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Research Article

Analysis of the Factors Influencing Cash Holding in Corporation

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Abstract
This study examines the effect of net working capital, leverage, and cash flow on cash holding in the Pharmaceutical Industry Sub-Sector corporation listed on the Indonesia Stock Exchange (IDX) in 2016-2020. This study uses a sample of pharmaceutical industry sub-sector companies listed on the Indonesia Stock Exchange (IDX). The sampling technique in this study used purposive sampling and obtained a sample of 9 companies. This study uses secondary data, namely financial statements obtained from the Indonesian Stock Exchange (IDX) official website. The analytical method used is a panel data regression model with the EViews 10. The results of this study indicate that only the Net Working Capital variable does not affect Cash Holding. In contrast, the other independent variable does not affect Cash Holding, while the other independent variables used in this study have an effect. This research is used to provide an overview to companies that cash holding policies are good for companies and provide an overview as a reference for consideration in making investment decisions by taking into account the impact of making cash holding decisions by companies.

Keywords: Net Working Capital, Leverage, Cash Flow, Firm Size, Cash Holding

JEL Classification: G32, G35

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1. Introduction
A corporation or company is an organization or economic institution established to obtain optimal profits to increase a company's value and the shareholders' wealth. As the competition is getting tighter, business requires companies to have accuracy in management finance in a company, one of which is with cash management to determine the optimal amount of cash supply for the company. In this case, the availability of cash is very important for the company, especially in financing the operational activities of a company (Sudarmi & Nur, 2018).

Quoted previous studies related to cash holdings explained that the countries in the world have the level of cash holdings and different optimums. This is proven by Aftab et al. (2018), which shows that the highest average cash holdings are in the Middle East, 14.18 percent, followed by Asia Pacific and North America, with an average cash ownership of 13.65 percent and 12.85 percent, respectively. So this phenomenon shows a difference in cash holding in a company. It is necessary to analyze the factors that influence cash holding, which makes a difference possible, where the company must be careful in calculating the investment to be carried out, taking into account the benefits obtained and the risks to be faced.

Cash is a very important asset for every company because it can affect the company's liquidity and show the ability of the company to fulfill all of its obligations on time. The company also uses cash to finance all operational activities of the company, then the company often chooses large amounts of cash to avoid uncertainty (Yanti et al., 2019). Cash Ownership (Cash Holding) is the most liquid asset a company owns (Santosa et al., 2020; Arfan et al., 2017).

In a company's operational and transactional activities, cash availability is very important. Holding large amounts of cash provides various advantages for the company, one of which is financing unforeseen circumstances (unexpected expenses). However, holding cash with excessive amounts will hurt the company, namely the loss of the company's opportunity to earn profits because the stored cash will not give an opinion. Therefore, the problem that financial managers must face is to carry out activities of the company's operations while maintaining the balance of the number of cash companies, the more attention from various parties, such as the managers and investors, on the company's cash holdings (Levina & Sha, 2021).

Determining the company's cash level for financial managers is an important decision for maintaining the company's performance. At company time, obtain an inflow of cash. The manager must decide whether cash will be used to distribute dividends to shareholders, conduct investment activities, purchase shares, or save cash for other purposes in the future (Suherman, 2017).

In general, the cash contained in a company needs to get attention from the manager. This is because when the company saves cash too little, it will find it easier to meet long-term needs in short. This fact causes the company to be seen as bad and illiquid, which ultimately raises doubts because its image could be better for the company. Meanwhile, on the other hand, saving too much cash will also cause losses for the company because the company can not achieve optimal levels of profitability, namely the profit that should be obtained by the company with the use of too much-stored cash to carry out business activities (Fifriani & Santosa, 2019; Gunawan, 2016). Determining how many levels of cash holding-optimal is not the case easy. Because according to the pecking order theory, it is said that there is no level of cash holding optimal for the company, but cash has a role as a buffer between retained earnings and investment needs (Gunawan, 2016).

Meanwhile, according to Trade-off Theorythis explains that, in defining cash, holding the right company considering the cost issued and the benefits obtained from holding cash (Silvy & Rasyid, 2021). Every company that does cash holding has a purpose or different motives. According to Ali et al. (2016), company motives or reasons do cash holding there are three. Namely, transactional motives are where the cash is retained to meet the long-term cash inflow and cash outflow requirements short. Second, the precautionary motive reflects the idea that private companies and households hold cash because they can pay obligations in the future. Third, speculative motives mean that it currently has cash on hold to guard against the eventuality of future interest rate increases.

One of the factors used to see the effect on cash holding is the ratio of working capital measured by Net Working Capital (NWC) or net working capital. Rosyidah & Santoso (2018) said that Net Working capital is part of current assets that can be used to finance the operational activities company's net working capital. It can act as a substitute for a cash holding company. This is because it can be replaced easily into cash whenever the company needs it.

The second factor is likely to influence cash holdings on leverage. Leverage is a ratio that analyzes the expenditure made by a company in the form of a comparison between debt and capital and the capabilities company to pay interest and other fixed expenses (Alicia et al.,2020). According to Sari & Hastuti (2020), problem leverage always will be a consideration for a company, especially when the company has to underwrite a variety of financing. In every company with existsleverageLarge companies generally tend to hold cash more to pay off their debts and finance their needs. The ratio leverage used in this study is the Debt to Assets Ratio (DAR).

The next factor that influences cash holdings is cash flow. Cash flow is an analysis of all the changes that affect cash in the operations, investment, and finance categories (Kariyoto, (2017). In this study measurement of cash flow used is Cash Flow Ratio (CFL). According to Sari & Ardian (2019), abundant cash flow is usually used to finance new projects that can be profitable, pay debts, or pay dividends to shareholders. This amount can be predicted because a company with a big cash flow also tends to hold more cash. The amount of cash flow also had the effect of increasing cash holding a company.

Firm Size is the last factor used to see the effect on cash holding. Christian & Fauziah (2017) said that firm size is also a factor that can influence cash holding in a company. Firm size describes the size of a company that can be seen from the total assets, the number of sales, and the average sales average. Measurements used in firm size ratio is Total Assets. Firm size can give an idea of the size of large companies and can show the company's ability to manage its operations. The bigger a company will, the more a positive view from the public so that public trust will be easy to obtain, and conversely more difficult for small companies to gain the public's trust (Darmawan & Nugroho, 2021).

Each company determines a policy on the amount of cash held differently. Several observations indicate that the company tends to hold larger amounts of cash than the required amount. In addition, each study also reveals results different from the factors that influence cash holdings. Research on the factors that affect cash holding is still being carried out a lot because determining the optimal level of cash holding is still a concern for companies worldwide (Christina et al., 2020).

2. Literature Review and Hypothesis

Theory of Cash Ownership

According to Sanjaya and Widiasmara (2019), the availability of cash is important for the company to meet operational needs. Cash is the most current form of asset, so cash can easily be used for transactions within the company. Saving too much cash will benefit the company when a country has a currency imbalance. However, holding too much also has a positive impact; the firm's opportunity to earn a profit or invest will be recovered because its cash is only saved. This can indicate that the company must manage and maintain a good cash balance. So, one way to manage it is with cash holding. Cash is a payment that is ready and free to use for activities at a company. Cash can also be in the form of cash or bank deposits to be immediately accepted as a means of payment under the amount (Suherman, 2017).

Agency Theory

Agency theory states something relationship, namely when the shareholder utilizes the agent's services (manager) to exercise certain decision-making authority. However, there is a possibility that the management only sometimes acts accordingly to the interests of the shareholders because there will be a conflict in excess cash flow. In agency theory, managers can reduce agency costs by sharing ownership. Therefore, the agency problem is determining factor of the cash holding company due to costs agencies that can influence managers (Hayati, 2020).

Cash Holding

According to Simanjuntak & Wahyudi (2017), cash holdings are the amount of cash held by the company to meet the activities of company operations. Cash management is necessary to determine whether to hold large or small amounts of cash. Every company will try to provide the

optimal amount of cash, which means not too much or not too little.

Net Working Capital
Net working capital or working capital is a fund to invest in current assets used in the company's operating costs in cash, securities, receivables, inventories, and other current assets. According to Kasmir (2016), the following is the definition of working capital used to finance the company's operational needs at the time the company is operating. With sufficient working capital, the company can operate sufficiently, and the company will be able to deal with the problem arising from the crisis in terms of financial problems. The firm is expected to manage working capital effectively and efficiently to fulfill operational needs.

Leverage
According to Santosa (2010) and Kasmir (2014) leverage or ratio solvency is a ratio used to measure the extent to which the company's activities are financed with debt. Meanwhile, according to Ali et al. (2016), leverage is when a company buys its assets regularly with the belief that the profit generated from these assets will be larger than the loan received to purchase the asset.

Cashflow
Cash flow is the incoming and outgoing cash flow company. If cash inflows are greater than cash outflows, the company with a positive cash flow will increase the amount of cash holding in the firm. Conversely, if the amount of cash inflows is smaller than the cash flows out, then the company will experience financial difficulties, so that it will reduce the amount of cash holding (Stefany & Ekadjaja, 2019).

Firm Size
Firm size is the size of a company seen from its size equity value, sales value, or asset value (Riyanto, 2013). Whereas according to Sawir (2015), firm size determines financial structure. Based on this understanding, it can be seen that firm size is a scale that determines the size of a company from the value of equity, sales value, number of employees, and total value assets, which are context variables that measure service or product demands organization (Santosa et al., 2022). This firm size can be a big picture of the size of a company that can be seen from the number of sales of its products sold by the company, total assets of the company, average company sales, and average the average total assets owned by the company (Suwandi, 2020).

Hypothesis
According to Ross et al. (2015), if working capital is net (net working capital) are current assets and current liabilities that can generate positive working capital when the amount of current assets is greater than the number of current liabilities. One of the components of net working capital is cash; then, the company's set working capital tends to be big and will have cash holding big on the firm. Besides that, if one company has value net working capital, the negative means the company is currently in a state of liquidity difficulty due to the value of the liability. The current assets owned are greater than those owned by the company. The results o research conducted according to Cahyati et al. (2020), Sari & Hastuti (2020), Silvy & Rasyid (2021), Suci & Susilowati (2021), and Abbaset al. (2020).
H1: Net Working Capital effect on Cash Holding

According to Monika et al. (2019), a company with existing leverage generally retains cash holdings of lower amounts because they have higher interest rates than debt compared to a level company that leverages the low one. High leverage can signal that the company can easily access debt markets, so companies do not need to hold more cash. Companies with high debt ratios have low cash reserves because they must repay their debt and interest. Results research conducted according to Sudarmi & Nur (2018), Saputri & Kuswardono (2019), Wijaya & Bangun (2019), Pasaribu & Nuringsih (2019), Liputri & Susanto (2020), Jason & Viriany (2020), which state that leverage effect on cash holding.
H2: Leverage effect on Cash Holding

Cash flow is the cash flow or movement of money in and out of a company every month. The company needs a certain amount of cash in every operational activity, hence the number of holdings cash related to cash flow available. Cash is an asset the most liquid in the company. The more liquid the company, the failure rate company in meeting its short-term obligations will be lower (Roseet al.,2020). The results of research conducted according to Wijaya & Bangun (2019), Sari & Ardian (2019), Hadiwijaya & Trisnawati (2019) and Santosa et al. (2021) state that cash flow effect cash holding.

H3: Cash flow effect on Cash Holding

Firm size is a picture that can show the size of something company; the bigger the company, the stronger it will show the company and will increase the interest of investors to invest. Large companies will tend to try to maintain liquidity company to anticipate things that cannot be predicted in the future day because it has a greater need than the company small and large companies will also be easier to obtain funds compared to small companies because they are considered strong and capable develop its business to increase cash holdings (Darmawan & Nugroho, 2021). The results of research conducted by Angkawidjaja & Rasyid (2019), Romadhonet al. (2019), Alwi & Santioso (2020), Putri (2021), and Aspasia & Arfianto (2021) states that firm Size effect on cash holding.

H4: Firm Size effect on Cash Holding

3. Data and Method

Types of research

This study uses a type of quantitative research because the analysis technique uses numbers, starting from data collection, interpretation of the data, as well as the appearance of the results of the data processing.

Population and Sample

According to Gunawan (2016), the population is all objects that meet the specific requirements for the problem to be studied. The population in research are all pharmaceutical industry sub-sector companies on the Indonesia Stock Exchange, with years of observation from 2016 – 2020. Sekaran & Bougie (2013) said that the sample constitutes a portion of the population. In this case, the sample comprises several members selected from the population. In this study, a sample of 9 companies was obtained.

Method of collecting data

The type of data used in this research is secondary data. According to Indrianto & Supomo (2013), secondary data is a source of data research that is not obtained directly by researchers but through intermediaries (obtained and recorded by other parties). The data source used in this research is the history of the annual financial reports of pharmaceutical industry sub-sector companies contained in www.idx.co.id in 2016-2020.

Data analysis method

The data needed in this research is secondary data, namely using, panel data. Panel data combines sequential data time (time series) and cross data (cross sections). Then, the technique of data collection using documentation techniques based on period financial reports 2016-2020 from the Indonesia Stock Exchange and downloaded on the internet (www.idx.co.id).

4. Results

Descriptive statistical analysis

Descriptive statistics give an overview of the variables in this research. The descriptive statistical data included are nine firms' pharmaceutical industry sub-sector manufacturing listed on the IDX in 2016-2020.

Table 1 Results of Descriptive Statistical Analysis

	CH	NWC	DAR	CFL	FS
Mean	14.47427	35.20978	41.04067	73.58003	2799.316
Median	15.00000	40.98000	33.44000	14.65891	2812.309
Maximum	33.38000	66.78000	91.64000	935.2163	3074.739
Minimum	0.240000	-3.960000	0.010000	0.872343	2059.916
Std.Dev	9.680138	16.27838	26.57481	207.7248	197.1378

Source: Results processed (2022)

Based on Table 1 descriptive statistics, it can be seen that the number of the sample (n) is 45 observational samples obtained from 9 companies in a 5-year study period, from 2016 to 2020. Variables cash holding obtained a mean value of 14.47427, a median value of 15.00000, a maximum value of 33.38000, a minimum value of 0.240000, and a standard deviation value of 9.680138.

Panel Data Regression Model Analysis Test

Chow Test

The Chow test determines whether the model fixed effect to common effects is the most appropriate for estimating panel data in this study. To determine it, done in a way compare the probability values of the chi-square cross section obtained on processed data from the fixed effect model with a significant level at α = 5% (0.05).

Table 2 Results of the Chow-Fixed Effect Model test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	12.839548	(8.32)	0.0000
Cross-section Chi-square	64.684611	8	0.0000

Source: Results processed (2022)

In Table 2, it can be concluded that the selected model of each research model then is selected fixed effect method (FEM) due to probability value. 0.0000 < from the value of α = 5% (0.05), then Ho is rejected. Therefore, the Fixed Effect Method (FEM) is the best model compared Common Effect Method (CEM).

Hausman Test

The Hausman test is a statistical test to choose which is most appropriate, whether the model has a fixed or random effect. After completing the test Chow, the right thing to get is a fixed effect, then next the study test which model among the models fixed effect to random effect the most appropriate, this test is referred to as a test Hausman.

Table 3 Results of the Hausman-Fixed Effect Model test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	10.397436	4	0.0342

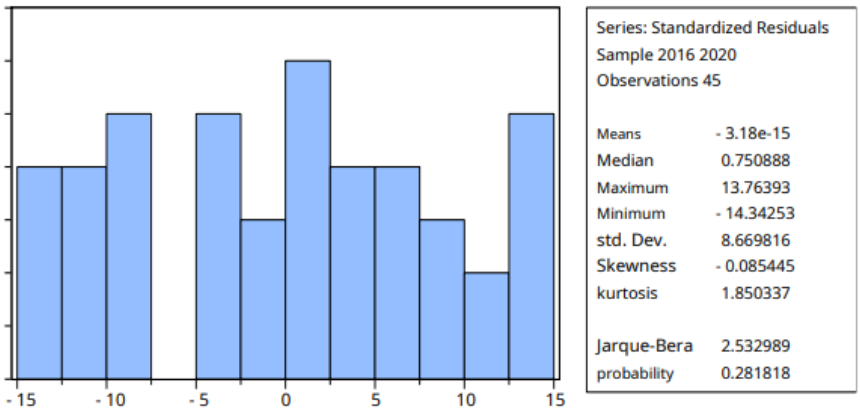
Source: Results processed (2022)

Based on Table 3, the results of the Hausman test model test are presented for each research model for pharmaceutical sub-sector companies for the 2016-2020 period concluded that the selected model is a fixed effect method (FEM) because the probability value is 0.0342 where the value is < than α = 5% (0.05) then H1 accepted. This shows that the best model is the Fixed Effect Method (FEM) compared with Random Effect Method (REM).

Classical Assumption Test

Normality Test

According to Ghozali (2018:161), the normality test aims to test whether the confounding or residual variables have a normal distribution in the regression model. A good regression model has a residual value normally distributed. In testing a hypothesis, the data must be distributed normally.



Figures 1 Normality Test

Source: Results processed (2022)

Figure 1 shows that the Jarque-Bera probability is 0.281818, which means that the value is greater than the significance level 0.05, so the value normally distributes the sample Jarque-Beraof 2.532989 < 2.

Multicollinearity Test

According to Ghozali (2018), this multicollinearity test aims to test whether the regression model found a correlation between independent variables (bound). A good regression model should not correlate with the dependent variable. If the dependent variables are correlated, then these variables are not original.

Table 4 Results of Multicollinearity test

NWC	DER	CFLs	FS
1.000000	-0.044630	-0.449809	0.452422
-0.044630	1.000000	0.222742	-0.276295
-0.449809	0.222742	1.000000	-0.759049
0.452422	-0.276295	-0.759049	1.000000

Source: Results processed (2022)

Based on Table 4, the results of the tests that have been carried out can show no multicollinearity problem in this study. Matter This is so because the values generated by all dependent variables are based on the rule of thumb of less than 0.8.

Heteroscedasticity Test

According to Ghozali (2018), the heteroscedasticity test aims to test whether, in the regression model, the variance of the residual is one observation to another. A good regression model is a homoscedasticity or no heteroscedasticity.

Table 5 Results of the Heteroscedasticity test

F-statistics	1.225028	Prob. F (14.30)	0.3089
Obs*R-squared	16.36822	Prob. Chi-Square (14)	0.2914
Scaled explained SS	7.368267	Prob. Chi.Square(14)	0.9196

Source: Results processed (2022)

The test used in this study is white, which shows a mark Obs*R-squared of 16.36822 with Prob. Chi-Square 0.2914 This result is greater than α = 5% (0.05), so conclusions can be drawn from Table 5 that in this study, the data are homoscedasticity or there is similarities variance. It is said that there is no heteroscedasticity problem.

Correlation test

According to Ghozali (2018), The autocorrelation test aims to test whether there is a correlation between the confounding errors in the linear regression model t period t with confounding errors in period t-1 (previous).

Table 6 Results of the Cross-Correlation test

N	K	d_L	d_U	4-d_U	4-d_L	Conclusion
45	4	1.3357	1.7200	2.2800	2.6643	There is no autocorrelation.

Source: Results processed (2022)

The results obtained from the autocorrelation test using Durbin-Watsons (DW) test indicate a DW value of 1.028781. Data says no experience autocorrelation if the statistical value Durbin-Watsonbigger than 0 and smaller than dL. From the basis of decision-making that has been determined, the DW value is between the values 0 < d < dL, namely 0 < 1.028781 < 1.3357. Based on Table 6, it can be concluded that there is no autocorrelation in the regression model.

Panel Regression Model Test

This panel regression model aims to determine whether the variable is a dependent effect on the independent variable. In this study, the technique used is alternating regression analysis because the dependent variable is more from one.

Table 7 Results of Panel Data Regression Analysis test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-84.98192	23.90507	-3.554974	0.0010
NWC	0.106459	0.073233	1.554974	0.1538
DAR	-0.137853	0.040930	-3.368032	0.0017
CFLs	0.020800	0.007828	2.657027	0.0113
FS	0.035664	0.008400	4.245901	0.0001

Source: Results processed (2022)

Based on table 7, it can be concluded that the research model's influence on cash holding follows:

CH = -84.98192+0.106459NWC+0.137853DAR+0.020800CFL+0.035664FS

Hypothesis Test

Determination Coefficient Test (R^2)

According to Ghozali (2018), the determination coefficient test measures how far the model's ability to explain variable variations is bound. Alternatively, the number can measure how close the estimated regression line with real data.

Table 7 Results of Panel Data Regression Analysis test

R-squared	0.538324	Mean dependent var	14.47427
Adjusted R-squared	0.492156	SD dependent var	9.680138
SE of regression	6.898373	Akaike info criterion	6.804887
Sum squared residue	1903.502	Schwarz criterion	7.005628

Likelihood logs	-148.1100	Hannan-Quinn criteria	6.879721
F-statistics	11.66020	Durbin-Watson stat	1.028781
Prob(F-statistic)	0.000002		

Source: Results processed (2022)

Based on the regression results obtained in Table 7, the test of the coefficient of determination R2 for this research model shows 53%. This result shows that the dependent variables can explain 53% of the independent variable's cash holding (CH) by this regression model. In comparison, the remaining 47% is influenced by other factors not tested in this research.

T Test

The T-test or partial test in Table 7 is explained as follows:

1. Variablesnet working capital with value probability 0.1538 <0.05, and the calculated t value obtained is equal to 1.453688 from t table of 2.02108, so H1 rejected. Thus, net working capital partially does not affect cash holding.
2. Variables leverage the results obtained with a probability of 0.0017 > 0.05, and the calculated t value obtained is -3.368032 from the t table of 2.02108, so H2 is accepted. Thus, leverage partially affects cash holding.
3. The probability of cash flow results was 0.0113 > 0.05, and the calculated t value obtained is 2.657027 greater than the t table of 2.02108, so H3 was accepted. Thus, cash flow partially affects cash holding.
4. Variables firm size obtained a probability value of 0.0001 <0.05, and the calculated t value obtained is 4.245901 greater than the calculated t obtained is 2.02108, so H4 accepted. Thus, firm size partially affects cash holding.

5. Discussion

The Effect of Net Working Capital on Cash Holding

Based on the results of statistical analysis that has been carried out using the program Eviews 10, it can be known that net working capital does not affect cash holding, and H1 is rejected. The processed data results show that the higher the net working capital, the lower the cash holding of one owned company. This unaffected result indicates that the company continues holding large amounts of cash to maintain liquidity. In addition, companies cannot use current assets other than cash as cash substitutes because, under certain conditions, such as a crisis, net working capital cannot be converted into cash easily (Najema & Asma, 2019). The results of this study align with previous research conducted by Marcel & Susanto (2021), which states that net working capital has an intermediate effect on cash holding.

The Effect of Leverage on Cash Holding

Based on the statistical analysis results that have been carried out using the program Eviews 10, it can be known that leverage the influential relationship to cash holding, H2 accepted. The easier or higher the company's ability to get a loan or leverage will reduce the amount of cash that the company and vice versa must provide. The harder the company or, the smaller leverage, the company must provide increasingly large cash funds (Agung & Hadinugroho, 2019). Based on trade-off theory, in which a company with a level of leverage high will seek to minimize cash costs by funding external leverage, a high ratio indicates the company's ability to issue debt so that the company can use the loan as a replacement cash-holding (Nainggolan & Saragih, 2020). The results of the research strengthen the results of testing this hypothesis carried out by Sudarmi & Nur (2018), Saputri & Kuswardono (2019), Wijaya & Bangun (2019), Pasaribu & Nuringsih (2019), Liputri & Susanto (2020), Jason & Viriany (2020), show that leverage effect on cash holding.

The Effect of Cashflow on Cash Holding

Based on the statistical analysis that has been carried out using the program Eviews 10, it can be

known that cash flow influences the relationship to cash holding, accepted. This result indicates that operational companies with high rate cash flow tend to hold back cash holding higher to avoid potential shortages (Wahyuni et al., 2017). In addition, companies use debt, such as loans, to buy raw materials to carry out their operational activities. Therefore, companies with increased cash flow can hold only a little cash. So that the increased cash flow does not affect the availability of company cash (Ibrahim & Hanifah, 2018). The results of this study are in line with research from Wijaya & Bangun (2019) and Sari & Ardian (2019), and Hadiwijaya & Trisnawati (2019), which states that cash flow effect cash holding.

The Effect of Firm Size on Cash Holding

Based on the results of statistical analysis that has been carried out using the program Eviews 10, it can be known that firm size influential and has a positive relationship to cash holding, H4 accepted. This finding matters because large companies tend to invest rather than hard cash because large companies have access to better, easier, and minimal funding than small companies. That is why big companies can hold small amounts of cash (Santosa, 2020; Padademang, 2018). The bigger the company, the more cash is also getting smaller. This positive relationship is formed, caused by the sample used by the author tends to have considerable asset value (Saputri & Kuswardono, 2019). The results of research conducted by Angkawidjaja & Rasyid (2019), Romadhonet al. (2019), Alwi & Santioso (2020), Putri (2021), and Aspasia & Arfianto (2021) states that firm Size effect on cash holding.

6. Conclusion

Based on the results of the research that has been done, the conclusions are that net working capital does not affect cash holdings. The higher the net working capital, the less the level of cash holding owned by a company. These results indicate that the company still holds large amounts of cash to maintain company liquidity. In addition, companies cannot use current assets other than cash as a substitute for cash because, under certain conditions, such as a crisis, net working capital cannot be converted into cash easily. Leverage affects cash holding. The easier or higher the company's ability to get loans or leverage will reduce the amount of cash that the company must provide, and vice versa, the more difficult the company or, the smaller the leverage that the company must provide.

Cash flow affects cash holding. This fact means that companies with high cash flow levels also tend to hold higher cash holdings to avoid potential shortages. In operational activities, companies use debt, such as debt, to buy raw materials. Therefore, companies with increased cash flow can hold a manageable amount. Firm size affects cash holding. This result is because large companies tend to invest rather than hard cash. It happens because large companies have better, easier, and minimal funding access than small ones. That is why big companies can hold small amounts of cash.

For companies, it is important to know the factors within the company that are influential positive or negative to cash holding so that if the company wants to increase or decrease the amount of cash, the manager will know the condition of the business, which influences it. For Investors, it is important to monitor dividend policy carefully because the larger the company pays dividends, it will accumulate more cash to avoid situations where there is a cash shortage in fulfilling dividend payment obligations. Unexpected changes in dividend policy can affect the company's stock price. For external parties, the company must observe the increasing trend of cash holding at the end of the fiscal year and look at the characteristics of companies that affect it because it greatly internal window dressing is possible corporate cash holding decisions.

Recommendation

The results of this study can provide information about the factors that influence cash holdings in companies. Future research should add or use variables others in examining cash holding besides the dependent variable that has been used in this research in order to obtain more varied results and can expand on what factors can affect cash holding. Future research is expected to analyze cash holding in other sub-sectors in the manufacturing sector, or it could analyze cash holdings in other sectors outside the manufacturing sector. This matter intended to obtain a detailed and accessible picture compared regarding cash holding management practices in

various sectors company.

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