EFFECT OF GROSS PROFIT, OPERATING PROFIT, NET PROFIT AND RECEIVABLES IN PREDICTING FUTURE OPERATING CASH FLOWS

Siti Aisyah Nasution*[1], Robintan Tamba[2],
Mira Mawarani Br. Sihombing[3], Nurwani[4]
[1 23] Universitas Prima Indonesia
[4]Universitas Islam Negeri Sumatera Utara
* Corresponding Email: sitiaisyahnasution@unprimdn.ac.id

Abstract

This study aims to analyze the effect of gross profit, operating profit, net profit and accounts receivable in predicting future operating cash flows partially and simultaneously. This research was carried out in the Food and Beverage sub-sector which is listed on the Indonesia Stock Exchange in 2017-2021. The sample was determined based on the purposive sampling method, with a total sample of 13 companies in the food and beverage sub-sector, so that the total observations of this study were 65 observations. The data used in this research is secondary data. The data collection method uses documentation through the official IDXu website www.idx.co.id. The results of the study of gross profit and operating profit partially show that gross profit and operating profit have a positive and significant effect on predicting operating cash flow in the future. Meanwhile, Net Profit and Receivables partially show that Net Profit and Receivables have a negative but significant effect in predicting future Operating Cash Flows. The results of the research are Gross Profit, Operating Profit, Net Profit and Receivables simultaneously have a significant and positive effect in predicting future Operating Cash Flows.
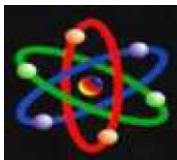
Keywords: Gross Profit, Operating Profit, Net Profit, Receivables, Operating Cash Flow

INTRODUCTION

The development of the food and beverage industry in Indonesia is a current phenomenon, the food and beverage industry as a sector supporting national economic growth. This sector is developing very rapidly and is one of the mainstay manufacturing sectors, because it is able to meet the needs of the Indonesian people despite the impact of Covid 19 which is currently still in the stage of easing the Covid 19 outbreak, even though the company's financial ratios are unstable and affect gross profit income due to profit calculations. gross profit can help a company to see the profit earned from production and sales. The size of the gross profit can affect the company's future follow-up.

Gross profit is an important figure when a company does not generate sufficient revenue from the sale of goods and services to cover the direct costs associated with those goods and services. Likewise with operating profit considering operating expenses, the company which supports the company's main activities. A measure of a company's profit derived from ongoing operating activities.
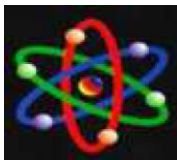
Operating profit can help analyze how a business is performing over an extended period by tracking operating profit on a trend line. The lower the operating income, the more likely it is that the company will need additional funds to continue operating. This allows the business to increase its ability to generate net profit. Net profit is obtained by subtracting profit or income before tax with the income tax that must be paid by the company. Apart from profit, another factor that can predict future cash flows is the accrual component, one of which is the change in accounts receivable .

In this sub-sector company , accounts receivable processing is an important element for the continuity of its business, namely to finance the company's operations. The research objective is to obtain empirical evidence about the relationship between gross profit, operating profit, net profit and accounts receivable in predicting future operating cash flows for food and beverage companies listed on the Indonesia Stock Exchange for the 2017-2021 period. For more details, this can be seen from the three companies The phenomenon of this research is presented as follows:

CODE EMITED	YEAR	PROFIT DIRTY	PROFIT OPERATION	PROFIT CLEAN	RECEIVABLES	CURRENT CASH OPERATION
ADES	2017	438,944,000,000	74,038,000,000	38,242,000,000	142,437,000,000	87,199,000,000
	2018	389,090,000,000	91,122,000,000	52,958,000,000	134,112,000,000	146,588,000,000
	2019	417,049,000,000	120,718,000,000	83,885,000,000	136,656,000,000	184,462,000,000
	2020	342,565,000,000	161,962,000,000	135,789,000,000	121,769,000,000	230,679,000,000
	2021	499,568,000,000	325,777,000,000	265,758,000,000	165,773,000,000	308,296,000,000
MAJO	2017	4,975,054,755,390	2,460,559,388,050	1,594,441,049,250	6,102,729,334,505	1,275,530,669,068
	2020	6,396,6	2,627,8	1,716,3	6,075,135,	459,273,

R	18	53,530,650	92,008,010	55,870,270	704,034	241,788
	20 19	7,917,240,946,520	3,172,264,551,040	1,987,755,412,100	6,402,968,849,667	3,303,864,262,119
	20 20	7,299,122,959,685	2,863,839,347,673	2,060,631,850,945	5,632,222,984,143	3,715,832,449,186
	20 2 1	6,922,983,508,400	1,772,315,914,150	1,186,598,590,770	6,079,369,030,833	1,041,955,003,348
BR EA D	20 17	1,307,930,827,050	257,164,701,190	145,981,447,250	337,950,521,397	370,617,213,073
	20 18	1,492,213,107,210	194,414,713,940	172,687,391,660	454,076,170,257	295,922,456,326
	20 19	1,849,435,889,150	356,929,646,870	301,002,075,110	524,475,209,047	479,788,528,325
	20 20	1,802,163,709,880	256,721,944,396	215,050,714,497	410,268,924,995	486,591,578,118
	20 21	1,786,346,166,110	409,672,487,180	281,341,473,270	386,527,573,728	643,601,152,274

Table 1. Research Phenomena

Based on the table above, PT.Akasha Wira International Tbk, which is active until now on the IDX, shows that the period 2017-2018 gross profit and receivables have decreased. Gross profit decreased by 11% and Receivables decreased by 6% while operating cash flow increased by 68%. This is not in line with the theory of Aldy Vincent et al (2022) which states that gross profit and receivables have an effect on predicting future cash flows. PT.Mayora Indahu Tbk, which has been active until now on the IDX, shows that in the period 2017-2018 operating profit has increased by 7% while operating cash flow has decreased by 64%, this is contrary to theory which states that operating profit has a positive influence and not significant to the cash flow of operating activities (Riyanti 2022). PT. Nippon Indosari Corpindo Tbk, which is active until now on the IDX, shows that in the period 2017-2018 net profit has increased by 18% while cash flow has decreased by 20%. This is not in line with the theory which states that net income affects the future cash flow of consumer good industry companies listed on the IDX in the 2015-2019 period.

According to Glencha Desgrio Christosa Binilang et al (2017), net profit has a significant effect on future operating cash flows. According to Antoro et al (2014) stated that net income has a significant effect in predicting cash flow from operating activities. From the two statements above, it can be concluded that the greater the operating profit, the greater the amount of cash flow from operating activities.

According to Riyanti (2022) it was found that changes in accounts receivable had a positive and significant effect on cash flow from operating activities. According to Dwiani Rita Widyastuti (2017) shows receivables have a significant effect on operating cash flow in the future. From the two statements above, it can be concluded that the greater the accounts receivable, the greater the cash flow of operating activities in the future.

Based on the conceptual framework that has been described, the hypothesis used is as follows:

H1: Gross Profit has a partial effect on predicting future operating cash flows.

H2: Operating Profit has a partial effect on predicting future Operating Cash Flows.

H3: Net Income has a partial effect on predicting future Operating Cash Flows.

H4: Receivables have a partial effect on predicting future operating cash flows.

H5: Gross Profit, Operating Profit, Net Profit and Accounts Receivable have a simultaneous effect in predicting future cash flows.

RESEARCH METHODS

In this study using quantitative methods. According to Sugiyono (2018: 14), the quantitative method is a research method that is based on the philosophy of positivism (relying on empiricism) and examines certain populations or samples, my sampling technique is generally done randomly (random), data collection uses objective research instruments, and data analysis is quantitative or statistical, with the aim of testing the hypotheses that have been set. The location of this research was carried out in the food and beverage sub-sector company.

Your sample is part of the population which is a description of the population. In taking the sample, the researcher used a purposive sampling method, that is, the withdrawal was based on certain criteria, namely:

1. Companies registered during the research period 2017-2021.

2. Companies that have financial reports during the 2017-2021 research period

3. Companies that use rupiah currency.

4. Companies that did not earn profits during the 2017-2021 research period. So, based on the above criteria, the sample results were selected as follows:

NO	INFORMATION	AMOUNT
1.	Company yes registered during period study 2017-2021	19
2.	M e r u s a h a n _ y a n g t i d a k m e l a p or k a n _ k e u a n g a n s e l a ma p e r io de p e n e i t i a n _ 2017-2021	(-)
3.	Company Which use eye Money rupiah	(-)

Table 2. Results of sampling based on criteria

According to Ghozali (2018: 161) the normality test aims to test into the regression model, the confounding or residual variables have a normal distribution. The formula used in this normality test is the Kolmogorov-Smirnov formula with the provisions that the data is normally distributed. If the significance> 0.05 and the data is not normally distributed, if the significance <0.05. The multicollinearity test was carried out to test whether the regression model found a correlation between independent variables (Ghozali 2018: 107). A good regression model is that there is no correlation between the independent variables. To detect multicollinearity, the researcher looked at the variance inflation factor (VIF) and tolerance values. A regression model that is free of multicollinearity is one that has a VIF value <10 and a tolerance value> 0.1. The heteroscedasticity test aims to test whether in a regression model there is an inequality of variance from the residual of one observation to another. If the variance of the residual of another observation is fixed, then it is called homoscedasticity and if it is different it is called heteroscedasticity. To test whether there is heteroscedasticity or not, the Glejser test is

used, which is to regress the absolute value of the residual to the independent. Heteroscedasticity does not occur if the significance value is> 0.05. Conversely, heteroscedasticity occurs if the significance value is <0.05 (Ghozali 2018: 142).

RESULTS AND DISCUSSION

	N	Minimum	Maximum	Mean	std. Deviation
Profit Dirty	52	186165342710	7917240946520	1086232651645.37	1325809612033.381
Profit Operation	52	20887453650	3172264551040	517328001767.27	655596998097.261
Profit Clean	52	4187135960	1987755412100	378457545681.17	470039798413.783
Piutang	52	110119370000	6402968849667	624715901329.44	1154621813087.484
Arus Kas Operasi	52	-98662799904	3303864262119	487517866569.56	595097444136.792
Valid N (listwise)	52				

Table 3. Descriptive Statistics

The table above shows the results of descriptive statistical data with minimum, maximum, average value and standard deviation of Gross Profit as X1,u Operating Profit asu X2,u Net Profit as X3, Receivables as X4, andu Operating Cash Flow as Y With the following details:

1. The variable Gross Profit has a sample of 52, with a minimum value of 186165342710 and a maximum value of 7917240946520 while an average value of 1086232651645.37 with a standard deviation value of 1325809612033.381. This means that the gross profit which is the sample in this study is between 186165342710 to 79127240946520.

2. Operating profit variable has 52 samples, with a minimum value of 20887453650 and a maximum value of 3172264551040 while the average value is 517328001767.27 with a standard deviation value of 655596998097.261. This means that the Operating Profit which is the sample in this study is between 20887453650 to 3172264551040.

3. The Net Income variable has 52 samples, with a minimum value of 4187135960 and a maximum value of 1987755412100 while the average value is 378457545681.17 with a standard deviation value of 470039798413.783. This means that the net profit for this research sample is between 4187135960 to 1987755412100.

4. The variable Receivable has 52 samples, with a minimum value of 110119370000 and a maximum value of 6402968849667 while the average value is 624715901329.44 with a standard deviation value of 1154621813087.484. This means that the receivables that are the sample of this study are between 110119370000 to 6402968849667

5. Operating Cash Flow has 52 samples, with a minimum value of -98662799904u and a maximum value of 3303864262119 while the average value is 487517866569.56 with a standard deviation value of 595097444136.792. This means that the receivables that are the

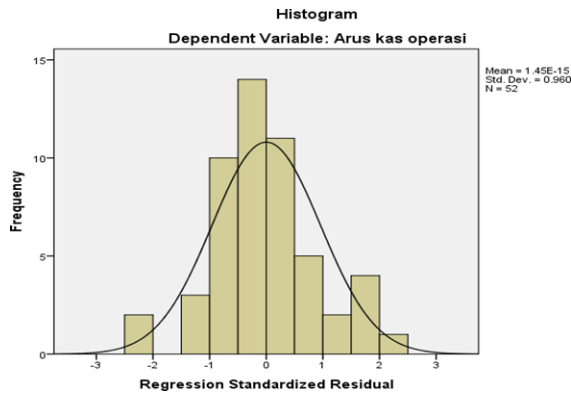sample of this study are between -98662799904 to 3303864262119.
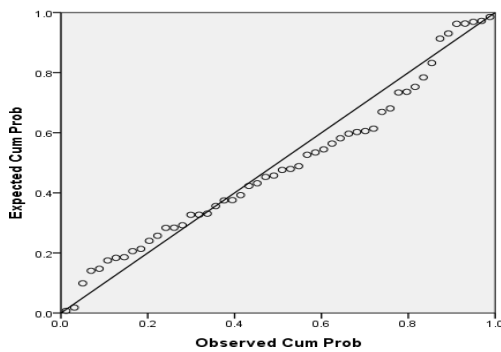
Results

Figure 1. Normality Test

Figure 2. Normal probability Plot

Based on the Kolmogorov Smirnov results, the Kolmogorov Smirnov value is 0.811 and Asymp. Sig. (2-tailed) of 0.527 the result is greater than 0.05, which means that the data is normally distributed.

In this study, heteroscedasticity was tested using the Glejser test and the Scatterplot Graph. If there are no independent variables that have a significant relationship with the residual

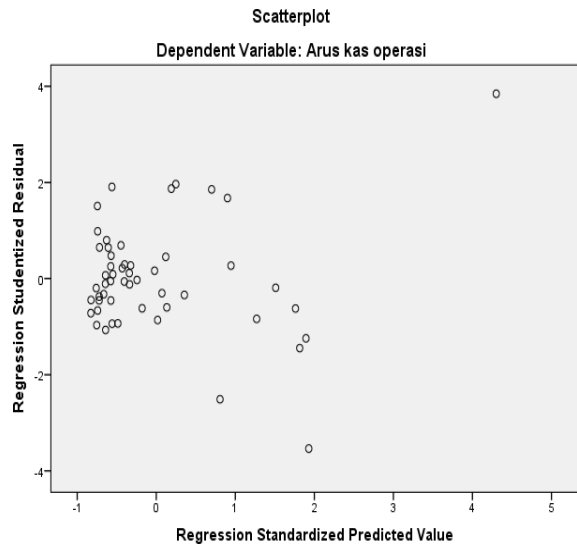value, then it is indicated that there is no hetoscedasticity problem.

Figure 3. My Scatterplot Graph

From the results above, the data is spread randomly and does not form a good pattern. The data are spread out and below the 0 line on Y which indicates there is no heteroscedasticity.

From the multiple linear equations of the research hypothesis, the following information is obtained:

1. A constant value   (a)   of 6339886004.126 means that if the variable variable gross profit, operating profit, net profit from accounts receivable is considered constant or zero, then operating cash flow in the food and beverage sub-sector listed on the Indonesia Stock Exchange in the 2017- 2021 will experience an increase of 633988600413 percent.
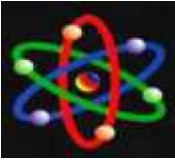
2. The coefficient value (b1) is 0.273, meaning that for every 1 percent increase in the Gross Profit Variable, the value of Operating Cash Flows in Food and Beverage Sub-Sector companies listed on the Indonesia Stock Exchange in the 2017-2021 period will experience an increase of 27.3 percent with other variables considered fixed.

3. The coefficient value (b2) is 1.571, meaning that for every 1 percent increase in the Operating Profit Variable, the value of Operating Cash Flows in Food and Beverage sub-sector companies listed on the Indonesia Stock Exchange in the 2017-2021 period will increase by 157.1 percent with the variable others are considered fixed.

4. The coefficient value (b3)a is -1.190, meaning that for every 1 percent decrease in Net Profit, the value of Operating Cash Flows in Food and Beverage sub-sector companies listed on the Indonesia Stock Exchange for the 2017-2021 period will decrease by -119 percent with variables others are considered fixed.

5. The coefficient value (b4) is -0.284, meaning that for every 1 percent decrease in Receivables, the Operating Cash Flow of Food and Beverage sub-sector companies listed on the Indonesia Stock Exchange for the 2017-2021 period will decrease by 28.4 percent with other variables held constant.

Partially the effect of each variable can be seen from the direction of the sign and the significant level (probability) of 0.05 at the degree of freedom nk (52-4 = 48 or 1.677722). The results of testing the

hypothesis of each independent variable partially on the dependent variable can be analyzed as follows:

1. Partial testing (t-test) of variable X1 obtained gross profit on operating cash flow showing a tcount of 5.067 and a ttable value of 1.67722. This means that tcount > ttable with a significance level value of 0.000 <0.05. Then the results of variable X1 state that Gross Profit has a positive and significant effect on Operating Cash Flows in the future.

2. Partial testing (t-test) of variable X2 obtained Operating Profit on Operating Cash Flow showing a tcount value of 4.239 and a ttable value of 1.67722. This means that tcount > ttableu with a significance level value of 0.000 <0.05, the results of the variable X2 state that Operating Profit has a positive and significant effect on Operating Cash Flow in the future.

3. Partial testing (t-test) of the X3 variable obtained Net Profit on Operating Cash Flow showing a tcount of -2.718 and a ttable value of 1.67722. This means that tcount < ttable with a significance level value of 0.009 <0.05, the results of variable X3 state that Net Profit has a negative and significant effect on Operating Cash Flows in the future.

4. Partial testing (t-test) of variable X4 obtained Receivables against Operating Cash Flows showing a tcount of -5.376 and a ttable value of 1.67722. This means that tcount <uttable with a significance level value of 0.000 <0.05, then the results of the variable X4 state that Receivables have a negative and
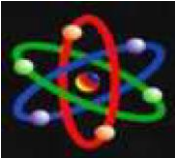
significant effect on Operating Cash Flows in the future.

CONCLUSION

From the results of research on the Effect of Gross Profit, Operating Profit, Net Profit and Receivables in predicting Future Operating Cash Flows in Food and Beverage sub-sector companies listed on the Indonesia Stock Exchange for the 2017-2021 period, the conclusions are drawn:

1. The partial test results show that Gross Profit has a positive and significant effect on Operating Cash Flow in food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the period 2017 – 2021.

2. The partial test results show that Operating Profit has a positive and significant effect on Operating Cash Flow in food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the period 2017 – 2021.

3. The results of the partial test show that Net Profit has a negative but significant effect on Operating Cash Flow in the Food and Beverage sub-sector which is listed on the Indonesia Stock Exchange in the 2017-2021 period.

4. The partial test results show that Receivables have a negative but significant impact on Operating Cash Flows in Food and Beverage sub-sector companies listed on the Indonesia Stock Exchange in the 2017-2021 period.

5. The simultaneous test results show that Gross Profit, Operating Profit, Net Profit and Accounts Receivable have a significant and significant effect on Operating Cash Flow, while based on the determination coefficient test it is known that the R squareu value is 0.938, this means 93.8% Operating Cash Flow can be explained by the independent variable. While the rest is explained by other factors not examined in this study.

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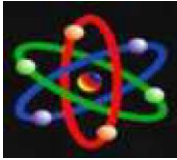
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