

## The Effect of Cash Flow on Stock Returns in Property and Real Estate Companies Listed on the Indonesia Stock Exchange

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### ABSTRACT

This research aims to analyze the influence of cash flow on stock returns in property and real estate companies listed on the Indonesian Stock Exchange. This research method uses a quantitative approach. Hypothesis testing uses SPSS version 26 which consists of Cash Flow as the independent variable and Stock Returns as the dependent variable. The data collection technique is a purposive sampling technique. The population in this research is all Property and Real Estate companies listed on the Indonesia Stock Exchange, totaling 92 companies. Meanwhile, the sample in this study consisted of 5 companies that met the criteria. This research was conducted from June to July 2024. After data analysis, the research results show that the variable (X1) operating cash flow is  $(-13,581 < 1.75)$ . This result shows that operating cash flow has a negative and significant effect on stock returns, meaning that H1 is rejected. The research results of the variable (X2) investment cash flow  $(39.644 > 1.75)$  show that investment cash flow has a positive effect on stock returns, meaning that H2 is accepted. And the research results of the variable (X3) funding cash flow  $(3.560 > 1.75)$  these results show that funding cash flow has a positive and significant effect on stock returns, meaning that H2 is accepted.

**Keywords:** operating cash flow, investment cash flow, funding cash flow, and stock returns

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### 1. INTRODUCTION

Cash flow is a component of financial statements, including cash inflows (cash receipts) and cash outflows (cash disbursements). According to Miqdad Zuhdy Azra (2018), cash flow is the information about cash receipts, cash disbursements, and the net cash balance generated from operating activities, investing activities, and financing activities over a specific period. Cash flow from operating activities is the primary revenue-generating activity of a company. Cash flow from investing activities is the acquisition and disposal of long-term assets and other investments not included in cash equivalents. Cash flow from financing activities is an activity that results in changes in the amount and composition of an entity's equity and loan contributions.

Cash flow, as a component of financial statements, is useful for users of financial statements. Users of financial statements use the cash flow statement as a basis for assessing the ability to utilize cash flow. In the economic decision-making process, users evaluate the company's ability to generate cash and the certainty of its receipt. The cash flow statement provides information on cash receipts and disbursements during the reporting period. Cash receipts and disbursements can be presented as cash flows from operating activities, investing activities, and financing activities.

Stock returns are the results obtained in the form of profits or losses and rewards obtained by investors from investments or stock trading conducted over a specific period of time. According to (Herlambang & Kurniawati, 2022), stock returns are the rate of return an investor receives from an investment undertaken over a specific period of time. Returns are compensation for investors' courage in taking risks on their investments. Furthermore, returns are also one of the factors that encourage investors to invest. Any investment with a high rate of return carries a high level of risk.

The information content of cash flow can be measured by the strength of the relationship between cash flow and stock returns. Cash flow information becomes important when published cash flow statements encourage investors to buy or sell shares, which is then reflected in stock prices and stock returns, thus providing information about cash flow statements. Cash flow statements provide useful information about cash receipts and disbursements for a period. There are two key performance indicators for a company: increasing profitability, which can be achieved by increasing sales volume through credit sales, and the company's capital efficiency, as a faster receivables turnover means a faster return on capital. Investors must also have confidence that the applicable key performance indicators accurately reflect the company's position.

The subjects of this research are property and real estate companies listed on the Indonesia Stock Exchange. The researchers chose property and real estate companies because they have experienced rapid economic growth, as evidenced by the increasing number of companies listed on the Indonesia Stock Exchange (IDX). Furthermore, property represents a primary human need, which should encourage investors to invest in this subsector.

Several common cash flow issues include late payments from buyers, insufficient cash reserves, excessive inventory, and the push for rapid business growth. Delayed payments reduce cash inflow and increase the pressure to pay bills on time. Cash shortages negatively impact company performance by resulting in late payments for production materials.

Table 1. Operating Activities Cash Flow

No.	Company Name	Year				
		2019 Million of Rupiah	2020 Million of Rupiah	2021 Million of Rupiah	2022 Million of Rupiah	2023 Million of Rupiah
1.	PT Bukit Darmo Property	17,726	18,875	33,104	28,153	14,867
2.	PT Dafam Property Indonesia	21,765	15,525	1,765	512	4,442
3.	PT Indonesian Paradise Property	131	11,463	156	337	274
4.	PT Jaya Real Property	437	629	858	990	918
5.	PT Indonesia Prima Property	70	87	90	117	110

PT Bukit Darmo Property generated net cash flow used in operating activities of Rp 17,726 in 2019, increasing by Rp 18,875 in 2020, then rising again in 2021 to Rp 33,104, but decreasing by Rp 28,153 and Rp 14,867 in 2022 and 2023. PT Dafam Property Indonesia generated net cash flow used in operating activities of Rp 21,765 in 2019, decreasing by Rp 15,525, Rp 1,756, and Rp 512 in 2020, 2021, and 2022, respectively. It then increased again in 2023 to Rp 4,442.

PT Indonesian Paradise Property generated net cash flow used in operating activities of Rp 28,153 in 2019. 131, increased in 2020 by Rp. 11,463 then decreased again in 2021 by Rp. 156, then increased again in 2022 by Rp. 337 and decreased again in 2023 by 274. PT Jaya Real Property in 2019

had a net cash flow of Rp. 437 increased in 2020, 2021 and 2022 by 629, 858 and 990,441, then in 2023 it decreased again by 918. PT Indonesia Prima Property in 2019 had a net cash flow of Rp. 70 increased in 2020, 2021 and 2022 by 87, 90 and 117, then in 2023 it decreased again by 110.

Table 2. Investing Activities Cash Flow

No.	Company Name	Year				
		2019 Million of Rupiah	2020 Million of Rupiah	2021 Million of Rupiah	2022 Million of Rupiah	2023 Million of Rupiah
1.	PT Bukit Darmo Property	3,490	415	89	908	25
2.	PT Dafam Property Indonesia	13,185	7,955	1,832	320	191
3.	PT Indonesian Paradise Property	891,510	286,994	157,069	201,007	282,915
4.	PT Jaya Real Property	257	17	810	505	809
5.	PT Indonesia Prima Property	28,249	9,134	16,493	14,703	29,902

PT Bukit Darmo Property generated net cash flow used in investing activities of Rp 3,490 in 2019, increasing by Rp 415 in 2020, but decreasing by Rp 89 in 2021, then increasing again to Rp 908 in 2022, and decreasing by Rp 25 in 2023. PT Dafam Property Indonesia generated net cash flow used in investing activities of Rp 13,185 in 2019, increasing by Rp 7,955, Rp 1,832, Rp 320, and Rp 191, respectively, in 2020, 2021, 2022, and 2023.

PT Indonesian Paradise Property generated net cash flow used in investing activities of Rp 891,510 in 2019, increasing by Rp 2010 in 2020. 286,994 then decreased again in 2021 by Rp. 157,069, then increased again in 2022 and 2023 by Rp. 201,007 and 282,915. PT Jaya Real Property in 2019 had a net cash flow of Rp. 257 decreased in 2020 by 17, then in 2021 it increased by 810, in 2022 it decreased again by 505, then increased in 2023 by 809. PT Indonesia Prima Property in 2019 had a net cash flow of Rp. 28,249 experienced a decrease in 2020 by 9,134, then in 2021 there was an increase of 16,493, in 2022 there was a decrease of 14,703 and then again experienced an increase in 2023 by 29,902.

Table 3. Financing Activities Cash Flow

No.	Company Name	Year				
		2019 Million of Rupiah	2020 Million of Rupiah	2021 Million of Rupiah	2022 Million of Rupiah	2023 Million of Rupiah
1.	PT Bukit Darmo Property	45,538	17,190	28,349	11,948	36,060
2.	PT Dafam Property Indonesia	24,356	2,939	2,071	1,431	5,019
3.	PT Indonesian Paradise Property	1,003	128,295	255,828	14,726	180,835
4.	PT Jaya Real Property	331	454	510	410	399
5.	PT Indonesia Prima Property	82,037	90,449	127,758	136,570	148,421

PT Bukit Darmo Property generated net cash flow used in financing activities of Rp 45,538 in 2019, decreasing by Rp 17,190 in 2020, then increasing again in 2021 to Rp 28,349, but decreasing by Rp 11,948 in 2022 and then increasing by Rp 36,060 in 2023. PT Dafam Property Indonesia generated net cash flow used in financing activities of Rp 24,356 in 2019, decreasing by Rp 2,939, Rp 2,071, and Rp 1,431 in 2020, 2021, and 2022, respectively. It then increased again in 2023 to Rp 5,019.

PT Indonesian Paradise Property generated net cash flow used in financing activities of Rp 24,356 in 2019. 1,003, increased in 2020 and 2021 by Rp. 128,295 and 255,828. Then it decreased again in 2022 by Rp. 14,726, then increased again in 2023 by Rp. 180,835. PT Jaya Real Property in 2019 had a net cash flow of Rp. 331, increased in 2020 and 2021 by 454 and 510, then in 2022 and 2023 it decreased again by 410 and 399. PT Indonesia Prima Property in 2019 had a net cash flow of Rp. 82,037 experienced an increase in 2020, 2021, 2022 and 2023 by 90,449, 127,758, 136,570 and by 148,421.

**Table 4.** Stock Returns

No.	Company Name	Tahun				
		2019 Rupiah	2020 Rupiah	2021 Rupiah	2022 Rupiah	2023 Rupiah
1.	PT Bukit Darmo Property	0	0,163934426	0,725490196	0,011363636	0,413793103
2.	PT Dafam Property Indonesia	0,545454545	-0,485	0,86407767	0,747395833	0,453608247
3.	PT Indonesian Paradise Property	0,2	0,130952381	0,109589041	0,313846154	0,614349776
4.	PT Jaya Real Property	0,189189189	0	0,133333333	0,038461538	0,4
5.	PT Indonesia Prima Property	0,452513966	0,669387755	1,608024691	0,041420118	0,538271605

PT Bukit Darmo Property in 2019 had a loss of 0 stock returns, in 2020 it obtained a positive stock return of -0.163934426, in 2021 the stock return increased positively by 0.725490196, in 2022 the stock return decreased by -0.011363636, and in 2023 there was an increase in stock returns of -0.413793103. PT Dafam Property Indonesia in 2019.

PT Indonesian Paradise Property achieved a positive stock return of 0.2% in 2019. In 2020, 2021, and 2022, it achieved negative stock returns of -0.130952381, -0.109589041, and -0.313846154, respectively. In 2023, it achieved a positive stock return of 0.614349776. PT Jaya Real Property in 2019 obtained a stock return of -0.189189189 negative minus stock return, in 2020 it was 0 there was no increase in stock return results were still the same as the previous year, in 2021 and 2022 there was a negative minus stock return of -0.133333333 and -0.038461538, again in 2023 it was 0.4 obtaining a positive stock return. PT Prima Indonesia Property in 2019 obtained a negative minus stock return of -0.452513966, in 2020 it was -0.669387755, there was a negative minus stock return, in 2021 it obtained a positive increase in stock return of 1.608024691, and again in 2022 and 2023 it obtained a negative minus stock return of -0.041420118 and -0.538271605.

Several previous studies related to cash flow conducted by researchers, including those conducted by (Harahap & Effendi, 2020), concluded that partially cash flow from operating activities, cash flow from investing activities, and cash flow from financing activities have a significant influence on stock returns. (Putri Pratiwi, 2021) stated that cash flow from operating activities and cash flow from investing activities have a positive effect on stock returns. Meanwhile, cash flow from financing activities has no effect on stock returns. (Meta Nursita, 2021) stated that the influence of accounting profit, operating cash flow, investing cash flow, financing cash flow, and company size on stock returns

in manufacturing companies listed on the Indonesia Stock Exchange, showed that accounting profit has a significant partial effect on stock returns. Operating cash flow does not have a significant effect on stock returns, while investment cash flow and financing cash flow do not significantly influence stock returns, and company size has a significant effect on stock returns.

The development of property and real estate companies depends on the capital obtained by investors. Therefore, property and real estate companies can demonstrate good performance and consistently growing business conditions, encouraging investors to continue investing and attracting potential investors. Increasing demand for shares will drive up share prices. An increase in share prices means increased stock returns.

The property and real estate business is a business activity carried out by individuals and companies engaged in the ownership of property, which can be converted into assets, such as land, buildings, and all the facilities and infrastructure contained therein. A property company, on the other hand, is a company or individual that develops and constructs land into a property product, along with all the facilities and infrastructure within a single unit. The property business is a business engaged in the sale, purchase, and rental of land, including various aspects including the design and construction of land, bus terminals, schools, and places of worship.

Based on a review of several previous studies, there are differences in the results, indicating inconsistencies regarding the effect of cash flow on stock returns in property companies. Therefore, the researchers are interested in examining "The Effect of Cash Flow on Stock Returns in Property and Real Estate Companies Listed on the Indonesia Stock Exchange."

## 2. RESEARCH METHODS

### 2.1 Research Model and Hypothesis

This research uses a quantitative approach. It explains the influence between research variables through hypotheses. This research aims to test a theory or hypothesis to strengthen or even reject the theory or hypothesis derived from the research results. There are two data sources in this study: primary and secondary data. In this study, the data used by the researcher is secondary data, obtained from financial reports published on the Indonesia Stock Exchange.

According to (Sugiyono, 2019) defines that paradigm is a mindset that shows the relationship between variables to be studied and at the same time reflects the type and number of problem formulations that need to be answered through research, the theory used, the type and number of hypotheses, and statistical techniques used. This study uses three independent variables that show the relationship with the dependent variable that can be explained from the image above, based on the image above which explains the relationship between variables, where there are independent variables (free) namely cash flow from operating activities X1, cash flow from investment activities X2, and cash flow from financing activities X3 and dependent variables (bound) namely Stock Return Y. Independent variables (free) are variables that influence the dependent variable (bound), while the dependent variable (bound) is the one that is influenced or the result, because of the independent variable. The image above further explains whether cash flow from operating activities, cash flow from investment activities, and cash flow from financing activities (X1, X2, X3) have an effect on Stock Return (Y).

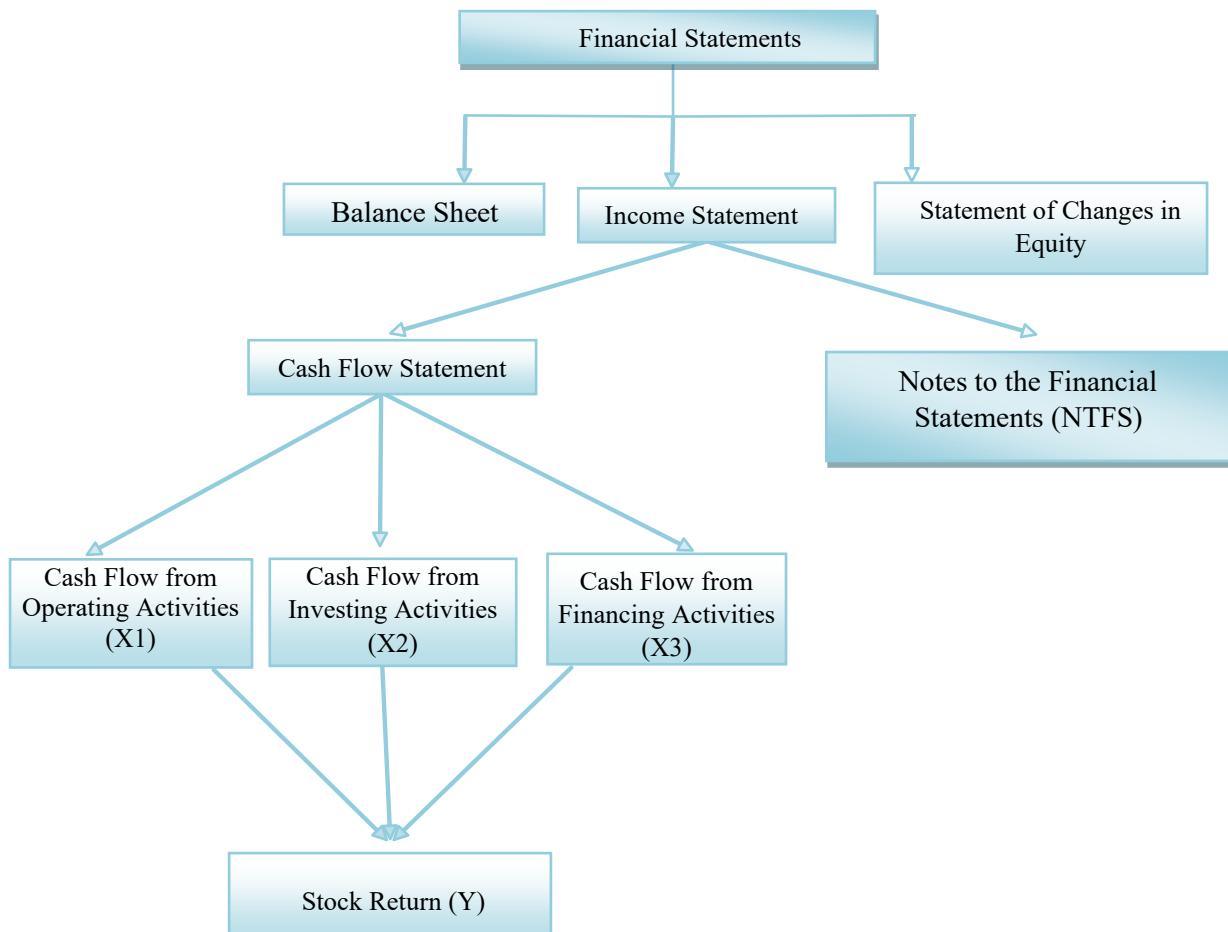


Figure 1. Research Design

A hypothesis is a statement from previous research that supports its acceptance as a theory whose validity is still being tested. A hypothesis is rejected if any of its elements are false and accepted when the facts support it. The rejection or acceptance of a hypothesis depends on the results of the investigation into the facts. Based on the theoretical basis above, the following research hypothesis can be formulated:

Table 5. Research Hypothesis

Hypothesis	Information
H1	Cash flow from operating activities has a positive effect on stock returns.
H2	Cash flow from investing activities has a positive effect on stock returns.
H3	Cash flow from financing activities has a positive effect on stock returns.

Based on the table above, the first hypothesis (H1) tests the direct effect of cash flow from operating activities (X1) on stock returns (Y), to determine whether the performance of cash flow from the company's operational activities has a negative or positive relationship to stock returns. The second hypothesis (H2) tests the direct effect of cash flow from investing activities (X2) on stock returns (Y), to see whether cash flow from investing activities contributes positively to increasing stock returns. The third hypothesis (H3) tests the direct effect of cash flow from financing activities (X3) on stock returns (Y), with the assumption that the company's financing activities have a positive effect on stock returns.

## 2.2 Population and Sample

According to (Sugiyono, 2018) Population is a collection of all elements or elements or observation units to be studied, there are 92 Property and Real Estate companies listed on the Indonesia Stock Exchange. According to (Sugiyono, 2018) the sample is part of the number and characteristics of the population, the sample used is 5 Property and Real Estate companies that meet the sample criteria. The population used in this study is all Property companies listed on the Indonesia Stock Exchange. The data samples used in this study were obtained using purposive sampling techniques. The sample criteria in this study must meet the requirements including: 1) Property companies listed on the Indonesia Stock Exchange, 2) Providing financial reports for 2019 - 2023, 3) Having the data needed by researchers according to the research variables, namely cash flow and stock returns.

**Table 6.** List of Research Samples

No.	Company Name	Company Code
1.	PT Bukit Darmo <i>Property</i>	BKDP
2.	PT Dafam <i>Property</i> Indonesia	DFAM
3.	PT Indonesian Paradise <i>Property</i>	INPP
4.	PT Jaya Real <i>Property</i>	JRPT
5.	PT Indonesia Prima <i>Property</i>	OMRE

## 3. RESULTS AND DISCUSSION

### 3.1 Multiple Linear Regression Analysis

This study uses multiple linear regression using SPSS version 26. This study explains the relationship between the independent variable (X) and the dependent variable (Y). The model of the relationship between two variables (dependent and independent) is called a multiple linear regression equation. The regression analysis in this study was conducted using the SPSS version 26 program, so the following are the results of the multiple linear regression test conducted by the researcher:

**Table 7.** Results of Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
(Constant)	-0.448	0.003		-137.505	0
Operating Cash Flow	-4.20E- 10	0	-0.353	-13.581	0
Investing Cash Flow	1.33E-09	0	1.079	39.644	0
<sup>1</sup> Financing Cash Flow	1.29E-10	0	0.091	3.56	0.004

a. Dependent Variable: STOCK RETURNS

Based on the table above, the following equation is:

$$\text{Stock Return} = -0.448 - 4.20 \text{ AKO} + 1.33 \text{ AKI} + 1.29 \text{ AKP}$$

Where:

AKO = Operating Cash Flow

AKI = Investing Cash Flow

AKP = Financing Cash Flow

From the results of the multiple linear regression analysis, the following is an explanation of the equation above:

The constant value is -0.448. This result indicates that there is no change in the constant value despite an increase or decrease in the value of the independent or dependent variable.

The coefficient value of the operating cash flow variable (X1) is -4.20. This result indicates that operating cash flow has a negative effect on stock returns. This result explains that a 1% increase in the operating cash flow variable (X1) will decrease the stock return by 4.20, or conversely, a 1% decrease in the operating cash flow variable X1 will increase the stock return by 4.20.

The coefficient value of the investing cash flow variable (X2) is 1.33. This result indicates that investing cash flow has a positive effect on stock returns. This result explains that a 1% increase in the investing cash flow variable (X2) will increase the stock return by 1.33, or conversely, a 1% decrease in the investing cash flow variable (X2) will decrease the stock return by 1.33.

The coefficient value of the financing cash flow variable (X3) is 1.29. These results indicate that funding cash flow has a positive effect on stock returns. These results explain that a 1% increase in the funding cash flow variable (X3) will increase the stock return value by 1.29, or conversely, a 1% decrease in the funding cash flow variable (X3) will decrease the stock return value by 1.29.

### 3.2 Hypothesis Testing

The coefficients are obtained from each coefficient value tested to determine whether the independent variables influence the dependent variable. Parametric statistics are used to test descriptive hypotheses when the data is in the form of ratio data. There are several tests, namely:

#### 3.1.1. Coefficient of Determination Test (R2)

The coefficient of determination is a value that indicates the extent to which an independent variable can explain the dependent variable. The coefficient of determination (R2) measures the model's ability to explain variations in the dependent variable. The coefficient of determination ranges between zero and one. The coefficient of determination is used to measure the model's ability to explain variations in the dependent variable. A small R2 value indicates that the dependent variables are very limited. A close R2 value indicates that the independent variables provide almost all the information needed to predict variations in the dependent variable. Time series data typically have a high coefficient of determination (Yuliani, 2019). The results of the Coefficient of Determination (R2) test in this study are presented in the following table:

Table 8. Results of the Coefficient of Determination (R2) Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.997 <sup>a</sup>	.994	.993	.00914

a. Predictors: (Constant), FINANCING CASH FLOW, OPERATING CASH FLOW, INVESTING CASH FLOW

b. Dependent Variable: STOCK RETURNS

The coefficient of determination is used to determine how precisely or appropriately the regression line created represents the observed results of a data set. The closer the R2 value is to 1, the more accurate it is. Table 4.9 above shows that the adjusted r-square value is 0.993, indicating that operating cash flow, investment cash flow, and financing cash flow have a 99.3% influence on stock returns, while the remaining 0.7% (100%-99.3%) is influenced by other variables outside the study.

#### 3.1.2. t-test (Partial Test)

The t-test essentially shows how much influence an independent variable individually has in explaining the dependent variable. To determine the t-value, according to Sugiyono (2019), the calculated t-test is compared

with the t-table at a 5% significance level. If the significance level is below 5%, then the independent variable partially influences the dependent variable.

**Table 9.** t-Test Results (Partial Test)

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	-0.448	0.003		-137.505	0
Operating Cash Flow	-4.20E- 10	0	-0.353	-13.581	0.000
1 Investing Cash Flow	1.33E-09	0	1.079	39.644	0.000
Financing Cash Flow	1.29E-10	0	0.091	3.56	0.004

a. Dependent Variable: STOCK RETURNS

Based on Table 9, the results of the t-test (partial test) above, the following can be formulated:

H1 : The coefficient value of variable X1, operating cash flow, is -4.20. The calculated t-value is -13.581, while the t-value obtained from the t-table is 1.75. These results indicate that the calculated t-value is < the t-table value. The sig value is 0.000 (sig <0.05). These results indicate that operating cash flow has a negative and significant effect on stock returns. These results indicate that H1 is rejected.

H2 : The coefficient value of variable X2, investment cash flow, is 1.33. The calculated t-value is 39.644, while the t-value obtained from the t-table is 1.75. These results indicate that the calculated t-value is > the t-table value. The sig value is 0.000 (sig <0.05). These results indicate that investment cash flow has a positive and significant effect on stock returns. These results indicate that H2 is accepted.

H3 : The coefficient value of variable X3, financing cash flow, is 1.29. The calculated t-value is 3.560, while the t-value obtained from the t-table is 1.75. These results indicate that the calculated t-value is greater than the t-table value. The sig value is 0.004 (sig <0.05). These results indicate that financing cash flow has a positive and significant effect on stock returns. These results indicate that H3 are accepted.

### 3.3 Discussion

#### The Effect of Operating Cash Flow on Stock Returns

The coefficient value of the operating cash flow variable (X1) is -4.20. This result indicates that operating cash flow has a negative effect on stock returns. This result explains that a 1% increase in the operating cash flow variable (X1) will decrease the stock return value by 4.20, or conversely, a 1% decrease in the operating cash flow variable (X1) will increase the stock return value by 4.20. The hypothesis in this study is that the coefficient value of the operating cash flow variable X1 is -4.20. The calculated t value is -13.581, while the t table value obtained from the t table is 1.75. This result indicates that the calculated t value < the t table value. The sig value is 0.000 (sig <0.05). This result indicates that operating cash flow has a negative and significant effect on stock returns. This result indicates that H1 is rejected.

The negative and significant effect of operating cash flow on stock returns indicates that the increase in cash from operating activities is actually responded negatively by the market. This may be due to the property and real estate sector's tendency to experience long-term business cycles, where high operating cash flows do not necessarily indicate favorable short-term growth prospects. Investors in this sector place greater emphasis on potential returns from new investment projects and funding,

rather than solely from routine operational activities. Therefore, high operating cash flows may reflect stagnant business activity without significant expansion, making them less attractive to investors.

The results of this study indicate that operating cash flow has a negative effect on stock returns. They also indicate that higher cash generated from operating activities is accompanied by a decline in stock returns. This phenomenon can occur when the increase in operating cash is not accompanied by an increase in net income or the fundamental performance expected by investors. In the property and real estate sector, high operating cash flow can also reflect a strategy of accelerating collections or asset sales to maintain liquidity, which in turn signals pressure on future revenue streams. This situation raises market concerns, leading to depressed stock prices.

This negative finding indicates that cash flow, particularly from operating activities, is not always interpreted as a positive signal for investors. In the property and real estate sector, high cash flow can indicate asset disposals or project terminations, which reduce long-term growth potential. Investors may view this as a defensive move by the company, rather than expansion, and therefore respond by lowering return expectations. Furthermore, the insignificant impact of investing and financing activities on stock returns suggests that the market is more sensitive to movements in operating cash than other cash sources, even if the direction of the effect is negative.

The results of this study align with the findings of Rahmawati and Hartono (2012), who showed that operating cash flow has a significant effect on stock returns, although the direction of the effect differed. Research by Arief (2017) on manufacturing companies listed on the Indonesia Stock Exchange (IDX) also found a significant effect of operating cash flow on stock returns, reinforcing the importance of operating cash flow information as a financial performance indicator considered by investors. However, these results differ from those of Rahmawati and Sari (2021), who found that investment cash flow negatively affected stock returns in the basic industry and chemical sectors, while operating cash flow was not the primary focus of its influence. These differences indicate that the relationship between cash flow and stock returns is strongly influenced by the characteristics of the industrial sector, the study period, and underlying market conditions.

### **The Effect of Investing Activity Cash Flow on Stock Returns**

The coefficient value of the investment cash flow variable (X2) is 1.33. This result indicates that investment cash flow has a positive influence on stock returns. This result explains that a 1% increase in the investment cash flow variable (X2) will increase the stock return value by 1.33 or conversely a 1% decrease in the investment cash flow variable (X2) will decrease the stock return value by 1.33. The coefficient value of the investment cash flow variable X2 is 1.33. This condition indicates that the market views the company's investment activities as a signal of management optimism regarding future business prospects. In the context of the property and real estate sector, an increase in investment cash flow generally reflects the expansion of new projects, strategic land acquisitions, or the development of supporting infrastructure, which investors perceive as potential growth in company value.

The calculated t-value is 39.644, while the t-value obtained from the t-table is 1.75. These results indicate that the calculated t-value is greater than the t-table value. The sig. value is 0.000 (sig<0.05). These results indicate that investment cash flow has a positive and significant effect on stock returns. This result indicates that H2 is accepted and confirms that the positive effect of investment cash flow on stock returns is not coincidental but consistent and significant. Investors tend to respond positively when companies are able to channel funds into high-value-added projects. In the property and real estate industry, well-targeted projects can provide a stable future income stream, resulting in increased stock prices along with expectations of higher returns.

This positive effect also reflects investors' perception that companies that actively invest tend to have a clear long-term business strategy. Well-managed investment activities reduce market uncertainty and increase investor confidence in management's ability to generate future profits. Thus, increased investment cash flow not only strengthens the company's productive asset structure but also acts as a catalyst for share price increases due to expectations of higher future earnings.

These findings imply that company management needs to maintain and optimize investment cash flow management to maximize shareholder returns. The significant positive effect indicates that the market values targeted, transparent, and prospective investment decisions. Therefore, in addition to focusing on short-term financial performance, companies need to maintain sustainable investment in strategic projects to ensure stable and sustainable stock value growth in the future.

The results of this study align with the findings of Rahmawati and Hartono (2012) and Arief (2017), which show that investment cash flow has a positive effect on stock returns. Both studies demonstrate that increased investment cash flow can reflect positive growth prospects for a company in the future, thus stimulating investor interest and impacting share prices. The consistency between the results of this study and previous research reinforces the belief that investment cash flow is an important indicator considered by investors in making investment decisions.

### **The Effect of Financing Activity Cash Flow on Stock Returns**

The coefficient value of the financing cash flow variable (X3) is 1.29. This result indicates that financing cash flow has a positive effect on stock returns. This result explains that a 1% increase in the financing cash flow variable (X3) will increase the stock return value by 1.29, or conversely, a 1% decrease in the financing cash flow variable (X3) will decrease the stock return value by 1.29. This indicates that effective financing activities can provide a positive signal to investors regarding the company's ability to obtain funding sources to support operations and business development. This positive signal encourages investor optimism, thus impacting stock prices in the market.

The coefficient value of the financing cash flow variable X3 is 1.29. The calculated t-value is 3.560, while the t-table value obtained from the t-table is 1.75. This result indicates that the calculated t-value is greater than the t-table value. The sig value is 0.004 (sig <0.05). This result indicates that financing cash flow has a positive and significant effect on stock returns. These results indicate that H3 is accepted.

These findings confirm that the role of financing cash flow in influencing stock returns cannot be ignored, as a company's success in managing external funding will increase its capacity to support projects with the potential to generate high returns in the future. This will ultimately create a positive perception among investors, reflected in rising stock prices. This positive influence also means that companies that are able to obtain funding effectively and efficiently will be more flexible in seizing strategic investment opportunities. Adequate funding, whether from issuing new shares, bonds, or loans, allows companies to expand their operations and improve financial performance. This condition will provide better growth prospects in the eyes of investors, thereby increasing market confidence and driving sustainable stock returns.

Furthermore, these findings reflect that sound financing decisions can be a key catalyst for increasing company value. Investors tend to view companies positively that actively seek funding for expansion or strengthening working capital, as long as this is done with an appropriate strategy and measurable risk. Therefore, the positive and significant relationship between financing cash flow and stock returns in this study suggests that variable X3 is a crucial factor influencing a company's investment attractiveness in the capital market.

These research findings align with the findings of Rahmawati and Hartono (2012), who stated that cash flow components, particularly those related to financing activities, can significantly influence

stock returns under certain conditions. This finding is also supported by Arief (2017), who found that in manufacturing companies listed on the IDX, changes in financing cash flow can send a positive signal to investors, thus increasing stock returns. These findings reinforce the point that, although several studies, such as Rahmawati and Sari (2021), have shown different results in other sectors, in the context of property and real estate companies, financing cash flow actually plays a positive role in increasing stock returns.

#### 4. CONCLUSION AND SUGGESTIONS

Based on the results of the multiple linear regression analysis, the Cash Flow from Operating Activities variable (X1) has a coefficient value of -4.20. This result indicates that operating cash flow has a negative and significant effect on stock returns, meaning H1 is rejected. The Cash Flow from Investing Activities variable (X2) has a coefficient value of 1.33. This result indicates that investing cash flow has a positive effect on stock returns, meaning H2 is accepted. The Cash Flow from Financing Activities variable (X3) has a coefficient value of 1.29. This result indicates that financing cash flow has a positive effect on stock returns, meaning H3 is accepted.

Investors seeking returns should be very careful in analyzing issuers' financial statements by measuring these ratios and also considering each element of the financial statements. Regarding research prospects on similar topics, it is hoped that future researchers will not only limit themselves to manufacturing companies in the property and real estate sector, but also all companies listed on the Indonesia Stock Exchange (IDX) and add other variables such as accounting profit and company size. Furthermore, future researchers are expected to use a longer period to obtain more comprehensive results from their research.

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