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Determinants Of Stock Returns and Their Implications for Dividend Policy of Mining Sector Companies on The Indonesian Stock Exchange

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A B S T R A C T

This study analyzes the influence of fundamental microeconomic and macroeconomic factors on stock returns and their implications for the dividend policy of mining sector companies listed on the Indonesia Stock Exchange during 2019–2024. Microeconomic variables include operational cash flow, working capital, and net income, while macroeconomic variables comprise the interest rate (BI Rate) and the rupiah exchange rate (KURS). This research uses a quantitative approach with an associative method. The results show that working capital, net income, interest rates, and exchange rates significantly and positively affect stock returns, while operational cash flow has no significant effect. This indicates that investors prioritize profitability and capital efficiency over short-term cash flow. Regarding dividend policy, working capital, net income, interest rates, exchange rates, and stock returns significantly and positively influence dividend payouts. Operational cash flow, however, shows no significant impact, suggesting companies base dividend decisions more on profitability and macroeconomic conditions. Simultaneously, all studied micro and macro variables significantly affect stock returns and dividend policy. These findings emphasize that internal financial performance and external economic indicators are key considerations in investment decisions and dividend formulation. The study implies that companies should focus on profitability and efficient working capital management while accounting for macroeconomic trends to develop sustainable dividend policies. For investors, understanding both internal company performance and broader economic factors is crucial for rational investment choices.

KATA KUNCI

Return Saham, Kebijakan Dividen, Sektor Pertambangan, Fundamental Mikro, Fundamental Makro

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A B S T R A K

Penelitian ini menganalisis pengaruh faktor fundamental mikroekonomi dan makroekonomi terhadap *return* saham serta implikasinya terhadap kebijakan dividen pada perusahaan sektor pertambangan yang terdaftar di Bursa Efek Indonesia periode 2019–2024. Variabel mikroekonomi meliputi arus kas operasi, modal kerja, dan laba bersih, sedangkan variabel makroekonomi mencakup suku bunga (BI Rate) dan nilai tukar rupiah terhadap dolar AS (KURS). Penelitian ini menggunakan pendekatan kuantitatif dengan metode asosiatif. Hasil penelitian menunjukkan bahwa modal kerja, laba bersih, suku bunga, dan nilai tukar rupiah berpengaruh positif signifikan terhadap *return* saham, sedangkan arus kas operasi tidak berpengaruh signifikan. Hal ini menunjukkan bahwa investor lebih memprioritaskan profitabilitas dan efisiensi pengelolaan modal kerja dibandingkan arus kas jangka pendek. Dalam konteks kebijakan dividen, modal kerja, laba bersih, suku bunga, nilai tukar rupiah, dan *return* saham berpengaruh positif signifikan terhadap kebijakan dividen, sementara arus kas operasi tidak berpengaruh signifikan. Ini mengindikasikan bahwa perusahaan lebih mendasarkan kebijakan dividen pada profitabilitas dan kondisi eksternal yang relevan. Secara simultan, seluruh variabel mikro dan makro yang diteliti terbukti berpengaruh signifikan terhadap return saham dan kebijakan dividen. Temuan ini menegaskan bahwa kombinasi indikator internal dan eksternal merupakan faktor utama dalam pengambilan keputusan investasi dan penentuan kebijakan dividen. Bagi perusahaan, penting untuk memperhatikan profitabilitas dan efisiensi modal kerja serta dinamika makroekonomi. Bagi investor, pemahaman komprehensif terhadap kondisi internal perusahaan dan tren ekonomi makro penting untuk mendukung keputusan investasi yang rasional.

1. Introduction

Investment in the capital market provides potential returns from dividends and capital gains (share price appreciation). However, investment in the capital market is also fraught with uncertainty and risk. The higher the risk faced, the higher the return expected by investors, as explained in the concept of risk-return trade-off [1]. The capital market is one of the important pillars in the modern financial system that serves as a means of raising funds for companies to support their operational activities and business expansion. On the other hand, the capital market is also a strategic vehicle for investors in allocating funds through various investment instruments, such as stocks, bonds, mutual funds, and other derivative instruments [2].

In the case of investment decision-making, Signaling Theory remains relevant but has evolved in its application. Signaling theory, first introduced by [3], explains that company management has more complete information about the company's internal conditions than external parties such as investors (asymmetric information). To reduce this uncertainty, companies provide signals to investors through information disclosure, such as financial statements, performance projections, and dividend policies.

Nowadays, signaling theory has broadened its scope along with the increasing demand for transparency and better corporate disclosure practices, including ESG (Environmental, Social, and Governance) disclosure, which is now a major factor in modern fundamental analysis [4]. Good signals in the current era are not only limited to earnings reports but also the company's commitment to good governance, environmental sustainability, and social contributions.

The Indonesian capital market has a strategic role in supporting national economic growth. In the current digital era, the development of digital trading platforms also facilitates access to individual (retail) investors in conducting transactions, resulting in the democratization of investment in the capital market [5], [6]. This is evident from the increasing number of retail investors on the Indonesia Stock Exchange, especially after the COVID-19 pandemic.

The mining sector itself plays an important role in the Indonesia Stock Exchange, considering that Indonesia is one of the largest mining commodities producing countries in the world. Based on the latest data from the Indonesia Stock Exchange, the coal mining and metal mining subsectors still dominate market capitalization in the mining sector, although the renewable energy sector is starting to steal investors' attention. The global energy transition and decarbonization policies are driving changes in investment preferences, where investors are increasingly considering sustainability factors in choosing mining sector stocks.

In addition, global macroeconomic dynamics, such as commodity price fluctuations, global interest rate policies, and exchange rate volatility, also affect stock performance in this sector [7], [8], [9]. Thus, investment decisions no longer only refer to the historical performance of the company but also consider the global economic outlook and geopolitical conditions, as well as the application of ESG principles, the average share price in the mining sector can be seen on Table 1.

Table 1. Average Stock Return in the Mining Sector (2019 - 2024)

No	Sub-sector	YEAR					
		2019	2020	2021	2022	2023	2024
1	Sub-sector *pertambangan batu bara*	0.1087	-0.0123	0.2568	0.1482	0.0724	0.0351
2	Sub-sector metal and mineral mining	0.0921	0.0034	0.1897	0.1645	0.0487	0.0273
3	Sub-sector petroleum and natural gas production	0.0523	-0.0985	0.1432	0.1024	0.0312	0.0197
4	Sub-sector land/stone quarrying	0.0254	-0.0457	0.0893	0.0675	0.0239	0.0142
	Average	0.0696	-0.0383	0.1698	0.1207	0.0441	0.0241

The average return of mining sector stocks on the Indonesia Stock Exchange for the 2019-2024 period shows fluctuations influenced by global and domestic conditions. The positive performance in 2019 fell in 2020 due to the COVID-19 pandemic before finally recovering significantly in 2021-2022, thanks to a surge in commodity prices. In 2023, returns began to slow as prices normalized, while early 2024 faced pressure from global uncertainty and energy transition. The mining sector continues to play a strategic role in the national economy, with its market capitalization continuing to contribute to the IDX's total market capitalization despite being affected by commodity price dynamics, energy policies, and the impact of the pandemic.

Table 2. Mining sector market capitalization for 2019-2024

No.	Year	Mining Sector Market Capitalization (in Billion Rupiah)	Total Market Capitalization of All Sectors (in Billion Rupiah)	Market Share (%)
1	2019	587,942	7,265,246	8
2	2020	525,487	6,970,200	8
3	2021	765,328	8,255,074	9
4	2022	980,215	9,499,031	10
5	2023	895,671	9,268,430	10
6	2024*	912,345	9,550,000	10

Based on the market capitalization data of the mining sector on the Indonesia Stock Exchange for the period 2019-2024 on Table 2, it can be seen that the mining sector's contribution to the total market capitalization shows a fluctuating trend. In 2019, this sector recorded a capitalization of IDR 587,942 billion, or 8% of the total market capitalization of all sectors. The impact of the COVID-19 pandemic in 2020 caused a decrease in capitalization to IDR525,487 billion, although market share remained at 8%. As the global economy recovered and commodity prices surged, the mining sector's market capitalization jumped significantly in 2021 and 2022, peaking at IDR 980,215 billion in 2022 with a market share of 10%. In 2023 and projected 2024, the sector's market capitalization tends to stabilize at around IDR900 trillion, maintaining a contribution of 10% of IDX's total market capitalization. This data indicates that the mining sector remains one of the strategic sectors in the Indonesian capital market despite being vulnerable to fluctuations in global commodity prices.

Stock returns are influenced by macroeconomic factors such as the BI Rate and the exchange rate of the Rupiah against the US Dollar, which reflect the perception of investment risk in Indonesia, as well as global monetary policy spillovers and world economic uncertainty. On the microeconomic side, key indicators that investors pay attention to include cash flow from operations (CFO), working capital and net profit, as they reflect the health and prospects of a company's business. In the era of sustainable investment, financial reports now also include ESG aspects, making business sustainability an important part of investment decisions.

1.1. Schematic Framework

The design of thinking in this study schematically refers to theoretical concepts and findings from previous studies, which can be described through the following design on Figure 1.

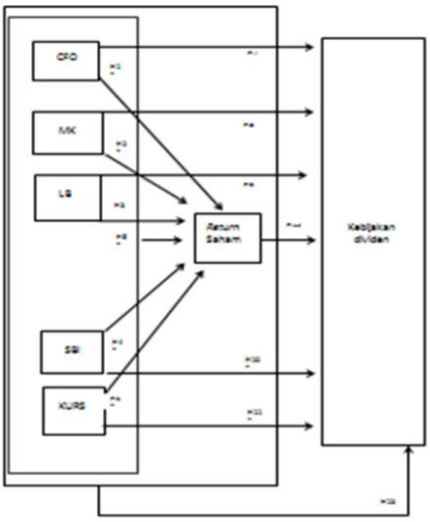

Figure 1. Determinants of stock returns and implications for dividend policy

1.2. Effect of Operating Cash Flow on Stock Returns

Operating cash flow reflects a company's ability to generate cash from its main operating activities, which is a key indicator of a company's financial health. In the current context, operating cash flow is not only seen from its ability to meet short-term obligations, but also assessed from its consistency and sustainability in supporting sustainable business activities (ESG-driven cash flow) [10]. Modern investors are increasingly paying attention to stable cash flow patterns as a positive signal of effective operational performance. Strong cash flow gives companies the flexibility to pay dividends, finance expansion, and reduce dependence on external funding, thereby strengthening investor confidence and positively impacting stock returns [11].

H1 : There is an effect of Operating Cash Flow on Stock Returns

1.3. The Effect of Working Capital on Stock Returns

Efficiently managed working capital reflects a company's ability to maintain liquidity and smooth operations, especially in the midst of post-pandemic global supply chain disruption [12]. Investors consider working capital efficiency as an indicator of management's ability to manage liquidity risk without sacrificing profitability. Working capital imbalances have the potential to reduce investor confidence because they indicate operational problems that have an impact on stock returns [13], [14].

H2 : There is an effect of Working Capital on Stock Returns

1.4. The Effect of Net Income on Stock Returns

Net income is still the main indicator that investors analyze in assessing the company's financial performance. However, in the current era, investors not only focus on the amount of profit, but also pay attention to earnings quality, which reflects the sustainability of future performance [15]. High and quality earnings (minimal manipulation) provide positive signals to investors, increasing stock return expectations [16].

H3 : There is an effect of Net Income on Stock Returns

1.5. The Effect of Interest Rates on Stock Returns

The benchmark interest rate (BI Rate) remains an important macroeconomic factor that influences investment decisions in the stock market. Rising interest rates tend to reduce the attractiveness of stocks as borrowing costs rise and discounted cash flow-based stock valuations fall [17]. In the global context, investors are also paying attention to the spillover effect of the Fed's monetary policy which impacts capital outflows from emerging markets, including Indonesia [18].

H4 : There is an effect of the SBI Interest Rate on stock returns

1.6. The Effect of Rupiah Exchange Rate on Stock Returns

The exchange rate of Rupiah against USD is an important variable for mining sector companies whose activities are mostly related to the export or import of heavy equipment. A weakening Rupiah increases import costs and potentially pressures profit margins, while a strengthening Rupiah provides a positive signal to investors. In the context of a complex global supply chain, exchange rate volatility is increasingly becoming a concern for investors as it affects cash flow projections and stock returns [19].

H5 : There is an effect of the Rupiah exchange rate on USD on stock returns.

1.7. The Effect of Microeconomic and Macroeconomic Fundamentals on Stock Returns

Modern investors increasingly realize the importance of integrated analysis, which combines micro (financial performance) and macroeconomic (interest rates, exchange rates, commodity prices) fundamental analysis in predicting stock returns [2]. Investment decision-making in the mining sector is strongly influenced by a combination of these two factors, given that this sector is very sensitive to global factors.

H6 : There is an influence of Microeconomic Fundamentals and Macroeconomic Fundamentals on Stock Returns.

1.8. Effect of Operating Cash Flow on Dividend Policy

The availability of sufficient operating cash flow is a major factor in determining dividend policy. Companies that have strong operating cash flows are more likely to pay stable or increasing dividends, especially to maintain the confidence of institutional investors [20]. However, in the era of energy and ESG transition, companies are also faced with the dilemma between paying dividends or allocating cash flow to sustainability investments.

H7 : There is an effect of Operating Cash Flow on Dividend Policy

1.9. The Effect of Working Capital on Dividend Policy

High working capital efficiency provides financial flexibility for companies to pay dividends without disrupting operational liquidity. Good working capital management reflects healthy financial governance, thus supporting a more stable dividend policy [21], [22].

H8 : There is an effect of Working Capital on Dividend Policy

1.10. The Effect of Net Income on Dividend Policy

High quality net income encourages companies to pay dividends as a signal of positive performance. However, companies are faced with a trade-off between paying dividends or retaining profits for expansion, especially in sectors that require long-term investment, such as mining [1].

H9 : There is an effect of Net Income on Dividend Policy

1.11. Effect of Interest Rate on Dividend Policy

Rising interest rates increase a firm's cost of capital, reducing the room for flexibility to pay dividends. On the other hand, when interest rates are low, companies tend to be more aggressive in paying dividends to attract investors [23].

H10 : There is an effect of SBI Interest Rate on Dividend Policy.

1.12. The Effect of Rupiah Exchange Rate on Dividend Policy

Exchange rate fluctuations directly impact the profitability of companies that depend on imported raw materials or export earnings. A strengthening Rupiah is generally followed by an increase in profits which encourages a more positive dividend policy, while a weakening Rupiah tends to depress dividends [24].

H11 : There is an effect of the Rupiah exchange rate on the USD on Dividend Policy.

1.13. Effect of Stock Return on Dividend Policy

Stable or increasing stock returns reflect investor confidence in the company's prospects. Companies that have a reputation for paying stable dividends tend to have lower stock price volatility, as they are considered an attractive income stock for conservative investors [25].

H12 : There is an effect of Stock Return on Dividend Policy

1.14. Effect of Microeconomic Fundamentals (Operating Cash Flow, Working Capital, Net Income), Macroeconomic Fundamentals (SBI, Rupiah exchange rate on USD) and Stock Return on Dividend Policy

In the current analysis, micro and macro fundamentals remain the main benchmark for investors in assessing the performance and prospects of a company, including determining expectations for dividend policy. Microeconomic fundamentals reflect the quality of a company's internal performance, including operating cash flow, which shows the company's ability to generate cash purely from operating activities, working capital, which reflects the efficiency of managing current assets and current liabilities, and net profit,

which reflects net profitability after tax. These three variables are the main indicators that investors analyze in assessing dividend prospects, especially in the context of whether the company is able to distribute dividends stably or chooses to retain profits for expansion [11], [12].

Meanwhile, macroeconomic fundamentals such as the BI Rate (Bank Indonesia's benchmark interest rate) and the Rupiah exchange rate against the USD are external factors that affect corporate profitability and funding costs. An increase in interest rates tends to increase interest costs and reduce the company's ability to pay dividends, while a weakening Rupiah increases import costs which results in a decrease in net profit, potentially suppressing dividend payments [17], [18]. However, export-based companies such as mining tend to benefit when the Rupiah weakens, so the relationship between exchange rates and dividends is contextual depending on the business structure of each company [19].

In addition, stock returns, which reflect the appreciation of stock prices in the capital market, also indicate market signals on company performance and prospects. Companies with stable and increasing stock returns tend to have a greater ability to maintain an attractive dividend policy, as investors' perceptions of their long-term prospects tend to be positive [1], [20]. In the modern investment era, investors are increasingly paying attention to sustainability signaling associated with sustainable dividends and corporate ESG commitments [4].

Therefore, a combination of microeconomic and macroeconomic fundamentals, coupled with stock returns, form the main foundation that influences the dividend policies of companies in the mining sector that are highly sensitive to global dynamics, commodity prices and economic uncertainty.

H13 : There is an influence of Macroeconomic Fundamentals and Microeconomic Fundamentals and Stock Returns on Dividend Policy

2. Research Method

This research uses a quantitative approach with an associative method, which is a method that aims to determine the relationship and influence between two or more variables [26]. The associative method was chosen because this study wants to analyze how the relationship between macroeconomic fundamental variables (BI Rate, Rupiah exchange rate against USD), microeconomic fundamentals (operating cash flow, working capital, net profit), stock returns, and their effect on dividend policy in mining sector companies.

2.1. Population

The population in this study includes all mining sector companies listed on the Indonesia Stock Exchange (IDX) during the 2019-2024 period. The selection of this period is based on significant global and domestic economic dynamics in the last five years, including the impact of the COVID-19 pandemic, commodity price fluctuations, energy transition, and national macroeconomic policies that have changed quite drastically after the pandemic.

2.2. Sample

This study's sample determination used purposive sampling, a non-random sample selection technique based on certain criteria relevant to the research objectives [27]. This technique was chosen because not all mining sector companies listed on the IDX have the characteristics and completeness of data that are in accordance with the analysis needs in this study. The use of purposive sampling aims to make the sample taken truly represent the relevant target population and support the consistency of the analysis results. The criteria used in the sample selection are as follows:

1. The company is included in the mining sector category based on the industrial classification determined by the Indonesia Stock Exchange (IDX) during the 2019-2024 period.
2. The company has been listed on the IDX before or on January 1, 2019 and remains listed until December 31, 2024.
3. Companies that have consecutive positive net income during the 2019-2024 period. This criterion is applied to avoid bias due to extreme financial risk that often occurs in companies that record negative profits (financial distress), which has the potential to interfere with the validity of analyzing the influence of fundamentals on stock returns and dividend policy.
4. The company has published audited annual financial statements during the research period, with complete data including cash flow statements, income statements, and notes to financial statements.
5. The company's shares were actively traded on the IDX regular market during the 2019-2024 period, as indicated by consistent trading frequency and transaction volume data.
6. The company presents complete information regarding dividend policy (dividend payout ratio) during the research period.

2.3. Data Collection Technique

This research uses documentation techniques by collecting secondary data sourced from the annual financial statements of mining sector companies listed on the Indonesia Stock Exchange (IDX) for the 2019-2024 period. Additional data related to stock prices, dividends, the Rupiah exchange rate against the USD, and the BI interest rate were also obtained from official

publications such as IDX Statistics, Bank Indonesia, and financial data platforms such as Bloomberg and Refinitiv. In addition, literature studies were conducted by referring to scientific journals, current textbooks, and previous research results relevant to the topic of the influence of macroeconomic and microeconomic fundamentals on stock returns and dividend policy.

2.4. Analysis Design and Hypothesis Testing Panel Data Regression Model

This research uses the panel data regression analysis method, which combines time series data (2019-2024) and cross-section data (mining sector companies). Panel data regression was chosen because it is able to capture the impact of heterogeneity between companies and the dynamic impact between times, so that the estimation results become more robust [28]. There are three panel data estimation approaches to be tested, namely Pooled Least Squares (PLS), Fixed Effect Model (FEM), and Random Effect Model (REM). The selection of the best model is done through a series of specification tests, namely the Chow Test, Hausman Test, and Lagrange Multiplier (LM) Test to ensure the model best fits the research data characteristics.

3. Result and Discussion

3.1. Analysis of the Estimation Results of Stock Return Determinants

Analysis of the estimation results of stock return determinants can be seen on Table 3 and its effects specification on Table 4 with the following setting:

a. Dependent Variable: DPR (Dividend Payout Ratio)
b. Method: Pooled EGLS (Cross-section weights)
c. Date: 01/28/2025 Time: 04:07
d. Sample: 2019 2024
e. Included observations: 6
f. Cross-sections included: 12
g. Total pool (balanced) observations: 72
h. Linear estimation after one-step weighting matrix

Table 3. Estimated Values of the Significance Test of BI Rate, Exchange Rate, CFO, Working Capital, Net Profit, and Stock Return on Dividend Payout Ratio (Fixed Effect Method, 2019–2024 Period)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C (*Konstanta*)	0.245138	0.041276	5.939241	0.0000
RS (Return *Saham*)	0.262478	0.098529	2.663291	0.0098
CFO (*Arus Kas Operasional*)	0.003762	0.005109	0.736563	0.4637
MK (*Modal Kerja*)	0.018904	0.034832	3.051984	0.0031
LB (*Laba Bersih*)	0.489237	0.159831	3.060214	0.0029
BI Rate	0.176534	0.127329	2.206471	0.0317
KURS (Rupiah/USD)	1.024692	0.403712	2.538271	0.0135
Effects Specification				
Cross-section fixed (dummy variables)				
Weighted Specification				
R-Squared	0.969843	Prob (F-statistic)		0.000000
Adjusted R-Squared	0.966315	Durbin-Watson stat		2.107491
S.E. of regression	0.209834	Mean dependent var		0.372586
Sum squared resid	2.348125	S.D. dependent var		0.289134
F-statistic	18.53217			

Table 4. Panel Estimation Results of the Influence of BI Rate, Exchange Rate, CFO, Working Capital, Net Profit, and Stock Return on Dividend Payout Ratio (Fixed Effect Method, 2009–2014 Period)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.233645	0.045580	5.126060	0.0000
RS?	0.275703	0.172675	4.792153	0.0116
CFO?	-0.001211	0.006005	-0.441725	0.8409
MK?	0.012872	0.050253	4.325131	0.0279
LB?	0.501327	0.182568	4.911924	0.0082
SBI?	0.201671	0.192995	3.044752	0.0307
KURS?	1.066416	0.457958	4.538622	0.0237
Effects Specification				
Cross-section fixed (dummy variables)				
Weighted Specification				
R-Squared	0.971431	Prob (F-statistic)		0.368332
Adjusted R-Squared	0.969474	Durbin-Watson stat		0.291887
S.E. of regression	0.216429	Mean dependent var		2.529445
Sum squared resid	10.72075	S.D. dependent var		2.080698
F-statistic	0.000000			

3.2. Analysis of Dividend Policy Estimation Results

Analysis of dividend policy estimation result can be seen on Table 4 with following setting:

a. Dependent Variable: DPR (Dividend Payout Ratio)
b. Method: Pooled EGLS (Cross-section weights)
c. Date: 01/28/2025 Time: 04:07
d. Sample: 2009 2014
e. Included observations: 6
f. Cross-sections included: 12
g. Total pool (balanced) observations: 72
h. Linear estimation after one-step weighting matrix

3.3. Discussion

3.3.1. Effect of Operating Cash Flow (CFO) on Stock Return

The data processing results show that CFO has no significant effect on stock returns, with a t-count value of -0.4417 which is smaller than the t-table (1.96). This indicates that investors in the mining sector prioritize net income information and commodity prospects over operating cash flows. Global uncertainty in commodity prices and heavy investment activities in the mining sector make operational cash flow tend to fluctuate, so it is not used as the main indicator of investors. This result is in line with the research of [29] but inconsistent with [30], who found a positive effect of CFO on stock returns.

3.3.2. Effect of Working Capital (MK) on Stock Return

Working capital has a significant positive effect on stock returns, with a t-count of 4.3251. This indicates that the effectiveness of working capital management is a positive signal for investors. Optimal working capital indicates operational efficiency which has an impact on increasing the profitability and competitiveness of the company. Investors view that companies with good working capital turnover have better growth prospects, making them attractive to investors. This finding is consistent with both research [21], [22].

3.3.3. Effect of Net Income (LB) on Stock Return

The test results show that net income has a significant positive effect on stock returns, with a t-count of 4.9119. High net income provides a strong signal of healthy fundamental performance, encouraging investor interest in investing in the company. An increase in net profit also increases expectations of larger dividend payments. This finding is in line with different researches [24], [29].

3.3.4. Effect of Interest Rate (BI Rate) on Stock Return

The interest rate (BI Rate) has a significant positive effect on stock returns, with a t-count of 3.0447. Although an increase in the BI Rate generally has negative implications for the stock market, in the mining sector where most issuers are export-oriented, the appreciation of the currency value due to an increase in interest rates increases export competitiveness, which has a positive impact on stock returns. This result supports the research [31].

3.3.5. The Effect of Rupiah Exchange Rate (KURS) on Stock Returns

Exchange rate has a significant positive effect on stock returns, with a t-count of 4.5386. A stronger Rupiah reduces production costs (particularly imports of equipment and raw materials), which increases the profitability of mining companies. On the other hand, a weakening Rupiah benefits export-oriented companies. This duality makes currency exchange rates an important indicator for investors in the mining sector. This result is consistent with [32], [33].

3.3.6. Simultaneous Effect of CFO, MK, LB, BI Rate, and KURS on Stock Return

The simultaneous test results show that all variables together have a significant effect on stock returns, with an F-count of 10.7207 and Prob (F) = 0.0000. This indicates that a combination of micro and macro fundamental factors comprehensively determine stock returns in the mining sector. This finding supports the research [34].

3.3.7. Effect of Operating Cash Flow (CFO) on Dividend Policy (DPR)

CFO has no significant effect on dividend policy, with a t-count of -0.4417. This shows that dividend policy considers net income more than operating cash flow. Investors emphasize earnings stability as the main fundamental signal. This finding is in line with [35] research.

3.3.8. Effect of Working Capital (MK) on Dividend Policy (DPR)

Working capital has a significant positive effect on dividend policy, with a t-count of 4.3251. Companies with healthy working capital management have good liquidity flexibility, so they are more able to distribute dividends. This result is consistent with [20], [21] research.

3.3.9. Effect of Net Income (LB) on Dividend Policy (DPR)

Net income has a significant positive effect on dividend policy, with a t-count of 4.9119. The higher the net profit, the greater the dividend that can be distributed. Investors consider companies that consistently book high net income tend to have attractive dividend policies. This finding supports the research [35].

3.3.10. Effect of Interest Rate (BI Rate) on Dividend Policy (DPR)

BI Rate has a significant positive effect on dividend policy, with a t-count of 3.0447. Rising interest rates

create high-cost pressures, so companies tend to maintain investor confidence by maintaining dividend payments as a signal of stability. This result supports research [23].

3.3.11. The Effect of Rupiah Exchange Rate (KURS) on Dividend Policy (DPR)

Exchange rate has a significant positive effect on dividend policy, with a t-count of 4.5386. Exchange rate fluctuations have a direct effect on the profitability of mining companies. When the Rupiah strengthens, production costs decrease, so dividends tend to increase. This result is in line with research [23].

3.3.12. Effect of Stock Return (RS) on Dividend Policy (DPR)

Stock return has a significant positive effect on dividend policy, with a t-count of 4.7921. An increasing stock price reflects positive performance expectations that encourage companies to maintain investor confidence through stable or increasing dividends. This finding is in line research [36], [37].

3.3.13. Effect of CFO, MK, LB, BI Rate, KURS and RS on Dividend Policy Simultaneously

The simultaneous test shows that all variables have a significant effect on dividend policy, with an F-count of 10.7207 and Prob(F) = 0.0000. This indicates that both micro (CFO, MK, LB, RS) and macro (BI Rate and KURS) factors have a very important role in determining the dividend policy of mining companies. This finding supports research [23].

4. Conclusion

Operating Cash Flow (CFO) has no significant effect on stock returns and dividend policy, indicating that investors and companies prioritize net income and long-term strategies. Meanwhile, Working Capital (MK), Net Income (LB), Interest Rate (BI Rate), and Rupiah exchange rate (KURS) have significant positive effects on both stock returns and dividend policy, as they reflect financial health, efficiency, and macroeconomic advantages. Stock Return (RS) also significantly affects dividend policy by raising investor expectations. Overall, the combination of micro and macro factors significantly influences stock returns and dividend policy in the mining sector.

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