

THE EFFECT OF ACCOUNTING PROFIT AND CASH PROFIT ON CASH DIVIDENDS IN FOOD AND BEVERAGE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE

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ABSTRACT

In determining the policy regarding dividend distribution, the factor that is of concern to management is the amount of profit generated by the company will determine the amount of dividend distribution. This study aims to determine the effect of accounting profit and cash profit on cash dividends in manufacturing companies in the food and beverage sector listed on the Indonesia Stock Exchange during the period of 2019 to 2022. This research is a quantitative research that uses secondary data, namely financial report data from manufacturing companies in the food and beverage sector. The number of population in this study is 16 companies, but the research was carried out using a purposive sampling method based on certain criteria and data processing using SPSS software. The data analysis techniques used are multiple regression analysis models, classical assumption tests, and hypothesis tests. The results of this study show that partially for each independent variable, namely accounting profit, partially has a positive and significant effect on cash dividends and for cash profit, it partially has a positive and significant effect on cash dividends.

Keywords: Accounting Profit, Cash Profit, and Cash Dividends.

INTRODUCTION

A company is a business organization that generally has three main goals, namely the continuation of the company's life (*going concern*), long-term profit (profit), and business development or expansion (*expansion*). To achieve these goals, the company must certainly be able to improve its performance in running its business. In addition, the company's goal must be able to create value for its owners in line with the development of science and technology. These values are realized in the market price of the company's common shares (Rhamedia, 2015).

Investors, before transacting in the capital market, first conduct an assessment of companies that issue (offer) their shares on the stock exchange. Financial statements are the basis for investors to make decisions about whether to buy, hold, or sell the investment. The company's performance, which is often an indicator of performance, is the profit contained in the income statement which is one part of the financial statements. According to PSAK no.1 paragraph 10 (IAI, 2015) states that the general purpose of financial statements is to provide information about the financial position, financial performance, and cash flow of entities that are useful for most report users in making economic decisions. Financial statements also show the results of management's accountability for the use of resources entrusted to them. These financial statements are the basis for investors to make decisions to buy, hold or sell the investments offered by the company through the stock exchange. One of the performance factors that is often highlighted by

investors is the profit figure contained in the income statement presented by the company.

From the issuer's side, the dividend policy is very important for them, whether as a profit the company will be used more to pay dividends than retain earnings or vice versa. In determining the policy regarding dividend distribution, the factor that management is concerned about is the amount of profit generated by the company. There are two types of dividends that can be obtained by investors, namely cash and non-cash dividends (Rahayu, 2016). Cash *dividends* are dividends paid by companies to investors in the form of cash. In fact, investors are more interested in paying dividends in cash, because it can minimize uncertainty about their investment in a company. Therefore, the majority of companies often consider cash profit, which is basically accounting profit after adjusting for non-cash transactions, such as depreciation expenses, amortization expenses, credit sales, salary expenses, tax expenses, and unpaid interest expenses, as well as credit purchases, in determining the amount of dividends distributed.

The amount of profit generated by the company will be one of the factors that the company will consider in paying dividends. The dividends paid by a company to investors are of course influenced by the dividend policy of each company. Investors generally want a relatively stable dividend distribution, where the stability of the dividend will increase investor confidence in the company because it will reduce the uncertainty of investors in investing their funds (Jannah, 2014).

The issue of dividend distribution is important and must be paid more attention to by companies because investors play a very important role in the sustainability of a company (Wahyuni et al., 2012). The phenomenon that occurs in companies listed on the Indonesia Stock Exchange is the number of companies that do not distribute dividends, especially in cash, even though most of these companies earn a lot of profits. There are even companies that irregularly distribute their dividends to investors every year. According to Astuty and Siregar (2008), profit information and dividend announcements can provide signals or information to investors regarding the company's future prospects.

Hani Sri Mulyani's (2015) research entitled *The Effect of Cash Profit and Accounting Profit on Cash Dividends*, the results show that partially accounting profit affects cash dividends while cash profit does not affect cash dividends but simultaneously accounting profit and cash profit have a significant effect on cash dividends.

Nuraini Research (2016) *Analysis of the Relationship Between Accounting Profit and Cash Profit with Cash Dividends*, the results show that there is a relationship between Accounting Profit and Cash Profit with Cash Dividends. The two studies have the same similarity in researching cash profit and accounting profit to cash dividends, while the difference lies in the object of the research. The research conducted by Hani Sri Mulyani (2015) on manufacturing companies, Nuraini's research (2016) on Consumer Sector Companies while the research conducted by the researcher was on food and beverage companies.

Based on the phenomena and problems described above, the researcher is interested in conducting a study entitled "The Effect of Accounting Profit and Cash Profit on Cash Dividends in Food and Beverage Companies Listed on the Indonesia Stock Exchange."

THEORETICAL FOUNDATIONS

A. Agency Theory

According to Jensen & Mackling (1976), agency theory is a relationship or contract between *principal* (shareholder) and *agent* (manager). Where *the principal* is the party that gives the mandate to the agent to perform a service on behalf of the *principal*, while *the agent* acts as the authority to make decisions, while the *principal* is the party that evaluates information.

Agency theory attempts to understand and explain how conflicts of interest between *principals* and *agents* can influence agent behavior and decisions, which in turn can affect company performance and results. This conflict of interest arises because agents can have an incentive to act in their personal interest, not in the principal's interest.

The relationship between agency theory and cash dividends is how a manager or executive of a company has an incentive to manage the company's cash efficiently and allocate dividends appropriately to shareholders. However, because agents have freedom in decision-making, there is a potential that they may prefer to withhold cash rather than distribute it as dividends to shareholders, for example to expand operations or increase their executive bonuses.

B. Cash Dividend

Investing in the form of stocks will provide two types of benefits to investors, namely profits in the form of *dividends* and *capital gains*. *Capital gains* are obtained from the difference between the selling and buying prices of shares. Meanwhile, *dividends* are the distribution of company profits.

According to PSAK No.23 (revision 2010:103) states that: Dividends are the distribution of profits to equity holders according to their proportion of a certain type of capital, does not regulate the recognition of dividends on declared equity securities from net income before the acquisition.

So in the above sense, it can be concluded that dividends are part of the net profit after tax distributed to shareholders. Because dividends are one of the potential profits from investing through shares, the company's management needs to pay attention to the dividend policy that will be implemented in order to attract investors to invest their capital in the company in the form of stock ownership.

C. Accounting Profit

In the *Historical Cost method*, profit is measured based on the difference between net assets at the beginning and end of the period, which is measured by historical costs, respectively, so that the result will be the same as the profit calculated as the difference between revenue and expenses.

According to Sofyan (2008:305), "Accounting profit is the difference between the realized *revenue* arising from transactions in a certain period faced with the costs incurred in that period". According to Sofyan (2008:304), "in the concept of profit, it is also known that there is a difference of opinion in calculating income.

In accounting profit, there are various components, namely a combination of several basic components such as gross profit, operating profit, profit before tax and profit after tax (Muqodim, 2012:131). So that in determining the amount of accounting profit, investors can look at the calculation of profit after tax.

D. Cash Profit

According to Soemarso in Lainy (2008) "Cash profit is also called cash flow from the

company's operating activities". The company's net profit is important, but cash flow is even more important because dividends must be paid in cash and because cash is needed to purchase assets to continue the company's operations. In general, a company's net cash flow is different from accounting profit, because some of the revenues and expenses listed in the income statement are not paid in cash for one year. The relationship between net cash flow and net profit can be shown through the calculation of net cash flow.

The main example of non-cash expenses is depreciation. This post deducts the net profit but is not paid in cash, so we will add this burden back to the net income in calculating the net cash flow. In addition, some taxes may be deferred and some revenues may not be received in cash in a single year, so the post must be deducted from net income when calculating net cash flow. Basically, cash profit is the amount of cash flow from a company's operating activities.

Depreciation is the allocation of costs from tangible assets, while amortization shrinks the amount of intangible assets. Sales and credit purchases are also included because they have not involved cash in the transaction. Salary debts, tax debts, and interest debts have become burdens but have not been paid because they are not on the payment date. This is because the company has closed the books but salary payments have not been implemented. Therefore, according to Soemarso in Lainy (2008) stated that cash profit is obtained from the amount of cash flow from operating activities contained in the cash flow statement.

RESEARCH METHODS

This study is a quantitative descriptive research which examines the influence between dependent variables and independent variables. The population used in this study is food and beverage companies listed on the Indonesia Stock Exchange (IDX) in 2019-2022. The sampling method that will be used in this study is the purposive sampling method (IDX 2019-2022). The use of samples from 2019-2022 is due to the adequacy of sufficient data to calculate profits and dividends in manufacturing companies in the food and beverage sub-sector listed on the IDX.

In this study, the researcher took the population, namely the financial statements of 16 food and beverage companies listed on the Indonesia Stock Exchange (IDX) in 2019-2022 to be used as a research sample. The following is a sample presented in a tabulation form:

Table 1. Research Sample

It	Code	Company Name
1	ADES	Akasha Wira Internasional Tbk
2	AISA	Tiga Pilar Sejahtera Food Tbk
3	ALTO	Tri Banyan Tirta TBK
4	COLD	Wilmar Cahaya Indonesia Tbk

5	CLEO	Sariguna Primatirta Tbk
6	CAMP	Campina Ice Cream Industry Tbk
7	DLTA	Delta Djakarta Tbk
8	DMND	Diamond Food Indonesia Tbk
9	FOOD	Sentra Food Indonesia Tbk
10	GOOD	Garudafood Putra Putri Jaya Tbk
11	ALSO	Buyung Poetra Sembada Tbk
12	LADY	Pratama Abdi Nusa Industri Tbk
13	PCAR	Pritama Cakrawala Abadi Tbk
14	SKLT	Sekar Laut Tbk
15	TBLA	Tunas Baru Lampung Tbk
16	ULTJ	Ultra Jaya Milk Industry & Trading Company Tbk

Sumber: <http://www.idx.co.id/>

The data analysis technique in this study uses classical assumption test analysis using 4 tests including autocorrelation test, normality test, heteroscedasticity test, multicollinearity test. In testing the influence between variables in this study, multiple linear regression analysis, hypothesis testing by measuring partially (t-test), and determination coefficient (R^2) were used.

RESULTS AND DISCUSSION

A. Classical Assumption Test

1. Normality Test

Table 2. Normality Test Results

		Unstandardized Residual
N		64
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.45352406
Most Extreme Differences	Absolute	.149
	Positive	.149
	Negative	-.112
Test Statistic		.149
Asymp. Sig. (2-tailed)		.115c

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Source: Secondary Data processed by SPSS (2024).

The test results in table 2 show that the data is normally distributed, shown by *the value of Asymp. Sig. (2-tailed)* $0.115 > 0.05$. This is said to be normally distributed because the significance value is more than 0.05.

2. Multicollinearity Test

Table 3. Multicollinearity Test Results

Collinearity Statistics	
Tolerance	BRIGHT
.114	8.769
.114	8.769

a. Dependent Variable: Deviden Kas

Source: Secondary Data processed by SPSS (2024).

Based on the table, the results of the multicollinearity test obtained *an overall tolerance* value of more than 0.10. Meanwhile, the overall VIF score is less than 10. Therefore, it can be concluded that there are no symptoms of multicollinearity.

3. Heteroscedasticity Test

Figure 1. Heteroscedasticity Test Results

		Correlations			
		Laba Akuntansi	Laba Tunai	Deviden Kas	
Spearman's rho	Laba Akuntansi	Correlation Coefficient	1.000	-.072	.029
		Sig. (2-tailed)	.	.569	.821
		N	64	64	64
Laba Tunai		Correlation Coefficient	-.072	1.000	.145
		Sig. (2-tailed)	.569	.	.252
		N	64	64	64
Deviden Kas		Correlation Coefficient	.029	.145	1.000
		Sig. (2-tailed)	.821	.252	.
		N	64	64	64

Source: Secondary Data processed by SPSS (2024).

Based on the results of the heteroscedasticity test, the spearman's rho test method has a significance value of more than 0.05. If the significance value is greater than 0.05, there are no symptoms of heteroscedasticity.

4. Uji Autokorelasi

Figure 2. Autocorrelation Test Results

Model Summary ^b					
Model	R	R Square	Adjusted R	Std. Error of the	
			Square	Estimate	Durbin-Watson
1	.917 ^a	.841	.836	.46090	1.941

a. Predictors: (Constant), Laba Tunai, Laba Akuntansi

b. Dependent Variable: Deviden Kas

Source: Secondary Data processed by SPSS (2024).

Based on the figure above, it shows that the DW value is 1.941 with a significance level of 0.05. Number of samples (n) = 64, number of independent variables (k=3), dL value (lower bound) = 1.499, dU value (upper bound) = 1.694. Therefore, the dU value < DW < 4-dU or 1.694 < 1.941 < 2.306. So it can be concluded that the regression model in this study does not have an autocorrelation in the data of this study.

B. Multiple Linear Regression Analysis

Multiple regression analysis is used to measure the strength of the relationship between two or more variables, also showing the direction of the relationship between the dependent variable and the independent variable. A good regression equation model is one that meets the requirements of the classical assumption test. From the previous analysis, it proves that this study is considered good. The results that have been processed by the researcher are as follows:

Table 4. Multiple Linear Regression Analysis Results

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients	t	Mr.
	B	Std. Error	Beta		
1 (Constant)	.540	.059		9.149	.000
Accounting Profit	.117	.010	1.782	11.788	.000
Cash Profit	.326	.021	2.369	15.675	.000

a. Dependent Variable: Deviden Kas

Source: Secondary Data processed by SPSS (2024).

Based on the results of the multiple linear regression test, the first equation is obtained:

$$Y = 0,540 + 0,117 X1 + 0,326 X2 + e$$

Based on the above equation, the following results are obtained:

1. In the multiple linear regression analysis, it is known to have a constant value of 0.540. The value of the constant indicates that if the independent variables (accounting profit and cash profit) have a value of zero or are assumed to be constant, then the value of the company has a value of 0.540.
2. The coefficient of the accounting profit variable = 0.117 this coefficient indicates that every increase in accounting profit by a unit, then the cash dividend variable will also experience an increase by the multiplier variable by a unit assuming that the other independent variables are considered constant.
3. The coefficient of the cash profit variable = 0.326 This coefficient shows that for every increase in cash profit by a unit, then the cash dividend variable will also increase by the multiplier variable by a unit assuming that the other independent variables are considered constant.

C. Partial Test (t-Test)

The results of data processing with multiple linear regression analysis are known that:

1. It shows that the accounting profit variable has a regression coefficient value of 0.117 with a positive value and has a t-calculated value of 11.788 > t-table of 1.669 and has a significance value of 0.000 < 0.05 which means that the accounting profit variable has a positive and significant influence on cash dividends.
2. It shows that cash profit has a regression coefficient value of 0.326 with a positive value and has a t-calculated value of 15.675 > t-table 1.669 and has a significance value of 0.000 < 0.05 which means that the cash profit variable has a positive and significant influence on cash dividends.

D. Coefficient of Determination (R²)

The R² value has an interval between 0 to 1 (0 ≤ R² ≤ 1). The greater the R² is closer to 1, the better the results for the regression model and the closer to 0, the independent variable as a whole cannot explain the dependent variable. The results that have been processed by the researcher are as follows:

Table 5. R² Analysis Results

Model Summary					
Type	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.917 ^a	.841	.836	.46090	

a. Predictors: (Constant), Cash Profit, Accounting Profit

Source: Secondary Data processed by SPSS (2024).

Based on table 5, it shows that the value of the determination coefficient expressed by Adjusted R Square is 0.836 or 83.6%. This means that Cash Dividend can be explained by Accounting Profit and

Cash Profit of 83.6%, while the remaining 16.4% is explained by other variables that are not studied.

DISCUSSION

The Effect of Accounting Profit on Cash Dividends

Hypothesis testing formulates that accounting profit has a significant effect on cash dividends. From the results of this study, we received the first hypothesis that the accounting profit variable has a significant effect on cash dividends in manufacturing companies in the food and beverage sector listed on the Indonesia Stock Exchange (IDX) for the period 2019 – 2022. This means that accounting profit affects cash dividends. The more accounting profits in manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2019 – 2022 period, the more the cash dividends will also increase.

The results of this study are also in line with *Agency Theory* which states the importance of information related to business activities issued by companies to investment decisions of parties outside the company such as investors, creditors, and debtors. This information is financial information, one of which is the accounting profit owned. With the company's accounting profit being high, the company's ability to generate profits increases so that it can increase the stock price and is considered a positive signal for investors. This means that the higher the accounting profit, the better the company will be so that it will be easy to attract investors to invest their capital because the company allows to have good prospects in the future. Cici Seliana Siregar (2019) stated that accounting profit is a positive value for investors because the better the company's position can make it possible to finance investments from funds derived from internal sources available in retained earnings so as to increase the cash dividends distributed. In contrast to the research conducted by Yolanda Anisa Fitry (2019) which states that accounting profit does not affect cash dividends.

The Effect of Cash Profit on Cash Dividends

Cash profit is an accounting expense after accounting for non-cash expenses such as amortization expenses, depreciation expenses, credit sales, salary expenses, tax expenses, and unpaid interest expenses, as well as credit purchases. Research conducted by Yubiharto (2019) obtained that cash profit results have a significant positive influence on cash dividends. The higher the company's cash profit, the more likely the company is to pay dividends. Because companies have high cash returns, they tend to have strong financial capabilities and are able to pay dividend policies to investors. Therefore, if the higher the cash profit, the higher the cash dividend.

The hypothesis test formulates that cash profit has a significant effect on cash dividends. From the results of this study, we received a second hypothesis which suspects that the cash profit variable has a significant effect on cash dividends in manufacturing companies in the food and beverage sector listed on the Indonesia Stock Exchange (IDX) for the 2019 – 2022 period. This means that cash profit in manufacturing companies for the period 2019 – 2022 affects the amount of cash dividends of a company. However, the results of this study are several previous studies conducted by Serly Junis Putri Gulo (2018) which stated that cash income did not have a positive and significant influence on cash dividends.

CONCLUSION AND SUGGESTION

Conclusion

Based on the results of the research and discussion of research on the influence of accounting profit and cash profit on cash dividends, it can be concluded that accounting profit has a significant and positive effect on Cash Dividends with the *Dividend Payout Ratio* (DPR) proxy, and cash profit also has a significant and positive effect on Cash Dividends with the *Dividend Payout Ratio* (DPR) proxy.

Suggestion

Based on the results of the research, the author proposes suggestions to be used as reference material for further research, namely: For further research it is hoped that additional variables will be added others, other than those used in this research, in order to obtain more varied results, the object and research period are expected to be expanded or not limited, and In making investment decisions, investors is expected not only to pay attention to financial factors, such as CR, DER, ROA, dividend policy and share prices. But investors too must consider other factors in decision making investment.

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