INFLUENCE OF GOODWILL AND LIABILITIES ON THE STOCK PRICE OF COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE IN THE FOOD AND BEVERAGE SUBSECTOR

(Empirical Study on Food and Beverage Subsector Companies Listed on the Indonesia Stock Exchange (IDX) in 2020, 2021 and 2022)

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Abstract

This research aims to analyze the influence of reported Goodwill and Liabilities in the financial statements of companies listed on the Indonesia Stock Exchange (IDX) in the food and beverage sector on stock prices. Through data processing and analysis, it was found that Goodwill has a significant positive impact on stock prices. Goodwill in financial statements reflects the intangible assets' additional value, such as a strong reputation, a robust brand, customer relationships, and future growth potential. Investors believe that the presence of Goodwill can drive company growth and strengthen investor confidence in the company's prospects, ultimately boosting stock demand and increasing stock prices. Moreover, an interesting finding is that reported Liabilities in the financial statements of companies also have a positive influence on stock prices, even though Liabilities typically have a negative impact on stock prices. The use of liabilities by companies can result in financial leverage that enhances returns for shareholders. Debt utilization also enables companies to undertake more aggressive investments and expansions, enhancing attractiveness for investors. However, although the regression coefficient for Liabilities is positively valued, the analysis results indicate that the impact of Liabilities on stock prices is not significant at a 5% significance level. Nevertheless, there is an indication that an increase in Liabilities can contribute positively to stock prices, though not as significantly as Goodwill. The results of this research provide crucial insights for investors, market participants, and decision-makers in understanding the factors influencing company stock prices in the food and beverage sector of the IDX. These findings underscore the importance of Goodwill in

reinforcing positive investor perceptions of growth and company prospects. Furthermore, despite not yet being significant, Liabilities can also make a positive contribution to stock prices, indicating potential positive influences to explore in future research.

Keywords: *Goodwill, Liabilities, Stock Prices*

Intoductions

The global pandemic has had a significant impact on various aspects of human life, including health, education, and finance. In the midst of this situation, many companies in various sectors have had to adapt to restrictions and work-from-home policies. The Covid-19 pandemic has created new challenges for companies, including maintaining quality and operational harmony to remain profitable. This phenomenon also has an impact on the company's Goodwill, which is an important factor in maintaining positive investor and consumer perception and contributing to the company's growth and sustainability prospects. This view presents an increasingly important need for careful planning in running the company's activities during the pandemic. Not only that, the Goodwill record in the company's financial statements, which is recognized as a significant intangible asset under PSAK No. 22, has a material impact on the users of financial statements and how investment decisions are made by stakeholders. In addition to Goodwill, it is also important to maintain the company's obligations or Liabilities to fulfill various responsibilities. Even in difficult situations, maintaining the company's commitment and professionalism in facing its obligations is essential to avoid the potential for payment difficulties or defaults. In the context of the Indonesian capital market, the Capital Market plays a central role in the economy as a place where various financial instruments are traded. The Capital Market is not only a source of funding for companies through public offerings of shares and bonds, but also a means of investment for the public. However, the Covid-19 pandemic has had a significant impact on the movement of the Indonesia Composite Index (IHSG) on the Indonesia Stock Exchange (IDX).

The decline in the IHSG value and changes in consumer behavior in the context of the pandemic have triggered changes in capital market sectors, including the food and beverage sector. Based on this context, this study aims to investigate the influence of Goodwill and Liabilities in the financial statements of companies in the food and beverage sector listed on the IDX on the movement of stock prices. By analyzing the impact of these variables on stock prices, this study is expected to provide valuable insights for investors, market participants, and decision-makers in facing the dynamics of the capital market that are influenced by global economic conditions and the pandemic situation. Based on

the stock price data of the food and beverage subsector companies mentioned, the average stock price of these companies fell by 5.5%.

Literature Review

Goodwill refers to the capacity of a business to earn above-normal profits due to certain factors, including but not limited to strategic location, well-known brand reputation, management expertise, and other aspects (Baridwan, 2015). Goodwill reflects future economic benefits arising from a business combination that cannot be individually identified and recognized separately. Factors such as good business location and strong reputation can affect goodwill. Goodwill must be amortized if its useful life is limited, and this can affect stock prices. In other words, goodwill is an intangible asset that represents the value of a company's reputation, customer base, and other factors that contribute to its ability to generate profits.

According to the provisions of PSAK 46, liabilities are obligations that must be fulfilled by the entity at the present and originate from events that occurred in the past. The settlement of these obligations is anticipated to cause an outflow of economic resources from the entity that has economic benefit value. Liabilities are current obligations that arise from past events and will result in an outflow of the entity's resources. It can be in the form of debt or financial obligations that the company has to others. The company's high debt can affect stock prices. Stock prices are the prices of shares on the stock market at a certain time, determined by supply and demand. This stock price represents the value of the shares (Ernayani & Robiyanto, 2016). Shares are a representation of ownership of the assets owned by the company that issued the shares. Shares reflect the share of participation or ownership of an individual or entity in a company (Ifa Nurmasari, 2018).

Research Method

This study is a quantitative study that uses positivistic data, where the data used are numbers that will be measured using statistical tools to produce conclusions related to the research problem. The population of this study is food and beverage subsector companies listed on the Indonesia Stock Exchange (IDX). The population of this study is 47 companies. The sampling method used is purposive sampling with criteria including companies listed on the IDX in the food and beverage subsector during 2020, 2021, and 2022, publish complete financial statements every year, have positive goodwill in the 2020-2022 period, and display stock prices that are consistent with the date of the published financial statements. The number of samples in this research is 32 companies. The data obtained will be processed and tested. Data processing is carried out

using the Eviews 12 software with the aim of analyzing the data through a panel data regression approach.

Research Findings and Discussion
Descriptive Statistical Analysis

The results of the data analysis show that the independent variable goodwill has a significant variation, with a maximum value of Rp. 56.462.875.000.000 in 2020 and 2021, and a minimum value of Rp. 81.290 in 2022. The average value of goodwill is Rp.

3.551.716.376.798 with a standard deviation of Rp. 13.415.656.543.359,10. The independent variable liability also has a significant variation, with a maximum value of Rp. 92.724.082.000.000 in 2021, and a minimum value of Rp. 27.803.300.000 in 2022. The average value of the liability is Rp. 5.183.693.150.146 with a standard deviation of Rp. 17.156.541.183.044,90. The dependent variable stock price shows a significant variation in stock prices, with a maximum value of Rp. 10.200 in 2022 and a minimum value of Rp. 50 in 2020 and 2021. The stock price has an average value of Rp. 1.830 with a standard deviation of Rp. 2.745,30. This descriptive analysis provides an overview of the variation and characteristics of each variable in the observed data.

Selection of Panel Data Regression Models

To determine the most suitable model for this research, the next step involves model testing. This testing includes the Chow Test (Likelihood Ratio), which aims to choose between the Common Effect or Fixed Effect model, as well as the Hausman Test, used to decide which model, whether Fixed Effect or Random Effect, is more appropriate. Additionally, to ensure the results, a Lagrange Multiplier test will be conducted to determine whether the most suitable model is Random Effect or Common Effect.

Chow Test

The results of the Chow test show that the Cross section F Probability (p-value) is 0.0000. Because the value of the Cross-section F Probability (p-value) is lower than 0.05, the null hypothesis (H0) is rejected. Therefore, the conclusion that can be drawn is that the most appropriate model is fixed effect. Considering this decision that leads to the use of fixed effect, the next step is to perform the Hausman test.

Panel Data Regression Analysis
Hausman Test

The results of the Hausman test, it was found that the Cross-section random probability (p-value) has a value of around 0.2210. From the data available, it can be concluded that the random effect model shows superior quality compared to the fixed effect model.

Fixed Effect Regression Model

Here are the results of the estimation of the effect of goodwill and liabilities on the stock price of companies:

Estimation Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.659390	1.651926	-0.399164	0.6907
GOODWILL	0.153817	0.039486	3.895481	0.0002
LIABILITY	0.126472	0.074665	1.693845	0.0937

Based on the table, by identifying the fixed value of the constant coefficient, it is possible to form a panel data regression equation as shown below:

Stock Price = -0,659390 + 0,153817 Goodwill + 0,126472 Liability

With an understanding of the equation that has been explained, we can interpret it as follows:

1. The number α has a value of -0.659390, which means that if goodwill and liabilities are worth zero, then the stock price of the company will have a value of -0.659390 units.
2. The coefficient of the variable in the goodwill regression is 0.153817, which indicates that if there is an increase of 1 unit in goodwill (with other variables assumed to be constant), then there is an increase of 0.153817 units in the company's stock price.
3. The coefficient of the variable in the liability regression is 0.126472, which indicates that if there is an increase of 1 unit in liabilities, then the company's stock price will increase by 0.126472 units.

Hypothesis Testing

T Test

Partial test is conducted to evaluate whether the value of the regression coefficient individually against the dependent variable is significant or not. Below are the results of partial testing:

Partial Effect Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.659390	1.651926	-0.399164	0.6907
GOODWILL	0.153817	0.039486	3.895481	0.0002
LIABILITY	0.126472	0.074665	1.693845	0.0937

Based on the table, it can be concluded that:

1. Effect of Goodwill on Company's Stock Price, the p-value of the goodwill variable is 0.0002. Because the probability value (p-value) has a number smaller than 0.05 (at a significance level of 5%), namely 0.0002 < 0.05, then the null hypothesis (H0) is rejected and the conclusion is that goodwill has a significant effect on the company's stock price.

2. The impact of liabilities on the stock price of a company has a p-value of 0.0937 for the liability variable. Because the probability value (p-value) is greater than 0.05 (at a significance level of 5%), namely 0.0937 > 0.05, the null hypothesis (H0) is accepted and it can be concluded that liabilities do not have a significant impact on the value of a company's stock. However, if using $\alpha = 10\%$ or 0.1, then p-value < 0.1 (significance level of 5%) or 0.0937 < 0.1, then H0 is rejected and it is concluded that liabilities have a significant impact on the stock price of a company.

F Test

Simultaneous test is conducted to test whether the independent variables have a significant impact simultaneously on the dependent variable. Here are the results of the simultaneous test:

Simultaneous Effect Results

R-squared	0.543423	Mean dependent var	6.395873
Adjusted R-squared	0.523354	S.D. dependent var	1.582398
S.E. of regression	1.092480	Akaike info criterion	3.072217
Sum squared resid	108.6097	Schwarz criterion	3.205776
Log likelihood	-142.4664	Hannan-Quinn criter.	3.126204
F-statistic	27.07734	Durbin-Watson stat	1.908697
Prob(F-statistic)	0.000000		

Based on the table, the prob. (F-statistic) value is 0.000 < 0.05; therefore, H0 is rejected, which means that goodwill and liabilities simultaneously have a significant impact on the price of a company's stock.

R Square Coefficient of Determination Test

The purpose of this test is to understand the extent to which the independent variables collectively explain the dependent variable. Here are the results of the R^2 calculation. Based on the Simultaneous Effect Results table, it can be seen that the coefficient of determination R^2 is 0.543423 or 54.34%. This shows that goodwill and liabilities are able to explain the company's stock price by 54.34%, while the remaining 45.66% is explained by other factors that are not included in the scope of the research.

Analysis

The Value of Goodwill Has A Positive Impact On Stock Prices

Companies with high goodwill may experience competitive advantages, higher customer loyalty, and the ability to charge higher prices. This can have a positive impact on revenue and profits, which in turn can affect stock prices. A high goodwill value may also reflect the company's strong financial performance and strategic achievements. This can increase investor confidence in management and the company's future prospects, which can ultimately lead to an increase in stock prices.

The Value of Liabilities Has a Positive Impact On Stock Prices

In some situations, investors may believe that a company's liabilities are relatively safe and can be managed smoothly, so the company is not too vulnerable to the risk of bankruptcy this may make investors more comfortable buying the company's shares. Some industries or sectors may have certain characteristics that make the relationship between liabilities and stock prices positive.

The Value of Goodwill and Liabilities Has A Positive Impact On Stock Prices

Increasing Goodwill can provide a positive signal to investors and market participants that the company has growth potential and better performance, which can lead to an increase in demand for the company's stock. Furthermore, although the regression coefficient for Liabilities also has a positive value, the analysis results indicate that the influence of Liabilities on Stock Price is not significant at the 5% significance level. However, it should be noted that there are indications that an increase in Liabilities can contribute positively to Stock Price, although its impact may not be as significant as Goodwill.

Conclusion and Advice

Conclusion

From the analysis and data processing that have been conducted in the previous chapter, the following conclusions can be drawn:

1. Goodwill on a company's financial statements has a positive impact on stock prices.
2. This reflects the additional value of intangible assets such as good reputation, strong brand, customer relationships, and future growth potential. Investors believe that goodwill can help companies expand market share, increase revenue, and create profitable synergies. This increases investor confidence in the company's prospects, drives demand for shares, and in turn, increases stock prices.
3. Liabilities reported in a company's financial statements have a positive impact on stock prices. This finding is new or unique because, in general, liabilities have a negative impact on stock prices. The use of liabilities by a company can generate financial leverage. When a company generates more revenue than the interest expense it must pay on that debt, the remaining profit can increase returns for shareholders. This can attract investors because they can expect higher returns than investments without debt. The use of debt can allow a company to make more aggressive investments and expansions than may be possible with internal capital alone. If a company successfully uses borrowed funds to generate significant revenue and profit growth, this can improve the company's long-term prospects and, as a result, increase its attractiveness to investors.
4. Goodwill and liabilities in the financial statements of companies listed on the Indonesia Stock Exchange have a positive impact on stock prices. An increase in goodwill can send a positive signal to investors and market participants that the company has the potential for better growth and performance, which can lead to an increase in demand for the company's shares. In addition, although the regression coefficient for liabilities also has a positive value, the results of the analysis show that the impact of liabilities on stock prices is not significant at the 5% significance level. However, it is important to note that there is an indication that an increase in liabilities can contribute positively to stock prices, although the impact may not be as large as goodwill.

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