

Operating Cash Flow Ratio that Affects Return on Investment of Companies in the Real Estate and Construction Industry Group Listed on the Stock Exchange of Thailand

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Abstract: *The objective of this research is to study the operating cash flow ratio that affects the return on investment of companies in the real estate and construction industry listed on the Stock Exchange of Thailand. Cash flow from operating activities to total liabilities Cash flow from operating activities to total income and cash flow from operating activities to net profit. The dependent variable is return on investment consisting of dividends per share (DPS) Statistics and cash flow from operating activities to total liabilities (CFO/CL) Cash flow from operating activities to total revenue (CFO/TI) does not have a positive impact on net profit. Per share, dividend per share (DPS) is statistically significant. In addition, from the study results It was found that the size of the business (BS)*

Keywords: *Affecting Investment Accounting*

1. Introduction

The Stock Exchange of Thailand Act B.E. 2517 provides for the establishment of Securities trading agencies established in Thailand The official name is “The Stock Exchange of Thailand: SET” was established on April 30, 1975 to operate under the supervision of Securities and Exchange Commission (SEC) The Stock Exchange of Thailand serves as the center for trading in listed securities. Registered company and develop various systems to facilitate securities trading, which the capital market is an important component of the stock exchange. Because it is a source Long-term fundraising Those who want to raise funds will issue financial instruments. or securities in the capital market which includes common stocks, preferred stocks, debentures, government bonds Investment units of mutual funds Warrants, etc. Currently, the operations of the Stock Exchange of Thailand (Jaikengkit, 2002) Under the Securities and Exchange Act B.E. 2535 (1992), the registered businesses are divided into categories. on the stock exchange (Fagan,2002) To suitably compare investment information. by grouping them to reflect the types of businesses that can be clearly registered and reflect The country's industry has gained even more. The criteria for grouping industries and business category will be considered according to the type of business that generates income (Jaturanonda, et al 2006) Investing in the market that security There is fairness and transparency. To build trustworthiness for investors both in and abroad and raising money from investors in various businesses for the benefit of economic development Overall as well Currently there are many forms of investing, such as buying mutual funds and depositing money with banks. or even investing in debt instruments and bonds, etc., making investing in the stock market very popular for investors Because the return is Form of dividends and profits from securities trading which the returns will be more or less depending on capital market efficiency In addition, investors deciding to invest is very risky if they invest and do not receive returns as the investors expected (Wongsakun,2019)

There are two popular investment principles: 1) Securities analysis using fundamental factors. Analysis of economic and industrial conditions and business conditions to be used in determining the value of securities. 2) Technical factor analysis To study stock prices and the market in the past using principles. Therefore, the author views that the results of past research are an indicator that the analysis of cash flow ratios from operating activities that affect the return on investment of Companies in the real estate and construction industry that are listed on the Stock Exchange of Thailand are very important and appropriate to study to find answers. The author will study the current ratio. Cash from operating activities which includes Cash flow from operating activities to total assets (CFO/Total Assets), cash flow from operating activities to total liabilities (CFO/Total Liabilities), cash flow from operating activities to total income (CFO/Total Income), and Cash flow from operating activities to net profit (CFO/Net Profit) towards return on investment, which is measured by dividends per share (DPS) and earnings per share (EPS) in the real estate and construction industry in order to Investors financial analyst Securities analyst or those who are generally interested Use this to make decisions about investing in the stock market. Research objectives To study the cash flow ratio from operations that affect Return on investment is measured by dividends per share. of companies in the real estate and construction industry group registered Registered on the Stock Exchange of Thailand

2. Literature Review

An entity's cash flows arising from operating activities, investing activities, and financing activities in characteristics that are most suitable for their business Classification by activity provides information that allows users to budget. Finance can assess the impact of those activities on the entity's financial position, its cash and cash equivalents. This information may also be used to evaluate the relationship between those activities by showing cash flows from operating activities. The business must show the cash flow Cash from operating activities is collected using one of the following methods: Direct method, which shows cash receipts and payments. Pay cash according to the nature of the main important items. or indirect method which is shown with total profit or Losses are adjusted for the impact of non-cash and accrued items. or accrual of money, cash received or cash paid related to past or future operations and income or Expenses related to cash flow from investments or financing Cash Flow Statement is a component of a financial report that shows how money is generated and spent. Cash and cash equivalents and is an important source of information for users of financial statements. In the past, the profit and loss statement and balance sheet were only However, because the income statement uses the accrual basis. By receiving accounting transactions when they occur, regardless of whether we have received cash in or paid out cash or not, which makes it understandable that the business has cash remaining equal to the net profit shown in the income statement. which is actually a profit The net profit shown in the income statement does not reflect the true amount of cash the entity has. (Townsend, 2011)

Cash Flow

It is the acquisition and use of cash and Cash equivalents incurred during the accounting period, shown by type of activity. of the entity, which includes operating activities (Operating Activities), Investing Activities and Financing Activities In addition, cash flow also helps investors, creditors, and other users of financial statements in evaluating a business based on the following factors: The ability of the company to generate cash flows in the future. The company's ability to repay debt and pay dividends The need to find external funding sources The reason for the difference between net profit and net cash flow from Operating activities Cash and non-cash items in investment activities and activities The company's financing for a period of time. Reasons for the change in the amount of cash and cash equivalents between the beginning of the period and at the end of the accounting period (Jury,2012)

Cash flow from operating activities (Operating Cash Flow) Cash flow from operating activities means generate income. The company's expenses are the result of the transaction. the calculation of net profits without

Investment activities and financing activities. Cash flows from operating activities are an indicator of the Company's ability to generate sufficient cash flow to operate its business; Ability to repay debt and for new investment without having to rely on funding sources from External cash flow from investing activities (Investing Cash Flow) Cash flow from investing activities means Cash flows arising from the purchase and disposal of operating assets and other investments of the Company. Cash flow from investing activities is an activity that reflects that the company has spent cash flow on investments to generate cash receipts in the future. For example, cash paid to purchase investments, cash paid to invest in expanding factories in production, cash received from investment income such as interest income and dividends, etc. (Klammer, 2018)

Cash flow from financing activities (Financing Cash Flow)

Cash flow from Financing activities refer to cash flows that occur from incurring debt of the company that causes Changes in the size and composition of the business's equity and borrowings, such as issuing additional shares. issuance of bonds Borrowing money, etc.

Preparation of Cash Flow Statement

In preparing a cash flow statement, the first activity that must be prepared is operating activities, next are investing activities, and the last is financing activities. The information required to prepare the cash flow statement includes: 1) Statement of comparative financial position of the end of the current period and the end of the previous period for use in calculating changes in the balance of assets, liabilities and owner's equity in During the period 2) Statement of comprehensive income for the current period For use in calculating net cash flow. in each activity 3) Other relevant additional information To use analysis to find the cause of money changes. Cash and cash equivalents during the period (Klammer,2018)

Cash Flow from Investing Activities

Cash flow from investing activities It is the cash flow resulting from acquisition-related activities. and the disposal of long-term assets and other investments of the entity which are not included in the equivalent list. Cash, which cash flow from investing activities represents the expenses that the business has paid to obtain Resources that will generate future income and cash flow. Only expenses that result in Assets are recognized only in the statement of financial position. that can be classified as investment activities, such as cash paid to purchase land Buildings and equipment, cash paid to purchase investments Cash received from interest and dividends, etc. (Fight,2005)

Research Methodology

In this independent study, the objective is to study the cash flow ratio from operating activities, which consists of Cash flow from operating activities to total assets (CFO/Average Total Assets) Cash flow from operating activities to total liabilities (CFO/Total Liabilities) Cash flow from operating activities to total income (CFO/Total Income) and cash flow from activities operating performance to net profit (CFO/Net Profit), liquidity ratios (Liquidity Ratios), with the size of the business (Business Size) and age (Business Age) affecting the return on investment, which is measured by dividends per Shares (DPS)

The author has compiled details about the research methods. Since the design of this research to be quantitative research. (Quantitative Research) by using statistics For descriptive data analysis, including percentage values, maximum values, minimum values, arithmetic mean, and standard deviation. And correlation coefficient analysis was used to test the relationship. between independent variables The statistics for testing the research hypotheses used multiple regression analysis.

The research methods have been presented in sequence and divided into Determining the research design Population and sample Tools used to collect data data collection Data analysis and statistics used to analyze data summarize the research process.

3. Study Results

Research on Cash flow ratio from operating activities that affects the return on investment of companies in the real estate and construction industry listed on the market. Securities of Thailand. The researcher has collected financial reports of companies listed on the market. Securities from the database of companies listed on the Stock Exchange of Thailand, namely data from the SETSMART system database, were used to analyze the data by taking various variables that were collected and analyzed. Find the ratio of cash flow from operating activities that affects the return on investment. of companies in the real estate and construction industry group listed on the Stock Exchange of Thailand

Using statistical methods, including descriptive statistical analysis. and inferential statistical analysis, in which the researcher will discuss the results of the research and analyze various data. By dividing the steps Data can be analyzed as follows.

Analysis of cash flow ratios from operating activities that affect returns on investment.

There is no size of the firm and the age of the firm is measured by dividends per share (DPS) of companies in the real estate industry. and construction listed on the Stock Exchange of Thailand

variable	quality success mission information syste		T	p-value	Collinearity Statistics	
	B	S.E.			Tolerance	VIF
)Constant(-44.602	6.781	-6.577	0.000	-	-
(COF/TA)	28.073	14.030	2.001	0.046*	0.410	2.441
(COF/TL)	-1.290	4.852	-0.266	0.791	0.474	2.108
(COF/TI)	0.544	1.789	0.304	0.761	0.648	1.542
(COF/NP)	4.309	0.625	6.897	0.000*	0.982	1.019

n = 255, R²=0.217, F = 11.387, Sig. = 0.000

Analysis of cash flow ratios from operating activities that affect returns on investment. There is no size of the firm and the age of the firm is measured by dividends per share (DPS) of companies in the real estate industry. and construction listed on the Stock Exchange of Thailand (continued)

variable	Standardized coefficients, Beta	t-value	Sig.
1.CFO/TA	0.177	2.001	0.046*
2.CFO/TL	- 0.022	- 0.266	0.791
3.CFO/TI	0.021	0.304	0.761
4.CFO/NP	0.394	6.897	0.000**

หมายเหตุ: n = 255 , R² = 0.203 , F = 15.888 , Sig. = 0.000

**, * at the significance level of 0.01 and 0.05, respectively.

1. Cash flow from operating activities to total assets (CFO/TA) that affects the return on investment. Measured by dividends per share (DPS), it was found that the significance level of the Sig. test statistic was equal to 0.046, which is higher than the statistical significance level of 0.05 (Sig. = 0.046 < 0.05), indicating that Cash flow from operating activities to total assets (CFO/TA) has a positive impact on returns. Measured by dividends per share (DPS) of real estate and construction companies listed on the Stock Exchange of Thailand.

2. Cash flow from operating activities to total liabilities (CFO/TL) that affects the return on investment. Measured by dividends per share (DPS), it was found that the significance level of the Sig. test statistic was equal to 0.791, which is higher than the statistical significance level of 0.05 (Sig. = 0.791 > 0.05), indicating that cash flows from operating activities to total debt (CFO/TL) does not affect the return on investment Measured by dividends per share (DPS) of real estate and construction companies listed on the Stock Exchange of Thailand.

3. Cash flow from activities Operating performance to total revenue (CFO/TI) affects the return on investment. Measured by dividends per share (DPS), it was found that the significance level of the Sig. test statistic was equal to 0.761, which is higher than the statistical significance level of 0.05 (Sig. = 0.761 > 0.05), indicating that cash flows from operating activities to total income (CFO/TI) does not affect the return on investment Measured by dividends per share (DPS) of real estate and construction companies listed on the Stock Exchange of Thailand.

4. Cash flow from operating activities to net profit (CFO/NP) affects the return on investment. Measured by dividends per share (DPS), it was found that the significance level of the Sig. test statistic was equal to 0.000, which is less than the statistical significance level of 0.01 (Sig. = 0.000 < 0.01), indicating that cash flows from operating activities Work to net profit (CFO/NP) has a positive impact on return on investment. Measured by dividends per share (DPS) of real estate and construction companies listed on the Stock Exchange of Thailand.

Therefore, from the multiple regression test To test Hypothesis 2 without the size of the business and age of the business. Measured by dividends per share (DPS), it was found that cash flow from operating activities to total assets (CFO/TA) and cash flow from operating activities to net profit (CFO/NP) have a positive impact on return on investment. Measured by dividends per share (DPS), cash flow from operating activities to total debt (CFO/TL) and cash flow from operating activities to total income (CFO/TI) do not affect the return on investment. Measured by dividends per share (DPS) of companies in the real estate and construction industry listed on the Stock Exchange of Thailand.

4. Conclusion

This research study is a study of the ratio of cash flow from operating activities that affects the return on investment. of companies in the real estate and construction industry group listed on the Stock Exchange of Thailand in this chapter, the author will provide a summary of the research that the author has conducted and a discussion of the research results. and have suggestions The author has collected financial statement data of 85 real estate and construction companies listed on the Stock Exchange of Thailand from 2018 - 2020 for a period of 3 consecutive years. Statistical principles used in the study are Descriptive Statistics To describe the general characteristics of the data, including the mean (Mean), standard deviation (Standard Deviation), maximum (Maximum) and minimum (Minimum) of the company's cash flow and profitability. Pearson correlation coefficient analysis (Pearson Correlation Coefficient Analysis) to test the relationship between independent variables. and multiple regression analysis To find relationships and test the assumptions of the research on the study of cash flow ratios from operating activities that affect returns on investment, the results are presented in 4 parts as follows. Summary of research results Discussion of research results Research limitations research suggestions

5. Research limitations

1. The limitations and scope of the period used in this study is from 2018 to 2020, a total of 3 years. This was during the period of the COVID outbreak which was an unusual event. May not be used for reference at

other times. This does not take into account that there may be changes in the accounting environment. Legal requirements Government regulations for conducting business Including various external factors that play an important role in business operations that may change. Always possible. Limitations in research methods. This independent study is a study of quantitative data only. coupled with limited time which calculates returns Other qualitative factors may need to be considered. For example, the government's economic policy Political factors both in and international events, which are happening intensely between Russia and Ukraine, etc.

Research Suggestions

Suggestions for applying research results This research is a quantitative study only. Investors or data analysts should take other qualitative factors into consideration when deciding to invest in the real estate and construction industries. such as economic, social and political factors both domestically and internationally. The research results encourage investors to see the importance of studying and analyzing financial statements for use in making decisions. Investing in the Stock Exchange of Thailand Investors should follow the financial statements of listed companies closely. At least every quarter To provide current information and reduce investment risk, recommendations for future research. You should study accounting information by comparing it with the stock markets of other countries in order to know whether the accounting information in the financial statements is similar or different in importance. This study There are still some ratios that do not have a relationship with the return on investment. This may be the result of the information that has been collected. Use data from 2018 - 2020, a total of 3 years only. In addition, during that period there was There is also an outbreak of Covid disease. However, in the study In the future, the time period for studying the information should be increased. In order to get more accurate and useful research results. (3) Other variables that the researcher has not studied should be studied, such as current assets. Non-current assets Current liabilities Non-current liabilities, retained earnings, expenses that affect future investment returns. (4) Next research should study accounting data from other industries or other indicators that are expected to affect future investment returns, such as quarterly accounting data. mas, which may allow investors to reflect a clearer picture. (5) Next research may divide the sample into groups for analysis, such as by risk. Divided according to the size of assets To test the impact of that accounting information on future profits. along with changing the statistical methods used for testing

6. References

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