



## The Effect of Accounting Profit, Retained Earnings and Operating Cash Flow on Cash Dividends (Empirical Study on Sub-Sector Manufacturing Companies Food and Beverages Listed on The Indonesia Stock Exchange Period 2018-2022)

Nuraisyah<sup>1,\*</sup>, Husni Mubarak<sup>2</sup>

<sup>1,2</sup>Public Accounting Finance, Politecnic State of Bengkulu

<sup>1</sup>E-mail: [nuraisyahbks57@gmail.com](mailto:nuraisyahbks57@gmail.com), <sup>2</sup>E-mail: [husnimubarak@polbeng.ac.id](mailto:husnimubarak@polbeng.ac.id)

### ARTICLE INFO

**Received:** 4 Mei 2024  
**Received in revised:**  
20 Mei 2024  
**Accepted:** 2 Juni 2024  
**Published:** 7 Juni 2024

**Open Access**

### ABSTRACT

This study aims to identify the effect of accounting profit, retained earnings and operating cash flow on cash dividends. The population in this study were all food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2018-2022 period. The research period was carried out for 5 years. The sampling technique used was purposive sampling technique with a sample of 12 companies obtaining a sample of 60 based on certain criteria. The analysis method for this research uses multiple linear regression with the help of SPSS Version 25. The results of this study indicate that partially accounting profit has a positive effect on cash dividends, retained earnings have a negative effect on cash dividends and operating cash flow has no effect on cash dividends. Simultaneously accounting profit, retained earnings and operating cash flow have a significant effect on cash dividends.

**Keywords:** Accounting Profit, Retained Earnings, Operating Cash Flow and Dividends Cash.

## 1. Introduction

A variety of investment instruments are usually offered and traded on the capital market, which makes the capital market an attractive investment instrument. Economically, the manufacturing industry is an important means for a country to create wealth. One of the manufacturing companies that has the opportunity to grow and develop to increase Gross Domestic Product (GDP) in Indonesia is the food and beverage sub-sector company.

Food and beverage subsector manufacturing companies listed on the Indonesia Stock Exchange have an obligation to submit annual financial report results. PSAK No. 1 (IAI, 2015) defines that financial reports are a structured presentation of the financial position and financial performance of an entity. The phenomenon that occurs in food and beverage subsector manufacturing companies listed on the IDX is that food and beverage subsector manufacturing companies experience slow growth in 2020 compared to the previous year (Indonesian Data).

In 2020, the GDP of manufacturing companies in the food and beverage subsector was 1.58%, which occurred due to the Covid-19 pandemic in Indonesia (Indonesian Data). This resulted in a decrease in the average value of dividends and company profits. Where accounting profit does not yet reflect the company's ability to pay cash dividends, while retained earnings and operating cash flow reflect the company's ability to pay cash dividends to investors given the availability of cash. This resulted in a decrease in the average value of dividends and company profits. In fact, some companies do not regularly distribute dividends to shareholders every year. Where accounting profit does not yet reflect the company's ability to pay cash dividends, while retained earnings and operating cash flow reflect the company's ability to pay cash dividends to investors given the availability of cash.

According to Nurhakim and Febriati (2022) Dividends are the distribution of profits given by the company to investors with the amount of the distribution determined by the board of directors and ratified by the investor meeting. The payment of dividends is regulated based on the provisions that apply to each

\* Corresponding author

type of share. Rinjani and Hasanah (2019) also added that in determining the amount of dividends to be distributed to each shareholder or investor, the main factor that is of concern to management is the amount of profit generated by the company. Profit is positively related to cash dividends, this is proven by the fact that companies usually increase their dividends along with increasing profits.

The phenomenon of unclear distribution of dividends still often occurs where companies earn profits but these profits are not distributed to investors. The phenomenon of uncertainty can be seen from the operating cash flow in the company's financial statements, where the company received an increase in operating cash flow from the previous year but did not distribute dividends to investors. With the above background, it is the basis for the author's considerations to find out how the influence of accounting profit, retained earnings and operating cash flow occurs, with the title "The Influence of Accounting Profit, Retained Profit and Operating Cash Flow on Cash Dividends (Empirical Study in Manufacturing Companies in the Food and Beverage Sub-Sector listed on the Indonesian Stock Exchange 2018-2022)." The aim of this research is to determine the effect of accounting profit on cash dividends, determine the effect of retained earnings on cash dividends, then to find out the effect of operating cash flow on cash dividends and also to determine simultaneously the accounting profit of retained earnings and operating cash flow on cash dividends.

## 2. Research Method

Based on the existing variables, the method used in this research is a quantitative research method. Based on this, it can be said to be a research method used to examine a particular population or sample and analyze data. The data source used in this research is secondary data. Secondary data used in this research comes from financial reports of manufacturing companies listed on the Indonesia Stock Exchange (BEI) for the 2018-2022 period which can be accessed via the website [www.idx.co.id](http://www.idx.co.id).

In analyzing the research problem, the population that is the object of this research is all food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange in 2018-2022. Furthermore, the sample collection technique in this research uses a purposive sampling technique, namely a technique that uses data samples based on certain criteria. Based on these criteria, the companies selected as samples were 12 food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the 2018-2022 period.

This research uses library study methods and documentation techniques to collect data. The data processing technique in this research uses SPSS (Statistical Program for Social Science) Version 25 software. The data analysis method in this research is multiple regression analysis to be able to see the effect of accounting profit, retained earnings and operating cash flow on cash dividends in sub-sector manufacturing companies food and beverages listed on the Indonesian stock exchange in 2018-2022.

## 3. Results and Discussion

### The Effect of Accounting Profit on Cash Dividends

Based on the results of testing the first hypothesis (H1), statistical analysis shows that accounting profit has a regression coefficient of 2.075 and shows a significance value obtained of 0.044 at a significance level of 0.05. It can be concluded that 0.044 is smaller than 0.05. This shows that accounting profits have a positive and significant influence on cash dividends, so the first hypothesis in this research is accepted. This means that this research indicates that the high or low accounting profits owned by a company will influence the occurrence of cash dividends in food and beverage sub-sector manufacturing companies listed on the IDX for the 2018-2022 period. This research is in accordance with the theory that determining cash dividends is influenced by profit fluctuations, namely if profits If the company increases, the company can distribute relatively high dividends, on the contrary, if net profit is low then the company will distribute relatively small dividends.

### The Effect of Retained Earnings on Cash Dividends

Based on the results of testing the second hypothesis (H2), statistical analysis shows that retained earnings have a regression coefficient of -2.425 and shows a significance value obtained of 0.019 at a significance level of 0.05. It can be concluded that 0.019 is smaller than 0.05. This shows that retained earnings have a negative and significant influence on cash dividends, so the second hypothesis in this research is accepted. This means that this research indicates that the level of retained earnings owned by the company will influence the occurrence of cash dividends in manufacturing companies in the food and beverage sub-sector listed on the IDX for the 2018-2022 period. Retained earnings indicate that the company postpones the distribution of dividends to shareholders to be used as investment. . This means that retained earnings do not have a strong but significant influence on cash dividends.

### The Effect of Operating Cash Flow on Cash Dividends

Based on the results of testing the third hypothesis (H3), statistical analysis shows that cash profit has a regression coefficient of -0.089 and shows a significance value obtained of 0.929 at a significance level of 0.05. It can be concluded that 0.929 is greater than 0.05. This shows that operating cash flow has no effect on cash dividends, so the third hypothesis in this research is rejected. This means that this research indicates that the high or low operating cash flow of a company will not affect the distribution of cash dividends in food and beverage sub-sector manufacturing companies listed on the IDX for the 2018-2022

period. This is because the cash available to the company is not only used to pay cash dividends because the cash can be used to pay debts or loans, so operating cash flow has no effect on cash dividends.

#### **The Influence of Accounting Profit, Retained Earnings and Operating Cash Flow on Cash Dividends**

The results of this test state that accounting profit, retained earnings and operating cash flow simultaneously have a significant influence on cash dividends in food and beverage sub-sector manufacturing companies listed on the IDX for the 2018-2022 period. After calculating the multiple regression analysis, the regression coefficient value was obtained. accounting profit is 0.942, the regression coefficient value of retained earnings is -3.497 and operating cash flow is -0.003 and a constant value of 0.383, resulting in the following multiple regression equation  $Y = 0.383 + 0.942 X_1 - 3.497 X_2 - 0.003 X_3$ . The results of the F or simultaneous test show a significance value of  $0.046 < 0.05$  and an F-count value of  $2.876 > F\text{-table } 2.807$ . So it can be concluded that accounting profit, retained earnings and operating cash flow simultaneously influence cash dividends in food and beverage sub-sector manufacturing companies listed on the IDX for the 2018–2022 period, so the fourth hypothesis in this research is accepted.

#### **4. Conclusions and Suggestions**

Based on the tests that have been carried out, the following conclusions can be drawn:

1. The Accounting Profit variable shows a value of  $t_{\text{count}} 2.075 > t_{\text{table}} 1.679$ , with a significance level of  $0.044 < 0.05$ . This means that Accounting Profit has a partial positive effect on Cash Dividends so it can be concluded that the greater the accounting profit which is the company's net profit, the greater the amount of dividends distributed to shareholders.
2. The Retained Earnings variable shows a value of  $t_{\text{count}} -2.425 > t_{\text{table}} 1.679$ , with a significance level of  $0.019 < 0.05$ . This means that Retained Earnings has a partially negative effect on Cash Dividends so it can be concluded that the greater the retained earnings of a company, the shareholders will wait for certainty regarding the disbursement of these profits and the use of the company's internal funds as investment will be greater, so that the company will not have too much to invest. requires external funding.
3. The Operating Cash Flow variable t shows a t value of  $-0.089 < t_{\text{table}} 1.679$ , with a significance level of  $0.929 > 0.05$ . This means that Operating Cash Flow has no partial effect on Cash Dividends so it can be concluded that the level of operating cash flow owned by the company will not affect the distribution of cash dividends.
4. The variables Accounting Profit, Retained Earnings and Operating Cash Flow show an Fcount value of 2.876 which is greater than Ftable which is 2.807 with a significance level of 0.046 where this value is smaller than 0.05. This means that Accounting Profit, Retained Earnings and Operating Cash Flow simultaneously influence Cash Dividends.

Based on the conclusions obtained in this research, there are several suggestions given by researchers, including the following:

1. For companies, the results of this research are expected to add insight into the distribution of cash dividends in terms of the profits generated by the company and the availability of cash and the company is able to maximize the company's performance in generating net profits and operating cash flow which reflects sufficient availability in distributing cash dividends so as to attract investors. to continue investing capital in the company.
2. For future researchers, it is hoped that they can expand the sample using all types of companies listed on the Indonesia Stock Exchange, not just food and beverage companies. Apart from that, it is hoped that future researchers will add and use other independent variables which are thought to have an influence on cash dividends, including profitability, leverage, free cash flow and share prices. Future researchers are also expected to use a more recent research year so that they can find research results that are different from this research and more accurate.

#### **References**

- Nurhakim, M. A., & Febriati. (2022, Juni). Analisis Pengaruh Laba Akuntansi Dan Laba Tunai Terhadap Dividen Kas Perusahaan Yang Terdaftar Pada Indeks Liquid 45. *Jurnal Akuntansi, Auditing Dan Investasi (JAADI)*, 1.
- Rinjani, S., & Hasanah, U. (2019, September). Pengaruh Laba Bersih Dan Arus Kas Operasi Terhadap Dividen Tunai (Studi Pada Perusahaan Manufaktur Sub Sektor Farmasi Di Bursa Efek Indonesia Periode 2013-2018). *Journal Of Applied Managerial Accounting*, 3, 146- 158.
- Undang – Undang (UU) Nomor 8 Tahun 1995 tentang Pasar Modal.