

CASH FLOWS EFFECT ON CASH DIVIDEND
(SURVEY ON FOOD AND BEVERAGE COMPANY IS LISTED ON THE INDONESIAN STOCK EXCHANGE)

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ABSTRACT

Investors, especially shareholders expect return on investment that they bear in the company. One form of the yield is cash dividends. The level of cash dividend can be known through analysis of net income and level of information available cash. However, sometimes the information net income is less effective in providing accurate information about the level of available cash as compared with cash flow information.

Research method which writer use is associative method which is causal (cause-effect). Technique of data collecting conducted with research archives through the search with the computer to the official website of the Indonesian Stock Exchange (Indonesian Stock Exchange) and doing library research by literature review relevant to the problems examined.

The results showed that the first, the overall cash flow has no significant influence on the distribution of cash dividends. Level the relations are very low with a correlation coefficient of 0.180 and the relationship is directly proportional or positive. Second, the cash flow of each activity that has no significant influence on the distribution of cash dividends. However, the effect of cash flow from investing activities to cash dividend of 2.6% is the most dominant compared with the effect of cash flow from operating activities and cash flows from financing activities.

Keywords: cash dividends, cash flows, investment

Introduction

In 2008, Indonesia's capital market had experienced a sharp decline in performance, which reflected a significant drop in stock index (down 50.5%) and market capitalization (down 45.8%) when compared with the end of 2007. But these conditions only valid until around March 2009, because after that the performance of the Indonesian capital market again experiencing growth. The value of daily transactions on the Indonesian Stock Exchange remained in the range of Rp 4 trillion per day. In general, the Indonesian capital market has developed quite well in the period of 2004-2009. Although time has decreased due to financial crisis, but the Indonesian capital market shows a relatively rapid recovery, which in turn also creates a secure investment climate in the capital market. Even up to this time the Indonesian capital market is still the market is quite attractive to foreign investors.

However, in any decision-making investment, the investor faced with a situation uncertainty. This encourages investors rational to always consider the risks and expected return of each stock. Theoretically, the risk of and the expected return is directly proportional. Risk Overview and the expected return of a stock can be assessed based on information, both qualitative and quantitatively. One of the information that can be used by investors in evaluating a company are the financial statements. The financial statements are a means to account for what has been done by the management of resource owners. For investors who do enterprise analysis, financial statement information is one of the information is readily available compared to alternative information. In addition, the financial statements of accounting information is inadequate to describe to investors the extent to which growth conditions for these companies and what has been achieved, so it can be used as a reference for investors, both individually and institutionally.

Cash flow statement as part of the financial statements, as stated in the Statement of Financial Accounting Standards (SFAS) No. 95, is one of information that also gets the attention of investors. Consolidated cash flow is intended to report cash receipts and disbursements during the period from operating, investing, and financing. According to the Principles of Financial Accounting Standards (SFAS-Indonesia) No. 2, the cash flow statement is required since January 1, 1995 for all companies listed in Indonesia Stock Exchange as an integral part of these financial statements in order to fill the information gap of the consolidated financial position, income statement and statement of retained earnings in terms of assessing company's ability to generate cash and cash equivalents and assess the needs of the company to use cash.

Cash flow statement is the most common method of analysis used in financial management, in particular to assess the investment feasibility. Reporting cash flow is intended to answer the question some financial analysts who doubt the reliability and relevance of accounting earnings information for the use of accrual basis. To overcome these problems, the need for adjustments to accounting profit, so obviously cash inflows and outflows in a single entity. Thus, the statement of cash flows expected to improve the comparability of reporting operating performance by eliminating the influence of different companies use different accounting methods for similar transactions and events.

Based on the description of the background research, the author will identify the problem as follows:

1. How to influence the overall cash flow to distribute cash dividends?
2. Cash flows from whether the most influence on the distribution of cash dividends?

Literature

Cash Flow Statement

Consolidated cash flow is the company's financial statement showing the amount of cash available in the company at a certain period.

Kieso (2007) *statement of cash flow* is

“Statement of cash flow is to provide information about an entity's cash receipt and cash payment during a period. The statement of cash flows therefore reports cash receipt, cash payment, and net financing activities of an enterprise during a period, in a format that reconciles the beginning and ending cash balances”.

According to SFAS No. 2 cash flow is :

This report complements the company's financial statements that have been provided by the statement of income (income statement). The purpose of cash flow statement is made to report all cash inflows (cash inflows) and cash outflow (cash outflow) occurring within the business activity of firms in a given period. Cash flow report also contains information on the disclosure of corporate investing and financing activities during the period

Consolidated cash flow consists of cash inflows and outflows. Company's cash inflows come from two sources, namely:

- a) external sources, can be derived from owners, investors, sales, and investment
- b) internal sources, cash inflow is caused by the utilization of fixed assets that produce ready-made supplies for resale on credit. Another internal source is done when the sale of fixed assets that have been didisposisikan or other reasons.

Cash outflow used for corporate purposes, namely:

- a. External, cash used to pay obligations that have matured, for example, tax payable, accounts payable, bonds and so forth.
- b. Internal, to acquire fixed assets, financing, procurement of supplies, and investment activities aimed at further expansion.

Outstanding Stock

Stock can be defined as a sign of ownership or possession of any person or entity within an enterprise. Being stock is a piece of paper explaining that the paper owner is the owner of the company that issued the securities. According Koetin (1999), stocks are:

"The right to a portion of a company, for example shares in a limited liability company or a proof of participation or participation in the company's capital. "

Dividen

Indonesia Institute of Accountants in accordance with statement of Financial Accounting Standards no.23 of income, defines dividends as follows:

"Profit distributions to equity holders in accordance with their proportion of certain types of capital"

Dividend is the share of company profits distributed to shareholders either in cash or in kind in accordance with the decision of the General Meeting of Shareholders (GMS). Dividends can be given each quarter, semester, or every year, in accordance with the decision of the GMS.

Dividend said to be 'part of the profits' because in general the company never share any profits reported to shareholders in the form of dividends due to certain factors that make a company can not do it. So, the company reported earnings in each period is usually allocated in part as dividends and partly as retained earnings (retained earnings).

Dividends consisting of five types are:

1. *Cash Dividend*
Is the distribution of profits to shareholders in the form of cash.
2. *Property Dividend*
Is a profit distribution to shareholders in the form of assets other than cash, whether it be equipment, real estate or investment decision depends on the board of directors.
3. *Script Dividend*
Is a profit distribution to shareholders by the company by issuing a special mailed to shareholders who will be paid in the future plus a certain interest.
4. *Liquidating Dividend*
Is the distribution of profits to shareholders based on paid-up capital (paid in capital) is not based on retained earnings.
5. *Stock Dividend*
Is the distribution of profits to shareholders in the form of shares or stock. This is intended to capitalize on corporate income so that no asset is given.

Dividend Policy Theory

The decision on dividend policy are often not separated from investing and financing decisions that could affect the company's value and stock price. This gives rise to various thoughts about the relevance of dividends. The decision on dividend policy are often not separated from investing and financing decisions that could affect the company's value and stock price. This gives rise to various thoughts about the relevance of dividends.

There are several theories dividend proposed by the experts

1. Teori residu Dividen (*Residual Dividend of Theory*)
Income derived by an enterprise in an actual period is for the welfare of the shareholders. But usually partially distributed to the shareholders and some were detained.

2. Dividen Model Walter (*Walter's Dividend Model*)
Walter's model dividend theory posits that as long as the benefits of reinvestment is higher than its cost, then the reinvestment is likely to increase the stock price or value of the company.
3. Dividen Model Modigliani dan Miller (*Modigliani and Miller's Model*)
Modigliani and Miller argued that the conditions given the investment decision is not relevant dividend payment to reckoned with, as it will not increase shareholder wealth. According to Modigliani and Miller increasing enterprise value is influenced by the ability of companies to profit or earning power of the company's assets.

The population in this study are food companies and beverage listed in Indonesia Stock Exchange where the number as many as 12 companies. The sample in this study selected by purposive sampling method sampling technique with consideration of the suitability of sample characteristics with certain criteria. Purposive sampling method is one of nonprobability sampling technique, is sampling techniques that do not provide equal opportunity for each element or member to be elected as the sample population.

Of this population will be sampled by 5 companies that will become the unit of analysis in accordance with the criteria that is expected, that the company has published audited financial statements as at 31 December 2006-2009 and on distribution of cash dividends during the period.

No	Corporate Name
1	PT. DELTA DJAKARTA Tbk
2	PT. INDOFOOD SUKSES MAKMUR Tbk
3	PT. MULTI BINTANG INDONESIA Tbk
4	PT. MAYORA INDAH Tbk
5	PT. PRASIDHA ANEKA NIAGA Tbk

Operationalization of Research Variables

Variables	Sub Variables	Variable Concept	Indicator	Scale
Independent Cash Flow (X)	Tendency of cash flows from operating activities (X ₁)	Cash flows relating to income or net loss	Growth (excess) cash flows from operating activities year by year t t-1	Ratio
	Tendency of cash flows from investasi activities (X ₂)	Cash flows related to the acquisition or disposal of assets and long-term investments	Growth (excess) cash flows from investing activities year t with year t-1	Ratio
	Tendency of cash flows from financing activities (X ₃)	The cash flows associated with changes in the composition and amount of company capital	Growth (excess) cash flows from financing activities year t with year t-1	Ratio
Dependent Cash Dividend (Y)		Part of the profits distributed to shareholders	Growth (excess) cash dividends year by year t t-1	Ratio

Formulation of hypothesis (H₀ and H_a) following:

1. Overall:

H₀₁ : r = 0 Cash flow does not affect the distribution of cash dividends

H_{a1} : r ≠ 0 Cash flow does affect the distribution of cash dividends

- a. To test the hypothesis H₀₁ and H_{a1} t test was used, namely:

$$t = \frac{r\sqrt{n-2}}{\sqrt{1-r^2}}$$

r = Product moment pearson correlation

n = data total

- b. The determination of decision rules:

- t ≥ t table: the H₀₁ is rejected and H_{a1} accepted
- t < t table: the H₀₁ is accepted and one rejected H_{a1}

2. Partially:
 - a. Cash flows from operating activities
 - $H_{02} : r = 0$ Cash flows from operating activities do not affect the distribution of cash dividends.
 - $H_{a2} : r \neq 0$ Cash flows from operating activities do affect the distribution of cash dividends
 - b. Cash flows from investing activities
 - $H_{03} : r = 0$ Cash flows from investing activities do not affect the distribution of cash dividends
 - $H_{a3} : r \neq 0$ Cash flows from investing activities do affect the distribution of cash dividend
 - c. Cash flows from financing activities
 - $H_{04} : r = 0$ Cash flows from financing activities do not affect the distribution of cash dividends
 - $H_{a4} : r \neq 0$ Cash flows from financing activities affect the distribution of cash dividends
1. To test the significance of dual three-predictor correlation coefficient test was used to calculate F, namely:

$$F = \frac{R^2 (N - m - 1)}{m / (1 - R^2)}$$

R^2 = three-predictor multiple correlation coefficient
 m = total independent variable
 N = total data

2. To test the hypothesis H_{02} , H_{03} , H_{04} and H_{a2} , H_{a3} , H_{a4} t test was used, namely

$$t = \frac{r\sqrt{n-2}}{\sqrt{1-r^2}}$$

r = product moment pearson correlation
 n = total data

3. Determination of the decision rule:
 - $t_{\text{result}} \geq t_{\text{table}}$: the H_{02} , H_{03} , H_{04} is rejected and H_{a2} , H_{a3} , H_{a4} accepted.
 - $t_{\text{result}} < t_{\text{table}}$: the H_{02} , H_{03} , H_{04} is accepted and H_{a2} , H_{a3} , H_{a4} rejected.

Result and Discussion

Discussion and processing of statistical data in this study using SPSS version 15.0

1. Overall Cash Flow Effect on Distribution of Cash Dividend
 Overall cash flow, denoted by variable X, which is referred to in this research is the net cash flow from all activities which is the amount of cash changes (increase or decrease) at the end of the reporting period. The following steps will be presented in statistical analysis and discussion.

Correlation techniques are used to determine the relationship between the overall cash flow with cash dividend is the Pearson product moment correlation.

Product Moment Pearson Correlation Table (variable X to variable Y)

Correlations

		X	Y
X	Pearson Correlation	1	,180
	Sig. (2-tailed)		,619
	N	10	10
Y	Pearson Correlation	,180	1
	Sig. (2-tailed)	,619	
	N	10	10

The table describes the correlation coefficient between overall cash flow of cash dividends amounting to 0.180. Level the relations are very low, only amounting to 0.180 which is located in an area $0.00 \leq r \leq 0.199$. while the direction is directly proportional relationship or positive, when the value of variable cash flows as a whole rise, the variable distribution of cash dividends will rise. Value Sig. Amounted to 0.619, where $0.619 > 0.05$ (α), then the relations between the two variables was not significant.

1. Testing statistical hypothesis (H_0) and the research hypothesis (H_a) follows using t-test count. The hypothesis that has been established are:

- H_{01} : Overall cash flows (variable X) no positive effect on the distribution of cash dividends (variable Y).
- H_{a1} : Overall cash flows (variable X) positive effect on the distribution of cash dividends (variable Y)

The determination of decision rules:

- t result \geq t tabel: then H_{01} is rejected and H_{a1} accepted
- t result $<$ t tabel: then H_{01} is accepted and H_{a1} rejected

**Regression coefficients and t Calculate Price Table
(variable X to variable Y)**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	,673	,463		1,455	,184
X	,067	,130	,180	,516	,619

a Dependent Variable: Y

Table , shows the calculated t value of 0.516. This value is then used for the testing of hypotheses that have been determined by following the above decision rule. T-table values obtained, provided the level of significance at 0.05 two-party test and df (n-2) at 8, at 2.306. Apparently the price of t-count is smaller than the t-table, namely 0.516 $<$ 2.306, then the H_{01} is received, which means the overall cash flow (X) no positive effect on the distribution of cash dividend (Y).

The table also shows the price constant and regression coefficient of the regression analysis between variables and overall cash flow to distribute cash dividends. Multiple regression analysis is useful to predict how far the changes in the value of variable cash dividend if the value of variable cash flows as a whole changed. Constant price data obtained from processing the positive value of 0.673. These figures suggest that when these conditions the overall cash flow is zero, then the cash dividends distributed amounted to 0.673 or if the company does not generate cash at one period, then it is likely that cash dividends will be distributed by 67.3%. Regression coefficients obtained by the positive value of 0.067 from the variable cash flows as a whole. Figures suggest that the predictive power of cash flow variables as a whole by 6.7% to variable cash dividend.

2. Further testing the coefficient of determination.

Koefisien Determinasi (variable X to variable Y)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,180(a)	,032	-,089	1,11417

a Predictors: (Constant), X

Coefficient of determination (r^2) of 0.032 or 3.2%. This means that the level of influence the overall cash flow variable (variable X) to changes in cash dividends (variable Y) is approximately 3.2%, while the rest equal to 96.8% are influenced by variables or factors other than overall cash flows.

Based on the steps above statistical data processing, describes the state of relations is very low and is directly proportional to the overall cash flow variable (X) of the cash dividend (Y).

1. Simultaneous Effect of Cash Flow and The Partial against Cash Dividend

Discussion and processing of statistical data on the sub-chapter "The Effect of Cash Flow and The Partial Simultaneous to the cash dividend payment" before going into two parts, is the first statistical data processing simultaneously or together and then partially.

1.1. Simultaneous Processing

Statistical analysis was performed on the variable cash flows from operating activities (X₁), cash flow from investing activities (X₂) and cash flows from financing activities (X₃) to distribute cash dividends, are tested simultaneously in order to know the level of relationship and influence of the variables X₁, X₂ and X₃ together to variable Y. Here are the steps in statistical analysis and discussion.

Correlation techniques are used to determine the relationship between cash flow from operating activities, cash flows from investing activities and cash flows from financing activities simultaneously to distribute cash dividends are double correlation three predictors.

Koefisien Correlation Double Three Predictors Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,196(a)	,038	-,442	1,28241

a Predictors: (Constant), X₃, X₁, X₂

The size of the correlation coefficient between cash flows from operating activities, cash flows from investing activities and cash flows from financing activities simultaneously on the distribution of cash dividends amounting to 0.196. Level relationships that occur very low, being in the area of $0.00 \leq r \leq 0.199$. While the relationship is directly proportional or positive, if the value of variable cash flows from operating activities, cash flows from investing activities and cash flows from financing activities rose simultaneously, then the variable distribution of cash dividends will rise.

Harga F-hitung ANOVA(b)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	,395	3	,132	,080	,968(a)
	Residual	9,867	6	1,645		
	Total	10,262	9			

a Predictors: (Constant), X₃, X₁, X₂

b Dependent Variable: Y

The result of data processing showed the F-count value of 0.080. Furthermore, compared with the F-table is obtained, provided the level of significance at 0.05, df numerator (m) at 3 and df denominator (n - m - 1) at 6, at 4.76. Apparently the price of the F-count is smaller than the F-table, namely $0.080 < 4.76$, then the three-predictor multiple correlation coefficient was not significant.

Further testing the coefficient of determination. Coefficient of determination (R^2) of 0.038 or 3.8%. This means that the effect of variable cash flows from operating activities, cash flows from investing activities and cash flows from financing activities simultaneously (X₁, X₂, X₃) to changes in variable cash dividend (Y) is at 3.8%, while the rest of 96,2% are influenced by variables or other factors in addition to cash flows from operating activities, cash flows investing activities and cash flows from financing activities simultaneously.

Based on the data processing steps in the above statistics, the state of the relationship or correlation between the variable cash flows from operating activities, cash flows from investing activities and cash flows from financing activities simultaneously (X_1 , X_2 , X_3) to variable cash dividend (Y) very low and is directly proportional. This shows the cash flows from operating activities, cash flows from investing activities and cash flows from financing activities simultaneously is not a major indicator as a predictor in the distribution of cash dividends in the future. This statement is reinforced, where the influence of cash flow from operating activities, cash flows from investing activities and cash flows from financing activities simultaneously only by 3.8% to predict the distribution of cash dividends.

1.2. In Partial Processing

After a simultaneous statistical test, then performed statistical tests partially on a variable cash flow from operating activities (X_1), cash flow from investing activities (X_2) and cash flows from financing activities (X_3) of the cash dividend (Y), so that can know the level of relationship and influence of the variable variable X_1 to variable Y , variable X_2 to variable Y and variable X_3 to variable Y . Here are the steps in statistical analysis and discussion.

- 1) Correlation techniques are used to determine the relationship between cash flow from operating activities, to distribute cash dividends, cash flows from investing activities to distribute cash dividends and cash flow from financing activities of the cash dividend is the Pearson product moment correlation.

Pearson product Moment Correlation (X_1 , X_2 , X_3 to Y)

		X1	X2	X3	Y
X1	Pearson Correlation	1	-,505	-,223	-,108
	Sig. (2-tailed)		,136	,535	,767
	N	10	10	10	10
X2	Pearson Correlation	-,505	1	-,600	,160
	Sig. (2-tailed)	,136		,066	,659
	N	10	10	10	10
X3	Pearson Correlation	-,223	-,600	1	-,133
	Sig. (2-tailed)	,535	,066		,714
	N	10	10	10	10
Y	Pearson Correlation	-,108	,160	-,133	1
	Sig. (2-tailed)	,767	,659	,714	
	N	10	10	10	10

- a. The correlation coefficient of cash flow from operating activities to cash dividends earned by -0.108. Level the relations are very low, only amounting to 0.108 which is located in an area $0.00 \leq r \leq 0.199$. While the direction is inversely proportional relationship or the opposite, when the value of variable cash flows from operating activities increased, then the variable distribution of cash dividends will decrease. Value Sig. 0.767, where $0.767 > 0.05$ (α), then the relations between the two variables was not significant.
- b. The correlation coefficient of cash flow from investing activities to cash dividends received amounted to 0.160. Level the relations are very low, only amounting to 0.160 which is located in an area $0.00 \leq r \leq 0.199$. While the relationship is directly proportional or positive, when the value of variable cash flows from investing activities increased, then the variable distribution of cash dividends will rise. Value Sig. amounted to 0.659, where $0.659 > 0.05$ (α), then the relations between the two variables was not significant.
- c. The correlation coefficient of cash flow from financing activities on cash dividends received amounted to -0.133. Level the relations are very low, only amounting to 0.133 which is located in an area $0.00 \leq r \leq 0.199$. While the direction is inversely proportional relationship or the opposite, when the value of variable cash flows from financing activities increased, then the variable distribution of cash dividends will decrease. Value Sig. amounted to 0.714, where $0.714 > 0.05$ (α), then the relations between the two variables was not significant.

- 2) Three-predictor multiple regression analysis is used to find the regression coefficient circuit flows from operating activities, cash flows from investing activities and cash flows from financing activities together to distribute cash dividends. In addition, multiple regression analysis three predictors are also useful to predict how far the changes in the value of the variable distribution of cash dividends, if the value of variable cash flows from operating activities, cash flows from investing activities and cash flows from financing activities changed.

Regression coefficients and t-Calculate Price (X_1, X_2, X_3 to Y)

Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,006	,573		1,756	,130
	X_1	-,066	,256	-,186	-,259	,804
	X_2	-,023	,328	-,061	-,070	,946
	X_3	-,001	,004	-,212	-,273	,794

a Dependent Variable: Y

The results showed the constant price data processing and regression coefficient of the regression analysis between the variables cash flow from operating activities, cash flows from investing activities and cash flows from financing activities on cash dividends. Constant price data obtained from processing the positive value of 1.006. This figure states that cash dividends are distributed on the condition of cash flow from operating activities, cash flows from investing activities and cash flows from financing activities amounted to 1.006 zero or if the company does not generate cash from operating activities, investing activities and financing activities on a period, then it is likely that cash dividends will be distributed by 100.6%.

- a. Regression coefficient obtained from the variable cash flows from operating activities amounted to -0.066 is negative. Figures suggest that the predictive power of variable cash flows from operating activities is weak (minus), 6.6% to variable cash dividend.
- b. Regression coefficient obtained from the variable cash flows from investing activities amounted to -0.023 is negative. Figures suggest that the predictive power of variable cash flows from investing activities is weak (minus), by 2.3% of the variable cash dividend.
- c. Regression coefficient obtained from the variable cash flows from financing activities amounted to -0.001 is negative. Figures suggest that the predictive power of variable cash flows from financing activities is weak (minus), by 0.1% to variable cash dividend.

- 3) Testing statistical hypothesis (H_0) and the research hypothesis (H_a) follows using t-test count:

- a. To test H_{02} and H_{a2} , obtained by value t calculate equal-0.259. With the provision at 0.05 significance level test of the two parties and df (n-2) at 8, at 2.306. It turned out that the calculated value of t smaller than t-table values, namely $0.259 < 2.306$, it is means cash flows from operating activities (X_1) does not significantly influence the distribution of cash dividend (Y).
- b. To test H_{03} and H_{a3} , obtained by value t calculate equal-0.070. By following the above decision rule. T-table values obtained, provided the level of significance at 0.05 two-party test and df (n-2) at 8, at 2.306. It turned out that the calculated value of t smaller than t-table values, namely $0.070 < 2.306$, then H_{03} H_{a3} accepted and rejected, which means cash flows from investing activities (X_2) does not significantly influence the distribution of cash dividend (Y).
- c. To test H_{04} and H_{a4} , obtained by value t calculate equal-0.273. With the provision at 0.05 significance level test of the two parties and df (n-2) at 8, at 2.306. It turned out that the calculated value of t smaller than t-table values, namely $0.273 < 2.306$, then H_{04} H_{a4} accepted and rejected, which means cash flows from financing activities (X_3), no significant effect on the distribution of cash dividend (Y).

Further testing of the coefficient of determination. Correlation coefficient (r) of the variables X_1 to Y , and X_3 X_2 to Y respectively -0.108, 0.160, -0.133.

- a. The coefficient of determination (r^2) X_1 to Y at 0.012 or 1.2%. This means that the effect of variable cash flows from operating activities (X_1) to changes in variable cash dividend (Y) is at 1.2%, while the rest equal to 98.8% influenced by other factors in addition to cash flows from operating activities.
- b. The coefficient of determination (r^2) X_2 to Y at 0.026 or 2.6%. This means that the effect of variable cash flows from investing activities (X_2) against changes in variable cash dividend (Y) is 2.6%, while the rest equal to 97.4% influenced by other factors in addition to cash flows from investing activities.
- c. The coefficient of determination (r^2) X_3 to Y of 0.018, or 1.8%. This means that the effect of variable cash flows from financing activities (X_3) to changes in variable cash dividend (Y) is 1.8%, while the rest equal to 98.2% influenced by other factors in addition to cash flows from financing activities.

Based on the data processing steps in the above statistics, the state of the relationship or correlation between the variable cash flows from operating activities (X_1) to variable cash dividend (Y) is very low and is inversely proportional or the opposite. This suggests that cash flow from operating activities do not have a strong influence as a predictor in the distribution of cash dividends in the future. This statement is also strengthened by the receipt of H_{02} , cash flow from operating activities does not significantly influence the distribution of cash dividends and the effect of cash flow from operating activities amounted to 1.2% for predicting the distribution of cash dividend, estimated at 6.6%.

State of the relationship or correlation between the variable cash flows from investing activities (X_2) to variable cash dividend (Y) is very low and is directly proportional or positive. This shows the cash flows from investing activities do not have a strong influence as a predictor of the distribution of cash dividends in the foreseeable future, but its influence is more dominant than the effect of cash flow from operating activities and cash flow impact from financing activities on cash dividends. This statement is also strengthened by the receipt of H_{03} , cash flows from investing activities does not significantly influence the distribution of cash dividends and the effect of cash flow from investing activities amounted to 2.6% for predicting the distribution of cash dividends, estimated at 2.3%.

The correlation between the variable cash flows from financing activities (X_3) to variable cash dividend (Y) is very low and is inversely proportional or the opposite. This shows the cash flows from financing activities do not have a strong influence as a predictor of the distribution of cash dividends in the future. This statement is also strengthened by the receipt of H_{04} , cash flows from financing activities does not significantly influence the distribution of cash dividends and the effect of cash flow from financing activities amounted to 1.8% for predicting the distribution of cash dividends, and predictive power 0.1%.

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