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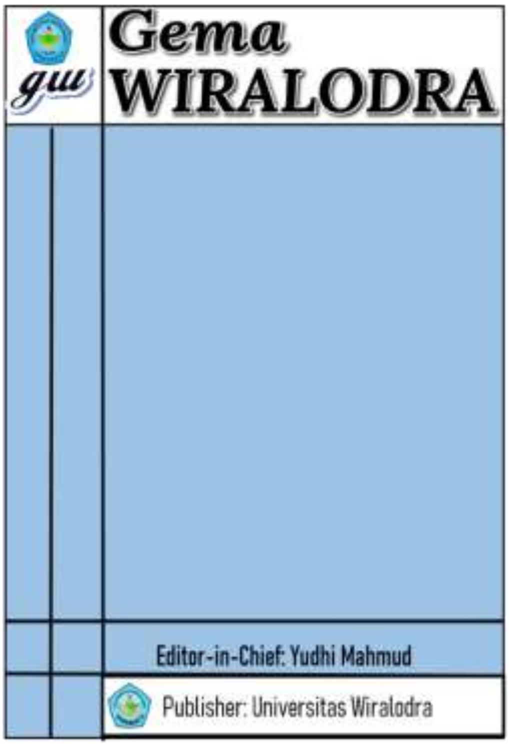

ANALYSIS THE INFLUENCE OF CSR, CASH FLOW, AND GCG ON DIVIDEND POLICY IN CONSUMER GOODS SECTOR

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Orginal Article

Analysis The Influence Of CSR, Cash Flow, And GCG On Dividend Policy In Consumer Goods Sector

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Abstract
Investors need information that can support their decision to invest, including analyzing the factors that influence a company's decision to distribute dividends. This research aims to analyze and explain the influence of CSR, cash flow and GCG on dividend policy in consumer goods sector companies listed on the IDX. The independent variables are CSR, cash flow, GCG, leverage, liquidity and company size and the dependent variable is dividend policy. Dividend policy is chosen as the dependent variable because it is used to determine the value of earnings per share to be distributed to shareholders. The data used in this research is secondary data sourced from annual reports of consumer goods sector companies listed on the Indonesia Stock Exchange (BEI) during the 2013-2022. The research sample was selected using a purposive sampling method , which was chosen because it allows for a more in-depth analysis of research subjects with specific characteristics. As a result, 13 companies were obtained as samples. The data analysis used for hypothesis testing is multiple regression analysis using E-Views software. The results show that CSR, cash flow, GCG, and liquidity as control variables have a positive influence on dividend policy. The study also indicates that leverage and firm size as control variables do not affect dividend policy. These findings provide significant implications for management in conducting CSR activities and considering the conditions of cash flow, GCG, and liquidity when determining dividend policy . Based on the results, the Adjusted R-squared value indicates that Corporate Social Responsibility, Good Corporate Governance, Cash Flow, Leverage, Liquidity, and Company Size collectively influence Dividend Policy by 31.33%, while the remaining 68.67% is influenced by factors outside the research model.
Keywords: cash flow; CSR; dividend policy; GCG

1. Introduction

In the past five years, the manufacturing industry, particularly in the consumer goods sector, has become one of the fastest-growing industries n Indonesia (Ministry of Industry, 2020). This indicates that the industry is in a period of expansion. The consumer goods sector is divided into six subsectors: Food and Beverages, Tobacco, Pharmaceuticals, Cosmetics, Household Necessities, and Household Appliances.

Several factors drive this development. First, the continuously positive growth in Indonesia's population every year (Hidayat, 2020). Moreover, demographically, the majority of Indonesia's population is in the productive age range, which is below forty years. In addition, government policies aimed at reducing poverty have led to an increase in the middle-class population in Indonesia (Central Bureau of Statistics, 2020). The combination of these factors opens up market opportunities for consumer goods companies.

With the increasing purchasing power of segments of society that previously belonged to the lower class and have moved up to the middle class, the demand for basic consumption will increase. Additionally, the large number of people in the productive age group will also boost consumption levels (Wahyuni & Arwana, 2020).

The consumer goods industry in Indonesia experienced a growth of 2.54 percent from 2020 to 2021, reaching a total of Rp775.1 trillion according to the Central Bureau of Statistics (BPS) report. The GDP of the national consumer goods industry, measured at current prices, reached

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Rp1.12 quadrillion in 2021. This figure contributed 38.05 percent to the non-oil and gas processing industry or about 6.61 percent to the total national GDP, which reached Rp16.97 quadrillion.

The main objective of any company is to maximize its value, which depends on how effectively funding, investment, and dividend decisions are made. Funding issues are an integral aspect for a company, involving how well a company can meet its financial needs to operate and grow its business. Funding sources can come from various sources, including investments from investors (Dahiya et al., 2023). Tjandra and Yopie (2020) explain that investors invest their capital in a company with the expectation of receiving feedback in the form of dividends as returns.

Dividend policy is used as a decision to determine the amount of profit per share to be distributed to shareholders, while undistributed company shares will be retained by the company (Juniwati and Pandin, 2023). Every company hopes to continue progressing and growing while fulfilling its responsibilities to its shareholders. However, there is a dilemma because if dividend payments are increased, the company's earnings will decrease, resulting in lower retained earnings, which ultimately hinders the company's value increase. Conversely, when dividends are not distributed, retained earnings will increase, allowing for future operational financing or company activities (Tjandra and Yopie, 2020).

With the emergence of various disturbances and environmental issues within the company, policies are needed to mitigate these problems. Therefore, companies not only consider the single bottom line but also pay attention to social and environmental impacts by implementing the triple bottom line concept (Nabila & Sutjahyani, 2023).

According to Article 1, paragraph 3 of Law No. 40 of 2007 regarding limited liability companies, it is explained that social responsibility is the company's obligation to improve economic conditions, enhance quality of life, and contribute to the environment, which is expected to benefit the company, local communities, and society at large. Therefore, corporate social responsibility disclosure has become more prioritized because the assessment of the company's performance in this regard is essential for stakeholders, considering that companies must be accountable for the CSR activities they have carried out (Kesumastuti & Dewi, 2021).

Consistency in implementing Corporate Social Responsibility (CSR) can strengthen the company's reputation and optimize its overall image. This will positively impact sales growth, as investors generally prefer to invest in companies that care about CSR (Tjandra and Yopie, 2020). The costs of Corporate Social Responsibility (CSR) within the company are concrete evidence of the company's responsibility towards the environment, which becomes an attractive factor for investors to invest in the company. However, companies need to realize that allocating funds for environmental issues requires substantial investment (Nabila and Sutjahyani, 2023). Furthermore, Dahiya et al. (2023) state that other policy aspects increasingly lean towards corporate social responsibility (CSR) to meet stakeholder sustainability demands and enhance company value.

In addition to CSR, operational cash flow also impacts dividend policy. The value of cash flow generated from operational activities is an effective indicator of how efficiently the company's operations create sufficient cash flow to optimize its business, enhance operational capacity, pay dividends, and undertake new investments without relying on other income sources (Juniwati & Pandin, 2023). Research findings (Kharisma, 2020), (Abizar, 2023), and (Afriza, 2021) indicate that operating cash flow positively impacts dividend policy. However, the research by Juniwati & Pandin (2023) shows that operating cash flow does not affect dividend policy.

The amount of dividend payments to shareholders highly depends on the decisions made by each company, influenced by various factors, including Good Corporate Governance

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(GCG). Throughout 2020-2022, some companies in the consumer goods sector did not distribute dividends from the net profit earned in the current year, and on average, the dividend distribution conducted by companies remained below 50%. This becomes a phenomenon in this research, considering the importance of dividend distribution in increasing investor confidence in the company.

The novelty of this research compared to previous studies by (Dahiya et al., 2023) is that this research model involves the variable of good corporate governance, specifically independent commissioners, as a factor that also influences dividend policy, besides CSR and cash flow factors. Based on the background explanation, the researcher is interested in conducting a study titled "ANALYSIS OF THE INFLUENCE OF CSR, CASH FLOW, AND GCG ON DIVIDEND POLICY IN THE CONSUMER GOODS SECTOR."

2. Method

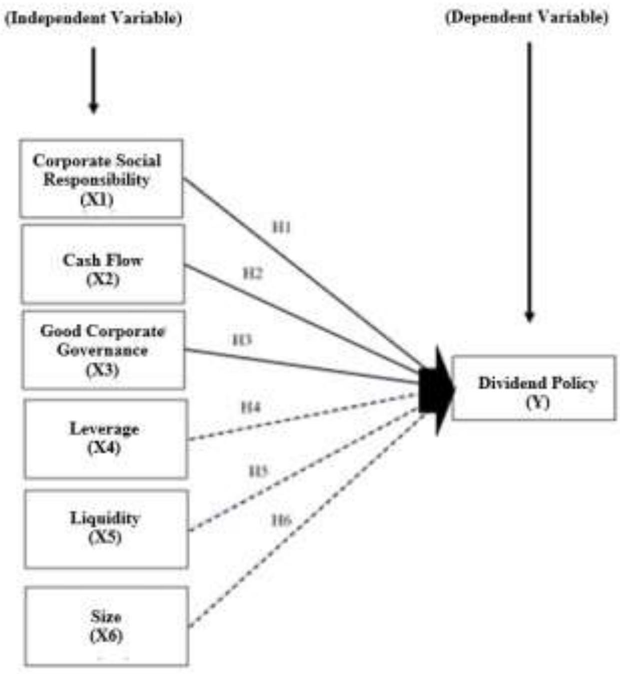
This study adopts a quantitative approach, as the data used consists of numerical values, necessitating statistical analysis to explore and understand them in depth (Sugiyono, 2020:7). This research falls into the category of explanatory research, which focuses on explaining the cause-and-effect relationships between variables by testing hypotheses, to understand the impact of independent variables on dependent variables (Sugiyono, 2020:13).

The data applied is the evaluation of the performance of companies that have been registered and announced from 2013 to 2022. The data source for this study is secondary data obtained from the official website of the Indonesia Stock Exchange, as well as various literature sources such as books, journals, and publications related to the variables in this research.

To facilitate the assessment of research results, the research design employed is hypothesis testing, aimed at examining the influence of independent variables CSR, Cash Flow, GCG (independent commissioners), Leverage, Liquidity, and Size on the dependent variable, which is dividend policy. Based on the explanation above, the conceptual framework for this study is depicted as follows figure 1.

Figure 1

Conceptual Framework in This Research



Based on the diagram above, the researcher formulated the following hypotheses:

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H1: There is an influence of Corporate Social Responsibility on Dividend Policy.
H2: There is an influence of Cash Flow on Dividend Policy.
H3: There is an influence of Good Corporate Governance proxied by independent commissioners on Dividend Policy.
H4: There is an influence of Leverage on Dividend Policy.
H5: There is an influence of Liquidity on Dividend Policy.
H6: There is an influence of Company Size on Dividend Policy.

Table 1
Operational Variables in This Research

Variable	Definition	Measurement	Scale
Dividend Policy (Y) (Amalia et al., 2022)	Dividend policy refers to the decision-making process regarding whether the company's earnings are distributed to shareholders as dividends or retained as retained earnings.	$DPR = \frac{Total\ Dividen}{Net\ Income}$	Ratio
CSR (X1) Shukla et al (2021)	Corporate Social Responsibility (CSR) refers to the company's commitment and obligation to reduce adverse impacts or prevent undesirable consequences while enhancing positive impacts and making a long-term constructive contribution to society.	$\sum$ Total CSR Cost	Ratio
Cash Flow (X2) (Rulianto & Nopiyanti, 2022)	Cash flow is the total amount of money being transferred into and out of a business over a specified period.	$Rasio\ FCF = \frac{FCF}{Total\ Asset}$	Ratio
GCG (X3) (Marfu'ah et al., 2021)	In this study, Good Corporate Governance (GCG) is proxied using the variable of independent commissioners. Independent commissioners are responsible for overseeing the company to ensure compliance with laws and regulations.berlaku dengan benar.	$INDP = \frac{Number\ of\ Independent}{Total\ Commissioners}$	Ratio
Leverage (X4) (Sanjaya dan Ariesa, 2020)	Leverage measures the extent to which a company's funding comes from debt compared to its assets or equity.	$DAR = \frac{Total\ Debt}{Total\ Asset}$	Ratio
Liquidity (X5) (Sundas & Butt, 2021)	Liquidity is the ratio used to measure the extent of a business's capacity to settle	$CR = \frac{Current\ Asset}{Current\ Liabilities}$	Ratio

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Variable	Definition	Measurement	Scale
	upcoming short-term liabilities.		
Size (X6) (L.Nguyen et al., 2021)	Company size is one of the determinants of the company's profit.	SIZE = $Log\ (Total\ asset)$	Ratio

3. Results and Discussion

Based on the results of the panel data selection test conducted, the best panel data regression model for this study is the common effect model on significance α = 5% .

Table 2

Results of Regression Analysis

Variable	Coefficient
C	-0.069868
CSR	3.98E-06
FCF	0.505743
INDP	1.043349
LEV	0.196260
CR	0.075587
SIZE	-0.007037

The regression equation used in this study, based on the testing above, is as follows:
DIV = -0,069868 + 3,98E-06 CSR + 0,505743 FCF + 1,043349 INDP + 0.196260 LEV + 0,075587 CR – 0,007037 SIZE

From the results of the model equation above, the regression test using the common effect model method shows that Corporate Social Responsibility, Cash Flow, Good Corporate Governance, Leverage, and Liquidity have a positive relationship with Dividend Policy. Meanwhile, Company Size has a negative relationship with Dividend Policy.

After testing the assumptions in the regression model on the panel data, the next step is to conduct hypothesis testing. This testing aims to determine the extent to which the proposed hypotheses can be accepted based on the collected data. Hypothesis testing does not test the truth absolutely but rather assesses whether the hypothesis can be accepted or rejected based on the available data (Gulo, 2010). According to Nachrowi & Usman (2006), hypothesis testing is differentiated into F-test, t-test, and R^2 test (coefficient of determination).

The F-test is used to evaluate the simultaneous impact of independent variables on the dependent variable within a regression model. The purpose of this test is to determine whether the independent variables, taken together, significantly explain the variation in the dependent variable. In this study, the F-test is employed to assess the influence of Corporate Social Responsibility (CSR), Good Corporate Governance (GCG), Cash Flow, Leverage, Liquidity, and Company Size on Dividend Policy.

The results of the F-test reveal an F-Statistic value of 9.895597. This value indicates the degree to which the independent variables collectively account for the variation in the dependent variable (Dividend Policy) relative to the variation that is not explained by the model (residual variation). A higher F-Statistic value suggests a stronger influence of the independent variables on the dependent variable.

Additionally, the probability value (p-value) for the F-Statistic in this study is 0.0000000. This p-value measures the likelihood of obtaining an F-Statistic value as extreme as, or more

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extreme than, the observed value if there were no true relationship between the independent and dependent variables. In this case, the extremely low p-value indicates that the chance of obtaining such an F-Statistic value by random chance is very small.

Since the probability value of the F-Statistic is much smaller than the significance level of $\alpha = 0.05$ (or 5%), the results indicate that there is a statistically significant relationship between the independent variables and the dependent variable. This means that the independent variables analyzed—CSR, GCG, Cash Flow, Leverage, Liquidity, and Company Size—collectively have a significant impact on Dividend Policy.

The coefficient of determination is used to determine the extent of the simultaneous influence of the independent variables on the dependent variable by observing the value of the coefficient of determination. Ghozali (2018) states that the coefficient of determination (R^2) essentially measures how well the model can explain the influence of independent variables on the dependent variable. The coefficient of determination value ranges between zero and one. A small R^2 value indicates that the independent variables have a very limited ability to explain the dependent variable.

Based on the Adjusted R-squared value, which is 0.313274, it can be interpreted that Corporate Social Responsibility, Good Corporate Governance, Cash Flow, Leverage, Liquidity, and Company Size together influence Dividend Policy by 31.33%, while the remaining 68.67% is influenced by other factors outside the research model.

4. Conclusion

Based on the results of data analysis conducted in the previous chapter, and to address the research problems, it is known that the variables CSR, Cash Flow, GCG, and Liquidity have a positive influence on dividend policy. Therefore, the managerial implications of this research can provide benefits to several parties as follows:

a. **Company Management** For company management, the variables in this study, namely CSR, Cash Flow, GCG, and Liquidity, should be a focus in the company's operational activities. If these variables are taken into account and implemented by the company, they will build a strong reputation in the eyes of shareholders and the wider community. Enhancing reputation can bring long-term benefits, including investor trust and consumer loyalty. This also sends a signal to investors that management is focused on sustainability and good governance. Shareholders concerned with economic, social, and environmental issues may prefer to invest in companies with a good and sustainable image.

b. **Investors** For investors, the variables in this study, namely CSR, Cash Flow, GCG, and Liquidity, should be a focus. Cash flow has been proven to have a significant impact on dividend policy. The results of this research can be considered by investors or shareholders in making investment decisions. Investors can use this information to assess the sustainability of a company and gain a clearer picture of the company's future and its ability to provide returns on their investment.

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