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DETERMINANTS OF FINANCIAL FACTORS ON CASH DIVIDEND POLICY: AN EMPIRICAL STUDY ON THE MANUFACTURING SECTOR IN INDONESIA

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Abstract

This study examines the influence of financial ratios on cash dividends in manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2023. Utilizing multiple linear regression analysis, this research assesses cash dividends as the dependent variable against independent variables including cash ratio, accounting income, operational cash flow, and earnings per share (EPS). The findings reveal that cash ratio and EPS have a significant positive effect on cash dividends. In contrast, accounting income shows a significant negative influence, while operational cash flow has no significant impact. The model demonstrates strong predictive power, with the independent variables explaining 92% of the variance in cash dividends. These results highlight the critical role of financial ratio analysis for investors in making investment decisions and provide valuable insights for corporate managers in shaping dividend policies.

Keywords: *Accounting Income, Cash Dividend, Cash Ratio, Earnings Per Share, Operating Cash Flow*

Abstrak

Penelitian ini bertujuan untuk menguji pengaruh rasio keuangan terhadap dividen kas pada perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia (BEI) selama periode 2021-2023. Menggunakan analisis regresi linear berganda, penelitian ini mengkaji dividen kas sebagai variabel dependen terhadap variabel independen yang meliputi rasio kas, laba akuntansi, arus kas operasional, dan laba per saham (EPS). Hasil penelitian menunjukkan bahwa rasio kas dan EPS berpengaruh positif dan signifikan terhadap dividen kas. Sebaliknya, laba akuntansi menunjukkan pengaruh negatif yang signifikan, sedangkan arus kas operasional tidak memiliki dampak yang signifikan. Model ini memiliki daya prediksi yang kuat, di mana variabel-variabel independen mampu menjelaskan 92% variasi dalam dividen kas. Temuan ini menekankan pentingnya analisis rasio keuangan bagi investor dalam pengambilan keputusan investasi dan memberikan wawasan berharga bagi manajer perusahaan dalam merumuskan kebijakan dividen.

Kata kunci: Arus Kas Operasi, *Cash Ratio*, Dividen Kas, *Earning Per Share*, Laba Akuntansi

I. INTRODUCTION

One of the most popular ways that publicly traded firms distribute their profits to shareholders is through cash dividends. In addition to providing investors with a direct income stream, the cash dividend policy serves as a gauge of the company's performance and management's expectations for future business opportunities. Given the high level of market volatility that can be reduced by consistent dividend income, cash dividends become a significant consideration when making investment decisions in the Indonesian capital market.

Nevertheless, not every business that reports strong financial results pays out cash dividends. Some businesses have a tendency to save their profits fund long-term investment requirements or improve their financial standing by raising working capital, for example. This phenomenon has generated a great deal of scholarly debate about the factors that influence cash dividend policy. In reality, internal factors, including non-financial ones like business policy, industry prospects, and management preferences, as well as financial ones like profit, liquidity, and operating cash flow, affect the decision to pay dividends.

There is no discernible trend between the earnings made by businesses and their dividend distribution policies, according to data from the Indonesia Stock Exchange. For instance, industrial firms don't always give investors cash dividends even though their profits are growing steadily. This suggests that variables other than profit, such as cash flow structure and liquidity, can have a big impact on dividend choices. This discrepancy suggests that more investigation is required to fully comprehend the financial factors affecting cash dividends.

The cash ratio, which shows the company's short-term liquidity position, is one factor thought to affect cash distributions. The cash ratio is a key factor in management's choice to pay dividends, according to Prasetyorini's (2020) research, since the higher the ratio, the more capable the company is of meeting its obligations without compromising operating cash flow. However, a too-high liquidity level may also be a sign of underutilized idle funds. Therefore, more research is required to ascertain the direction of influence of the relationship between dividends and the cash ratio. A traditional predictor of dividend policy, in addition to liquidity, is accounting profit or net income. The normative basis for determining the dividend amount is profit, particularly in businesses with conservative profit distribution policies. Profit is the primary consideration for investors since it shows the viability

and success of the company, claim Brigham and Houston (2010). However, because of the potential for management to manipulate earnings or the requirement for reinvestment, Prasetyo and Utami's (2022) research demonstrates that profit does not necessarily correspond with dividends.

Operating cash flow, or the money received from the business's primary activities, is another crucial factor. Compared to profit, which is accrual-based, this cash flow offers more objective information about the company's actual fund availability. Operating cash flow has a beneficial impact on cash dividends since businesses that create cash from their operations are typically better equipped to pay dividends, according to a study by Oktaviani (2020). However, research by Safitri and Prastiwi (2019) indicates that cash flow does not always have a major impact on dividends, particularly when businesses are dealing with financing challenges or economic uncertainty.

However, profits per share (EPS) is also a crucial metric for valuing a firm and making decisions as an investor. EPS the net income available for each outstanding share. According to Kurniasari and Darmayanti's (2021) research, EPS positively affects cash dividends because investors view high EPS as an indication that the business can reliably disperse profits. A high dividend payment is not always the result of an increase in EPS, though, as management may take other internal considerations into account.

The two primary theories of dividend policy that serve as the theoretical foundation for this investigation are agency theory and signaling theory. According to signaling theory, management uses dividend policy as a tool to inform investors about the company's financial stability and future prospects. Ross (1977) asserts that big dividends are an indication of a company's confidence in its performance going forward. Dividends are used as a communication tool in this situation to lessen the knowledge asymmetry that exists between shareholders and management. Conversely, dividends are explained by agency theory as a way to settle disputes between shareholders and management. Dividend distribution, according to Jensen and Meckling (1976), might lower free cash flow that managers might otherwise abuse for gain or unsuccessful endeavors. Dividends are therefore a means of ensuring accountability in the handling of corporate capital and preventing opportunistic management behavior.

The relationship between a company's financial performance and its dividend policy is a central theme in corporate finance. While the literature widely confirms

that Earnings Per Share (EPS) is a primary and consistent driver of dividend payments, empirical evidence regarding other key financial variables remains inconclusive. A persistent debate exists on the relative importance of a firm's liquidity (measured by cash ratio), reported profitability (accounting income), and its actual capacity to generate cash (operating cash flow). Some studies find these factors to be significant predictors, while others report negligible or contradictory effects. This lack of consensus highlights a critical research gap, indicating that the mechanisms through which firms translate various performance metrics into cash dividend payouts are not yet fully understood.

This study addresses this gap by introducing a crucial, yet underexplored, contextual element: the post-COVID-19 economic recovery period (2021–2023). The vast majority of prior research is based on pre-pandemic data. However, the global pandemic fundamentally reshaped corporate financial strategies, forcing firms to prioritize cash preservation, manage supply chain disruptions, and navigate heightened economic uncertainty. This global shift may have altered the traditional relationships between financial metrics and dividend distribution. Therefore, the primary novelty of this research lies in its use of the most recent data to investigate whether established dividend theories hold true in this new economic landscape. Examining these relationships during the post-pandemic phase is not merely an update but a critical test of the robustness of prior findings.

The manufacturing sector in Indonesia provides a compelling setting for this investigation. Characterized by high capital intensity and complex cost structures, dividend decisions in this sector are strategic choices that must balance profitability against the critical needs for liquidity and operational cash flow. Accordingly, this study aims to analyze the impact of cash ratio, accounting income, operating cash flow, and EPS on the cash dividend policies of manufacturing firms listed on the Indonesia Stock Exchange from 2021 to 2023. The findings are expected to contribute to resolving existing inconsistencies in dividend literature and provide timely, relevant insights for investors and corporate managers navigating the post-pandemic financial environment.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1 The Effect of Cash Ratio on Cash Dividends

The cash ratio is a stringent measure of corporate liquidity, indicating a company's ability to cover its short-term liabilities using only its most liquid assets—

cash and cash equivalents (Sujarweni, 2017:61). The level of this ratio is fundamentally linked to dividend policy through key corporate finance theories. From the perspective of signaling theory, dividend payments convey critical information to investors about a firm's financial health and future prospects. A consistent and stable dividend payout signals management's confidence in future earnings and cash flow. A high cash ratio makes this signal credible and potent. When a company maintains a substantial cash reserve, its decision to distribute dividends is perceived by the market as a genuine sign of strength and stability, rather than a risky financial maneuver that could jeopardize operations. It assures investors that the dividend policy is sustainable.

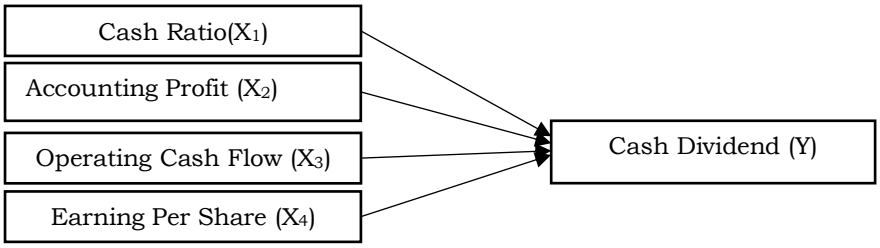

Figure 1
Conceptual Framework

Furthermore, agency theory offers a complementary explanation. A high cash ratio often signifies a large pool of free cash flow—cash remaining after all profitable projects have been funded. This can lead to an "agency problem," where managers might be tempted to invest these funds in suboptimal projects or use them for personal benefit, rather than returning the value to shareholders. To mitigate these agency costs, paying dividends becomes a crucial disciplinary mechanism. It reduces the discretionary cash available to management, compelling them to be more efficient and accountable. Therefore, a higher cash ratio increases both the ability and the pressure to pay dividends to align the interests of managers and shareholders. Both theories logically predict that a greater availability of liquid cash will positively influence dividend payments. This theoretical framework is supported by empirical findings, such as those by Pratiwi (2019) and Agnes (2020), which concluded that the cash ratio has a significant positive effect on cash dividends. Based on the theoretical reasoning from signaling and agency theories, coupled with prior empirical evidence, the following hypothesis is proposed:

H_1: The cash ratio has a positive effect on cash dividends

2.2 The Effect of Accounting Profit on Cash Dividends

Accounting profit is a primary indicator of a company's operational success and financial health, serving as a fundamental basis for decision-making (Anantazikha, 2020). Its connection to dividend policy is deeply rooted in established corporate finance theories. According to signaling theory, reported profits are a key signal managers send to the market about the firm's current and future performance. However, due to information asymmetry, investors may be skeptical about the quality or sustainability of these earnings. The act of paying a cash dividend from these profits serves as a powerful, credible confirmation of the signal. It demonstrates that the profits are not merely an accounting artifact but represent real, distributable value. Therefore, companies with higher profits are incentivized to pay higher dividends to credibly signal their financial strength and build investor confidence.

Agency theory provides a complementary perspective, focusing on the potential conflict of interest between managers and shareholders. A large pool of retained earnings derived from high profits can lead to an agency problem. Managers might be tempted to reinvest these funds into projects that expand the company's size (empire-building) but do not necessarily maximize shareholder wealth. Dividend payments act as a crucial governance mechanism to mitigate this risk. By distributing a portion of the profits, shareholders can ensure that managers do not hoard cash and are disciplined to only retain earnings for which they have profitable investment opportunities (Yanthi, 2021). Both theories lead to the same conclusion: a higher accounting profit should be associated with a higher cash dividend. This theoretical linkage is well-supported by empirical research, including studies by Septriana (2016) and Pratiwi (2019), which found that accounting profit has a significant and positive impact on cash dividend policy. Based on this theoretical reasoning and prior empirical evidence, the hypothesis is as follows:

H_2: Accounting profit has a positive effect on cash dividends

2.3 The Effect of Operating Cash Flow on Cash Dividends

Operating cash flow (OCF) is a vital performance metric that reflects a company's ability to generate cash directly from its core business operations. Unlike accounting profit, which can be influenced by non-cash items and accruals, OCF provides a clearer picture of a firm's actual liquidity and capacity to fund dividends, investments, and debt obligations (Fiqih, 2021).

From a signaling theory perspective, OCF is arguably a higher-quality signal than accounting profit. A strong and positive OCF indicates genuine operational

efficiency and a sustainable business model. When a company pays dividends, it sends a positive signal; when it pays dividends supported by robust OCF, that signal is amplified. It tells investors that the dividend is not funded by external financing or one-off gains but by the health of its primary activities. This provides a credible assurance of the company's long-term ability to sustain shareholder returns.

Agency theory also underscores the importance of OCF. High operating cash flow is the primary source of the "free cash flow" that is at the center of the manager-shareholder conflict. If left unchecked, managers might be tempted to reinvest this operational surplus into less-than-optimal projects to expand their influence. Paying cash dividends serves as a critical disciplinary tool. It forces the distribution of excess cash generated from operations back to the shareholders, thereby reducing the funds available for potential misuse by management and aligning their actions with shareholder interests. Both theories suggest that a greater capacity to generate cash from operations should lead to higher dividend payments. This is supported by empirical studies from Siska (2019) and Agnes (2020), which found a significant positive relationship between operating cash flow and cash dividend policy. Based on this theoretical reasoning and the supporting empirical evidence, the following hypothesis is formulated:

H_3: Operating cash flow has a positive effect on cash dividends

2.4 The Effect of Earnings Per Share on Cash Dividends

Earnings Per Share (EPS) is a critical financial metric that represents the portion of a company's profit allocated to each outstanding share of common stock (Pratiwi, 2019). It directly translates a company's overall profitability into a figure that is meaningful for individual shareholders, indicating the value generated per share (Kasmir, 2017:207). From the viewpoint of signaling theory, EPS is one of the most closely watched indicators of a firm's performance. A high and growing EPS sends a powerful positive signal about the company's profitability and future prospects. A dividend payment serves as a tangible and credible confirmation of this signal. By distributing a portion of these earnings as cash dividends, management demonstrates its confidence that the reported EPS is sustainable and represents real, distributable value. A consistent dividend policy in relation to EPS helps to reduce information asymmetry and assures investors of the company's stable financial health.

Agency theory also provides a strong rationale for the link between EPS and dividends. EPS represents the net income that rightfully belongs to the common

shareholders. An agency problem can arise if managers retain these earnings for purposes that do not maximize shareholder value, such as funding low-return projects. Dividend payments are a direct mechanism to mitigate this conflict. By distributing a portion of the earnings, shareholders can ensure they receive a direct return on their investment, limiting the discretionary funds that management can control. A higher EPS provides shareholders with a stronger justification to demand higher dividends, thus enforcing corporate discipline. The consensus from both theoretical perspectives is that a company's ability to generate higher earnings for each share directly influences its capacity and incentive to distribute cash dividends. This relationship is consistently supported by empirical research, including studies by Bunaya (2013) and Pratiwi (2019), which show that EPS has a significant positive effect on cash dividend payments. Based on this theoretical framework and supporting empirical evidence, the final hypothesis is proposed:

H_4: Earnings per share has a positive effect on cash dividends

III. RESEARCH METHODOLOGY

Listed manufacturing businesses on the Indonesia Stock Exchange (IDX) from 2021 to 2023 will have their cash dividends analyzed in relation to accounting profit, operating cash flow, cash ratio, and profits per share (EPS). Secondary data culled from the firms' yearly financial accounts is used in this study, which employs an associative quantitative technique. The information is culled from the following sources: the official website of each company and the Indonesia Stock Exchange (www.idx.co.id). The manufacturing sector is the center of attention here due to its diversified dividend policies and intricate financial structure, both of which make it an intriguing topic for future studies.

All 188 manufacturing enterprises that appeared on the IDX in a straight line from 2021 to 2023 make up the population for this study. Purposive sampling, which is designed to pick samples according to particular criteria that are specific to the research goals, is the sampling approach that is utilized. For this study, we used the following criteria to select our sample: (1) the company must be a manufacturer and be listed on the IDX from 2021 to 2023; (2) the company must have released full financial statements during the observation period; (3) the company must have paid out cash dividends during this period; and (4) the company must have supplied comprehensive data for the study's variables, including accounting profit, cash dividends, operating cash flow, cash ratio, and earnings per share. A total of 243

data observations were obtained during the three-year period from 81 companies that met these requirements.

This study employed multiple linear regression with the most recent version of SPSS software for data analysis. Due to the quantitative nature of the dependent variable (cash dividends) and the study's goal of examining the impact of multiple independent variables simultaneously, multiple linear regression is utilized. To make sure the regression model is statistically sound, we ran the standard assumption tests the normality, multicollinearity, autocorrelation, and heteroscedasticity tests—before diving into the data. Next, we test our hypotheses by running a F test to look at how all the independent variables are affecting the outcome, a t test to look at how each independent variable is affecting the outcome separately, and a R^2 test to see how much each independent variable is contributing to the variance in cash dividends.

Table 1
Sample Selection Criteria

No.	Sample Selection Criteria	Quantity
1	Manufacturing companies listed on the Indonesia Stock Exchange consecutively from 2021 to 2023.	188
2	Manufacturing companies that did not earn net profit from 2021 to 2023.	(56)
3	Manufacturing companies that did not pay cash dividends from 2021 to 2023.	(80)
Total companies included in the sample		52
Total sample observations over 3 years		156

Source: Data processed by the author, 2024

IV. RESULTS AND DISCUSSION

Descriptive statistical analysis is used to provide an overview of the characteristics of the data from the variables used in this study. Earnings per share (EPS) (X_4), operating cash flow (X_3), cash ratio (X_1), and accounting profit (X_2) are the independent variables in this study. Cash dividends (Y) are the dependent variable. The purpose of this analysis is to look for patterns in the data by calculating the standard deviation, maximum and minimum values, and the mean for each variable.

Researchers can have a better grasp of the overall features with the use of descriptive statistics, which give preliminary information about the data distribution and degree of variation for each variable. Table 2 below displays the outcomes of the descriptive data analysis.

Table 2
Descriptive Statistics Results

	N	Minimun	Maximum	Mean	Std. Deviation
X_1	156	0.00	500.34	13.26	50.58
X_2	156	0.00	327.67	3.53	27.17
X_3	156	-7.02	3,450,080.00	1,747,499.83	509,397.42
X_4	156	-105.55	212.27	1.21	19.50
X_5	156	0.00	1,158.42	42.39	120.58

Source: Data processed by the author, 2024

The descriptive analysis of 156 observations indicates that the dependent variable, Cash Dividends (CD), has a mean of 13.26, a maximum value of 500.34, and a standard deviation of 50.58. This signifies substantial disparities in dividend distribution practices among firms. The Cash Ratio (CASH) variable exhibits an average of 3.53 and a substantial standard deviation of 27.17, signifying considerable variability in the companies' liquidity capacity to fulfill their short-term obligations.

Simultaneously, the Accounting Profit (AP) variable exhibits an average of 174,749, accompanied by significant data dispersion, signifying substantial disparities in profitability performance across enterprises. The average Operating Cash Flow (OCF) is 1.21, with a standard deviation of 19.50, indicating that not all enterprises can produce positive cash flow from operations. The Earnings Per Share (EPS) variable has a mean of 42.39 and a standard deviation of 120.58, signifying a considerable variance in performance per share. The elevated standard deviation across all variables signifies the variability of financial attributes among the examined organizations.

Table 3
Results of Multiple Linear Regression Analysis

Unstandardize d Coefficients			Standardized Coefficients			Collinearity Statistics	
Model	B	Std. Error				Tolerance	VIP
1 (Constant)	7.400	4.427		1.672	0.097		
CASH	0.276	0.043	0.148	6.464	<0.001	0.989	1.011
AP	-0.619	0.220	-0.069	-2.820	0.005	0.870	1.149
OCF	-0.015	0.059	-0.006	-0.248	0.805	0.991	1.009
EPS	0.408	0.010	0.973	40.144	<0.001	0.883	1.132

Source: Data processed by the author, 2024

Based on the results of the multiple linear regression analysis shown in Table 3, the following model equation is obtained:

CD = 7.400 + 0.276CASH - 0.619AP - 0.015OCF + 0.408EPS

This equation illustrates the relationship between the independent variables: Cash Ratio (CASH), Accounting Profit (AP), Operating Cash Flow (OCF), and Earnings per Share (EPS), and the dependent variable: Cash Dividends (CD). The constant coefficient of 7.400 indicates that if all independent variables are zero, the estimated cash dividend will be 7.400.

Individually, Cash Ratio (CASH) has a substantial positive effect on cash dividends with a coefficient of 0.276 and a significance value of < 0.001, indicating that the better the company's liquidity, the larger its ability to give cash dividends. Conversely, Accounting Profit (AP) has a significant negative effect on cash dividends, with a coefficient of -0.619 and a significance value of 0.005, suggesting that an increase in accounting profit is followed by a decrease in dividend payments, possibly due to the company's preference for retaining earnings. Meanwhile, the Earnings per Share (EPS) variable has a strong positive effect on cash dividends, with a coefficient of 0.408 and a significance value of < 0.001, implying that an increase in earnings per share is followed by an increase in dividends paid to shareholders. As for the Operating Cash Flow (OCF) variable, it is not further clarified as its significance value is not indicated. However, based on the coefficient of -0.015, this variable demonstrates a weak negative effect on cash dividends. Thus, it can be inferred that not all financial metrics evaluated have a direct relationship with cash dividend distribution.

Table 4
Results of Multicollinearity Test

Unstandardize d Coefficients			Standardized Coefficients			Collinearity Statistics	
Model	**B**	**Std. Error**				**Tolerance**	**VIP**
1 (Constant)	7.400	4.427		1.672	0.097		
CASH	0.276	0.043	0.148	6.464	<0.001	0.989	1.011
AP	-0.619	0.220	-0.069	-2.820	0.005	0.870	1.149
OCF	-0.015	0.059	-0.006	-0.248	0.805	0.991	1.009
EPS	0.408	0.010	0.973	40.144	<0.001	0.883	1.132
a. Dependent Variable: CD							

Source: Data processed by the author, 2024

According to Table 4, the tolerance levels for each independent variable exceed 0.10, while the Variance Inflation Factor (VIF) values remain below 10. These two indicators are statistical metrics employed to identify indications of multicollinearity in the regression model. Elevated tolerance values suggest that the independent variables exhibit weak correlations with one another, whilst diminished VIF values reinforce this assertion.

Table 5
Results of Heteroscedasticity Test

Model		Unstandardized Coefficients		Standardized Coefficients Beta		
		B	Std. Error			
1	(Constant)	28.246	7.670		3.683	<0.001
	CASH	-0.013	0.074	-0.015	-0.181	0.856
	AP	-0.667	0.381	-0.151	-1.753	0.082
	OCF	-0.037	0.103	-0.029	-0.357	0.722
	EPS	0.032	0.018	0.158	1.843	0.067

Source: Data processed by the author, 2024

The significant values of the independent variables in the regression model, as shown in Table 5, are all greater than the threshold of 0.05. These variables include cash ratio (0.856), accounting profit (0.082), operating cash flow (0.722), and earnings per share (0.067). That the regression model's residuals are unrelated to the independent variables is a strong indication of this.

Table 6
Results of Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.960[a]	0.922	0.920	14.342652852	1.963
a. Predictors: (Constant), EPS, CASH, OCF, AP					
b. Dependent Variable: CD					

Source: Data processed by the author, 2024

Based on Table 6, the Durbin-Watson (DW) score in this study is 1.963. With a sample size of n = 156 and the number of independent variables k = 4, the upper bound value (du) is 1.7911, while the value of 4 – du is 2.2089. Since the DW value falls between du and 4 – du, i.e., 1.7911 < 1.963 < 2.2089, it may be stated that there is no autocorrelation in this regression model.

Table 7
Results of the Coefficient of Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.960[a]	0.922	0.920	14.342652852	1.963

Source: Data processed by the author, 2024

The Adjusted R^2 value is 0.920, or 92%, as shown in Table 7. This indicates that the cash ratio, accounting profit, operating cash flow, and earnings per share, when combined, explain 92% of the variance in cash dividends, the dependent variable. Factors such as the dividend policy of the company, industry conditions, management policies, and macroeconomic factors that are not accounted for in this

study model account for the remaining 8%. The high Adjusted R^2 value suggests that the factors evaluated by the regression model have a good ability to predict cash dividends.

Table 8
Results of the t-Statistic Test

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	7.400	4.427		1.672	0.097		
	CASH	0.276	0.043	0.148	6.464	<0.001	0.989	1.011
	AP	-0.619	0.220	-0.069	-2.820	0.005	0.870	1.149
	OCF	-0.015	0.059	-0.006	-0.248	0.805	0.991	1.009
	EPS	0.408	0.010	0.973	40.144	<0.001	0.883	1.132
a. Dependent Variable: CD								

Source: Data processed by the author, 2024

According to the data in Table 8, the Cash Ratio (CASH) has a t-value of 6.464, a regression coefficient that is positive at 0.276, and a significance level that is less than 0.001. We accept H_1 and conclude that the cash ratio significantly influences cash dividends in a favorable way because the significance value is less than 0.05. The likelihood of a corporation paying out dividends in cash is directly proportional to its liquidity, or its capacity to pay down short-term debt.

The Accounting Profit (AP) variable, meanwhile, is statistically significant with a t-value of -2.820, regression coefficient of -0.619, and a significance level of 0.005, all below the threshold of 0.05. Because the negative association goes against the original hypothesis, we can conclude that H_2 is false. These findings suggest that a rise in cash dividends is not necessarily associated with a large accounting profit. This could be due to the fact that the profit is often set aside for investments or retained earnings.

The analysis of the fourth variable, Operating Cash Flow (OCF), shows a regression coefficient of -0.015 with a corresponding t-value of -0.248. The resulting significance value is 0.805, which is substantially greater than the 0.05 alpha threshold. Therefore, the alternative hypothesis (H_3)—which states that operating cash flow has a positive effect on cash dividends—is not supported by the data. This finding suggests that for the companies in this sample, the amount of cash generated from core operations was not a primary factor in their dividend decisions. It's likely that firms prioritized using their operating cash flow for other strategic purposes,

such as reinvestment in growth or debt reduction, rather than for direct distribution to shareholders.

Lastly, H_4 is acceptable since Earnings per Share (EPS) has a t-value of 40.144, a positive regression coefficient of 0.408, and a significance value of less than 0.001. This demonstrates that cash distributions are positively impacted by earnings per share. As a result, shareholders should expect a greater cash dividend in proportion to the company's outstanding financial situation and its capacity to transfer profits to them, as earnings per share grow. First Hypothesis (H_1): Cash dividends are positively affected by the cash ratio. The findings of the tests support this theory, which means that a company's capacity to pay cash dividends increases as its liquidity level rises. Companies that have sufficient cash on hand are more likely to confidently distribute their profits to shareholders. The results are consistent with those of prior studies by Bunaya, Susanti (2015), Luzuardi (2018), Pratiwi (2019), and Agnes (2020).

The analysis of accounting profit reveals a statistically significant negative effect on cash dividends. This finding is contrary to the initial hypothesis (H_2), which asserted that a positive relationship would exist. Therefore, Hypothesis 2 (H_2) is not supported by the data. The result indicates that for the companies in this sample, a rise in accounting profit was associated with lower, not higher, dividend payments. This could reflect a strategic decision by firms to retain earnings to fund future expansion or build a cash reserve for potential economic volatility, a conclusion that is consistent with the findings of Anantazikha (2020).

The test results show that operating cash flow does not have a significant influence on cash dividends. Therefore, Hypothesis 3 (H_3), which proposed a positive effect, is not supported by the data. This suggests that companies with healthy operational cash flow may prioritize using those funds for reinvestment into operations or strategic growth initiatives rather than for dividend payouts. This finding is consistent with prior research by Heriyanti (2015), Anantazikha (2020), and Edisah (2020).

Conversely, the analysis confirms that Earnings Per Share (EPS) has a significant positive effect on cash dividends. This result supports Hypothesis 4 (H_4), indicating that shares with higher earnings are associated with larger dividend payouts. A high EPS is a strong indicator of a company's financial success and its capacity to provide direct returns to investors. This outcome aligns with the findings

of numerous previous studies, including those by Fitryanto (2015), Devila (2016), Anjaya and Bunaya (2013), and Pratiwi (2019).

V. CONCLUSION, LIMITATIONS, AND SUGGESTIONS

In conclusion, this study's analysis of Indonesian manufacturing firms from 2021 to 2023 reveals a nuanced landscape for dividend policy in the post-pandemic era. The findings demonstrate that a company's cash ratio and earnings per share (EPS) are significant positive drivers of cash dividend payments. In a departure from conventional wisdom, accounting profit exhibited a significant negative relationship with dividends, while operating cash flow showed no discernible effect. This suggests that during this specific economic recovery period, corporate boards prioritized immediate liquidity and direct per-share shareholder returns over broad profitability metrics when formulating their dividend strategies.

This research provides significant contributions, both theoretically and practically. Theoretically, it offers crucial empirical evidence from the unique post-COVID economic environment, challenging the traditional assumption that higher accounting profits directly translate to higher dividends. This highlights a potential strategic shift where firms retain profits for stability and reinvestment. Practically, the findings offer clear guidance. For investors, it underscores the need to look beyond headline profit figures and focus on a company's cash position and EPS as more reliable predictors of dividend payouts. For corporate managers, it reinforces the strategic importance of maintaining strong liquidity and demonstrating value on a per-share basis to sustain an attractive dividend policy.

Despite its findings, this study is subject to several limitations that temper its generalizability. First, its focus on a short three-year period (2021–2023) captures a specific economic phase and may not reflect long-term trends. Second, the scope is confined to the manufacturing sector, meaning the results may not apply to industries with different financial structures, such as banking or technology. Finally, the model is restricted to a few financial variables and omits other crucial determinants, most notably corporate governance factors like ownership structure and board independence, which are known to significantly influence dividend decisions.

Building upon these limitations, future research can advance in several directions to create a more comprehensive understanding of dividend policy. It is recommended that subsequent studies incorporate corporate governance variables

to examine how they interact with financial metrics. Furthermore, conducting cross-industry comparative analyses would reveal how sector-specific characteristics shape dividend determinants. Extending the research timeframe to include pre-pandemic, pandemic, and post-pandemic years would provide a valuable longitudinal perspective on the stability of these relationships. Finally, future models could be enhanced by including macroeconomic factors like interest rates and inflation to capture the broader economic context influencing corporate payout decisions.

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