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Determinants of Stock Return and its Implications Divident Policy in Mining sector in Indonesia Stock Exchange

Determinantes de la devolución de acciones y sus implicaciones en la política de dividendos en el sector minero de la bolsa de Indonesia

Luqman Hakim
University of Persada Indonesia

Kusmanto
Angkasa Pura II (Persero), Indonesia

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ABSTRACT

This study aims to find empirical evidence and test the influence of Indonesia Bank Certificate (SBI), rupiah exchange rate against US. dollar (KURS), operational cash flow (CFO), working capital (MK), net profit (LB), partially and jointly on stock returns, and find empirical evidence and test the effect of SBI, KURS, CFO, MK, LB, stock return (RS). This study uses two research models with a sample of 12 mining companies from a population of 40 companies listed on the Indonesia stock exchange. The analysis technique used is multiple linear regression method using the fixed effect model (FEM) in the E-View9 application.

Keywords: Divident policy, Indonesia, macroeconomic determinants, microeconomic determinants, mining sector.

RESUMEN

Este estudio tiene como objetivo encontrar evidencia empírica y probar la influencia del certificado del banco de Indonesia (SBI), del tipo de cambio de rupia frente a EE. UU. Dólar (KURS), del flujo de caja operativo (CFO), del capital de trabajo (MK), y los beneficios netos (LB) parcial y conjuntamente en los rendimientos de las acciones, y encontrar evidencia empírica y probando el efecto de SBI, KURS, CFO, MK, LB, retorno de acciones (RS), Este estudio utiliza dos modelos de investigación con una muestra de 12 compañías mineras de una población de 40 compañías que cotizan en la bolsa. La técnica de análisis utilizada es el método de regresión lineal múltiple que utiliza el modelo de efectos fijos (FEM) en la aplicación E-View9.

Palabras clave: Determinantes macroeconómicos, determinantes microeconómicos, Indonesia, política de dividendos, sector minero.

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INTRODUCTION

The capital market is a means to get funds for companies in their business activities. In addition, the capital market is also a vehicle for investment for capital owners. Investment in securities can provide benefits in the form of distribution of investment results and appreciation of the value of investment from price increases.

The uncertainty of investment returns of stock prices in the future to make investors to consider not only *Return* but also risks. The greater the risk, the level of *Return* expected greater investor. *Signaling theory,* rooted in the idea of asymmetric information. *Signaling theory* explains that every company action submitted to the capital market will contain information / *news* for actors in the capital market. The information can be positive (*good news*) or negative (*bad news*). For example, earnings information is a positive signal for investors. Signaling theory related to information asymmetry in the market can be reduced by means of one party giving information signals to the other party. The role of management actively has better information about the condition of the company than external parties. It means that there is a dependency between the two parties to get asymmetric accounting information problems with the sender of the signal that will reveal some relevant pieces of information to other parties. The company management has more accounting information than investors in the capital market. This means that the principle of signaling teaches that every action contains information. This means that the asymmetric information is a condition where a party has more information than the other party. The level of asymetric information varies from very high to very low.

The capital market is the land to get investment capital, while the capital market investor is the land to invest the money. Every investor in making investment decisions is always faced with a number of alternatives, whether he will invest funds in the form of Real Assets such as buying production equipment and operating it for profit, or choosing to invest in financial assets by buying fixed income securities such as deposits (money markets), bonds (capital market), Bank Indonesia Certificates (SBI) or buying securities with a non-fixed income such as shares (capital market). The capital market plays an important role in the Indonesian economy, where the value of the Share Price can be a leading economic indicator in a country. The mining sector contributes to the Indonesia Stock Exchange, such as the mining sector which consists of coal mining sub-sectors, which in 2014 were 23 (twenty three) companies in 2009, only 17 (seventeen) companies, crude petroleum sub-sector and natural gas production (crude oil and natural gas production) which in 2014 were 7 (seven) companies in 2009, only 6 (six) companies, metal and mineral mining sub-sector (metal and mineral mining) in 2014 as many as 7 (seven) companies in 2009 only 7 (seven) companies, and land / stone quarrying (mining / land mining) sub-sector, which in 2014 were 2 (two) companies.

The following is the average share price in the mining sub-sector listed on the Indonesia Stock Exchange (IDX) for the period 2009 to 2014, see (table.1.1) about the average share price in the mining sector, below.

Table 1. Average Stock *Returns* in the Mining Sector (2009 - 2014)

No	Sectors	YEAR					
		2009	2010	2011	2012	2013	2014
1	Coal mining sub sector	-0.0020	-0.0041	-0.0082	0.1615	0.0402	0.1026
2	Metal and mineral mining sub-sector	0.0408	0.0133	0.0197	0.0309	0.0017	-0.0158
3	Petrollium and natural gas production sub-sector	0.0045	-0.1309	-0.0626	0.0615	0.0036	-0.0174
4	Land / store quarrying sub sector	-0.0141	0.0314	0.0049	0.0047	0.0096	-0.0145
	Average	0.0073	-0.0226	-0.0116	0.0647	0.0138	0.0137

Source: Indonesia Stock Exchange (2009-2014) processed data

Table 1 presents the average *return* of shares in the mining sub-sector. The fourth sub-mining sector showed *Return* Shareholders have the same tendency, namely a decrease and an increase in *Return* stake 201 years 4. The highest average stock *return* is in the coal-mining sub-sector, while the lowest average stock *return* is the petrollium and natural gas production sub-sector.

The mining sector, with its various high-risk operational activities and as the main sector driving the country's economy, naturally requires additional capital, a weaker mining sector index indicates lower investor expectations of the performance of issuers in the sector. Companies will have difficulty in obtaining additional capital, if there are no investors interested in investing. If companies in the mining sector are unable to carry out their operations properly, this can have an impact on Indonesia's macro-economic growth. The decline in the share price of the mining sector in addition to resulting in the level of *return* expected by investors to decline will also cause the market capitalization of the mining sector to also decline. The mining sector *market share for* the period of 2009-2014 can be seen through the following table:

Table 2. Market capitalization of the mining sector 2009-2014

No.	Year	Market Capitalization in the Mining Sector	Total Market Capitalization of All Sectors	Market Share
1	2009	284,225	2,019,735	14%
2	2010	515,132	3,257,491	16%
3	2011	388,282	3,537,782	11%
4	2012	321,405	4,128,207	8%
5	2013	250,845	4,219,020	6%
6	2014	251,080	5,228,043	5%

Source: Indonesia Stock Exchange (2009-2014) processed data

Table. 2 Pointing's market capitalization of the mining sector has increased during 2009-2010, but in 2011-2013 decline in the market capitalization of shares amounted to 126 851 billion in 2011, amounting to 66 876 billion in 2012, amounting to 70561 billion in 2013 but the year 2014 increased again not too high by 236 billion . This indicates a decline in investor interest in investing in the mining sector. The movement of stock prices is strongly influenced by investor expectations of macro and micro fundamentals.

Macro variables used in this study were considered to affect the *return* stock is rate of interest rate of SBI and Rupiah exchange rate against the US Dollar. This variable is very influential on opportunities to do business in a country. If economic performance deteriorates, stock prices will also deteriorate so *returns* and dividends expected by investors also decline,

The company's performance which gets the main attention from investors and creditors viewed from the financial statements included in the area: operating cash flow, working capital, net profit, because the performance is able to better describe the company's economic conditions and future growth. If the company's performance deteriorates, stock prices will also deteriorate so *returns* and dividends expected by investors will also decrease.

LITERATURE REVIEW

Effect of operating cash flow to *return* shares

Cash flow information is useful for investors and creditors to determine the company's ability to generate net cash flow in the future and compare it with liabilities - the obligation of short-term and long -term tires, including the possibility of dividend payments in the future. Cash flow statements are also useful for managers to assess past operating activities and plan future operating, investing and financing activities. According to Simamora, (2002, p,488) the main purpose of cash flow is to provide information about cash receipts and payments and funding from an entity for a certain period. In addition, cash flow statements can supply information that allows users to evaluate changes in a company's net assets, financial structure (including liquidity and solvency), and the ability to influence the amount and timing of cash flows in order to adapt to changing circumstances and business opportunities .

Thus the first hypothesis in this study are:

H1: There is a Effect of Operating Cash Flow to Stock Returns

Effect of working capital on stock returns

The importance of working capital in the company to know the financial condition of the company concerned, especially concerning issues of working capital position. The source of financing of a company does not only come from within the company itself. But companies must also look for sources of financing from outside the company, one of which is through the sale of shares. The reciprocal of the company to investors is to provide a *return* on the investment.

According to Darsono & Ashari (2005, p.53), *Net Working Capital* (NWC) or net working capital is used to determine the ratio of net working capital to current liabilities. Pahujja *and* Sahi (2012) revealed that the determination of an optimal capital structure is a balance between risk and profit achieved in achieving the goal of maximizing stock prices. This is in line with research Delof (2003) explains that having good knowledge on each element of working capital management can be very helpful in financial decision-making. But not in line with the results of research conducted by Kesuma (2005) in his research resulted in the conclusion that the working capital structure is not significant with stock prices. Thus the second hypothesis in this study are:

H2 : There is the effect of working capital to Returns stock

Effect of net Income to *return* shares

The income statement is a report that measures the success of the company's operations in a certain period of time. The greater the profits of the company, the company will be able to divide the greater dividends and will affect stock *returns*. Information about the profit or rate of *return* obtained by the company that is reflected in the financial statements will cause a reaction to the company's stock price. If the profit earned by the company is high, then the share that will be distributed to shareholders is also high so that many investors are interested in investing in the company. Conversely, if the profits earned by the company are low, then the dividends that will be distributed to shareholders will be low so that it will reduce investor interest to invest in the company (Smith and Skousen 2000, p.132). Research Linda (2005) states that an increase in net income can encourage investors to be more interested in buying company shares. Investor's interest in buying shares will be able to increase the company's stock price and lead to an increase in the company's stock *returns*. And the results of research conducted by Daniati (2006) to test the effect of information content components of cash flow statements, net income and company size on stock *Expected Return* obtained results there is a significant and positive effect between net income on the *Expected Retun of* shares. This is in line with research conducted by Trisnawati (2013) who tested the influence of operating cash flow, investment and funding as well as net income on *stock returns* with the results of research that net income has a positive effect on *stock returns.* Thus the third hypothesis in this study are:

H 3 : There is the influence of Net Profit to *Returns* stock

Effect of interest rates on stock *returns*

According to Bodie Kane & Marcus (2006, p.180) said that interest rates are one important input in investment decisions. If interest rates fall, people will tend to choose to invest long-term, whereas when interest rates increase people will tend to delay making long-term investments. Research linking interest rates and stock prices was also conducted by Sweenet and Warga (1986) the conclusion obtained was that stock prices are very sensitive to interest rate movements. The conclusion obtained is that there are different reactions for each industry to changes in interest rates. Thus the fourth hypothesis in this study are:

H4 : There is the influence of interest rates SBI to Returns stock

Effect of exchange on stock returns

According to Tandelilin, (2001, p.14), said the strengthening of the rupiah exchange rate against foreign currencies will reduce the cost of importing raw materials for production and will reduce the prevailing interest rates, so the strengthening of the rupiah exchange rate against foreign currencies is a positive signal for investors. When the Dollars exchange rate strengthens (increases) then at that time the rupiah exchange rate is decreasing (weakening). This is a negative signal for investors, Suyati (2010) researched the influence of inflation, interest rates and Rupiah / US Dollar exchange rates on property stock *returns* listed on the Indonesia Stock Exchange. The results showed that the Rupiah / US Dollar exchange rate had a positive effect on *returns.*

The results of the study are not in line with the results of research conducted by Saadah and Panjaitan (2006) which concluded that there was no significant dynamic interaction between stock prices and exchange rates. Thus the fifth hypothesis in this study is:

H 5 : There is the influence of exchange rate on the *Return of* stock

Effect of operational cash flow on dividend policy

The amount of cash flow from operating activities is an indicator that determines whether the company's operating activities can generate sufficient cash flow to pay off loans, maintain the company's operational capability, pay dividends and make new investments without relying on sources of income. According to Stice, et al. (2009, p.282) states that positive cash flow indicates that the business can continue to run for now. However, if the company's cash flow is inadequate and the company cannot obtain alternative financing in a short time, then the company cannot freely use cash including paying dividends. Thus, companies that generate positive operating cash flow may not be able to pay dividends to their shareholders. In line with research by Irawan and Nurdhiana (2012) which concluded that operational cash flow has no effect on dividend policy. Not in line with the research conducted by Rosdini (2007), which conducted the study of the effect of earnings and operating cash flow on Divident Payout Ratio (DPR) with the results of a positive influence on operating cash flow on dividend policy. Thus the seventh hypothesis in this study is:

H6: There is an influence of Operational Cash Flow on Dividend Policy

Effect of working capital on dividend policy

Networking capital (*net working capital*) is able to act as a substitute *Cash Holdings Company*. According to RJ (2008, p.57) argues that it is functionally working capital based on the functions of the fund in generating revenue (*income*). Every fund used in a company is intended to generate income from the company's main business, but not all funds are used to generate income for this period (*current income*). There are some funds that are used to obtain or generate income for the next period (*future income*). So that the higher income generated by the company will result in increased profits by the level of efficiency of the company. In addition, the higher the profit, the bigger the dividend payout target of the company. This is in line with research conducted by Sumarto (2007) in his research concluded that *Quick Ratio, Current Ratio*, *Net working capital* can influence dividend policy. Thus the eighth hypothesis in this study are:

H 7 : There is an influence of Working Capital on Dividend Policy

Effect of net income on dividend policy

Companies that have a fairly good level of net profit accumulation from a subsequent period, usually have the potential to be able to share a portion of net income to the owner of the company (shareholders), the distribution of net income to shareholders is done in the form of dividends (Hery, 2012, p.287). Irawan and Nurdhiana's research (2011) investigated the effect of net income and operating cash flow on dividend policies listed on the Indonesia Stock Exchange in the 2009-2010 period concluded that net income obtained by companies had a positive and significant effect on dividend policy. This is in line with the research conducted by Ramli and Arfan (2011) who researched the influence of earnings, operating cash flow, free cash flow and dividend payments received by shareholders also stated that net income has a positive effect on cash dividends. This means that companies that obtain large net profits will tend to provide high dividends. Thus the hypothesis of success in this study are:

H 8 : There is an influence of Net Income on Dividend Policy

Effect of interest rates (SBI) on dividend policy

High interest rates indicate that high investment risk, high investment risk causes investors to expect high returns. Also at times of high interest rates, investors expect high rates of return. Thus forcing company managers to pay high dividends. Viewed from the macroeconomic side, rising interest rates cause expenses or capital costs of the company to increase so that the company loses its opportunity to increase revenue which in turn has an impact on declining dividend payments (Tandelilin, 2010, p.343). These results support Damoda ran's (1997) research which states that the influence of interest rate and exchange rate inflation on dividend policy shows that the level of interest rates influences internal financial decisions both investment decisions, funding decisions and dividend decisions. Not in line with Jeong's research (2011) concludes that interest rates have a negative influence on dividend policy when not regulated by the government and have a significant positive effect when regulated by the government. Thus the tenth hypothesis in this study are:

H 9 : There is an influence of the Interest Rate (SBI) on the Dividend Policy

Effects of exchange rates on dividend policy

Husnan (2009, p.47) argues that the strengthening of the rupiah against the dollar will reduce the cost of importing raw materials for production, and will reduce the prevailing interest rates, so the strengthening of the rupiah shows that companies do not have to provide sufficient funds to finance company operations, thus increasing company profits. High profits, causing the share of profits to be shared by shareholders to be large. The company divides the amount of dividends more when profits rise, this is done by the company so that investors' assessment of the company is maintained with the distribution of dividends. Besides that, the strengthening of the rupiah shows that companies can increase profits, so that the share of profits that can be shared with shareholders becomes large. These results support the research of Cristopher, Rufus and Ezekiel (2009) on 130 companies listed in Negeria in 2001 - 2007 which produced a correlation coefficient between the exchange rate and DPS of 0.724. This is in line with research conducted Demodoran (2007) states that foreign exchange rates have a significant effect on the company's internal decision including the dividend decision. Thus the eleventh hypothesis in this study are:

H 10 : There is an effect of the Exchange Rate on the Dividend Policy

Effect of Ssock returns on dividend policy

In general, investors have the main goal to improve welfare, namely by expecting returns in the form of dividends and capital gains. On the other hand, the company also expects continued growth to sustain its life, which at the same time must provide greater prosperity to its shareholders. Surely, this will be unique because the dividend policy is very important to meet the expectations of shareholders towards dividends, and from one side does not have to hamper the company's growth. Investors who are not willing to take risks (risk aversion) have the view that the higher the level of expected benefits as a result or reward for that risk. Furthermore, dividends received at this time will have a higher value than capital gains that will be received in the future.

Thus investors who are not willing to speculate will prefer dividends than capital gains. Investors invest funds aimed at maximizing the wealth gained from dividends or capital gains, while management is trying to maximize the welfare of investors by making dividend policy decisions. Black and Scholes (1974) revealed that the amount of dividend offerings and stock offerings will influence one another and look for mutual compatibility. If management wishes to increase stock returns in the future, the management will decide on a higher dividend payout ratio than the previous year. This statement is reinforced by research Harahap (2011) and Suharli (2006) states that stock prices have a significant positive effect on cash dividends. Inconsistent with research Suharli and Harahap (2004) found that Stock Returns affect the policy of the amount of dividend distribution negatively. Not many studies have examined the effect of stock returns on the policy of the amount of dividends. Thus the twelfth hypothesis in this study are:

H11: There is an effect of Stock Return on Dividend Policy

METHODOLOGY

In accordance with the background of the problem and the purpose of the study, the associative method was used in this study to determine the relationship and influence between two or more variables Sugiyono (2004, p.11). The population of this study is all financial statements of mining companies listed on the Indonesia Stock Exchange for the period 2009 - 2014 and are still listed as of December 31, 2014, and have financial reports that end as of December 31. During that period a total of 40 listed mining companies. All types of data are quantitative and the data sources used in this study are secondary data.

This study uses panel data to test the influence of hypothetical variables using quantitative techniques, while also knowing the effect of changes in macroeconomic fundamentals (SBI Interest Rate, Exchange Rate on USD) and microeconomics (Operational Cash Flow, Working Capital, Net Profit) on stock returns and their implications on the dividend policy of mining sector companies listed on the IDX. The use of this panel data can first explore the economic effects that cannot be obtained using time series data or cross-border data only. Second, because the amount of data and observations increased, resulting in an increase in degrees of freedom so that the coefficient variation became efficient and the value coefficient became more stable Hsiao (2003). Third, by accommodating all information related to latitude and time series variables, panel data can substantially reduce the problem of omitted-variables; if it removes relevant variables. At the same time, the problem of specification errors can be eliminated. There are three ways to estimate panel data, first Pooled (Ordinary least square, OLS). Second, fixed effects (dummy variable model, DMV). Third, random effects (error component model, ECM).

RESULTS AND DISCUSSION

Analyst is determinant of stock return

Table 3 . CFO, MK, LB SBI, KURS Test Results against hospitals with the fixed effect method

Dependent Variable: RS?
Method: Pooled EGLS (Cross-section weights)
Date: 01/14/17 Time: 03:58
Sample: 2009 2014
Included observations: 6
Cross-sections included: 12
Total pool (balanced) observations: 72
Linear estimation after one-step weighting matrix

Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	0.134933	0.017602	7.665620	0.0000
CFO?	0.002682	0.001763	7.221471	0.0139
MK?	0.004602	0.038734	0.118803	0.9059
LB?	0.006997	0.044775	7.132264	0.0376
SBI?	-0.895687	0.022263	8.623474	0.0000
EXCHANGE RATE?	-0.269703	0.100328	7.958213	0.0095
	Effects Specification			
Fixed cross-section (dummy variables)				
	Weighted Statistics			
R-squared	0.953938	Mean dependent var		-0.077487
Adjusted R-squared	0.916356	SD dependent var		0.908169
SE of regression	0.158472	Sum squared resid		1.381230
F-statistics	128,4582	Durbin-Watson stat		2.473676
Prob (F-statistic)	0.000000			

Source: Results of processing Eviews 9 (2015)

Analyst is the implications of dividend policy

Table 4 Test Results for SBI, KURS, CFO, MK, LB and RS against the DPR Permanent Securities Method

Dependent Variable: DPR?
Method: Pooled EGLS (Cross-section weights)
Date: 01/14/17 Time: 4:07
Sample: 2009 2014
Included observations: 6
Cross-sections included: 12
Total pool (balanced) observations: 72
Linear estimation after one-step weighting matrix

Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	0.233645	0.045580	5.126060	0.0000
Hospital?	0.275703	0.172675	4,792153	0.0116
CFO?	-0.001211	0.006005	-0.441725	0.8409
MK?	0.012872	0.050253	4,325131	0.0279
LB?	0.501327	0.182568	4,911924	0.0082
SBI?	0.201671	0.192995	3.044752	0.0307
EXCHANGE RATE?	1.066416	0.457958	4,538622	0.0237

Effects Specification

Fixed cross-section (dummy variables)

Weighted Statistics

R-squared	0.971431	Mean dependent var	0.368332
Adjusted R-squared	0.969474	SD dependent var	0.291887
SE of regression	0.216429	Sum squared resid	2,529445
F-statistics	10.72075	Durbin-Watson stat	2.080698
Prob (F-statistic)	0.000000		

Source: Results of processing Eviews 9 (2015)

DISCUSSION

The effect of Operational Cash Flow (CFO) on stock returns

After testing with Eviews 9 shows the results that the CFO partially has a significant effect on Stock Return, this is because that the calculated CFO Tvalue of 7.2214 is greater t_{table} 7.2214 > 1.96. For investors information the amount of the company's operational cash flow shows the ability or the company's inability to create profit, operational cash flow shows the principal revenue activities, and also operating cash flow as an indicator that determines whether the company's operations can generate enough cash to repay loans, maintain the company's operational capability, pay dividends and make new investments without relying on external funding sources. This information is often used by investors to make decisions in their finances in investing in the stock market. This result is consistent with research by Trusnawati (2013), Hardian & Sugeng (2013), concluding that cash flow from operating activities has a significant effect on stock returns. However, it is not consistent with research conducted by Juliarto (2004), Azilia Yocelyn1 & Yulius Jogi Christiawan (2012) which concluded that Operating Cash Flow has no effect on stock returns

Effect of Working Capital (MK) on stock returns

After testing the Eviews 9 shows the results that the Constitutional Court partially has no effect on Stock Return, this is because that the value of the t_{count} MK of 0.1188 is smaller t_{table} 0.1188 < 1.96. For investors giving a negative response to working capital. Because of the large amount of working capital, can result in the ability of earnings to decline due to the slow turnover of company funds. This can be perceived by investors that management is unable to use working capital efficiently. Besides that for investors having good knowledge on every element of working capital management can be very helpful in making financial decisions. However, not all investors take advantage of such things. There is no influence between working capital with company stock returns because investors do not take their investment decisions, by looking at the value of working capital, because this value is not included in the financial statements so investors must calculate their own value of this ratio. These results are consistent with the research of Juliarto (2004) concluding that operating working capital does not affect the stock returns of emitan companies on the Indonesia Stock Exchange.

Effect of Net Income (LB) on stock returns

After testing with Eviews 9, it shows the results that LB partially influences the Stock Return, this is because the t_{count} LB value of 7.3122 is greater than the t_{table} 7.3122 > 1.96. Net income can provide information on profits during operations, in addition to net income can provide information about the level of development of a company during operations. In addition, if the profits obtained by the company are high, the dividends to be distributed to shareholders are also high so that many investors are interested in investing in the company. Conversely, if the profits earned by the company are low, the dividends to be distributed to shareholders will be low so that it will reduce investor interest to invest in the company. This result is consistent with research by Hardian & Sugeng (2007), Azilia Yocelyn1 & Yulius Jogi Christiawan (2012) which concluded that net income affects stock returns.

Effect of Interest Rates (SBI) on stock returns

After testing with Eviews 9 Shows the results that SBI partially influences the Stock Return, this is because the SBI t_{count} of 8.6234 is greater than the t_{table} 8.6234 > 1.96. Decrease in interest rates will improve capital market performance (stock returns) or vice versa rising interest rates cause investors (investors) to look for other alternatives that are more profitable, thus providing increasingly narrow limits for increased capital (investment) in shares of listed companies on the Indonesia Stock Exchange. The interest rate is one of the important inputs in investment decisions. If interest rates fall, people will tend to choose to invest long-term, whereas when interest rates increase people will tend to delay making long-term investments. These results are consistent with research by Domian Gilester & Lauton (1996) that the interest rate is better able to predict future stock returns. But not with research conducted by Sajjad, et al. (2012) which concluded that interest rates did not have a significant positive effect on stock prices.

The influence of KURS on stock returns.

After testing the Eviews 9 shows the results that KURS partially influences the Stock Return, this is because the SBI t_{count} of 7.9582 is greater than the t_{table} 7.9582 table > 1.96. Information on the strengthening of the rupiah exchange rate against foreign currencies will reduce the cost of importing raw materials for production and will reduce the prevailing interest rates, so the strengthening of the rupiah exchange rate against foreign currencies is a positive signal for investors. When the Dollars exchange rate strengthens (increases) then at that time the rupiah exchange rate is decreasing (weakening). This is a negative signal for investors. This result is consistent with the research of Sudjono (2006), Suyati (2010) who concluded that the rupiah exchange rate has a significant negative effect on the stock price index. But it is not in line with the results of the thought of Edhi Asmirantho (2013) who concluded that an increase in KURS would not increase stock returns. But it is not consistent with research conducted by Hardiningsih, Pancawati. Suryanto. Chariri, A, (2002) the results of the study prove that the exchange rate of the rupiah against Dollars has a negative effect on stock returns.

Effect of Operational Cash Flow (CFO) on Dividend Policy (DPR)

After testing the Eviews 9 shows the results that the CFO partially has no effect on dividend policy, this is because that the SBI t_{count} of - 0.4417 is smaller than t_{table} - 0.4417 < 1.96. These conclusions provide an understanding that the cash flow that a company generates from operating activities does not affect the amount of dividends provided by the company to its shareholders. A positive cash flow indicates that the business can continue to run for now. However, if the company's cash flow is inadequate and the company cannot obtain alternative financing in a short time, then the company cannot freely use cash including paying dividends. Thus, companies that generate positive operating cash flow may not necessarily be able to pay dividends to their shareholders. This result is consistent with Nurdhiana's research (2012) which states that Operational Cash Flow has no effect on dividend policy. However it is inconsistent with Early Rosdini's research (2007) which concludes that Operating Cash Flow Affects Dividend Policy. But it is not consistent with research conducted by Rowland (2014) which concluded that cash ratio does not affect dividend policy.

Effect of Working Capital (MK) on Dividend Policy (DPR)

After testing with Eviews 9, it shows the results that the Constitutional Court partially influences the dividend policy, this is because the SBI t_{count} value of - 0.4417 is smaller than t_{table} 4.3251 > 1.96. The concept of working capital turnover is obtained from sales divided by working capital. The higher sales will result in increased profits with a balanced level of company efficiency. In addition, the higher the profit, the greater the dividend payment target of the company. These results are consistent with research conducted by Sumarto (2007) in his research concluding that Quick Ratio, Current Ratio, Net working capital can influence dividend policy

Effect of Net Income (LB) on Dividend Policy (DPR)

After testing with Eviews 9, the results show that LB partially influences dividend policy, this is because the SBI t_{count} of 4.9919 is smaller than t_{table} 4.9919 > 1.96. This positive significance shows that the higher the net profit a company receives, the higher the cash dividends distributed, and vice versa. When the company's net profit decreases, the company's ability to distribute cash dividends also decreases. Net income is often used by companies as a means to influence decisions relating to dividends to be distributed or not and how much amount of dividends to be distributed. These results are consistent with Nurdhiana's research (2012). Concludes that net income has a positive and significant effect on dividend policy. Rowland (2014) concludes that Net Profit Margin has no effect on dividend policy.

Effect of Interest Rates (SBI) on Dividend Policy (DPR)

After testing with Eviews 9, the results show that SBI partially influences dividend policy, this is because the SBI t_{count} of 3.0447 is smaller $t_{table\ 3.0447}$ > 1.96. The increase in interest rates causes expenses or capital costs of the company to increase so that the company loses its opportunity to increase revenue which in turn has an impact on declining dividend payments. These results are consistent with Domodoran's (2007) study concluding that interest rates affect investment decisions, funding decisions and dividend policy decisions.

The influence of KURS on Dividend Policy (DPR)

After testing with Eviews 9, it shows the results that KURS partially influences dividend policy, this is because the SBI t_{count} of 4.5386 is smaller than t_{table} 4.5386 > 1.96. The strengthening of the rupiah shows that companies do not have to provide sufficient funds to finance the company's operations, thereby increasing company profits. High profits, causing the share of profits (dividends) which is divided into shareholders into large. These results are in line with Domodoran's (2007) study concluding that KURS influences investment decisions, funding decisions and dividend policy decisions.

Effect of Stock Return (RS) on Dividend Policy (DPR)

After testing with Eviews 9 Shows the results that the RS partially influences the dividend policy, this is because that the SBI $t_{count\ of}$ 4.7921 is smaller $t_{table\ 4.7921}$ > 1.96. The higher the stock price, the greater the rate of return which has a large impact on the dividends paid. This will provide a positive signal for investors to invest their capital in the company so that with many investors investing their capital in the company, it will be followed by an increase in the distribution of dividends by the company. This result is strengthened by research by Harahap (2011) and Suharli (2006) stating that stock prices have a significant positive effect on cash dividends. But not in line with research Sofyan Safri Harahap (2004) states that stock returns do not affect the amount of dividend distribution.

CONCLUSIONS

Operational Cash Flow has a positive and significant effect on stock return. These results support the study of Widya Trusnawati (2013) concluding that cash flow operating activities have a significant effect on stock returns. The amount of operational cash flow for investors shows the amount of profit, repay loans, and the company's operating capability. Operational Cash Flow also has a dominant influence on stock prices. This shows that investors in Indonesia especially during the study period paid more attention to the availability of the company's actual cash compared to profits. This condition indicates that investor expectations of investment returns are increasingly realistic.

Working Capital has a positive but not significant effect on Stock Return. These results support the research of Juliarto (2004) concluding that operating working capital does not affect stock returns. Having good knowledge about working capital management is very helpful. But not all take advantage of things like that, besides that the value of working capital is not included in the financial statements so investors must calculate their own value of this ratio.

Net Income has a positive and significant effect on ReturnSaham. These results support the research of Hardian & Sugeng (2007) that net income affects stock returns. Net income can provide investors with information about earnings and operating activities.

SBI interest rates have a negative and significant effect on Stock Returns. These results support the research of Domian Gilester & Lauton (1996) that interest rates are better able to predict future stock returns.

Foreign Exchange Rates have a positive and significant effect on Stock Returns. These results support the research of Sudjono (2006), and are not in line with Edhi Asmirantho that increasing KURS will not increase stock returns.

Operational Cash Flow has no significant negative effect on Dividend Policy. These results support the research of Nurdhiana (2012) which states that it has no effect on dividend policy. These conclusions provide an understanding that the cash flow that a company generates from operating activities does not affect the amount of dividends given to shareholders. A positive cash flow indicates that the business can continue to run for now. However, if the company's cash flow is inadequate and the company cannot obtain alternative financing in a short time, the company cannot freely use cash including paying dividends.

Working Capital has a positive and significant effect on Dividend Policy. These results support the research of Sumarto (2007) in his research concluding that Quick Ratio, Current Ratio, Net Working Capital can influence dividend policy The concept of working capital turnover is obtained from sales divided by working capital. The higher sales will result in increased profits with a balanced level of company efficiency. In addition, the higher the profit, the greater the dividend payment target of the company.

Net Income has a positive and significant effect on dividend policy. These results support the research of Nurdhiana (2012) concluding that net income has a positive and significant effect on dividend policy. This shows that net income is often used by companies as a means to influence decisions relating to dividends will be distributed or not and how much dividend will be distributed.

SBI interest rates have a positive and significant effect on Dividend Policy. Which shows that the lower the interest rate, the higher the ability of a company to pay all obligations. The interest rate that is too high will affect the present value of the company's cash flow, so that investment opportunities that exist will no longer be attractive. A high interest rate will cause the cost of capital borne by the company is high, on the other hand a high interest rate causes the required return of the investor on a stock to increase. In addition, high interest rates can cause investors to move investments from stocks to savings or deposit investments. This result is in line with Demodorant's research (2007) concluding that interest SBI influences investment decisions, funding decisions and dividend policy decisions, as long as research Investors are more interested in paying attention to SBI in making their investments.

Foreign Exchange Rates have a positive and significant effect on Dividend Policy. This shows that the strengthening of the rupiah shows that companies do not have to provide sufficient funds to finance the company's operations, thereby increasing company profits. High profits, causing the share of profits to be shared by shareholders to be large. The company divides the amount of dividends more when company profits rise, this is done by the company so that investors' assessment of the company is maintained with the distribution of dividends. These results support Domodoran's (2007) study concluding that KURS influences investment decisions, funding decisions and dividend policy decisions.

Stock Return has a positive and significant effect on Dividend Policy. This result is not in line with research Sofyan Safri Harahap (2004) states that stock returns do not affect the amount of dividend distribution. The higher the stock price, the greater the rate of return which has a large impact on the dividends paid. This will give a positive signal to investors.

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BIODATA

Luqman Hakim
Is a lecturer in the Faculty of Economics, University of Persada Indonesia YAI Jakarta, Indonesia.

Kusmanto
Is a professional PT Angkasa Pura II (Persero), Indonesia.