

## THE EFFECT OF CASH FLOW AND NET PROFIT ON STOCK PRICES WITH DIVIDENDS AS INTERVENING VARIABLES IN ISLAMIC BANKING LISTED ON THE INDONESIA STOCK EXCHANGE FOR THE PERIOD 2018 – 2022

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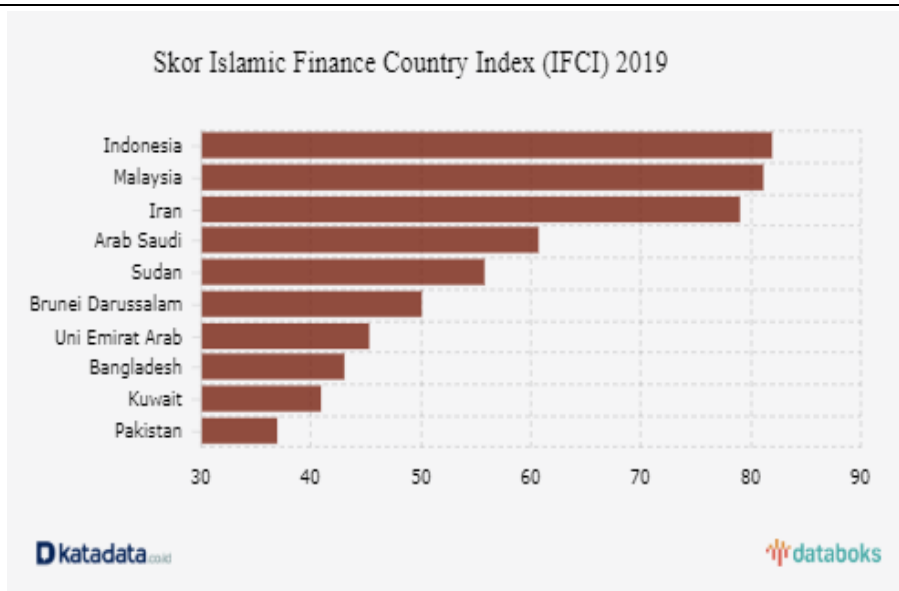
### Abstract

This study aims to determine the Effect of Cash Flow and Net Profit on Stock Prices Through Dividends in Islamic Banking Listed on the Indonesia Stock Exchange for the 2018-2022 Period. The type of research used in this study is *Explanatory Research* with a quantitative method . This study uses 60 research samples derived from panel data of Islamic banking companies listed on the Indonesia Stock Exchange from 2018 to 2022. Data processing in this study uses the help of Smart PLS, with the stages of analysis carried out in this study, namely the outer model including composite stability and cronbach alpha, then the inner model which includes: r-square (r<sup>2</sup>) and hypothesis testing with t-statistics and indirect effect tests. The results of Smart PLS in this study on the t-statistic test are Cash Flow has no effect on Stock Price, Net Income has an effect on Stock Price, Dividends have an effect on Stock Price, Cash Flow has no effect on Dividends, Net Income has an effect on Dividends, while the results of the path analysis show that Cash Flow has no effect on Stock Price Through Dividends, Net Income has an effect on Stock Price Through Dividends. This indicates that Dividends are a significant mediator in the relationship between Net Income and Stock Price, where higher net income increases dividends, which in turn can increase stock prices. While cash flow does not always reflect the overall performance of the company because its operations are based on sharia principles that avoid usury. Therefore, cash flow fluctuations may not have a significant effect on dividends or investor decisions in assessing stock prices.

**Keywords:** *Cash Flow, Net Profit, Stock Price, Dividend*

### INTRODUCTION

The presence of Islamic banking was initially triggered by the desire of Muslims for financial services based on Islamic principles which are expected to avoid the practices of *usury*, *maysir*, *gharar* and other practices that are considered not in accordance with Islamic principles. According to Adiwarman (2010: 25), Bank Muamalat Indonesia (BMI) was the first Islamic bank established in Indonesia in 1992. Although its growth was relatively slow compared to other Muslim countries, between 1992 and 1998 there was only one Islamic bank. However, in 2005, the number of Islamic banks in Indonesia increased to 20, consisting of 3 Islamic commercial banks and 17 Islamic business units. In recent years, the Islamic financial sector in Indonesia has experienced rapid growth. At the end of 2019, there were 14 Islamic commercial banks, 20 Islamic business units, and 164 Islamic people's financing banks. The total assets of the Islamic financial sector reached IDR. 538.32 trillion, with third party funds collected reaching Rp. 425.29 trillion and fund distribution reaching Rp. 365.13 trillion. On October 17, 2019, Indonesia achieved the first rank in the Islamic financial market according to the Islamic Finance Country Index (IFCI) 2019 out of 48 countries. This development reflects the positive growth of the Islamic financial sector in Indonesia, showing a significant increase in the number of Islamic financial institutions and the amount of assets managed. Indonesia's success in achieving the first rank in the IFCI 2019 shows an extraordinary achievement in the global Islamic financial market.



Islamic Finance Country Index Score 2019

Source: ww.katadata.co.id (2020)

In figure 1.1, the *Islamic finance country index score in 2019*, Indonesia is ranked first but not too far from Malaysia. In order to maintain the top position, companies in the Islamic finance sector must be able to increase financial turnover and the sustainability of Islamic finance sector companies. However, every year Islamic finance in Indonesia has decreased, until in 2023 Indonesia's ranking in Islamic finance was ranked 7th, in the following figure:



Figure 2 Islamic Finance Country Index Score 2023

Source: ww.katadata.co.id (2024)

Figure 2. Shows that Indonesian sharia finance is ranked 7th after the United Arab Emirates, where the ranking has decreased from the previous year which was ranked 6th. The increase and decrease in ranking have a significant influence on sharia banking companies in Indonesia, which are currently listed on the Indonesian stock exchange as many as 4 companies, namely:

**Table 1.**  
**List of Islamic Banking Sector Companies on the Indonesia Stock Exchange**

| No | Company name                | Issuer Code | IPO Date         |
|----|-----------------------------|-------------|------------------|
| 1  | Panin Dubai Sharia Bank Tbk | PNBS        | January 15, 2014 |
| 2  | Bank Syariah Indonesia Tbk  | BRIS        | May 9, 2018      |
| 3  | Bank BTPN Syariah Tbk       | BTPS        | May 18, 2018     |
| 4  | Bank Aladin Syariah Tbk     | BANK        | February 1, 2021 |

Source: [www.idx.co.id](http://www.idx.co.id), 2024

Table 1. Shows that there are 4 companies listed on the Indonesian Stock Exchange Bank Panin Dubai Syariah Tbk first IPO on January 15, 2014 with an initial share price of Rp. 93 / share of 38,425,504,906 shares. At Bank Syariah Indonesia Tbk IPO on May 9, 2018 with an initial share price of Rp. 605 / share of 45,667,877,639 shares. At Bank BTPN Syariah Tbk IPO on May 18, 2018 with an initial share price of Rp. 1,510 / share of 7,626,663,000 shares. Furthermore, at Bank Aladin Syariah Tbk IPO on February 1, 2021 with an initial share price of Rp. 2,392 / share of 14,621,864,340 shares.

After the IPO, the stock price of each company continues to fluctuate based on market demand and the company's financial condition. According to Sartono (2015), the stock price is the money spent to obtain proof of participation or ownership of a company. In the secondary market or in daily stock trading activities, stock prices fluctuate either in the form of increases or decreases. The formation of stock prices occurs due to demand *and* supply *for* the shares. The following are stock prices in the Islamic banking sector in 2018 - 2022:

**Table 2.**  
**Islamic Banking Stock Price Data 2018 – 2022**

| No | Issuer Code | 2018  | 2019  | 2020  | 2021  | 2022  |
|----|-------------|-------|-------|-------|-------|-------|
| 1  | PNBS        | 93    | 50    | 84    | 92    | 86    |
| 2  | BRIS        | 605   | 382   | 1,333 | 2,087 | 1,312 |
| 3  | BTPS        | 1,510 | 3.330 | 3.387 | 3.950 | 2,720 |
| 4  | BANK        | -     | -     | -     | 2.392 | 1,420 |

Source: [www.idx.co.id](http://www.idx.co.id), 2024

Table 2. Shows the stock prices of 4 Islamic banking companies listed on the Indonesian Stock Exchange. In 2018 to 2022, the lowest stock price was owned by Bank Panin Dubai Syariah Tbk while the highest was owned by Bank BTPN Syariah Tbk. In a study conducted by (Zulfita et al., 2022), increases and decreases in stock prices in general can be estimated in the long term or short term which can be done technically or fundamentally. In a study conducted by Ardiansyah et al. (2023), cash flow is one of the factors that influences stock prices. According to Rudianto (2013), cash flow is a means of cash inflow and outflow in a period related to the responsibility of company management in managing cash from operational, financing and investment activities. Cash flow is an important indicator to measure the financial health and survival of an entity. It helps in evaluating whether the entity generates more money than it spends or vice versa. Cash flow analysis enables entities and stakeholders to understand the sources and uses of cash, identify financial trends, and make informed decisions regarding financial management. The following is the cash flow of Islamic banking companies in 2018 - 2022:

**Table 3.**  
**Sharia Banking Cash Flow Data 2018 – 2022**

| No | Issuer Code | 2018   | 2019   | 2020   | 2021    | 2022    |
|----|-------------|--------|--------|--------|---------|---------|
| 1  | PNBS        | 1.36 T | 806 AD | 1.61 T | 687 AD  | 465 M   |
| 2  | BRIS        | 644 AD | 202 M  | 3.15 T | 18.68 T | 12.37 T |
| 3  | BTPS        | 676 AD | 524 M  | 1.11 T | 3.94 T  | 2.11 T  |
| 4  | BANK        | 283 M  | 114 M  | 77.7 M | 898 M   | 1.33 T  |

Source: [www.idx.co.id](http://www.idx.co.id), 2024

The results of observations of stock prices with cash flow values show that there is no relationship between stock prices and cash flow where the highest and lowest stock price values with cash flow do not match, for example the lowest stock price from 2018 to 2021 was owned by Bank Panin Dubai Syariah Tbk, but the company's cash flow value during the observation year each year never occupied the lowest cash flow value. Likewise, companies that have the highest stock price values and the highest cash flow values that are never the same, this is not in line with research conducted by Ardiansyah et al. (2023) which shows that cash flow has a relationship and affects stock prices, while research conducted by Manurung (2023) shows that cash flow does not affect stock prices. So with the differences in the results of these studies, the researchers conducted further research to find out how much cash flow affects stock prices. T

he theory states that better or more stable cash flow reflects the financial health of the company, which should have a positive impact on stock prices. However, in this data, there is a difference between cash flow and stock price, where the highest and lowest cash flow values do not always threaten the highest or lowest stock prices. It can be seen that Panin Dubai Syariah (PNBS) showed relatively strong cash flow in 2018–2020, but still had a low stock price. On the other hand, Bank Syariah Indonesia (BRIS) showed significant cash flow disruptions in 2021 and 2022, but the data did not support a stable correlation with stock prices during the observation period. This difference is in line with Manurung's research (2023) which states that cash flow does not always affect stock prices. Although in theory cash flow is considered an indicator of a company's financial health that affects investor perceptions and stock prices, the data shows that other factors such as market expectations, investor sentiment, and macro conditions also affect stock price fluctuations.

Another factor that can affect stock prices is the company's net profit, this is supported by research conducted by Trianingsih (2023) which shows that net profit affects stock prices. This is supported by research (Imsar et al., 2023) which explains that net profit and the amount of money circulating in the company will affect the high and low stock prices. In line with Aziz's opinion (2015) which states that one of the stock price indicators is Book Value, namely the stock value according to the issuing company's books. Book value per share is the net asset owned by shareholders by owning one share. Strong net income also reflects the company's financial stability and ability to meet its financial obligations, such as debt payments or dividends to shareholders. This can provide investors with confidence that the company has a strong foundation. To determine the relationship between net income and stock prices, researchers observed net income and stock price data in the Islamic banking sector as follows:

**Table 4.**  
**Islamic Banking Profit Data 2018 – 2022**

| No | Issuer Code | 2018    | 2019    | 2020           | 2021   | 2022     |
|----|-------------|---------|---------|----------------|--------|----------|
| 1  | PNBS        | 20.9 M  | 13.24 M | 128.28 million | 18 M   | 250.53 M |
| 2  | BRIS        | 106.6 M | 74.02 M | 248.05 M       | 3.03 T | 4.30 T   |
| 3  | BTPS        | 965 AD  | 1.40 T  | 855 AD         | 1.47 T | 1.78 T   |
| 4  | BANK        | 64.7 M  | 77.30 M | 44.87 M        | 121 M  | 264 M    |

Source: [www.idx.co.id](http://www.idx.co.id), 2024

The lowest stock price value in Bank Panin Dubai Syariah Tbk has similarities with the lowest net profit also owned by Bank Panin Dubai Syariah Tbk in 2018 to 2022. These results indicate that there is a relationship between net profit and stock prices in Islamic banking sector companies. This is in line with research conducted by Trianingsih (2023) which shows that net profit affects stock prices. However, research conducted by Iman (2019) showed different results when net profit did not affect stock prices, so further research is needed. Furthermore, stock price fluctuations can be caused by dividends given by the company to shareholders. In research conducted by Aminah, (2020) showed that dividends affect stock prices. A company is considered good if the company's performance is able to determine the amount of the Dividend Payout Ratio (DPR) in accordance with shareholder expectations and without ignoring the company's interests to continue to grow healthily. This is supported by the opinion of Sartono, (2015) Dividend Payout Ratio is the percentage of profit that has in the form of dividends or the comparison between the profit that sells in the form of dividends with the total profit available to shareholders, so that the greater the Dividend given reflects the high price of the company's shares. In a study conducted by Indrayani et al. (2021) showed that the Dividend Payout Ratio (DPR) has no effect on the company's share price, while research conducted by Pratama & Rahmiyanti (2023) showed that the Dividend Payout Ratio (DPR) has an effect on the company's share price.

So with the differences in previous studies that cause research chaos, further research is needed on the effect of dividend policy as measured by the Dividend Payout Ratio (DPR) on the company's share price. Strong and stable cash flow is an important indicator in assessing a company's financial performance. Positive cash flow shows the company's ability to generate and manage cash efficiently. This can provide confidence to investors that the company has the ability to meet financial obligations, invest in growth, and provide added value to shareholders. On the other hand, net profit is an indicator of the company's operational success after taking into account all costs and expenses. High net profit indicates operational efficiency and the company's ability to generate revenue greater than the costs incurred. Investors tend to view consistent and increasing net profit as a positive sign that the company has good prospects and can provide attractive returns so that it can increase the company's stock price. This is supported by research conducted by Iman (2019) where cash flow and net profit can simultaneously affect stock prices. Research conducted by (Praptomo & Tamba, 2024) explains that dividends can mediate the relationship between cash flow and stock prices. This means that dividends can act as a link between the cash flow received by the company and the value of its shares. When a company earns high cash flow, the company tends to pay larger dividends to shareholders, which in turn can increase the stock price. Therefore, dividends can function as an important mechanism that communicates the company's financial performance to investors, which directly affects stock valuation..

Meanwhile, research conducted by (Imran, 2021) has shown that dividends can act as a mediator between a company's net income and its stock price. This shows that when a company's net income increases, the company tends to pay higher dividends to shareholders. These higher dividends can then lead to an increase in stock value, as investors consider it an indication of strong and sustainable financial performance. Therefore, dividends act as a mechanism that facilitates the relationship between a company's net income and its stock market valuation. This is in line with the Bird in the Hand Theory, where this theory states that one bird in the hand is worth more than a thousand birds in the air, this explains that investors prefer dividends received today over potential future capital gains, because dividends are considered more certain. In this context, dividends become important as an intervening variable, because they can affect investors' perceptions of the risk and certainty of their investment returns. In other words, although cash flow and net income can affect a company's financial performance, dividend payments can strengthen this relationship by influencing investors' preferences and their perceptions of the company, which ultimately affects stock prices. Gordon and Lintne\$,r, in (Samrotun, 2015).

Based on the background and research gaps, the researcher is interested in conducting research on the effect of cash flow and net profit on the stock price of Islamic banking companies from 2018 to 2022. So the title of this research is "The Effect of Cash Flow and Net Profit on Stock Prices with Dividends as Intervention Variables in Islamic Banking Companies Listed on the Indonesia Stock Exchange for the Period 2018 - 2022".

## LITERATURE REVIEW

### Stock price

Stocks are one of the most popular capital market instruments for investors because they provide a higher rate of return compared to interest rates. According to Mohamad (2015), Stocks are proof of ownership of a company. Shareholders are also called shareholders. Proof that a person or party can be considered a shareholder if a person or party has been registered as a shareholder in a book called the shareholder list. Meanwhile, according to Fahmi, (2015), Stocks are proof of capital/fund participation in a company. Stocks are a piece of paper that clearly states the nominal value, company name, and is followed by the rights and obligations explained to each holder. And are shares that are ready to be sold. The Greatness (2013), argues that stocks can be interpreted as securities for issuers that show proof of ownership of a person or entity. Based on the opinions of experts, it can be concluded that stocks are proof that a person has ownership of a company by including capital in the company. Stock price indicators according to Aziz (2015) are as follows: 1. Book Value is the value of shares according to the books of the issuing company. Book value per share is the net asset owned by a shareholder by owning one share. 2. Market Value is the stock price that occurs on the stock exchange at a time determined by the demand and supply of market participants' stock prices. 3. Intrinsic Value is the actual/expected value of a share. The intrinsic value of an asset is the sum of the present value of the cash flows obtained by the asset in question.

According to Sunariyah (2015), the stock price is "The price of a share in the ongoing market on the stock exchange. The stock price can be influenced by market conditions, including the stock price in the primary market determined by the underwriter and the company that will go public (issuer), based on the company's fundamental analysis". According to Pudjiastuti (2012), the stock price is "The market price recorded every day at the closing price of a share. Financial statements can present information relevant to the decision-making model used by investors in making decisions to buy, hold, or sell shares". So it can be concluded that the stock price is a sign of participation or ownership of a person or body in a company, a stock is a piece of paper that explains that the owner of the paper is the owner (whatever the portion/amount) of the company that issued the paper (stock). Stocks have value or price.

### Cash flow

According to Harahap (2013) cash flow is the inflow and outflow of cash that is equivalent to cash. Cash equivalents can be defined as investments that are liquid, short-term, and can be quickly converted into cash in a certain amount without facing the risk of significant changes in value. Information about a company's cash flow is useful for users of financial statements as a basis for assessing the company's ability to generate cash and cash equivalents and assessing the company's need to use the cash flow. According to William K Carter, (2014), cash flow itself is defined as a cash flow report (statement of cash flow), namely a report that reports the amount of cash received and communicated by a company during a certain period. Based on the explanations of experts, it can be concluded that a cash flow report is a financial report that records the inflow and outflow of cash or cash equivalents from a company during a certain period. This cash flow describes changes in cash and cash equivalents from the company's operating, investing, and financing activities. The information contained in the cash flow statement is very important for users of financial statements, because it helps in assessing the company's ability to generate net cash, ensuring the company's need to use cash flow, and providing a historical picture of cash changes in a period. According to Riwayadi (2014), future cash flow is the total cash flow from operating activities for the following year (t+1). According to Riwayadi (2014), cash flow can be guaranteed by using the following formula:

$$\text{Arus Kas} = \text{Total Arus Kas}$$

### Net profit

According to Hall. MoweSn (2014), net profit is operating profit minus taxes, interest expenses, research and development expenses. According to Supriyono (2014), net profit is the last number in the calculation of profit and loss to find it, namely operating profit plus other income minus other expenses. Meanwhile, according to Salman (2013), net profit is the difference between income and expenses and is an increase in net assets in the form of capital. Based on the definition above, it can be concluded that net profit is the excess of income or profit over all expenses during a certain period after deducting tax income presented in the form of an income statement. According to Salman (2013), net profit can be measured by the following formula:

$$\text{Laba Bersi} = \text{Laba Bruto} - \text{Seluruh Beban dan Pajak}$$

### Dividend

Dividends are decisions about whether the company's profit at the end of the year will be announced to shareholders in the form of dividends or retained to increase capital for future investment financing (Gumanti, 2013). According to Kasmir, (2018), dividends are the determination of the amount of profit obtained by the company which will be disclosed in the form of dividends to investors and how much profit is retained for the company's internal expenses. According to Baridwan, (2014), dividend policy can be measured by the Dividend Payout Ratio (DPR) which shows the percentage of each profit obtained that is announced to shareholders in the form of cash. The following formula can be used to calculate the Dividend Payout Ratio:

$$\text{Dividend Payout Ratio (DPR)} = \frac{\text{Dividend Per Share}}{\text{Earning Per Share}} \times 100\%$$

### METHOD

The type of research used in this study is *Explanatory Research* with quantitative methods. According to Sugiyono, (2015) , explanatory research is research that explains the relationship between one variable and another through a formulated hypothesis test. The population used in this study is the Islamic Banking Sector listed on the IDX. The number of populations used in this study is the Islamic Banking Sector listed on the IDX. The number of population of Islamic Banking Sector companies listed on the IDX is 4 issuers. With a sampling technique using *purposive sampling* , where samples are taken through certain considerations whose criteria are determined by the researcher himself. The criteria set by the researcher are:

- a. Sharia Banking Sector Companies listed on the Indonesia Stock Exchange (IDX) in the 2018-2022 Period.
- b. Islamic Banking Sector Companies that publish complete audited financial reports for the 2018-2022 Period.

Based on these criteria, the companies that meet the requirements as samples in this study are 3 companies in the Islamic banking sector. The observation years in this study are 5 consecutive years from 2018 to 2022, namely monthly data from 3 issuers published into 60 panel data.

Data analysis in this study is a quantitative analysis using the *Path Analysis method* based on *Partial Least Square* (PLS) which is used for the data calculation process. According to Sugiyono, (2018) , *Path Analysis* is part of a regression model that can be used to analyze the causal relationship between one variable and another. Path analysis is used by using correlation, regression and paths so that it can be known to arrive at the intervening variable . PLS aims to help researchers obtain latent variables in research. Data processing in this study uses Smart PLS 3.0, the stages of *Path Analysis analysis* carried out in this study are as follows:

- a. *Measurement Model (Outer Model)*

*Outer model (measurement model)* is how each variable in the form of an indicator relates to its latent variable. The outer model is used to assess validity and reliability tests. Outer model analysis is carried out to ensure that the measurement used is suitable for measurement (valid and reliable).

b. *Structural Model ( Inner model )*

The structural model or *inner model* aims to see the correlation or relationship between latent variables in the study through the t-test. Evaluation of *the inner model* can be seen from several indicators including determination coefficient ( $R^2$ ), *Predictive Relevance* ( $Q^2$ ) and *Goodness of Fit Model* (GoF) (Hussein, 2015) .

c. Hypothesis Testing

After obtaining the regression equation, it is necessary to conduct a hypothesis test to determine whether the regression coefficient obtained is significant, then the hypothesis test is carried out using the t-test (partial) and the Path Analysis test

**RESULTS AND DISCUSSION**

**Research Result**

***Measurement Model (Outer Model)***

In this section, the researcher presents the results of the study based on the processing and interpretation of statistical data. The results of this study which are the independent variables are Transformational Leadership measured through X.1 - Support measured through Z.1 - Z.4. Measuring the concept of accuracy and precision (reliability) in the study, as a measure of reliability, namely composite stability and cronbach alpha.

**Table 5**  
**Composite Reliability Assessment**

| <b>Variables</b>              | <b><i>Composite Reliability</i></b> | <b><i>Cronbach Alpha</i></b> |
|-------------------------------|-------------------------------------|------------------------------|
| <b><i>Stock Price (Y)</i></b> | <b>0.845</b>                        | <b>0.754</b>                 |
| <b><i>Dividend (Z)</i></b>    | <b>0.838</b>                        | <b>0.742</b>                 |
| <b><i>Cash Flow (X1)</i></b>  | <b>0.840</b>                        | <b>0.747</b>                 |
| <b><i>Net Profit (X2)</i></b> | <b>0.812</b>                        | <b>0.720</b>                 |

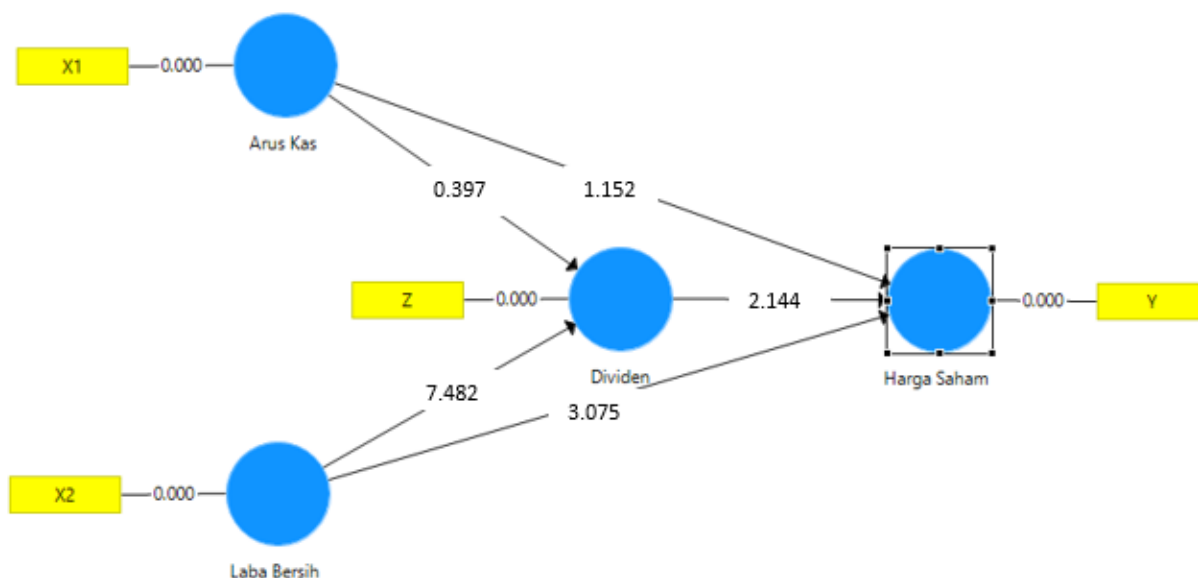
Source: Data primary processed (2024)

The results of the reliability test show that all variables are reliable because they have met the *Composite Reliability assessment criteria* , namely having a value above 0.7 ( Santoso, 2018) . Where the variables of stock price, dividends, cash flow and net profit have values above 0.7, meaning they are reliable and valid so that all assessments have met the estimates in the outer model assessment. so that the data will be used as primary data to be processed for the next step.

***Structural Model ( Inner model )***

Evaluation of *the inner model* can be seen from several indicators which include: coefficient of determination ( $R^2$ ), *Predictive Relevance* ( $Q^2$ ) and *Goodness of Fit Index* (GoF) (Hussein, 2015). Results model structural Which displayed by Smart PLS 3.0 There is study This is as follows:





Source: Data primary processed (2024)

Figure 2. Model Structural ( Inner Model )

1. Results R<sup>2</sup> (Rs square )

In assessing a model with PLS, start by looking at the Adjusted R-square for each dependent latent variable. The results of the r<sup>2</sup> calculation in this study are as following:

Table 6. Mark Correlation (r<sup>2</sup>)

| Variables   | R Square | R Square Adjusted |
|-------------|----------|-------------------|
| Dividend    | 0.819    | 0.816             |
| Stock price | 0.964    | 0.963             |

Source: Data primary processed (2024)

Based on results calculation using *bootstrap* on Table 5. above, it is known that the r<sup>2</sup> value of the dividend variable is 0.816 Which means that dividends are affected by cash flow and net profit of 81.6% or in other words contribution cash flow and the stock price was 81.6% while the rest as big as 18.4% is contribution variable other Which No discussed in study This. Results r<sup>2</sup> of variable share price of 0.963 which means that stock price influenced by cash flow and net profit of 96.3% or in other words cash flow contribution and the share price is 96.3% while the remaining 3.7% is the contribution of other variables. No discussed in this study.

2. Predictive Relevance (Q2)

Q-Relevance analysis in SmartPLS v.3 is done by blindfolding analysis. The following are the output values of the blindfolding analysis performed.

**Table 7.**  
**Blindfolding Output**

|             | SSO    | SSE    | Q <sup>2</sup> (=1-<br>SSE/SSO) |
|-------------|--------|--------|---------------------------------|
| Stock price | 30,000 | 2,699  | 0.910                           |
| Cash flow   | 30,000 | 30,000 |                                 |
| Net profit  | 30,000 | 30,000 |                                 |
| Dividend    | 30,000 | 22,439 | 0.252                           |

Source: Data primary processed (2024)

From table 4.14 above, it can be seen that the Q<sup>2</sup> value of the Stock Price and Dividend variables meets the model requirements and can be said to have predictive relevance because the Q<sup>2</sup> value produced is greater than 0 (zero).

### 3. Goodness of Fit Index (GoF)

The calculation of *goodness of fit* can be used to determine the magnitude of the contribution given by exogenous variables to endogenous variables. The following are the results of the calculation of *the Goodness of Fit Model* in this study:

$$Q^2 = 1 - (1 - r_1^2)(1 - r_2^2)$$

$$Q^2 = 1 - (1 - 0.816)(1 - 0.963)$$

$$Q^2 = 0.993$$

*the Goodness of Fit Model* value is 0.993 or 99.3%, so that the entire research model is included in the valid category.

### Testing Hypothesis

Based on results from *outer model* Which done, all over hypothesis which has been tested meet the requirements, so that can be used as model analysis in study This. Testing hypothesis on study This using alpha 5% which means if the t-statistic value is  $\geq 1.960$  or value probability  $\leq$  *level of significance* ( $\alpha = 5\%$ ). Limit 0.05 to mean that the magnitude opportunity deviation only as big as 5% dam 95% the rest indicated can accept hypothesis.

Hypothesis testing in this study is divided into two parts, namely testing influence direct And testing influence in a way No direct (mediation). Testing for direct influence will use *bootstrapping* on Smart PLS 3.0 *software*, while indirect influence testing will using t-statistics on *the indirect effect* with manual calculations using the following formula:

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

Information:

t = t-test value

r = Pearson correlation coefficient

r<sup>2</sup> = Coefficient of determination

n = number of samples

### 1. Testing Influence Direct

Testing influence direct used For explain hypothesis 1,2,3,4 and 5 through *path coefficients*. Mark *path coefficients* can seen through the t-statistic value which must be above the t-table, namely 1.96, which means that there is the influence of exogenous variables on endogenous variables in each hypothesis that has been determined. The t-statistic value  $\geq 1.960$  or the probability value  $\leq$  *level of significance* ( $\alpha = 5\%$ ), own conclusion that hypothesis accepted, that is there is a significant influence between variables that were tested. In Table 6 it can be see the results of direct hypothesis testing with *bootstrapping* on Smart PLS 3.0 *software* . Below we will explain each of them. each hypothesis on this research.

Table 7.  
Path Coefficients

|                                     | <i>Original Sample (O)</i> | <i>Sample Mean (M)</i> | <i>Standard Deviation (STDEV)</i> | <i>T statistics ( O/STDEV )</i> | <i>P Values</i> |
|-------------------------------------|----------------------------|------------------------|-----------------------------------|---------------------------------|-----------------|
| <i>Cash flow -&gt; Dividend</i>     | -0.050                     | -0.037                 | 0.126                             | 0.397                           | 0.692           |
| <i>Net Profit -&gt; Dividend</i>    | 1,201                      | 1,196                  | 0.161                             | 7,482                           | 0,000           |
| <i>Cash flow -&gt; Stock price</i>  | 0.014                      | 0.099                  | 0.106                             | 1,152                           | 0.132           |
| <i>Net Profit -&gt; Stock Price</i> | 0.615                      | 0.618                  | 0.200                             | 3,075                           | 0.002           |
| <i>Dividend -&gt; Stock price</i>   | -0.430                     | -0.414                 | 0.201                             | 2,144                           | 0.033           |

Based on Table 7, the test results for each hypothesis are obtained. as following:

$$Y = a + b_1X_1 + b_2X_2 + b_3Z + \varepsilon$$

$$Z = a + b_4X_1 + b_5X_2 + \varepsilon$$

a. Hypothesis 1

H1: Influence Cash flow to Stock price

Based on results testing Which there is on Table 7 can seen that mark t-statistic connection between cash flow . to stock price is 1.152 with sig. of 0.132. Results testing the show that t-statistic  $\leq 1.96$  Andmark sig.  $\geq$  *level of significance* ( $\alpha = 5\%$ ). Thing This show that cash flow has no effect on stock prices . Thus  $H_{a1}$  is rejected &  $H_{o1}$  is accepted

b. Hypothesis 2

H2: Influence Net profit to Stock price

Based on results testing Which there is on Table 7 can seen that mark t-statistic connection between net profit to stock price is 3.075 with sig. of 0.002. Results testing the show that t-statistic  $\geq 1.96$  Andmark sig.  $\leq$  *level of significance* ( $\alpha = 5\%$ ). Thing This show that net profit affects stock prices . Thus  $H_{a2}$  is accepted &  $H_{o2}$  is rejected

c. Hypothesis 3

H3: Influence Dividend to Stock price

Based on results testing Which there is on Table 7 can seen that mark t-statistic connection between dividends on stock prices is 2.144 with a sig. of 0.033. Results testing the show that t-statistic  $\geq 1.96$  Andmark sig.  $\leq$  level of significance ( $\alpha = 5\%$ ). Thing This show that dividends affect stock prices . Thus  $H_{a3}$  is accepted &  $H_{o3}$  is rejected.

d. Hypothesis 4

H4: Influence Cash flow to Dividend

Based on results testing Which there is on Table 7 can seen that mark t-statistic connection between cash flow to dividends is 0.397 with a sig. of 0.692. Results testing the show that t-statistic  $\leq 1.96$  Andmark sig.  $\geq$  level of significance ( $\alpha = 5\%$ ). Thing This show that cash flow has no effect on dividends **Thus  $H_{a4}$  is rejected &  $H_{o4}$  is accepted**

e. Hypothesis 5

H5: Influence Net profit to Dividend

Based on results testing Which there is on Table 7 can seen that mark t-statistic connection between net profit to dividend is 7.482 with a sig. of 0.000 Results testing the show that t-statistic  $\geq 1.96$  Andmark sig.  $\leq$  level of significance ( $\alpha = 5\%$ ). Thing This show that net profit affects dividends. **Thus  $H_{a5}$  accepted &  $H_{o5}$  rejected**

2. Testing Influence No Direct

Test indirect influence is carried out by testing the strength of the indirect influence of the variable independent variable (X) to the dependent variable (Y) through the intervening variable (Z) with t-statistic value requirement  $> 1.96$ . Indirect influence can be stated as significantIf second direct influence Which to form it is significant. The results of this test can be seen in the following table:

Table 8. Indirect Effect

|                                       | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T statistics ( O/STDEV ) | P Values |
|---------------------------------------|---------------------|-----------------|----------------------------|--------------------------|----------|
| Cash flow -> Dividend -> Stock Price  | 0.022               | 0.023           | 0.052                      | 0.412                    | 0.681    |
| Net Profit -> Dividend -> Stock Price | -0.460              | -0.450          | 0.247                      | 2,107                    | 0.027    |

Source: Data primary processed (2023)

f. Hypothesis 6

H6: The Effect of Cash Flow on Stock Prices Through Dividends

Based on results testing Which there is on Table 8 can seen that mark t-statistic connection between Cash Flow to Stock Price With Dividends as an Intervening Variable is 0.412 with a sig. of 0.681. Results testing the show that t-statistic  $\leq 1.96$  Andmark sig.  $\geq$  level of significance ( $\alpha = 5\%$ ). Thing This show that Cash Flow does not affect Stock Price Through Dividends . Thus  $H_{a6}$  is rejected &  $H_{o6}$  is accepted .

g. Hypothesis 7

H7: The Effect of Net Profit on Stock Prices Through Dividends

Based on results testing Which there is on Table 8 can seen that mark t-statistic connection between Net Profit to Stock Price With Dividends as an Intervening Variable is 2.107 with a sig. of 0.027. Results testing the show that t-statistic  $\geq 1.96$  And mark sig.  $\leq$  level of significance ( $\alpha = 5\%$ ). Thing This show that Net Profit Affects Stock Prices Through Dividends Thus  $H_{a7}$  is accepted &  $H_{o7}$  is rejected .

## Discussion

### 1. Cash Flow has no effect on Dividends in Islamic Banking Listed on the Indonesia Stock Exchange for the 2018 – 2022 Period

Based on the test results in Table 7, it can be seen that the t-statistic value of the relationship between cash flow and dividends is 0.397 with a sig. of 0.692. The test results show that the t-statistic  $\leq 1.96$  and the sig. value  $\geq$  level of significance ( $\alpha = 5\%$ ). This shows that cash flow does not have a significant effect on dividends. Cash flow does not affect dividends in Islamic banking listed on the Indonesia Stock Exchange for the 2018-2022 period. This can happen because in the context of dividend distribution, the company does not only consider cash flow. The company's dividend decision is also influenced by other factors such as company policy, market conditions, long-term strategy, and shareholder expectations.

The results of this study contradict the theory put forward by Sartono (2015), which states that high cash flow reflects high company income, so that the company is expected to be able to distribute larger dividends to shareholders. However, the results of this study are in line with research conducted by Indrayani et al. (2021), which found that the Dividend Payout Ratio (DPR) is not always related to cash flow. The results of this study indicate that high cash flow does not always mean that the company will distribute large dividends, especially if the company has expansion plans or higher liquidity needs.

In addition, this study also supports the findings of Imran (2021), which states that dividend distribution decisions can be mediated by various other factors, such as investment strategies, market expectations, and operational needs, which make cash flow one of the elements, but not the only factor that determines dividend policy. Thus, although previous theories and studies suggest that cash flow plays an important role in dividend distribution, the results of this study indicate that cash flow does not have a direct influence on dividend policy in the Islamic banking sector, and companies are more likely to consider broader conditions and strategies.

### 2. Net Profit Influences Dividends in Islamic Banking Listed on the Indonesia Stock Exchange for the Period 2018 – 2022

Based on the test results in Table 7, it can be seen that the t-statistic value of the relationship between net profit and dividends is 7.482 with a sig. of 0.000. The test results show that the t-statistic  $\geq 1.96$  and the sig. value  $\leq$  level of significance ( $\alpha = 5\%$ ). This shows that net profit has a significant effect on dividends. Thus, hypothesis 2 is accepted. Net profit has an effect on dividends in Islamic banking listed on the Indonesia Stock Exchange for the 2018-2022 period. Net profit is the main indicator of a company's financial performance, which describes how effectively the company manages income and expenses. The results of this study are in line with the theory put forward by Sartono (2015), where high net profit reflects the company's ability to provide dividends to shareholders. Net income shows that the company has enough income to distribute

dividends to shareholders, which will ultimately increase investor confidence in the company. Therefore, management tends to consider net income in determining dividend policies to ensure the sustainability and stability of dividend payments. However, although net profit has a significant effect on dividends, several previous studies such as those conducted by Iman (2019) found that net profit does not always affect dividends in all market conditions. This could be because some companies prefer to retain profits to fund expansion or strengthen their liquidity position rather than distribute them in the form of dividends. However, in this study, net profit remains an important determining factor in dividend policy in Islamic banking companies listed on the Indonesia Stock Exchange during the 2018-2022 period.

This study is also consistent with the findings of Imran (2021), which states that net profit is one of the main factors influencing dividend decisions. High net profit allows companies to pay larger dividends without disrupting operational cash flow. In addition, research conducted by Trianingsih (2023) also supports these results, showing that net profit has a positive influence on the company's dividend policy. This means that companies with strong net profits tend to be better able to meet shareholder expectations in the form of dividend payments. Furthermore, it is supported by research conducted by Siregar & Hasanah, (2019) which shows that net profit affects the dividends that will be given to investors, this is because in Islamic banking net profit is the basis for sharing profits. Thus, the results of this study support the view that net income plays a key role in dividend decision making. In line with previous theories and studies, high net income indicates the financial health of the company which allows for stable and sustainable dividend distribution, which in turn increases the value of the company in the eyes of investors.

### **3. Cash Flow Does Not Affect Stock Prices in Islamic Banking Listed on the Indonesia Stock Exchange for the 2018 – 2022 Period**

Based on the test results in Table 7, it can be seen that the t-statistic value of the relationship between cash flow and stock prices is 1.152 with a sig. of 0.132. The test results show that the t-statistic  $\leq 1.96$  and the sig. value  $\geq$  level of significance ( $\alpha = 5\%$ ). This shows that cash flow does not have a significant effect on stock prices. Thus, hypothesis 3 is rejected. Cash flow does not affect stock prices in Islamic banking listed on the Indonesia Stock Exchange for the 2018-2022 period.

The reason why cash flow does not affect stock prices can be caused by various factors. Stock prices in the capital market are not only influenced by internal company factors, such as cash flow or net income, but also by external factors that are often more dominant in investment decisions. Investors tend to take into account external factors, such as market conditions, industry growth prospects, interest rates, inflation, and overall market sentiment. In addition, investor expectations of the company's future also play a big role in determining stock prices. So, although cash flow is an important indicator of a company's financial health, it does not always reflect the true value of stocks in the capital market.

The results of this study are not in line with the theory put forward by Rudianto (2013), which states that cash flow is the inflow and outflow of cash that reflects management performance in managing financial resources, including operational, investment, and financing activities. According to this theory, higher cash flow should be able to increase investor confidence, which will ultimately be reflected in stock prices. However, these conflicting results are also consistent with several previous studies, such as those conducted by Manurung (2023), which found that cash flow does not always have a significant effect on stock prices. Other factors, such as

macroeconomic conditions and the company's strategy for allocating cash flow (for example, for business expansion or to maintain cash reserves), also affect investors' perceptions of the company's stock value. Thus, although cash flow is one of the important indicators in assessing company performance, the results of this study indicate that in the context of the Islamic banking capital market in Indonesia in the period 2018-2022, cash flow does not have a direct effect on stock prices. This strengthens the understanding that stock prices are the result of complex interactions between internal company factors and broader external dynamics.

#### **4. Net Profit Influences Stock Prices in Islamic Banking Listed on the Indonesia Stock Exchange for the Period 2018 – 2022**

Based on the test results in Table 7, it can be seen that the t-statistic value of the relationship between net income and stock prices is 3.075 with a significant value of 0.002. The test results show that the t-statistic  $\geq 1.96$  and the sig. value  $\leq$  level of significance ( $\alpha = 5\%$ ). This shows that net income has a significant effect on stock prices. Thus, hypothesis 4 is accepted. Net profit affects the stock price of Islamic banking listed on the Indonesia Stock Exchange for the 2018-2022 period because high net profit indicates good financial performance. Investors tend to give higher valuations to companies with consistent and increasing net profit over time, because stable net profit reflects the company's ability to generate sustainable profits. This will be reflected in the increase in stock prices because investors have positive expectations for the growth and stability of the company's profits in the future.

The results of this study are in line with the theory put forward by Sartono (2015), which states that if income is greater than expenses, the difference is called net income (net profit), and net income has a major influence on stock prices. High net income indicates strong company performance, which in turn attracts investors to buy the company's shares, thereby increasing demand and stock prices. In addition, the results of this study are also supported by research conducted by Trianingsih (2023), which found that the company's net profit has a significant effect on stock prices. According to the study, high net profit indicates healthy financial performance and strong company growth potential, which makes investors more confident in the company's prospects. Therefore, the greater the net profit, the more likely investors are to value the company's shares higher, and this will be reflected in the increase in stock prices.

#### **5. Dividends affect stock prices in Islamic banking listed on the Indonesia Stock Exchange for the period 2018-2022**

Based on the test results in Table 7, it can be seen that the t-statistic value of the relationship between dividends and stock prices is 2.144 with a significant value of 0.033. These results indicate that the t-statistic  $\geq 1.96$  and the sig. value  $\leq$  level of significance ( $\alpha = 5\%$ ). This indicates that dividends have a significant effect on stock prices, so hypothesis 5 is accepted. Dividends affect stock prices in Islamic banking listed on the Indonesia Stock Exchange for the 2018-2022 period because dividend distribution shows the stability of the company's financial performance. Regular dividend payments send a positive signal to investors that the company is generating sufficient income to provide returns to shareholders. Investors tend to see this as an indicator of financial stability and good growth prospects, so they will give a higher valuation to the shares of companies that are able to pay dividends consistently. This condition can increase demand for shares in the market and cause share prices to increase.

The results of this study differ from the study conducted by Indrayani et al. (2021), which found that the Dividend Payout Ratio (DPR) had no effect on the company's stock price. This difference in results may be due to differences in company characteristics or economic conditions during the compared research periods. Indrayani et al. (2021) stated that in some cases, dividend distribution decisions are not always responded to positively by the market due to various external factors that affect investors, such as macroeconomic conditions or systemic risk in the financial sector. This shows that stock prices can be more influenced by external factors than just dividend policy alone. However, the results of this study are in line with the research of Pratama & Rahmiyanti (2023) which states that the Dividend Payout Ratio (DPR) has a significant effect on the company's stock price. Pratama & Rahmiyanti (2023) emphasize that consistent dividend payments provide a signal that the company has good performance and is able to maintain cash flow stability for the future. Investors see consistent dividend payments as a sign that the company has good management and a reliable long-term strategy, so this increases the attractiveness of the company's shares and increases the stock price in the market.

In theory, Modigliani and Miller (1961) in the dividend relevance theory stated that dividends can provide important signals to investors regarding the company's financial condition. This theory is supported by the finding that investors often consider dividend payments as a positive indicator of the company's financial health and its ability to generate stable cash flows in the future. Consistent and increasing dividends are considered a sign that the company has stable management and good long-term growth prospects.

#### **6. Cash Flow Has No Effect on Stock Prices With Dividends as an Intervening Variable in Islamic Banking Listed on the Indonesia Stock Exchange for the 2018-2022 Period**

Based on the test results in Table 8, it can be seen that the t-statistic value of the relationship between cash flow and stock prices with dividends as an intervening variable is 0.412 with a sig. of 0.681. The test results show that the t-statistic  $\leq 1.96$  and the sig. value  $\geq$  level of significance ( $\alpha = 5\%$ ). This indicates that cash flow has no effect on stock prices with dividends as an intervening variable. Thus, hypothesis 6 is rejected.

Cash flow has no effect on stock prices with dividends as an intervening variable in Islamic banking listed on the Indonesia Stock Exchange for the period 2018-2022. The results of this study are not in line with the research conducted by Praptomo & Tamba (2024), which explains that dividends can mediate the relationship between cash flow and stock prices. In their study, dividends act as a link between the cash flow received by the company and the value of its shares. When companies generate high cash flow, they tend to pay larger dividends to shareholders, which in turn can increase stock prices.

However, the results of this study indicate that in the context of dividend distribution, the dividend factor is more dominant in influencing stock prices. Although cash flow is an important indicator of a company's financial health, its influence on stock prices may not be significant when compared to dividend distribution decisions that provide a stronger signal to investors. This study is in line with the findings of Rudianto (2013) who emphasized that dividend decisions and dividend payment policies have a greater impact on investor perceptions of company value compared to only looking at the cash flow generated.

In addition, the signaling theory proposed by Bhattacharya (1979) states that dividend policy can provide signals to the market about the company's future prospects. Therefore, although cash flow is important, investors tend to pay more attention to dividend policy as a clearer indicator of the



company's performance and growth potential. Thus, it can be concluded that although cash flow contributes to financial health, its effect on stock prices in the Islamic banking sector is more dependent on the dividend decision taken by the company.

#### 7. Net Profit Influences Stock Prices With Dividends as Intervening Variables in Islamic Banking Listed on the Indonesia Stock Exchange for the Period 2018 – 2022

**Based on the test results in Table 8**, it can be seen that the t-statistic value of the relationship between net income and stock prices with dividends as an intervening variable is 2.107 with a sig. of 0.027. The test results show that the t-statistic  $\geq 1.96$  and the sig. value  $\leq$  level of significance ( $\alpha = 5\%$ ). This shows that net income has an effect on stock prices with dividends as an intervening variable. Thus, hypothesis 7 is accepted.

Net profit affects stock prices with dividends as an intervening variable in Islamic banking listed on the Indonesia Stock Exchange for the period 2018-2022. The results of this study indicate that high net profit strengthens the relationship between a company's financial performance and stock prices through dividend distribution. Increasing net profit provides investors with confidence that the company has the ability to provide sustainable dividends, which in turn increases investor interest and drives up stock prices.

The results of this study are in line with the theory put forward by Sartono (2015), which states that high net profit reflects good financial performance and attracts investor interest. This study also supports previous findings by Trianingsih (2023) which shows that net profit has a positive impact on stock prices, because consistent net profit creates a positive perception among investors regarding the company's growth potential.

In addition, these results differ from research conducted by Praptomo & Tamba (2024), which explains that dividends can mediate the relationship between cash flow and stock prices. In this context, although dividends act as a positive signal for investors, high net income serves as a stronger foundation in determining investor expectations of dividends to be paid. This shows that net income not only functions as an indicator of a company's financial performance, but also plays an important role in increasing stock valuations in the market.

## CONCLUSION

This study attempts to answer the research objective, namely to determine the Effect of Cash Flow and Net Profit on Stock Prices in Islamic banking companies listed on the Indonesia Stock Exchange for the 2018-2022 period. The results of hypothesis testing using multiple linear regression analysis with two independent variables and one dependent variable show that, The first hypothesis is rejected, meaning that Cash Flow does not affect Dividends in Islamic Banking Listed on the Indonesia Stock Exchange for the 2018-2022 Period. These results indicate that cash flow does not affect dividend distribution decisions in Islamic banking, indicating that other factors may have a more dominant role in determining dividend policy. so that companies need to pay attention to other factors such as net profit, industry growth, and market conditions in formulating an optimal dividend policy. In addition, management needs to consider a more holistic strategy to ensure the sustainability and stability of dividend payments that can meet investor expectations.

Furthermore, the second hypothesis is accepted, meaning that Net Profit has an effect on Dividends in Islamic Banking Listed on the Indonesia Stock Exchange for the 2018-2022 Period. These results indicate that stable financial performance supports a consistent dividend policy in Islamic banking. Where net profit has a significant influence in determining the company's ability to pay dividends to shareholders. So the company needs to focus on increasing net profit through effective operational strategies and risk management to maintain stable dividend policies and increase investor confidence.

Next, the third hypothesis is rejected, meaning that Cash Flow does not affect Stock Prices in Islamic Banking Listed on the Indonesia Stock Exchange for the 2018-2022 Period. These results indicate that cash flow does not directly affect stock prices in Islamic banking, indicating that other factors may be more dominant in determining stock price movements. This emphasizes the importance of factors such as market sentiment, industry growth prospects, and monetary policy in shaping stock prices. So investors and management need to pay more attention to these factors in evaluating and making investment decisions. The fourth hypothesis is accepted, meaning that Net Profit has an effect on Stock Prices in Islamic Banking Listed on the Indonesia Stock Exchange for the 2018-2022 Period. These results confirm that good financial performance, especially in terms of net profit, has a significant effect on stock prices in Islamic banking. This shows that investors tend to give higher valuations to companies with consistent and increasing net profits over time. Therefore, companies need to focus on improving financial performance through sustainable growth strategies and effective risk management to increase stock value. The fifth hypothesis is accepted, meaning that Dividends have an effect on Stock Prices in Islamic Banking Listed on the Indonesia Stock Exchange for the 2018-2022 Period. These results confirm that dividend distribution has a positive impact on stock prices in Islamic banking. This shows that investors consider dividend distribution as an indication of the company's financial health and management's commitment to shareholder interests. Therefore, companies need to maintain a consistent and competitive dividend policy to maintain investor interest and support sustainable stock values.

The sixth hypothesis is rejected, meaning that Cash Flow has no effect on Stock Prices with Dividends as an Intervening Variable in Islamic Banking Listed on the Indonesia Stock Exchange for the 2018-2022 Period. These results indicate that cash flow does not have a direct effect on stock prices in Islamic banking when dividends are used as an intervening variable. This highlights that dividend factors may be more dominant in influencing investor perceptions of firm value than cash flow. The implication is that it is important for companies to understand the role of dividends as a major determinant in shaping stock prices and to manage dividend policies wisely.

The seventh hypothesis is accepted, meaning that Net Profit has an effect on Stock Prices with Dividends as an Intervening Variable in Islamic Banking Listed on the Indonesia Stock Exchange for the 2018-2022 Period. These results confirm that net profit has a significant effect on stock prices when dividends are used as an intervening variable in Islamic banking. This emphasizes that good financial performance, along with a consistent dividend policy, can increase stock value. Therefore, companies need to maintain a dividend policy that is in accordance with strong financial performance to have a positive impact on stock prices and increase investor confidence.

## SUGGESTION

Based on the results of this study, the author provides the following suggestions or input:

### 1. For Related Companies

From the research results, companies need to consider dividend policies based on stable and sustainable financial performance. In addition, focusing on increasing net income can be an effective strategy to increase investor confidence and the company's stock value.

### 2. For Investors

Based on the research results, investors should consider the company's financial performance and dividend policy in making investment decisions. Focusing on companies that have consistent net income and good dividend policies can produce better investment results.

### 3. For Further Researchers

Further research can explore other factors that may influence the relationship between cash flow, net income, dividends, and stock prices in Islamic banking. In addition, further research can also

deepen the understanding of the interaction mechanism between these variables and their implications for companies and investors.

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