

## The Effect of Investment Cash Flow, Operating Cash Flow, Financing Cash Flow, Profitability and Net Income on Cash Dividends in Financial Sector Companies Listed on the Indonesian Stock Exchange

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### ABSTRACT

The research was conducted in order to see the effect of cash flow from investment, cash flow from operations, cash flow from financing, profitability level, and net income on cash dividends in financial companies, listed on the Indonesian Stock Exchange. The following research applies a quantitative approach, where secondary data is obtained based on the Company's financial statements. Data were processed using SPSS software. Purposive sampling is used in sample selection based on certain criteria, thus over a four-year period, a total of 39 companies with 156 observations were selected as the sample. The results prove that each independent variables-investment cash flow, operating cash flow, financing cash flow, profitability, and net income-partially show an important impact on cash dividends. In addition, these five variables are also proven to have a significant influence on cash dividend policy simultaneously

## INTRODUCTION

Financial sector entities often face challenges related to problems in determining the optimal cash dividend. This can be influenced by fluctuations in financial markets, a decline in investment work, or company policies that prioritize reinvestment of funds for growth. At the same time, investors may desire consistent dividend payments, so company management must maintain a balance between meeting shareholder expectations and internal capital needs. When evaluating various companies, investors need various facts through their links to the company, including facts about dividend policy. Investing cash flows reflect the purchase or sale of long-term assets that can affect the company's dividend-paying ability. Financing cash flows relate to borrowing activities and debt repayments as well as the issuance and repurchase of shares, which can also affect the ability to pay dividends. In the early period of 2020, like many countries around the world, Indonesia felt a considerable economic impact due to the Covid-19 pandemic. The impact included a decline in economic activity at the start of the pandemic which was then followed by a gradual economic recovery effort.

Table 1. Table of Phenomena

CODE	YEAR	INVESTMENT CASH FLOW	FINANCING CASH FLOW	OPERATING CASH FLOW	NET INCOME	PROFITABILITY	CASH DIVIDEND
BBCA	2020	44.117.844.000	15.553.268.000	50.978.875.000	27.147.109.000	2,52%	13.634.211
	2021	41.247.858.000	14.098.229.000	126.186.318.000	31.440.159.000	2,56%	13.732.840
	2022	32.382.986.000	19.116.216.000	33.779.263.000	40.755.572.000	3,10%	19.107.633
	2023	69.769.749.000	25.070.681.000	58.115.466.000	48.658.095.000	3,45%	26.195.948
BBNI	2020	11.992.116.000	17.139.169.000	74.253.924.000	3.321.442.000	0,37%	3.846.119
	2021	15.656.307.000	1.718.701.000	97.479.025.000	10.977.051.000	1,13%	821.101
	2022	32.233.154.000	2.705.242.000	19.952.835.000	18.841.780.000	1,78%	2.724.629
	2023	10.771.257.000	8.492.493.000	10.392.864.000	21.106.228.000	1,92%	7.324.821
BDMN	2020	5.281.898.000	17.305.893.000	8.478.567.000	1.088.942.000	0,50%	1.916.652
	2021	6.543.708.000	15.173.157.000	7.051.320.000	1.667.687.000	0,52%	393.331
	2022	11.554.210.000	8.210.738.000	2.041.972.000	3.429.634.000	1,67%	598.679
	2023	1.414.534.000	6.3877.996.000	3.877.635.000	3.658.045.000	1,58%	1.219.498
BNII	2020	17.056.018.000	30.522.013.000	7.130.267.000	1.284.392.000	0,73%	393.029
	2021	1.786.183.0002	256.096.000	2.485.333.000	1.679.754.000	0,97%	253.269

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	2022	1.900.711.0001	12.707.646.000	1.894.236.000	1.533.211.000	0,91%	503.962
	2023	4.028.065.000	5.263.053.000	2.510.512.000	1.817.750.000	1,01%	607.169

Based on the table above analyzing bank performance for the 2020-2023 period, BBCA shows the best financial performance with an increase in operating cash flow every year, from 50.9 trillion (2020) to 126.1 trillion (2021), although it fell in 2022. Its investment cash flow was always negative, reaching -69.7 trillion (2023), signaling major expansion. Its net profit increased from 27.1 trillion (2020) to 48.6 trillion (2023), with profitability rising from 2.52% to 3.45%. BBNI showed a fluctuating performance with its highest operating cash flow of 97.4 trillion (2021) before dropping drastically to 10.3 trillion (2023). Its net profit increased from 3.3 trillion (2020) to 21.1 trillion (2023), with profitability rising from 0.37% to 1.92%. BDMN experienced operational challenges with negative operating cash flow during 2020-2022, but returned to positive (3.8 trillion) in 2023. Net income rose from 1.0 trillion (2020) to 3.6 trillion (2023), with profitability rising from 0.50% to 1.58%. BNII had the most volatile performance, with negative operating cash flow in 2020-2021 but positive in 2022 before returning to negative in 2023. Its net profit increased slowly from 1.2 trillion (2020) to 1.8 trillion (2023), with profitability rising from 0.73% to 1.01%.

Overall, BBCA remains the best performing bank, followed by BBNI, BDMN, and BNII. These four banks adopted different strategies in investment, funding, and operations to deal with the economic dynamics.

The background of this research is based on the importance of the balance between the company's dividend policy and the company's internal needs in managing cash, especially amid the dynamics of financial markets and the growing economic challenges. By analyzing the factors that influence cash dividends, this study provides more detailed insights into how financial companies manage their financial resources. Therefore, this study carries the title **"The Effect of Investment Cash Flow, Operating Cash Flow, Financing Cash Flow, Profitability, and Net Income on Cash Dividends in Financial Sector Companies Listed on the Indonesian Stock Exchange."**

## **LITERATURE REVIEW**

### **Theory of the Effect of Investment Cash Flow on Cash Dividends**

Kumar and Sujit (2020): This study evaluated companies in India and found investment cash flow to be negatively related to dividend payments. According to the conclusion when companies with many investment opportunities often limit cash flow to fund these projects, which reduces the cash flow available for dividend payments.

DeAngelo and Stulz (2018): They emphasize that growth-stage companies often have higher investment cash flows, which reduces dividend payments. According to them, companies at this stage are more focused on expansion and development of new projects, so they retain cash flow to support these investments.

### **Theory of the Effect of Operating Cash Flow on Cash Dividends**

Based on Heriyani and Lisa (2015), revealed that operational cash flow produces an impact on the distribution of cash dividends on its own. Operating cash flow reflects the company's results, a positive output displays a high level of operating cash flow. According to research (2017), it is explained that strong operating cash flow provides an opportunity for companies to distribute dividends with more value and consistently. Meanwhile, it is revealed that companies with consistent operating cash flow can face changes in income while still maintaining a stable dividend policy.

### **Theory of the Effect of Financing Cash Flow on Cash Dividends**

Based on the description of Hartono & Rahmi (2018): it is stated that cash flow funding reflects a direct correlation through funding activities, where the company's efforts to increase its funding convey a good sign to investors. Arifin and Rosyidah (2016): states that funding cash flow affects dividend policy, and managers use dividends as a signal to show the financial stability and growth potential of the company.

### **Theory of the Effect of Profitability on Cash Dividends**

Diana and Syarif (2016): It was found that dividend policy is positively influenced by profitability, because an increase in profit will go hand in hand with an increase in free cash flow that can be distributed in the form of dividends.

Ariani and Anwar (2016): stated that the ability to achieve profits has a positive impact on dividend distribution. For entities with higher profit levels, they are interested in providing dividends as a positive signal to capital holders regarding future performance.

### **Theory of the Effect of Net Income on Cash Dividends**

Research by Deisy et al. (2017) shows that on an individual basis, cash dividend payments are positively and significantly influenced by net income. For management, net income is considered the most important factor to consider and is the main reference in decisions regarding cash dividend distribution. Sikdar and Reddy (2016): confirmed that net income has a significant positive impact on cash dividends, but companies tend to pay dividends from remaining profits after meeting investment needs.

### **Research Hypothesis**

H<sub>1</sub>: Investment cash flow contributes to changes in cash dividends in financial sector companies listed on the Indonesia Stock Exchange during the period 2020-2023.

H<sub>2</sub>: Operating cash flow has a relationship with cash dividends in financial sector companies listed on the Indonesia Stock Exchange during the 2020-2023 period.

H<sub>3</sub>: Financing cash flow has an influence on cash dividends in financial sector companies listed on the Indonesia Stock Exchange during the 2020-2023 period.

H<sub>4</sub>: Profitability plays a role in determining cash dividends in financial sector companies listed on the Indonesia Stock Exchange during the 2020-2023 period.

H<sub>5</sub>: Net income has a relationship with cash dividends in financial sector companies listed on the Indonesia Stock Exchange during the 2020-2023 period.

H<sub>6</sub>: Investment cash flow, operating cash flow, funding cash flow, profitability, and net income together affect cash dividends in financial sector companies listed on the Indonesia Stock Exchange during the 2020-2023 period.

### **METHODOLOGY**

The following research uses quantitative methods through data in the form of numbers. Based on Sugiyono's perception (2017: 8) quantitative research methods are methods based on the principles of positivism, emphasizing objective measurement and statistical analysis.

#### **Types and Sources of Data**

The following research applies quantitative methods, using deductive techniques that are descriptive in nature. This study uses secondary data, namely the financial statements of financial sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2020 to 2023, which are obtained from the official website of the Indonesia Stock Exchange (IDX), namely [www.idx.co.id](http://www.idx.co.id). Data collection is carried out with a documentation approach, namely by utilizing existing company reports to analyze trends and financial relationships in the sector. All existing data were analyzed using SPSS Version 29 software.

#### **Population and Sample**

This population studied includes which financial section companies on the Indonesia Stock Exchange during the period 2020-2023. The population source is 108 companies in the financial category. Sample quotation using a purposive sampling approach. The sample collection standards used are:

1. Companies operating in the financial sector and listed on the Indonesia Stock Exchange for the period 2020 - 2023.
2. Financial companies that publish complete financial reports in the 2020-2023 period.
3. Financial companies that experienced profits during the 2020-2023 period.
4. Financial companies that distribute dividends in the period 2020-2023

Table 2. Sampling Table

Number	Criteria	Amount
1	The company has been operating in the financial sector and listed on the IDX for the period 2020 - 2023.	108
2	Financial companies did not publish full financial statements in the 2020-2023 timeframe.	(12)
3	Financial companies have felt the downturn throughout 2020-2023	(33)
4	The company has not paid dividends in a sequential manner in the period 2020-2023.	(24)
	<b>Number of sample companies</b>	39
	<b>Total Period</b>	4
	<b>Total Sample (n x research period) (39 x 4 years)</b>	156

Source: Media [www.idx.co.id](http://www.idx.co.id)

Based on the table, 39 companies have been selected in a four-year period and the total observation data is 156 financial industry companies listed on the IDX for the 2020-2023 period.

#### Variable Operational Definition

Operational definition is an explanation of the variables that are the focus of research. The operational definition of research is described in the following table.

Table 3. Variables Studied

Variable	Definition	Indicator	Scale
Investment Cash Flow (X <sub>1</sub> )	Investing activities include liquidation of long-term assets, non-cash investments, debt collection, borrowing money, and sale and purchase of assets.	$AKI = \frac{AKI(t) - AKI(t-1)}{AKI(t-1)} \times 100\%$ (Yocelyn and Christiawan (2012))	Rasio
Operating Cash Flow (X <sub>2</sub> )	Operating cash flow refers to the cash flow that comes from the company's core activities.	$AKO = \frac{AKO(t) - AKO(t-1)}{AKO(t-1)} \times 100\%$ (Yocelyn & Christiawan (2012))	Rasio
Financing Cash Flow (X <sub>3</sub> )	Fund cash flow is a component of the financial statements which shows the net amount of cash flow.	$AKP = \frac{AKP(t) - AKP(t-1)}{AKP(t-1)} \times 100\%$ (Yocelyn & Christiawan (2012))	Rasio
Profitability (X <sub>4</sub> )	According to Cashmere (2019, p. 196) profitability is a comparison used in weighing the company's ability to generate profits.	$ROA = \frac{\text{Laba bersih}}{\text{Jumlah Aset}} \times 100\%$	Rasio
Net Income (X <sub>5</sub> )	Profit is the difference between income received and costs incurred during one accounting period.	Net profit = sales - total costs (V. Wiratna Sujarweni 2020)	Rasio
Cash Dividend (Y)	Dividends are part of the net profit after tax has been distributed to investors as a return on their investment.	Dividend payout ratio = dividend per share or earning per share	Rasio

## **Data Analysis Technique**

### **Research Model**

The following research model applies a multiple linear regression approach. Which is a statistical mode of research that links independent variables and at least two dependent variables.

The equation used is:

$$Y = a_1 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + e$$

Information:

Y = Dividend

A = Constant

X<sub>1</sub> = Investment cash flow

X<sub>2</sub> = Operating cash flow

X<sub>3</sub> = Financing cash flow

X<sub>4</sub> = Profitability

X<sub>5</sub> = Net profit

b<sub>1,2,3,4,5</sub> = Coefficient of variable x

e = Coefficient tolerance limit

### **Classical Assumption Testing**

#### **Normality Testing**

Ghozali (2017: 145) describes that this examination actually aims to test how the barrier variables in the relationship pattern follow the normal data distribution. If the probability value > 5% means that the data can be said to be normal. However, if the amount of probability < 5% means that the data given is not normal.

#### **Multicollinearity Test**

Ghozali (2017: 71) explains that this examination intends to look between independent variables if there is a large relationship in the regression model.

#### **Autocorrelation Testing**

Ghozali (2017: 121) explains that the autocorrelation test plays a role in proving if there is a correlation in the disturbance in the regression pattern t through failure in period t-1 (previous).

#### **Heteroscedasticity Test**

Ghozali (2017: 85) aims to check if in the regression pattern there is a difference in residual variance between one observation and another.

#### **Multiple Linear Regression Testing**

Research aims to find out that more than 1 independent variable affects 1 dependent variable. The following statistical pattern is used in describing the impact of the independent variable on the dependent variable.

#### **Hypothesis Test**

#### **Determinant Coefficient Testing**

Ghozali (2018: 97) describes, the coefficient of determination is used in order to estimate the extent to which the independent variable can describe the variation in the dependent variable. The value is around zero and one, the number close to one proves that the independent variables are close to being able to describe the variation in the dependent variable.

### F Test

The criteria are: if  $F_{count} < F_{table}$  (significance  $> 0.05$ ), therefore  $H_0$  is validated and  $H_a$  is canceled. differently, if  $F_{count} > F_{table}$  (significance  $< 0.05$ ), so  $H_0$  is canceled and  $H_a$  is validated.

### T Test

In the criteria, namely: if  $T_{hitung}$  is smaller than  $T_{tabel}$  (significance  $> 0.05$ ), for this reason,  $H_0$  is validated and  $H_a$  is canceled. Another case, if  $T_{hitung} > T_{tabel}$  (significance  $< 0.05$ ), so  $H_0$  is rejected and  $H_a$  is validated.

## RESULTS

### Descriptive Statistics

Table 4. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Investment Cash Flow	156	.003	31.184	2.04210	3.780007
Operating Cash Flow	156	.003	50.621	3.70171	7.543005
Financing Cash Flow	156	.019	18.219	2.04172	2.956116
Profitability	156	.001	.118	.02756	.021872
Net Profit	156	.006	.564	.19015	.136758
Cash Dividend	156	.013	6.913	.57008	.878429
Valid N (listwise)	156				

The descriptive statistics of this data show an overview of the financial variables in the sample of 156 observations.

1. Investment cash flow yields the smallest amount of 0.003 and the largest amount of 31.184, with an average of 2.04210 and a standard deviation of 3.780007. This proves that the average investment cash flow in the sample is relatively small compared to its maximum value, but with considerable variation among observations.
2. Operating cash flow shows a higher value than investing cash flow, with an average of 3.70171 and a standard deviation of 7.543005. The range is quite large, ranging from 0.003 to 50.621, revealing significant differences in operating cash flow between companies in this sample.
3. Funding cash flow has the smallest amount of 0.019 and the largest amount of 18.219, with a mean of 2.04172 and standard deviation of 2.956116. Variation of funding cash flow is smaller than the operating cash flow, but still shows diversity in funding patterns.
4. Profitability, which yields an average of 0.02756 and a standard deviation of 0.021872, shows values far below cash flow. At a minimum of 0.001 and a maximum of 0.118, this data reflects that the level of profitability of the companies in the sample is relatively low and consistent.
5. Net income has a mean of 0.19015 with a standard deviation of 0.136758, showing greater variability than profitability. It ranges from 0.006 to 0.564, reflecting the presence of companies with very low to quite high net income in the sample.

- Cash dividends, with a mean of 0.57008 and standard deviation of 0.878429, show a minimum value of 0.013 and a maximum of 6.913. This high variation indicates that most companies show dividends at low totals, but there are some entities that pay dividends at much higher values.

### Classical Assumption Testing

#### Normality Test

The results of the normality analysis using the histogram graph are shown in the following figure:

#### Histogram Graph

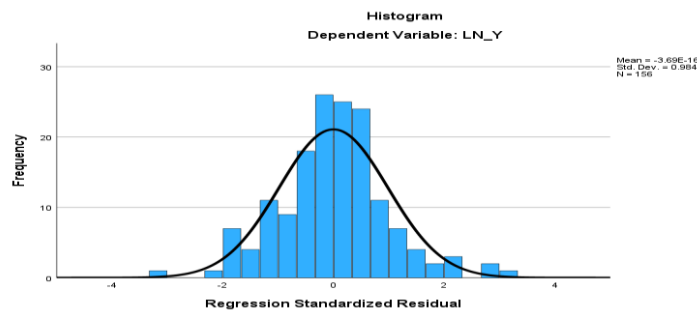


Figure 1. Histogram Graph Analysis

In the histogram illustration above, the data shows a curve shape that tends to be symmetrical and spread out. This shows that the data results are above normal, thus the regression has completed the normality assumption.

#### Normal Probability Plot Graph

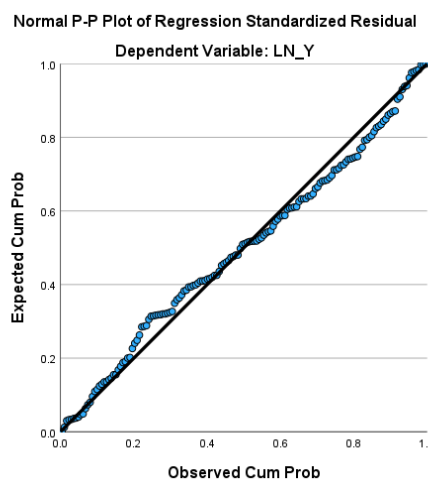


Figure 2. Probability Plot Normality Graph Analysis

It can be seen from the Normality P.Plot above, that the data is spread in the diagonal line area, so it can be stated that the data distribution is normal format.

### One-Sample Kolmogrov-Smirnov (K-S) Test

Table 5. Kolmogrov-Smirnov Test  
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual	
N		156	
Normal Parameters <sup>a,b</sup>	Mean	.0000000	
	Std. Deviation	.96668314	
Most Extreme Differences	Absolute	.068	
	Positive	.063	
	Negative	-.068	
Test Statistic		.068	
Asymp. Sig. (2-tailed) <sup>c</sup>		.079	
Monte Carlo Sig. (2-tailed) <sup>d</sup>	Sig.	.083	
	99% Confidence Interval	Lower Bound	.076
		Upper Bound	.090

The results of the Kolmogorov-Smirnov test show that the Asymp. Sig has been obtained is  $0.07 > 0.05$ . So it indicates that the data follows a normal distribution and regression can be applied as a prediction of the dependent variable according to the input of the independent variable.

### Multicollinearity Test

Table 6. Multicollinearity Testing  
Coefficients<sup>a</sup>

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Investment Cash Flow	.975	1.026
Operating Cash Flow	.907	1.102
Financing Cash Flow	.799	1.251
Profitability	.744	1.344
Cash Dividend	.725	1.379

The multicollinearity test results show that the relationship of the independent variables to the following regression patterns does not indicate a serious problem. Tolerance values for all variables exceed 0.7, indicating that the variation of each independent variable can still be understood without much overlap with other variables. In addition, the VIF values for all variables are below 2, which is far from the critical threshold of 10. The Investment Cash Flow variable has the highest Tolerance (0.975) and the lowest VIF (1.026), indicating almost no strong relationship with other variables. Similarly, Operating Cash Flow, Financing Cash Flow, Profitability and Net Profit show quite high Tolerance values, indicating that each independent variable contributes differently to the model Overall, there is no indication of multicollinearity in the area of independent variables in this pattern.

## Heteroscedasticity Testing Scatterplot

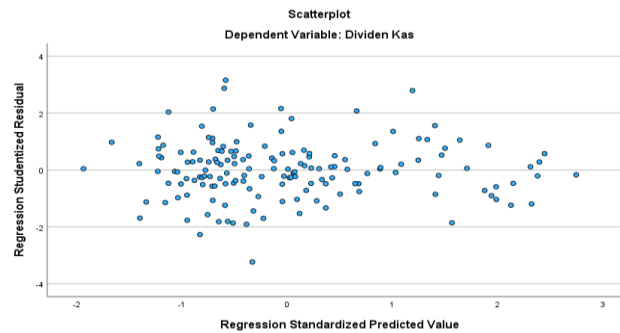


Figure 3. Scaterplot Test

From the scatterplot image, we can see the results of the heteroscedasticity test on the dependent variable, which shows that the points are scattered irregularly and evenly above or below the number 0 at the Y center point. Therefore, it is concluded that the following regression model does not experience heteroscedasticity.

### Glesjer Test

Table 7. Glesjer Test Table

Model	Sig.	Collinearity Statistics	
		Tolerance	VIF
1 (Constant)	.229		
Investment Cash Flow	.078	.975	1.026
Operation Cash Flow	.672	.907	1.102
Financing Cash Flow	.339	.799	1.251
Profitability	.122	.744	1.344
Cash Dividend	.970	.725	1.379

In this presentation, the variables tested were Investment Cash Flow, Operating Cash Flow, Financing Cash Flow, Profitability and Net Income. All these variables have a significance value (Sig.) greater than 0.05, which means there is no indication of heteroscedasticity. In other words, the error variance in the model does not change systematically with changes in the values of these variables.

### Autocorrelation Test

Table 8. Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.302 <sup>a</sup>	.391	.361	.98266	1.730

The autocorrelation test with the Durbin Watson statistic yields a value of 1.730, which is close to 2. This indicates that the residuals in the regression model do not have autocorrelation, either positive or negative. Based on general rules,

this value indicates that the assumption of residual independence is met, so the model can be used validly without any autocorrelation violations.

**Multiple Linear Regression**

Table 9. Multiple Linear Regression Table  
Coefficients<sup>a</sup>

Model		Unstandardized Coefficients	
		B	Std. Error
1	(Constant)	.888	.387
	Investment Cash Flow	.110	.060
	Operation Cash Flow	.049	.056
	Financing Cash Flow	.094	.065
	Profitability	.226	.109
	Cash Dividend	.320	.094

The autocorrelation test with the Durbin Watson statistic yields a value of 1.730, which is close to 2. This indicates that the residuals in the regression model do not have autocorrelation, either positive or negative. Based on general rules, this value indicates that the assumption of residual independence is met, so the model can be used validly without any autocorrelation violations.

**Multiple Linear Regression**

Table 10. Multiple Liner Regression  
Coefficients<sup>a</sup>

Model		Unstandardized Coefficients	
		B	Std. Error
1	(Constant)	.888	.387
	Investment Cash Flow	.110	.060
	Operation Cash Flow	.049	.056
	Financing Cash Flow	.094	.065
	Profitability	.226	.109
	Cash Dividend	.320	.094

$$\text{Cash Dividend} = 0.888 + 0.110 \text{ Investment Cash Flow} + 0.049 \text{ Operating Cash Flow} + 0.094 \text{ Financing Cash Flow} + 0.226 \text{ Profitability} + 0.320 \text{ Net Income}$$

1. The constant coefficient value of 0.888 indicates that when all independent variables (Cash flow by investment, Cash flow by operation, Cash flow by funding, Profitability, and Net Income) are at zero level, Cash Dividend is expected to be 0.888.
2. Investment Cash Flow, the coefficient of 0.110 means that each one-unit increase in Investment Cash Flow will increase the Cash Dividend by 0.110 units, with other variables unchanged. The standard error value for this coefficient is 0.060, which indicates that the estimation of this coefficient is quite stable.

3. Operating Cash Flow, the coefficient of 0.049 means that every one unit increase in Operating Cash Flow will increase Dividends by 0.049 units, with other variables remaining constant. With a standard error value of 0.056, it affects the Cash Dividend which is relatively smaller than the other variables.
4. Financing Cash Flow, the coefficient of 0.094 indicates that for a one-unit increase in Funding Cash Flow will increase Cash dividends by 0.094 units. The standard error value is 0.065, indicating a reasonable level of precision in this estimate.
5. Profitability, the coefficient of 0.226 indicates that each one-unit increase in Profitability will increase Cash Dividend by 0.226 units. With a standard error of 0.109, the effect of Profitability on Cash Dividend is relatively higher than Investment Cash Flow and Operating Cash Flow.
6. Net Income, the coefficient of 0.320 means that each one-unit increase in Net Income will increase Cash Dividend by 0.320 units, based on the assumption that other variables are constant. The coefficient provides a considerable influence compared to other independent variables. The standard error value for Net Income is 0.094, which indicates that the estimation of this coefficient is quite precise.

### Hypothesis Test

#### Simultaneous Testing F Test

Table 11. Simultaneous Test

ANOVA <sup>a</sup>		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.560	5	2.912	3.016	.013 <sup>b</sup>
	Residual	144.844	150	.966		
	Total	159.404	155			

The F-statistic obtained is 3.016, while the number of F-tables for degrees of freedom 5 and 150 against a significance level of 0.05 is 2.27. Because the F-statistic value (3.016) exceeds the F-table value (2.27) and the p-value (0.013) is less than 0.05, it is concluded that the regression model based on the whole is significant. It means that the independent variables (Net Income, Investment Cash Flow, Operating Cash Flow, Funding Cash Flow, and Profitability) simultaneously affect the dependent variable, namely Cash Dividends.

**Partial Effect Test (T-Test)**

Table 12. Partial Test  
Coefficients<sup>a</sup>

Model		T	Sig.
1	(Constant)	-2.294	.023
	Arus Kas Investasi	2.174	.039
	Arus Kas Operasi	.869	.386
	Arus Kas Pendanaan	.063	.950
	Profitabilitas	2.073	.040
	Laba Bersih	3.392	<.001

$$T_{\text{tabel}} = (\alpha/2 ; n-k-1)$$

$$= (0,05/2 ; 156 - 5 - 1)$$

$$= (0,025 ; 150) = 1.976$$

Based on the t test results in the table above, the following is an explanation of each variable result:

1. Investment Cash Flow: The value of  $t = 2.174$  with  $\text{Sig.} = 0.039$ . Because the amount of significance (p-value) is below 0.05 ( $0.039 < 0.05$ ), so the null hypothesis is rejected, meaning that Cash Flow by Investment has a significant impact on Cash Dividends.
2. Operating Cash Flow: Total  $t = 0.869$  with  $\text{Sig.} = 0.386$ . Because the amount of significance (p-value) exceeds 0.05 ( $0.386 > 0.05$ ), so the null hypothesis is not rejected, meaning that Operating Cash Flow has no significant impact on Cash Dividends.
3. Financing Cash Flow: The value of  $t = 0.063$  with  $\text{Sig.} = 0.950$ . because the total significance (p-value) exceeds 0.05 ( $0.950 > 0.05$ ), so the null hypothesis is not rejected, which means that Funding Cash Flow has no significant impact on Cash Dividends.
4. Profitability: Obtained  $t = 2.073$  with  $\text{Sig.} = 0.040$ . Because the amount of significance (p-value) is below 0.05 ( $0.040 < 0.05$ ), so the null hypothesis is rejected, which means Profitability has a significant impact on Cash Dividends.
5. Net Income: The t-value = 3.392 with  $\text{Sig.} < 0.001$ . Since the total significance (p-value) is far below 0.05 ( $< 0.001$ ), so the null hypothesis is rejected, meaning that Net Income has a significant impact on Cash Dividends.

## Determinant Coefficient

Table 13. Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Durbin-Watson
1	.302 <sup>a</sup>	.391	.361		.98266	1.730

Adjusted R Square = 0.361 means that about 36.1% of the variation in Cash Dividend can be explained by the independent variables in the model. Proving that the model can only explain well part of the data variation, while 63.9% affects other elements that are not in the model.

## DISCUSSION

### Effect of Investment Cash Flow on Cash Dividends

Investment cash flow reflects the flow of funds by investment activities, such as the purchase or sale of assets, while cash dividends are profit payments to shareholders. When investment cash flow is positive, companies tend to have better liquidity, making dividend payments possible. However, this decision still depends on the company's policy and its investment priorities. The results showed a t-sum of 2.174 with a p-value of 0.039 (<0.05), which indicates that Investment Cash Flow significantly affects Cash Dividends. Other research, such as through Anur (2020) and Utari Ulviadita (2019), also proves that investment cash flow affects the dividend policy of companies listed on the Indonesia Stock Exchange. These findings indicate that companies with healthy investment cash flow are more likely to pay dividends to their shareholders.

### Effect of Operating Cash Flow on Cash Dividends

Operating cash flow indicates cash comes from the company's core activities. Although the company is able to generate sizable operating cash, it does not always affect dividend payments. Companies often choose to allocate these funds for investment, debt repayment, or other liquidity needs. The results showed the acquisition of t in the amount of 0.869 along with a p-value of 0.386 (> 0.05), so that Operating Cash Flow did not significantly affect Cash Dividends. Research from Yogi (2019) and Zaki Ultra (2019) supports these results, stating that cash flow from operations does not affect dividend financing to companies listed on the Indonesia Stock Exchange. This means that companies with low or high operating cash flow may still not prioritize dividend payments, depending on their financial policies.

### Effect of Financing Cash Flow on Cash Dividends

Funding cash flows are originated by financing activities, such as issuing shares, receiving debt, or paying off debt. Although it can increase the availability of company funds, the effect of funding cash flow on dividends tends to be insignificant. This is because dividends are more influenced by earnings and the stability of operating cash flow. The study shows a t-value of 0.063 along with a p-value of 0.950 (> 0.05), consequently, cash flow from funding does not affect cash dividends. Studies from Dewi Br. Banjarnahor et al. (2020) and Rahma Rizal (2014) show similar results, that funding cash flow does not always impact

dividend payment decisions. Companies often use this cash flow for other needs, such as debt repayment or long-term investment, rather than paying dividends.

### **Effect of Profitability on Cash Dividends**

Profitability is an indicator of the company's ability to create profits from its activities. When profitability increases, the company has greater potential to pay dividends. The research conducted shows a t value of 2.073 along with a p-value of 0.040 ( $<0.05$ ), so Profitability affects Cash Dividends. Previous research by Anur (2020) and Utari Ulviadita (2019) supports these results, stating that more profitable companies tend to pay out larger amounts of dividends. High profitability reflects the existence of sufficient profits to meet operational needs while providing dividends to shareholders.

### **The Effect of Net Income on Cash Dividends**

Net income describes the company's profit after deducting all costs and taxes. The greater the net profit, the greater the company's ability to pay dividends. This study shows a t value of 3.392 with a p-value  $<0.001$ , which means that Net Income has a significant effect on Cash Dividends. Research from Dewi Br. Banjarnahor et al. (2020) and Rahma Rizal (2014) also found that net income is one of the main factors in dividend payment decisions. When net income is high, companies have more funds to distribute as dividends, while low net income or losses make companies tend to withhold dividend payments.

## **CONCLUSIONS AND RECOMMENDATIONS**

### **Conclusions**

1. Cash Flow from Investment significantly influences Cash Dividends in financial sector companies listed on the Indonesia Stock Exchange.
2. Operating Cash Flow does not indicate a significant impact on Cash Dividends in financial sector companies listed on the Indonesia Stock Exchange.
3. Funding Cash Flow also does not affect the existence of a significant effect on Cash Dividends in financial sector companies listed on the Indonesia Stock Exchange.
4. Profitability (ROA) has a significant effect on Cash Dividends in financial sector companies listed on the Indonesia Stock Exchange.
5. Net Income has a significant effect on Cash Dividends in financial sector companies listed on the Indonesia Stock Exchange.
6. Investment Cash Flow, Operating Cash Flow, Funding Cash Flow, Profitability and Net Income simultaneously have a significant effect on Cash Dividends in financial sector companies listed on the Indonesia Stock Exchange.

## Reccomendations

Various suggestions that we can conclude on the presentation of the conclusions of the results of this study are:

1. Companies are advised to improve operational efficiency and revenue management so that the company's profitability increases, and companies are advised to further optimize the management of investment cash flow so as to increase the company's ability to pay dividends. because this variable is proven to have a significant effect on cash dividends.
2. Companies also need to evaluate the use of profits in order to effectively balance investment needs, debt payments, and dividend distribution.
3. In addition, investors should consider other factors such as company policy, industry conditions and market situations that affect dividend policy.
4. For Prima Indonesia University, the findings of this study are expected to be able to act as a valuable source of study and reference for future research.

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