

STRATEGIC EVALUATION: THE IMPACT OF CASH FLOW REPORT AND COMPANY SIZE ON STOCK RETURN PERFORMANCE

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Abstract

This study aims to analyze the effect of Operating Cash Flow, Investment Cash Flow, Funding Cash Flow, and Company Size on Stock Returns in companies listed on the Kompas100 Index of the Indonesia Stock Exchange (IDX) for the period 2020-2024. The approach to this research is quantitative using secondary data in the form of the company's annual financial reports. The study population includes all permanent companies that are members of Kompas100 during that period. The sample was determined using the purposive sampling method based on the criteria: the company remains listed on Kompas100 during the period 2020-2024, consistently publishes annual reports, and presents complete data related to the research variables. Data processing was carried out using multiple regression analysis techniques using IBM SPSS Statistics version 27.0. The results of the analysis show that Operating Cash Flow, Investment Cash Flow, Funding Cash Flow, and Company Size have a positive effect on Stock Returns. This finding provides strategic implications for companies to improve the performance of operating cash flow, investment, and funding, as well as increase the size of the company in order to attract investor interest. For investors, the results of this study can be a reference in making investment decisions, especially in shares of companies that have good financial performance and company size, considering that all of these variables have been proven to have a positive effect on stock returns.

Keywords: Operating Cash Flow, Investing Cash Flow, Financing Cash Flow, Company Size, Stock Return

INTRODUCTION

Ramyakim & Widyasari (2023) in a KSEI press release stated that based on the IDX report, stocks were one of the most popular investment instruments in 2020-2023. The Indonesian Central Securities Depository (KSEI) recorded a 15.96 percent increase in stock investors since 2022, from 3,451,513 at the end of 2022 to 4,002,289 at the end of June 2023. This increasing trend has been seen since 2021, when there were still 1,695,268 investors. In stock investment, there is an axiom "High Risk - High Return, Low Risk - Low Return," where investments with high expected returns face high risks, and vice versa (Sunaryo, 2020). One stock index frequently monitored by investors is Kompas100. Kompas100's performance is often used as a benchmark for investors in investing, in addition to the Composite Stock Price Index (IHSG), which is the reference. Kompas100 is a collection of one hundred publicly traded company stocks on the Indonesia Stock Exchange with high liquidity, large market capitalization, and strong fundamentals and performance. Kompas100's performance isn't always good; various factors can cause company performance to weaken and returns to decline, such as increases in excise taxes and rising commodity prices.

According to Jerry J & Kimmel (2023), cash flow components originate from operations that generate company revenue and potentially impact stock returns. Operating, investing, and financing cash flows form these elements. Cash flow is an indicator of a company's ability to generate sufficient

cash to finance its operations and demonstrates its performance. Good cash flow is a sign of strong business performance. Investors will be encouraged to purchase shares if the company has good cash flow. This will impact the projected return on stock investments. The cash flow statement is a crucial source of information for determining stock returns, which will influence investors' investment decisions.

Company size is also an important variable influencing stock returns. Company size is often measured using total assets or total sales. A larger company typically reflects higher operational capacity, financial stability, and greater competitiveness, which can send positive signals to investors. However, large company size can also present challenges such as operational inefficiencies or a large debt burden, which can negatively impact stock returns.

Several previous studies examining the effect of operating cash flow, investing cash flow, financing cash flow, and firm size on stock returns have yielded varying conclusions. Some researchers concluded that these variables had no significant effect on stock returns, while others concluded that they had a positive and significant effect. Operating cash flow, as found in studies by Evin Evyanto (2023), Ramadhan et al. (2023), and Setyawan Budi (2021), showed no significant effect on stock returns. Studies by Oktofia et al. (2022), Sagala et al. (2023), and Sari et al. (2023) found a positive effect on stock returns. Based on the description of these research findings, it can be concluded that there are still conflicting views regarding the impact of volatile operating cash flow on stock returns.

Investment cash flow, as research conducted by Ramadhan et al. (2023), Evin Evyanto (2023), and Ander et al. (2022), states that investment cash flow has no significant effect on stock returns. Research by Oktofia et al. (2022), Japlani Ardiansyah (2022), and Haris Sunyoto (2018) indicates that investment cash flow has a positive and significant effect on stock returns. Based on the description of these research results, it is evident that there is still disagreement regarding the impact of various investment cash flows on stock performance.

Funding cash flow, as research conducted by Ramadhan et al. (2023), Japlani Ardiansyah (2022), and Sulaiman Suriawinata (2021), states that funding cash flow has no significant effect on stock returns. Research by Evin Evyanto (2023), Ander et al. (2022), and Oktofia et al. (2022) indicates that funding cash flow has a positive and significant effect on stock returns. Based on the description of these research results, it can be concluded that there are still differing perspectives regarding the impact of funding cash flow on stock returns, which vary.

According to research conducted by Ramadhan et al. (2023), Setyawan Budi (2021), and Sulaiman Suriawinata (2021), company size has no significant effect on stock returns. Research by Ander et al. (2022), Raehan et al. (2023), and Yufantria Selvi (2023) also indicates that company size has a positive and significant effect on stock returns.

This study aims to analyze the influence of operating cash flow, investing cash flow, financing cash flow, and company size on stock returns. The novelty of this study lies in the integration of cash flow component analysis within the context of stock returns, specifically highlighting the influence of operating, investing, and financing cash flows, which have not been discussed in depth in previous studies. Furthermore, this study utilizes recent empirical data to produce an analysis relevant to current capital market dynamics, providing an overview of the alignment between facts on the ground and existing theories. This study is also expected to provide scientific contributions as a reference regarding the factors influencing stock returns, provide insight for companies regarding the potential influence of cash flow components on stock returns, and provide strategic input for financial decision-making.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

Signalling Theory

Spence (1973) was the first proponent of signaling theory. Information is provided through signals by the owner in the form of relevant information that can be utilized by the recipient. The

recipient will then conduct an analysis to understand the signal. Eugene F. et al. (2020) stated that signaling theory emphasizes the importance of financial reports in assessing company performance, which is used as a consideration before determining stock returns and making investment decisions for investors. One financial report that can present company performance is the cash flow statement. When information is announced, market participants will first interpret and analyze the information as a signal of good news or bad news (Handoko, 2022).

The application of signaling theory in this study is to explain the influence between cash flow components and company size in representing company performance. Company size, often measured by total assets or revenue, is also a relevant element in signaling theory. Company size provides an indication of operational capacity, financial stability, and growth prospects. Large company size can be a positive signal for investors because it reflects high credibility and competitiveness. However, large size can also carry risks such as operational inefficiency or high financial burdens, which can potentially be a negative signal.

The quality of information and signaling effects provided by cash flow statements and company size can influence stock returns and are important considerations for investors before making investment decisions. Therefore, this study focuses on how cash flow components and company size provide signals to market participants and influence stock returns.

Stock Returns

According to Hartono (2023), return is the return on investment in return for the funds invested and their willingness to bear the risks associated with the investment. Return components consist of current income, namely profits earned through periodic payments such as deposit interest, bond interest, dividends, and so on (Novita, 2024), and capital gain, namely profits obtained from the difference between the selling price and the purchase price of shares in an investment instrument.

From a signaling theory perspective, information regarding return components, such as current earnings and capital gains, can be perceived as signals by investors. Information indicating good financial performance, such as stable dividend payments or high potential capital gains, sends a positive signal to the market about a company's prospects. Conversely, negative signals such as declining profits or dividends can undermine investor confidence. Therefore, accurate disclosure of financial information, including return-related data, is crucial in influencing perceptions and investment decisions.

Operating Cash Flow

Operating cash flow is the primary revenue-generating activity and other activities unrelated to investing and financing activities. Jerry J & Kimmel (2023) state that operating cash flow can generate sufficient cash flow to repay loans, maintain the company's operating capacity, and provide stock returns. In the context of signaling theory, strong operating cash flow sends a positive signal to the market and investors regarding the company's ability to generate stable operating income, meet financial obligations, and maintain business continuity. This reflects good operational performance, which in turn can increase investor confidence in the company. This confidence is often manifested in increased demand for the company's shares, thus driving capital gains as a component of stock returns.

Conversely, weak operating cash flow can send a negative signal, raising doubts about the company's operational efficiency and stability, potentially lowering stock value and resulting returns. Therefore, operating cash flow not only reflects company performance but also serves as a key indicator influencing stock returns through a signaling mechanism to the market.

Operating cash flow, as studied by Ander et al. (2023), Sagala et al. (2023), Oktofia et al. (2022), Sari (2023), and Japlani, Ardiansyah (2022), concluded that operating cash flow has a positive effect on stock returns. Based on this description, the research hypothesis can be formulated:

H1: Operating cash flow has a positive effect on stock returns

Investment Cash Flow

Investing cash flow is a report that shows cash inflows and outflows related to a company's investment activities during a specific period. Jerry J & Kimmel (2023) state that investing cash flow is derived from activities involving the acquisition or disposal of long-term productive assets and other investments not included in cash equivalents. In the context of signaling theory, investing cash flow provides important signals to the market and investors regarding a company's strategy and priorities in managing its productive assets. Significant cash outflows for the purchase of productive assets reflect investments in business development, which can provide a positive signal about the company's long-term growth prospects. This signal can increase investor confidence and potentially drive up stock prices, generating capital gains as a component of stock returns.

Conversely, a predominant cash inflow resulting from the disposal of productive assets or investments can send a negative signal if interpreted as indicating financial distress or a lack of profitable investment opportunities. This can lower investors' perceptions of the company's growth potential, which in turn negatively impacts stock returns. Therefore, investment cash flows not only reflect a company's strategic decisions but also serve as a means of conveying information that influences market perception and shareholder returns.

Investment cash flow, as studied by Oktofia et al. (2022), Japlani Ardiansyah (2022), Yanitri et al. (2022), Sari & Suryana (2022), and Pratiwi et al. (2022), concluded that investment cash flow has a positive effect on stock returns. Based on this description, the research hypothesis can be formulated as follows:

H2: Investment cash flow has a positive effect on stock returns

Funding Cash Flow

Jerry J & Kimmel (2023) state that financing cash flow is the transaction or event of cash receipts and cash payments to shareholders, known as equity financing, and cash receipts and cash payments to creditors, known as debt financing. In other words, financing cash flow reflects activities that result in changes in the amount and composition of a company's capital and long-term debt. In the context of signaling theory, financing cash flow provides investors with important information about a company's strategy in managing financing sources. For example, an increase in cash inflows from equity or debt financing can signal that a company is raising funds for investment or expansion projects, which can be considered positive if it is believed to improve the company's future performance.

However, the resulting signal can also be ambiguous or negative, for example, if increased debt is perceived as a sign of liquidity pressure or high dependence on external financing. Similarly, high dividend payments through debt financing can send an unsustainable signal that influences investor perceptions. This signal can directly influence investment decisions, stock prices, and ultimately stock returns, both through current income such as dividends and capital gains generated from stock price movements. Therefore, financing cash flow is an important indicator in explaining the relationship between a company's financing strategy, the resulting signal, and the stock returns received by shareholders.

Funding cash flow, as studied by Evin & Evyanto (2023), Setyawan Budi (2021), Ander et al. (2022), Oktofia et al. (2022), and Yanitri et al. (2022), concluded that funding cash flow has a positive effect on stock returns. Based on this description, the research hypothesis can be formulated as follows:

H3: Funding cash flow has a positive effect on stock returns

Company Size

According to Subagya (2020), company size reflects the total assets a company owns. A large company size indicates that the company requires significant funding to run its operations effectively. Company size influences management decisions in determining funding strategies to

optimize company value. Large external funds can help companies increase productivity, ultimately contributing to increased profitability (Rizki & Ridha, 2023). The larger the company, the higher the quality of the profits generated from the use of assets. Therefore, large companies are often more attractive to investors because they are perceived to have stability and good growth prospects.

In the context of signaling theory, firm size can provide important signals to investors regarding a company's ability to manage its assets effectively. Large companies that exhibit high earnings quality and stable asset growth send positive signals to the market about operational strength and potential investment returns. This signal can increase investor interest in investing, thus impacting stock prices and generating capital gains as part of stock returns. Conversely, if a large company fails to utilize its assets optimally, a negative signal can arise, raising doubts about operational efficiency, potentially lowering stock prices and returns. Thus, firm size is not only a performance indicator but also a strategic factor that influences stock returns through a signaling mechanism to the market and investors.

H4: Company size has a positive effect on stock returns

RESEARCH METHODS

This research is a quantitative descriptive statistical analysis using secondary data obtained from company financial reports downloaded from the official website of the Indonesia Stock Exchange (IDX). The type of data used is quantitative data measured in numerical form and analyzed using the multiple linear regression method. The variables in this study consist of independent variables, namely operating cash flow, investment cash flow, financing cash flow, and company size, which is measured by the natural logarithm of total assets (Ln Total Assets). The dependent variable in this study is stock returns. This research was conducted on companies listed on the Kompas100 index for the 2020-2024 period, with a research population of 100 companies. From this population, 20 companies were selected as samples. The multiple linear regression model used in this study is formulated as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Information:

Y	: Kompas100 Stock Return
α	: Constant
$\beta_1 - \beta_4$	: Regression Coefficient
X_1	: Operating Cash Flow
X_2	: Investment Cash Flow
X_3	: Funding Cash Flow
X_4	: Company Size
e	: Error Term

This study uses multiple linear regression analysis which must pass the classical assumption test consisting of normality test, autocorrelation test, multicollinearity test and heteroscedasticity test.

RESULTS AND DISCUSSION

Of the Kompas100 companies listed on the Indonesia Stock Exchange (IDX), 20 companies met the criteria for sampling in this study. With five years of data observation, the total number of observations (n data) was 100. This study aims to identify the influence of each of these factors on stock returns, provide an overview of the relationship between company financial performance and company size with stock returns, and provide a reference for investors in making investment decisions.

Descriptive Statistics Variables

Table 2. Variable Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
<i>Stock Returns</i>	100	-0,86	1,19	0,0009	0,31559
Operating Cash Flow	100	-0,96	9,58	0,2844	1,10309
Investment Cash Flow	100	-0,94	3,42	0,2005	0,70595
Funding Cash Flow	100	-0,97	13,45	1,0965	2,77048
Company Size	100	-0,80	11,57	0,5234	1,85035
Valid N (<i>listwise</i>)	100				

Source: SPSS calculation results, 2024

Based on table 2, it can be seen that the results of the descriptive statistical analysis of the variables show that there are 100 valid data to be studied with a positive average value and a standard deviation that does not deviate too far.

Normality Test Results

Table 3. Normality Test

		<i>Unstandardized Residual</i>
N		100
<i>Normal Parameters^{a,b}</i>	<i>Mean</i>	0,0000000
	<i>Std. Deviation</i>	0,27086719
<i>Most Extreme Differences</i>	<i>Absolute</i>	0,084
	<i>Positive</i>	0,066
	<i>Negative</i>	-0,084
<i>Kolmogorov-Smirnov Z</i>		0,084
<i>Asymp. Sig. (2-tailed)</i>		0,087

Source: SPSS calculation results, 2024

Table 3 shows that the significance level of 0.087 is above 0.05 so it can be stated that the residual values are normally distributed and the regression model in this study has met the normality assumption.

Autocorrelation Test Results

Table 4. Autocorrelation Test

Information	Mark
R	0,514 ^a
R Square	0,264
Adjusted R Square	0,225
Std. Error of the Estimate	0,27799
Durbin-Watson	2,056

a. Predictors: (Constant), operating cash flow, investing cash flow, financing cash flow, company size

b. *Dependent variable: stock return*

Source: SPSS calculation results, 2024

Based on the results of the autocorrelation test in Table 4, it shows that the Durbin-Watson value of 2.056 is greater than the upper limit (du), which is 1.781, and less than $4 - 1.781$ ($4 - du$) = 2.221, so it can be stated that this research model does not have autocorrelation.

Multicollinearity Test Results

Table 5. Multicollinearity Test

	<i>Unstandardized</i>		<i>Standardized</i>	<i>t</i>	<i>Sig.</i>	<i>Collinearity</i>	
	<i>Coefficients</i>		<i>Coefficients</i>			<i>Statistics</i>	
	<i>B</i>	<i>Std. Error</i>	<i>Beta</i>			<i>Tolerance</i>	<i>VIF</i>
<i>(Constant)</i>	-0,096	0,058		- 1,680	0,097		
Operating cash flow	0,031	0,014	0,140	2,231	0,025	0,984	1,018
Investment cash flow	0,175	0,041	0,390	4,367	0,000	0,987	1,015
Funding cash flow	0,017	0,008	0,146	2,312	0,187	0,996	1,006
Company size	0,042	0,015	0,245	2,755	0,007	0,992	1,008

a. Dependent Variable: Stock Returns

Source: SPSS calculation results, 2024

Based on the results of the multicollinearity test in Table 5, it can be seen that the results of the tolerance calculation show that there are no independent variables that have a tolerance value ≤ 0.10 and a VIF value ≥ 10 , which means that there is no multicollinearity between the independent variables in this research model.

Heteroscedasticity Test Results

Table 6. Heteroscedasticity Test

	<i>Unstandardized</i>		<i>Standardized</i>	<i>t</i>	<i>Sig.</i>
	<i>Coefficients</i>		<i>Coefficients</i>		
	<i>B</i>	<i>Std. Error</i>	<i>Beta</i>		
<i>(Constant)</i>	0,244	0,034		6,864	0,000
Operating cash flow	-0,007	0,017	-0,038	-0,362	0,720
Investment cash flow	0,025	0,026	0,098	0,965	0,339
Funding cash flow	0,009	0,007	0,144	1,435	0,156
Company size	-0,005	0,009	-0,050	-0,502	0,617

a. Dependent Variable: Stock Returns

Source: SPSS calculation results, 2024

Based on the results of the heteroscedasticity test conducted using the Glejser test, it appears that none of the independent variables have a statistically significant effect on the absolute logarithm value of the dependent variable. The significance probability is above the 5% or 0.05 confidence level, thus confirming that the regression model in this study does not contain heteroscedasticity.

F Test Results

Table 7. F Test

	<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
<i>Regression</i>	2,595	4	0,519	6,719	***0,000 ^b
<i>Residual</i>	7,263	97	0,077		
<i>Total</i>	9,858	99			

a. Dependent Variable: Stock return

b. Predictors: *(Constant)*, operating cash flow, investment cash flow, financing cash flow, company size

Source: SPSS calculation results, 2024

Based on the results of the F test calculation in Table 7 using a 95% confidence level, df 1 (Number of Variables-1) = 4, and df 2 (n-k) = 97, the FTable result was 2.310 and a significance value

of 0.000. Because the calculated F value > FTable (6.719 > 2.310) or p value < α (0.005 < 0.05), then H_0 is rejected, which indicates that this research model is fit or suitable in explaining the relationship between independent variables and stock returns.

Results of the Coefficient of Determination (Adjusted R Square)

The coefficient of determination is used to measure how much of the variation in the independent variables in a multiple linear regression model explains the variation in the dependent variable. The coefficient of determination ranges between zero and one. If the value is small, the independent variable's ability to explain the dependent variable is very limited. If the value is close to one, the independent variable can provide almost all the information needed to predict the dependent variable. Based on the results of the coefficient of determination (Adjusted R Square), a value of 0.225 was obtained, indicating that 22.5% of the Stock Return Variable is explained by the independent variables in this study. The remaining value (100% - 22.5% = 77.5%) is explained by other factors outside the variables not included in this study.

Hypothesis Testing

Table 9. t-Test Results					
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-	0,058		-1,680	0,097
	0,095				
Operating cash flow	0,031	0,014	0,140	2,231	0,025***
Investment cash flow	0,175	0,041	0,390	4,367	0,001***
Funding cash flow	0,017	0,008	0,146	2,312	0,023***
Company size	0,042	0,015	0,245	2,755	0,007***

a. Dependent Variable: Stock Returns

Source: SPSS calculation results, 2024

The results of the first hypothesis test state that the coefficient value of the cash flow variable is 0.031 with a significance value of 0.025, which indicates that the significance value of the operating cash flow variable is smaller than the value of $\alpha = 0.05$, which means that the operating cash flow variable has a positive effect on Kompas100 stock returns for the 2020-2024 period. It can be stated that the first hypothesis is accepted.

The second hypothesis test states that the coefficient value of the Investment Cash Flow Variable is 0.175 with a significance value of the Investment Cash Flow Variable of 0.001, which indicates that the significance value of the Investment Cash Flow Variable is smaller than the value of $\alpha = 0.05$, which means that Investment Cash Flow has a positive effect on Kompas100 Stock Returns for the 2020-2024 period. It can be stated that the second hypothesis is accepted.

The third hypothesis that has been tested shows that the coefficient value of the Variable Funding Cash Flow is 0.017 with a significance value of the Variable Funding Cash Flow of 0.023 which indicates that the significance value of the Variable Funding Cash Flow is smaller than the value of $\alpha = 0.05$, which means that Funding Cash Flow has a positive effect on Kompas100 stock returns for the 2020-2024 period. It can be stated that the third hypothesis is accepted.

The fourth hypothesis test shows that the coefficient value of the company size variable is 0.007 with a significance value of the company size variable of 0.042, which indicates that the significance value of the company size variable is greater than the value of $\alpha = 0.05$, which means that company size has no effect on Kompas100 Stock Returns for the 2017-2022 period. It can be stated that the fourth hypothesis is accepted.

Discussion

Operating Cash Flow has a positive effect on Stock Returns, meaning that an increase in Operating Cash Flow will drive an increase in Stock Returns, and conversely, if Operating Cash Flow decreases, the company's Stock Returns will also decrease. This can be seen from the decrease in Operating Cash Flow at PT. Adaro Energy Indonesia, Tbk in 2021 from IDR 854,680,000,000 to IDR 739,753,000,000 in 2021, which is in line with the decrease in stock returns in 2020 by 10% to -35% in 2022. Conversely, Operating Cash Flow at PT. Elnusa Tbk experienced an increase in 2023 from IDR 576,797,000,000 to IDR 944,928,000,000 in 2023, which is in line with the increase in stock returns in 2023 by -11% to 15% in 2024.

The results of this study support the signaling theory proposed by Eugene F. et al. (2020), which states that information provided by a company, such as operating cash flow, serves as a signal received by the market. This information can influence investors' perceptions of the company's financial health and future prospects. Good operating cash flow provides a positive signal to investors about the company's stability and ability to generate revenue, which encourages increased confidence and ultimately increases stock returns. Conversely, a decrease in operating cash flow can send a negative signal indicating potential financial problems, which can reduce investor interest and lower stock returns.

An increase in Operating Cash Flow can provide a positive signal to investors, causing the company's Stock Return to increase, and vice versa. This signal can be used by investors to assess the company's future Operating Cash Flow performance because it will affect Stock Returns. The amount of cash flow derived from operating activities is an indicator that determines whether the company's operations can generate sufficient cash flow to repay loans, maintain the company's operating capabilities, and pay dividends. Therefore, an increase in Operating Cash Flow will provide a positive signal that results in investors buying shares. The company and can affect Stock Returns. Previous research that supports the results of this study has been conducted by Ramadhan, et al (2023) on manufacturing companies listed on the IDX for the 2016-2021 period, Mesrawati, et al (2023) on mining companies listed on the IDX for the 2020-2024 period, and Sari, Hidayat (2023) on automotive and component companies. This is inconsistent with research conducted by Evin, Evyanto (2023) on the company IDXTECHNO for the 2018-2021 period, which stated that Operating Cash Flow had a negative effect on Stock Returns. Setyawan, Budi (2021) studied manufacturing companies for the 2016-2018 period, finding that Operating Cash Flow had no effect on Stock Returns. Harry, et al. (2023) also studied LQ45 stocks for the 2017-2022 period, which stated that Operating Cash Flow had no effect on Stock Returns.

Investment Cash Flow has a positive effect on Stock Returns, meaning that an increase in Investment Cash Flow can result in an increase in the number of Stock Returns. Conversely, a decrease in Investment Cash Flow will result in a decrease in Stock Returns. This can be seen through the decrease in Investment Cash Flow experienced by PT. Astra International, Tbk in 2022 from IDR 114,241,000,000 to IDR 113,414,000,000 in 2023. This is in line with the decrease in stock returns in 2021 by 16% to 7% in 2023. Investment cash flow at PT. Bank Central Asia, Tbk experienced an increase in 2024 of IDR 35,732,414,000,000 to IDR 45,117,844,000,000 in 2023. This is in line with the increase in stock returns in 2021 of 19% to 32% in 2023. The results of this study support the signal theory proposed by Eugene F. et al. (2020) that the signal theory of information provided is a signal that can be utilized by the recipient.

An increase in Investment Cash Flow aligns with signaling theory because it can send a positive signal to investors. Increasing cash flow indicates that the company is receiving income from its investment activities, indicating that the company is implementing a profitable investment strategy. This sends a positive signal to investors that the company has good growth prospects, which in turn can drive increased stock returns. Conversely, a negative Investment Cash Flow indicates that the company is engaging in excessive investment activities, such as purchasing long-term fixed assets or providing loans. While potentially profitable in the future, it can signal that the company may face liquidity risks or greater dependence on external investment.

According to signaling theory, information related to Investment Cash Flow serves as an indicator that can influence market perception and investment decisions. Positive signals, such as increased cash flow from successful investments, tend to increase investor confidence in the company's prospects. Conversely, if the negative investment cash flow is too large, this can reduce investor confidence in the company's short-term financial stability, which can influence their decisions to buy or sell the company's shares. Therefore, understanding and paying attention to a company's Investment Cash Flow is crucial for investors, as it can influence the resulting stock returns.

Previous studies that have consistent results with this study have been conducted by Oktofia et al (2022) on food and beverage sector companies listed on the IDX for the 2018-2021 period, Japlani (2022) on manufacturing companies listed on the IDX for the 2016-2018 period, and Solecah et al (2021) on the consumer industry listed on the IDX for the 2017-2020 period. This is not in line with research conducted by Ramadhan et al (2023) on manufacturing companies listed on the IDX for the 2016-2021 period which stated that Investment Cash Flow negatively affects Stock Returns. Evin, Evyanto (2023) studied the company IDXTECHNO for the 2018-2021 period, stating that Investment Cash Flow negatively affects Stock Returns. Setyawan, Budi (2021) also studied food and beverage sector companies listed on the IDX for the 2016-2018 period, with the results showing that Investment Cash Flow had a negative effect on Stock Returns.

Funding Cash Flow has a positive effect on Stock Returns, meaning that if Funding Cash Flow increases, the company's Stock Return will also increase, and vice versa, if Funding Cash Flow decreases, the company's Stock Return will also decrease. This can be seen from the increase in Funding Cash Flow of PT. Gudang Garam, Tbk in 2022 from IDR 3,481,186,000,000 to IDR 8,723,387,000,000 in 2023. This is in line with the increase in its stock returns in 2020 by 23%, increasing to 37% in 2023. The funding cash flow of PT. Indocement Tunggul Prakarsa, Tbk experienced a decline in 2023 by Rp2,579,613,000,000 to Rp2,027,357,000,000 in 2024. This is in line with the decline in its stock returns in 2023 by 43% to 16% in 2024. The results of this study support the signal theory proposed by Eugene F. et al. (2020) that the signal theory of information provided is a signal that can be utilized by the recipient. An increase in Funding Cash Flow can provide a positive signal for investors because it is proven that an increase in Funding Cash Flow can result in an increase in the company's Stock Returns and a decrease in Funding Cash Flow can result in a decrease in Stock Returns.

Funding Cash Flow is the cash flow involving a company's capital structure, which is affected by transactions related to the company's liabilities or loans. Furthermore, this signal is important to consider before making investment decisions, especially considering a company's Funding Cash Flow, as it can affect its stock returns. Previous research findings consistent with this study include Evin, Evyanto (2023), who studied IDXTECHNO for the 2018-2021 period; Setyawan, Budi (2021), who studied food and beverage companies listed on the IDX for the 2016-2018 period; and Ander et al. (2022), who studied manufacturing companies listed on the IDX for the 2017-2020 period. This finding is inconsistent with the findings of Ramadhani et al.'s (2023) study of manufacturing companies listed on the IDX for the 2016-2021 period, which found that Funding Cash Flow negatively impacted stock returns. Sulaiman, Suriawinata (2021), who studied banking companies in the 2017-2020 period, stated that Funding Cash Flow had a negative effect on stock returns. Raehan et al. (2023), who studied manufacturing companies in the 2015-2018 period, stated that Funding Cash Flow had no effect on stock returns.

Company size is the scale of a company's size as measured by its total assets. The greater the assets, the larger the company, which ultimately provides a greater opportunity to generate profits and higher stock returns. The results of this study indicate a positive relationship between company size and stock returns. This is because larger companies tend to have more resources to support their operations, the ability to access lower-cost financing, and greater stability in the face of market fluctuations.

Larger companies also have a better reputation among investors, attracting more investors. This leads to higher stock prices, which in turn increases the stock returns received by investors. Therefore, the size of a company's assets can be an indicator of its potential profits and the returns it will receive from investors.

Previous research conducted by Japlani (2022) examined manufacturing companies listed on the IDX for the 2016-2018 period, concluding that company size has a positive effect on stock returns. Sagala et al. (2023), who studied consumer goods companies listed on the IDX for the 2017-2021 period, found that company size has a positive effect on stock returns. Mesrawati et al. (2023), who studied mining companies listed on the IDX for the 2017-2022 period, found that company size has a positive effect on stock returns. This finding is inconsistent with research by Evin, Evyanto (2023), who studied IDXTECHNO for the 2018-2021 period, Ander et al. (2022), who studied manufacturing companies for the 2015-2018 period, and Sulaiman, Suriawinata (2021), who studied banking companies for the 2017-2020 period).

CONCLUSION

The results of this study indicate that Operating Cash Flow, Investing Cash Flow, Financing Cash Flow, and Company Size have a positive effect on Kompas100 Stock Returns for the 2020-2024 period. This means that if these four variables increase, then Stock Returns will also increase. This indicates that in addition to cash flow performance, company size, represented by total assets, also plays a significant role in determining stock returns. The larger the company, the greater its ability to attract investors through its stability and operational capacity. An in-depth analysis of the company's cash flow performance, along with consideration of company size, is necessary to achieve the desired stock returns. The results of this study can serve as a reference for further research on the factors influencing stock returns, especially by expanding the scope of other variables.

This research also provides additional references for investors and the public before making investment decisions. Given that almost all investments involve uncertainty, investors should consider several important factors when making investment decisions, such as Operating Cash Flow, Investing Cash Flow, Financing Cash Flow, and Company Size. For companies seeking to increase stock returns, it is crucial to pay attention to cash flow management and optimize company assets to send a positive signal to the market.

Based on the results of the coefficient of determination (Adjusted R Square), a value of 0.225 was obtained, indicating that 22.5% of the Stock Return variable can be explained by the independent variables in this study, namely Operating Cash Flow, Investment Cash Flow, Financing Cash Flow, and Company Size. This also indicates that there are still 77.5% of other factors outside these variables that can explain stock returns. Therefore, suggestions for future research are to expand the scope of other variables that have the potential to influence stock returns, such as macroeconomic factors, capital structure, or profitability ratios.

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