72 companies, while the sample was determined by purposive sampling based on the following criteria: (1) food and beverage companies that are consistently listed in the 2020–2024 period, (2) publish complete financial reports, (3) do not experience losses during the study period, and (4) present the required variable data. The data collection method uses documentation by accessing company financial reports and library studies from related literature. Data analysis techniques used include: descriptive statistics, classical assumption tests (normality, multicollinearity, autocorrelation, and heteroscedasticity tests), and multiple linear regression analysis. Hypothesis testing is carried out through the t-test (partial), F-test (simultaneous), and coefficient of determination (R^2) test to measure the model's ability to explain the dependent variable, namely stock prices.

RESULTS

Research Results Classical Assumption Test Classical assumption tests were conducted to ensure that the regression model used in this study met the requirements for reliable estimation results. First, the normality test using the Kolmogorov-Smirnov test showed a significance value of 0.000 (<0.05), indicating that the data were not normally distributed. However, because the study sample size was quite large (n=98), according to the Central Limit Theorem (Gujarati, 2009), the data can still be considered to meet the normality assumption because the sample mean distribution is approximately normal. Second, the autocorrelation test using the Durbin-Watson (DW) test yielded a DW value of 2.223. This value falls between the upper limit (du = 1.7128) and (4 – du = 2.2872), thus concluding that the model is free from problems.

Autocorrelation. This is important because autocorrelation will cause the regression coefficient to be biased and inefficient. Third, a multicollinearity test was conducted by examining the Tolerance and Variance Inflation Factor (VIF) values. The tolerance values for the ETR and operating cash flow variables were both 0.973 (>0.10), while the VIF value was 1.028 (<10). This means that there is no high correlation between the independent variables, so the model is free from multicollinearity problems. Thus, both independent variables can be used together in the regression model.

Fourth, a heteroscedasticity test was conducted using the Glejser method, where the results showed a significance value of each variable greater than 0.05 (ETR = 0.402; Operating Cash Flow = 0.113). This indicates that the residual variance between observations is homogeneous, meaning there is no heteroscedasticity. Therefore, the regression model used can be said to meet all classical assumptions.

A. Multiple Linear Regression Analysis The multiple linear regression model used in this study produces the following equation: Y = 0.081 − 0.420 X 1 + 0.003 X 2 + Y = 0.081 − 0.420 X 1 + 0.003 X 2 + e This equation can be interpreted as a constant value of 0.081 indicating that the stock price will increase by 0.081 units if the ETR and operating cash flow are held constant. The regression coefficient of the ETR variable of -0.420 means that every 1-unit decrease in ETR will decrease the stock price by 0.420 units, assuming other variables are constant. Meanwhile, the operating cash flow coefficient of 0.003 indicates that every 1-unit increase in operating cash flow will increase the stock price by 0.003 units. Thus, the direction of the influence of ETR on stock prices is negative, while operating cash flow has a positive influence.
B. F Test (Simultaneous) The F test results show a calculated F value of 1.370 with a significance level of 0.009 (<0.05). This means that the independent variables, ETR and operating cash flow, simultaneously had a significant effect on stock prices in food and beverage companies during the 2020–2024 period. This indicates that the regression model used is fit, or appropriate, to explain stock price variations. Therefore, the presence of both independent variables together is relevant in influencing stock price movements, although the effect is not significant.
C. F Test (Simultaneous) The F test results show a calculated F value of 1.370 with a significance level of 0.009 (<0.05). This means that the independent variables, ETR and operating cash flow, simultaneously had a significant effect on stock prices in food and beverage companies during the 2020–2024 period. This indicates that the regression model used is fit, or appropriate, to explain stock price variations. Therefore, the presence of both independent variables together is relevant in influencing stock price movements, although the effect is not significant.
D. Coefficient of Determination (R^2) Test The Adjusted R^2 coefficient of determination of 0.108 indicates that approximately 10.8% of stock price variation can be explained by the ETR and operating cash flow variables, while the remaining 89.2% is explained by other factors not included in the research model. This relatively small R^2 value indicates that stock prices are influenced by many other external factors, such as macroeconomic conditions, interest rates, inflation, exchange rates, and other internal company factors such as profitability, liquidity, leverage, and dividend policy. This is consistent with the complex nature of capital markets, where stock prices are the result of the interaction of various fundamental factors and investor sentiment.
E. Coefficient of Determination (R^2) Test The Adjusted R^2 coefficient of determination of 0.108 indicates that approximately 10.8% of stock price variation can be explained by the ETR and operating cash flow variables, while the remaining 89.2% is explained by other factors not included in the research model.

   This relatively small R^2 value indicates that stock prices are influenced by many other external factors, such as macroeconomic conditions, interest rates, inflation, exchange rates, and other internal company factors such as profitability, liquidity, leverage, and dividend policy. This is consistent with the complex nature of capital markets, where stock prices are the result of the interaction of various fundamental factors and investor sentiment.

DISCUSSION

The Effect of ETR on Stock Price

Discussion The Effect of the Effective Tax Rate (ETR) on Stock Prices The results of this study indicate that the ETR has no significant effect on stock prices. This is in line with signaling theory, which states that tax information is often considered a weak signal because it can be influenced by fiscal policy factors, temporary incentives, and aggressive tax planning strategies. Investors tend to pay more attention to key financial performance indicators such as net income, EPS, ROE, and cash flow than to the ETR. This finding supports research by Gea (2024), which also found that tax rates have no effect on stock prices.

The Effect of Operating Cash Flow On Stock Prices

The Effect of Operating Cash Flow on Stock Prices Operating cash flow has been shown to significantly influence stock prices. This indicates that investors view cash flow from operating activities as an important fundamental indicator, as it reflects a company's ability to generate cash from core activities without relying on external funding.

According to signaling theory, strong operating cash flow is a positive signal regarding business continuity, ability to meet liabilities, and potential dividend distributions, thereby increasing investor confidence. This finding is consistent with research by Pratama et al. (2023), which found that operating cash flow has a significant positive effect on stock prices.

The Simultaneous Effect of ETR and Operating Cash Flow on Stock Prices

The Simultaneous Effect of ETR and Operating Cash Flow on Stock Prices Simultaneously, ETR and operating cash flow significantly influence stock prices. The combination of tax efficiency and strong cash flow performance is considered a positive signal to investors regarding a company's stability and profitability. Although ETR is not significantly affected in part, when combined with operating cash flow, both still contribute to explaining variations in a company's stock price.

CONCLUSION

1. The effective tax rate individually does not have a significant effect on stock prices. This is due to several factors, such as investors' greater focus on key performance indicators like net income, revenue growth, and operating cash flow. In addition, fluctuations in ETR are often temporary, as they are influenced by tax incentives or differences in accounting methods, making them less important in investor considerations.
2. Operating cash flow individually has a significant effect on stock prices. Operating cash flow is one of the key factors in fundamental analysis that influences investor perceptions of a company's stock value and prospects. It tends to increase investor and market confidence, as it indicates business stability and sustainability, which ultimately drives stock price increases.
3. The effective tax rate and operating cash flow simultaneously affect stock prices. These two financial indicators can influence stock prices together. ETR reflects a company's tax efficiency—the lower the ETR, the higher the net income the company can obtain, thereby increasing investor confidence in its financial performance. On the other hand, operating cash flow reflects the company's ability to generate cash from its core operations. Positive cash flow indicates financial stability and the ability to pay dividends, invest, or settle obligations, all of which contribute to a positive investor perception. Thus, ETR and operating cash flow not only reflect a company's financial condition but also function as positive signals that can influence investment decisions and stock price movements simultaneously.

SUGGESTION

Based on the results and limitations of this study, the researcher provides the following suggestions for future research:

1. Future research is recommended to extend the study period.
2. Future research should enlarge the sample, not limited only to food and beverage companies but also including other sectors.
3. Future research is expected to include other independent variables that may be more closely related to and influential on stock price movements, such as profitability, capital structure, and other variables not considered in this study.

REFERENCES

An, F. S. (2020). Pengaruh Laba Bersih Dan Arus Kas Terhadap Harga Saham Pada Perusahaan Bei Sektor Property Dan Real Estate.

Andriani, Rini Fauziah. 2023. Perubahan Harga Saham, Return Saham, Volume Perdagangan Saham, Abnormal Return, Dan Total Saham Yang Diperdagangkan Pada Perusahaan Farmasi Akibat Pandemi Covid-19. Skripsi. Universitas Islam Negeri Sultan Syarif Kasim Riau.

Brigham, E. F., & Houston, J. F. (2010). Fundamentals of Financial Management (12th ed.). South-Western Cengage Learning.

Chen, S., Chen, X., Cheng, Q., & Shevlin, T. (2010). Are family firms more tax aggressive than non-family firms? Journal of Financial Economics, 95(1), 41–61. https://doi.org/10.1016/j.jfineco.2009.02.003

Desai, M. A., & Dharmapala, D. (2009). Corporate tax avoidance and firm value. The Review of Economics and Statistics, 91(3), 537–546. https://doi.org/10.1162/rest.91.3.537

Fauci, F. (2019). Pengaruh Leverage, Ukuran Perusahaan, Dan Profitabilitas Terhadap Nilai Perusahaan Industri Food And Beverages Yang Terdaftar Di Bei.

Gea, Lisnaria. 2024. Pengaruh Tarif Pajak, Earning Per Share Dan Kebijakan Dividen Terhadap Harga Saham Dengan Pemoderasi Risiko Bisnis (Studi Empiris Perusahaan Teknologi Dan Digital Yang Terdaftar Di Bursa Efek Indonesia Tahun 2018-2022). Desanta (Indonesian of Interdisciplinary Journal).

Halawa, R. L. (2023). Pengaruh Laba Akuntansi, Arus Kas Terhadap Harga Saham Pada Perusahaan PT Kino Indonesia Tbk Tahun 2016-2020.

Hanlon, M., & Heitzman, S. (2010). A review of tax research. Journal of Accounting and Economics, 50(2-3), 127–178. https://doi.org/10.1016/j.jacceco.2010.09.002

Irwanda, A. (2019). Pengaruh Komponen Arus Kas Dan Laba Kotor Terhadap Harga Saham Pada Perusahaan Tekstil Di Bursa Efek Jakarta Indonesia. https://repositori.uma.ac.id/jspui/bitstream/123456789/11327/1/158320012 - Andre Irwanda - Fulltext.pdf

Jogiyanto, H. (2013). Teori Portofolio dan Analisis Investasi (Edisi 8). Yogyakarta: BPFE

Lailatus, S., & Kadarusman. (2014). Pengaruh Laba Akuntansi, Komponen Arus Kas, Ukuran Perusahaan Terhadap Harga Saham Pada Perusahaan Kelompok LQ 45 Yang Listing Di Bursa Efek Indonesia. Jurnal Manajemen Dan Akuntansi, 3(2), 15–30.

Mafsud, M., & Meirini, D. (2023). Pengaruh Arus Kas Operasi, Arus Kas Investasi, Arus Kas Pendanaan dan Laba Akuntansi terhadap Return Saham. Jurnal Informatika Ekonomi Bisnis, 5, 581–588.

Mayangsari, R. (2018). Pengaruh Struktur Modal, Keputusan Investasi, Kepemilikan Manajerial, dan Komite Audit terhadap Nilai Perusahaan Aneka Industri yang Listing di Bursa Efek Indonesia Periode 2012-2016. Jurnal Ilmu Manajemen, 6(4), 477–485.

Nufu, H. (2019). Determinasi Harga Saham Pada Sektor Basic Materials Yang Terdaftar Di Bursa Efek Indonesia.

Pratama, M. R., Kurniawan, R., & Ginting, R. (2023). Menelisik Fenomena Pada Service Company:Adakah Pengaruh Arus Kas Terhadap Harga Saham? Accounting Global Journal, 7(2), 99–117.

Purwanti, S., W, E. M., & Chomsatu, Y. (2015). Pengaruh Laba Akuntansi dan Arus Kas Terhadap Return Saham Perusahaan yang Listing di BEI. Jurnal Akuntansi Dan Pajak, 16(01), 113–123.

Ramadani, A. P., & Arifin, A. (2024). Pengaruh Beban Pajak, Aset Tidak Berwujud, Profitabilitas Terhadap Indikasi Transfer Pricing Dengan Tax Minimization Sebagai Variabel Moderasi (Studi Kasus Perusahaan Properti dan Real Estate Yang Terdaftar Di Bursa Efek Indonesia Tahun 2018-2021). Jurnal Akuntansi Dan Pajak, 24(02), 1–9.

Setyowati, W. A., Valianti, R. M., & Rismansyah, R. (2021). Pengaruh Laba Bersih dan Arus Kas Terhadap Harga Saham Pada Perusahaan Manufaktur Sektor Industri (Consumer Goods Industry) Yang Terdaftar di Bursa Efek Indonesia. Jurnal Media Wahana Ekonomika, 18(2), 262.

Sunariyah. (2013). Pengantar Pengetahuan Pasar Modal. Yogyakarta: UPP STIM YKPN

Tandelilin, E. (2010). Portofolio dan Investasi: Teori dan Aplikasi (Edisi Pertama). Yogyakarta: Kanisius