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The Influence Of Cash Flow, Net Working Capital, Leverage, Firm Size, Return On Assets, On Cash Holding In Banking Sub-Sector Companies Listed On The Idx For The 2015-2024 Period

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Abstract

Cash holding is an important aspect of corporate financial management, particularly in the banking sector, which requires adequate liquidity to meet short-term obligations and maintain financial stability. This study aims to examine the effect of Cash Flow, Net Working Capital, Debt to Asset Ratio, Firm Size, and Return on Assets on Cash Holding in banking subsector companies listed on the Indonesia Stock Exchange (IDX) during 2015–2024. This study employs a descriptive quantitative approach using secondary data obtained from financial statements. The population consists of 44 banking companies, while 7 companies were selected as samples using purposive sampling. Data were collected through documentation and literature studies and analyzed using panel data regression with EViews 13. The results show that Cash Flow and Net Working Capital have a positive and significant effect on Cash Holding, while Firm Size has a negative and significant effect. Meanwhile, Debt to Asset Ratio and Return on Assets do not have a significant effect on Cash Holding. Simultaneously, Cash Flow, Net Working Capital, Debt to Asset Ratio, Firm Size, and Return on Assets significantly affect Cash Holding, with an Adjusted R-squared of 94.99%. The findings indicate that internal liquidity and company characteristics play an important role in determining cash holding policies.

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

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INTRODUCTION

According to Keynes in (Nurwani, 2021), there are three motives for companies to have cash holdings, namely, transaction motive, precaution motive, and speculation motive. According to (Suci & Ruhiyat, 2021) In addition to declining revenues, many companies are unable to sustain their operations due to inability to pay maturing debts. Therefore, it can be concluded that the gap between revenue and liabilities is causing many companies to experience liquidity problems.

According to a survey by the Central Statistics Agency (BPS), the finance and insurance sector is the most significant sector in companies making efforts to change their marketing models. The primary function of banking is to collect and distribute funds to the public. This study used subjects from the banking subsector as a sample because money turnover in banks is rapid, making cash holdings constantly fluctuating and unpredictable. The Financial Services Authority (OJK) stated that the current condition of the national banking system is stable, supported by substantial liquidity. Consequently, most money is saved in banks.

According to tradingeconomics.com, Indonesia's annual credit growth slowed to 7.77% in June 2025, down from 8.43% in May, marking the lowest pace since March 2022. The slowdown reflects weakening purchasing power, a shrinking middle class, and increased caution among banks in disbursing credit. Third-party funds growth rose 6.96% year-on-year, prompting banks to allocate more funds to securities and tighten credit distribution standards. Loan growth slowed across all major categories. Consumer loans grew 8.49%, down from 8.82% in May. Investment loans slowed to 12.53% from 13.74%, while working capital loan growth slowed slightly to 4.45% from 4.94%.

Indonesia's cash reserve requirement ratio remained unchanged at 9 percent in July. Indonesia's foreign exchange reserve ratio averaged 6.84 percent from 2009 to 2025, reaching an all-time high of 9 percent in September 2022 and an all-time low of 3 percent in April 2020. The decline in the cash reserve requirement will also result in a decline in cash holdings in companies, as profits in several banks declined from 2020 to 2022 due to numerous relaxations, particularly the decline in revenue amid the COVID-19 pandemic.

Based on financial data from a number of banking issuers, large banks such as BBRI, BMRI, and BBCA show very strong financial performance, reflected in high cash flow, net profit, and cash holdings, which indicate the ability to generate operational cash consistently and maintain optimal liquidity levels. Meanwhile, the large firm size of these banks illustrates the increasingly promising potential for expansion and future revenue increases, especially supported by adequate net working capital to maintain short-term liquidity. In contrast, smaller banks such as MEGA, NISP, and BNLI still have to optimize profitability and maintain capital structures to be able to compete in

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the competitive banking industry, especially because low cash flow and cash can limit the company's room for maneuver in responding to sudden financial needs or new business opportunities, so that the use of external financing sources needs to be balanced with the ability to generate profits and maintain operational efficiency on an ongoing basis. In general, the determination of high cash holding levels may be due to the desire of managers to maintain liquid assets under their control, which will give rise to agency problems in these companies (Wulandari & Setiawan, 2019).

There has been extensive research on cash holdings. One factor that can influence cash holdings is cash flow, which indicates how quickly a company produces its products, from paying inventory costs to collecting cash from consumers in the form of payments for finished products. In research conducted by (Zhafira & Gamayuni, 2025) explains that cash flow has a positive effect on cash holding. The results of this study indicate that cash flow has a significant positive effect on cash holding. This is in line with the explanation in the pecking order theory which shows that internal funding is the main thing because companies with positive cash flow values will tend to hold more cash so that the cash can be used to meet company obligations, fund company projects and can increase the amount of cash holding.

On the other hand, high leverage also shows that expansion and growth are still supported by the significant use of external funds. In research conducted by (Suhendah, 2020) The results show that leverage has a significant negative effect on cash holdings. Companies with high levels of leverage will have difficulty obtaining loans from financial institutions. This is because the company faces difficulties in meeting debt and interest payments. High levels of leverage increase investment returns and interest costs, resulting in a company's cash holdings decreasing.

Meanwhile, Firm Size, which is calculated by asset growth, has a positive and significant influence on the dependent variable cash holding. In research conducted by (Safitri et al., 2026) This indicates that high firm size tends to be accompanied by high cash holdings. In line with the trade-off theory, companies are less likely to experience financial distress because cash serves as a reserve in the event of losses or difficulties obtaining external funding. Furthermore, companies will use their cash for business activities and investment funding when growth opportunities are high.

The rationale for selecting banking sector companies as the subject of cash holding research is based on banks' strategic role in the economy and their unique characteristics in cash management. Banks rely heavily on high liquidity to meet short-term obligations and maintain customer trust, making cash holding policies crucial to their operations.

Furthermore, banks, as financial institutions tasked with collecting and distributing public funds effectively, face high liquidity risks, making their cash holding

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levels a crucial indicator for assessing their financial health and stability. Research on banks is also driven by the fact that this sector has distinct capital structures, leverage, and cash flows compared to other sectors, providing an in-depth and relevant overview of the factors influencing cash holdings. Therefore, banks are an ideal choice for exploring the dynamics of cash holding policies and their impact on corporate performance and financial risk.

Methodology

This study uses a quantitative descriptive research type with secondary data in the form of financial reports of banking sub-sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2015–2024. The study was conducted at the Indonesia Stock Exchange with data sources obtained through the official IDX website, while the research period lasted from August 2025 to March 2026. The study population consisted of 44 banking sub-sector companies listed on the IDX for the period 2015–2024. The sample was determined using a purposive sampling technique based on the criteria of companies that published financial reports during the study period and had consistently positive profits, resulting in 7 companies as research samples.

Data collection techniques were carried out through literature and documentation studies, by collecting information from journals, articles, previous research, and financial reports published on the official IDX website. The data obtained were then analyzed using EViews 13 with a panel data regression method, namely a combination of time series and cross-section data. The analysis included selecting a regression model through the Chow, Hausman, and Lagrange Multiplier (LM) tests to determine the CEM, FEM, or REM model, followed by classical assumption tests, regression, t-tests, F-tests, and coefficients of determination (Adjusted R^2) to examine the effect of Cash Flow, Net Working Capital, Leverage, Firm Size, and Return on Assets on Cash Holding.

RESULTS AND DISCUSSION

Panel Data Regression Model

In panel data regression, there are three types of models used, namely the Common Effect Model (CEM), the Fixed Effect Model (FEM), and the Random Effect Model (REM). These three regression models will be used to test panel data to determine the effect of independent variables (X), which include Cash Flow (X1), Net Working Capital (X2), Leverage (X3), Firm Size (X4), Return on Assets (X5), on the dependent variable, namely Cash Holding (Y).

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1. ***Common Effect Model*(CEM)**

Table 1. Results of the Common Effect Model (CEM) Panel Data Regression Test

Dependent Variable: CASHHOLDING				
Method: Panel Least Squares				
Date: 12/26/25 Time: 10:31				
Sample: 2015 2024				
Periods included: 10				
Cross-sections included: 7				
Total panel (balanced) observations: 70				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	30.65587	18.63601	1.644981	0.0049
CASHFLOW	10.29937	0.332491	30.97637	0.0000
NWC	7.55597	7.519957	7.100531	0.0202
DAR	0.050250	0.107424	0.467773	1.0015
FIRMSIZE	-10.30370	0.421031	-24.47256	0.0000
ROA	0.211087	0.117994	4.788971	0.0784
R-squared	0.953519	Mean dependent var		11.74095
Adjusted R-squared	0.949887	SD dependent var		3.485800
SE of regression	0.780326	Akaike info criterion		2.423606
Sum squared residual	38.97014	Schwarz criterion		2.616334
Log likelihood	-78.82621	Hannan-Quinn criter.		2.500160
F-statistic	262.5798	Durbin-Watson stat		1.884043
Prob(F-statistic)	0.000000			

Source: Processed Data Eviews 13, 2025

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2. *Fixed Effect Model*(FEM)

Table 2. Results of the Fixed Effect Model (FEM) Panel Data Regression Test

Dependent Variable: CASHHOLDING				
Method: Panel Least Squares				
Date: 11/07/25 Time: 16:24				
Sample: 2015 2024				
Periods included: 10				
Cross-sections included: 7				
Total panel (balanced) observations: 70				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	49.26544	21.40132	2.301981	0.0249
CASHFLOW	10.39197	0.444493	23.37935	0.0000
NWC	7.420985	8.088851	7.793807	0.0305
DAR	0.054401	0.114164	0.426143	0.9001
FIRMSIZE	-10.79729	0.452382	-23.86761	0.0000
ROA	4.048943	4.160639	4.304674	0.0617
	Effects Specification			
Cross-section fixed (dummy variables)				
R-squared	0.961261	Mean dependent var		11.74095
Adjusted R-squared	0.953914	SD dependent var		3.485800
SE of regression	0.748323	Akaike info criterion		2.412840
Sum squared residual	32.47924	Schwarz criterion		2.798296
Log likelihood	-72.44940	Hannan-Quinn criter.		2.565948
F-statistic	130.8352	Durbin-Watson stat		1.740423
Prob(F-statistic)	0.000000			

Source: Processed Data Eviews 13, 2025

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3. ***Random Effect Model*(BRAKE)**

Table 3. Results of the Random Effect Model (REM) Panel Data Regression Test

Dependent Variable: CASHHOLDING				
Method: Panel EGLS (Cross-section random effects)				
Date: 12/26/25 Time: 10:50				
Sample: 2015 2024				
Periods included: 10				
Cross-sections included: 7				
Total panel (balanced) observations: 70				
Swamy and Arora estimator of component variances				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	35.66534	18.64458	1.912907	0.0602
CASHFLOW	10.44468	0.337602	30.93784	0.0000
NWC	7.635075	7.510358	7.350859	0.0268
DAR	0.025208	0.107250	0.235035	0.8149
FIRMSIZE	-10.45936	0.417611	-25.04571	0.0000
ROA	4.142979	4.127248	4.123623	0.2654
	Effects Specification			
			Elementary School	Rho
Random cross-section			0.236664	0.0909
Idiosyncratic random			0.748323	0.9091
	Weighted Statistics			
R-squared	0.947700	Mean dependent var		8.301699
Adjusted R-squared	0.943614	SD dependent var		3.185056
SE of regression	0.756314	Sum squared residual		36.60873
F-statistic	231.9420	Durbin-Watson stat		1.561163
Prob(F-statistic)	0.000000			
	Unweighted Statistics			
R-squared	0.953119	Mean dependent var		11.74095

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Sum squared residual	39.30505	Durbin-Watson stat	1.454067

Source: Processed Data Eviews 13, 2025

Panel Data Regression Estimation Model

To determine the appropriate model, it is necessary to conduct tests for each of the Common Error Model (CErM), Fixed Error Model (FErM), and Random Error Model (RErM). Tests are carried out using the Chow Test, Lagrange Multiplier Test (LM Test), and Hausman Test.

1. Chow Test

Table 4. Chow Test Results

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.958736	(6,58)	0.0865
Cross-section Chi-square	12.915632	6	0.0444

Source: Processed Data Eviews 13, 2025

*Based on*Table 4 above shows that both probability values are greater than 0.05. Therefore, the best model to use is the Common Effect Model (CEM), which means H0 is accepted.

2. Hausman test

Table 5. Hausman Test Results

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	5.473030	5	0.3609

Source: Processed Data Eviews 13, 2025

Based on Table 5 above, it can be seen that the random cross-section probability value shows a result of 0.03609 (0.05). Therefore, the selected model is the Random Effect Model, which means H0 is accepted.

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3. Lagrange Multiplier Test (LM Test)

Table 6. Lagrange Multiplier Test Results

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	0.148561 (0.6999)	1.974441 (0.1600)	2.123002 (0.1451)

Source: Processed Data Eviews 13, 2025

Based on table 6 above, it can be seen that the Breusch-Pagan probability value is 0.6999 (<0.05), so the selected model is the Common Effect Model, which means H0 is accepted.

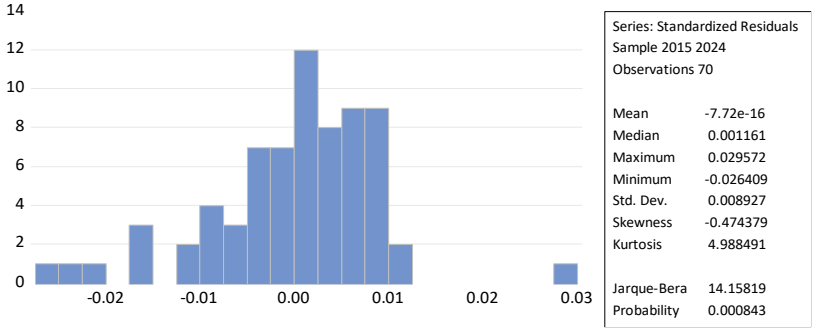
Table 7. Results of Panel Data Regression Model Selection

Testing	Results	Conclusion
Chow Test	Prob > 0.05	**CEM**
	Prob < 0.05	FEM
Hausman test	Prob > 0.05	**BRAKE**
	Prob < 0.05	FEM
Lagrange Multiplier Test (LM Test)	Prob > 0.05	**CEM**
	Prob < 0.05	BRAKE

Based on table 7 above, it can be seen from the three tests that have been carried out that it can be concluded that the Common Effect Model (CEM) is the best.

Classical Assumption Test

1. Normality Test



Source: Processed Data Eviews 13, 2025

Figure 1. Normality Test Results

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Based on Figure 1 above, the Histogram Normality Test with Jarque-Bera statistical test obtained a probability value of 0.000843. These results indicate a probability value less than 0.05, so the data is not normally distributed.

2. Multicollinearity Test

Table 8. Multicollinearity Test Results

	X1	X2	X3	X4	X5
X1	1.000000	0.937026	-0.581223	0.948966	0.429581
X2	0.937026	1.000000	-0.701206	0.982065	0.378453
X3	-0.581223	-0.701206	1.000000	-0.671726	-0.485371
X4	0.948966	0.982065	-0.671726	1.000000	0.421896
X5	0.429581	0.378453	-0.485371	0.421896	1.000000

Source: Processed Data Eviews 13, 2025

Based on table 8 above, it can be seen that the correlation coefficient of Cash Flow (X1) with Net Working Capital (X2) is 0.937026 > 0.80, and Cash Flow (X1) with Firm Size (X4) is 0.948966 > 0.80. Net Working Capital (X2) with Firm Size (X4) is 0.982065 < 0.80. So it can be concluded that there are symptoms of multicollinearity between independent variables. From the table it can be seen that the variables Cash Flow (X1), Net Working Capital (X2) and Firm Size (X4) have a probability value greater than 0.8. This indicates that the three variables are the main cause of the emergence of symptoms of multicollinearity in the regression model. Therefore, a healing method using Log data transformation is carried out.

Table 9. Multicollinearity Test Results (Transformation)

Variance Inflation Factors			
Date: 11/11/25 Time: 16:47			
Sample: 1 70			
Included observations: 70			
	Coefficient	Uncentered	Centered
Variable	Variance	VIF	VIF
C	347.3007	39925.63	NA
LN_CASHFLOW	0.110550	4.143121	2.05715
LN_NWC	0.654975	8.287326	8.24944
DAR	0.011540	5.338616	4.89396
LN_FIRMSIZE	0.177267	8.345575	5.69875
ROA	0.013923	8.031956	7.45708

Source: Processed Data Eviews 13, 2025

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After the Log data transformation on the variables Ln_Cash Flow (X1) of 2.05715, LN_NWC (X2) of 8.24944, DAR of 4.89396, LN_Firm Size (X4) of 5.69875 and ROA of 7.45708 shows that the VIF value is less than 10, this indicates that the model no longer experiences symptoms of multicollinearity. Therefore, the use of log transformation has proven effective in overcoming this problem.

3. Heteroscedasticity Test

Table 10. Results of Heteroscedasticity Test

Heteroskedasticity Test: Glejser				
Null hypothesis: Homoskedasticity				
F-statistic	1.621849	Prob. F(5,64)		0.1670
Obs*R-squared	7.872043	Chi-Square Prob.(5)		0.1634
Scaled explained SS	8.841949	Chi-Square Prob.(5)		0.1155
Test Equation:				
Dependent Variable: ARESID				
Method: Least Squares				
Date: 11/07/25 Time: 16:43				
Sample: 1 70				
Included observations: 70				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-4.620791	11.73052	-0.393912	0.6950
CASHFLOW	-0.252585	0.209288	-1.206879	0.2319
NWC	-0.220751	4.733472	-0.046636	0.9629
DAR	0.051902	0.067618	0.767571	0.4456
FIRMSIZE	0.270436	0.265020	1.020437	0.3114
ROA	0.085905	0.074272	1.156625	0.2517
R-squared	0.112458	Mean dependent var		0.555148
Adjusted R-squared	0.043119	SD dependent var		0.502124
SE of regression	0.491180	Akaike info criterion		1.497803

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Sum squared residual	15.44048	Schwarz criterion	1.690531
Log likelihood	-46.42311	Hannan-Quinn criter.	1.574357
F-statistic	1.621849	Durbin-Watson stat	1.600435
Prob(F-statistic)	0.166980		

Source: Processed Data Eviews 13, 2025

Based on table 10 above, the heteroscedasticity test was conducted using the Glejser method by regressing the absolute value of the residual (ARESID) against the independent variables used in the model, namely Cashflow, Net Working Capital (NWC), Debt to Asset Ratio (DAR), Firm Size, and Return on Assets (ROA). Based on the test results, the F-statistic Prob. value was obtained at 0.1670, the Chi-Square Prob. (Obs*R-squared) at 0.1634, and the Chi-Square Prob. (Scaled Explained SS) at 0.1155. All probability values are greater than the 5% significance level (0.05). Thus, the null hypothesis (H_0) which states that heteroscedasticity does not occur is accepted, while the alternative hypothesis (H_1) is rejected. This indicates that the residual variance is constant (homoscedastic) and there is no heteroscedasticity problem in the regression model.

Multiple Linear Regression Equation Test

Table 11. Common Effect Model

Dependent Variable: CASHHOLDING				
Method: Panel Least Squares				
Date: 12/26/25 Time: 10:31				
Sample: 2015 2024				
Periods included: 10				
Cross-sections included: 7				
Total panel (balanced) observations: 70				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	30.65587	18.63601	1.644981	0.0049
CASHFLOW	10.29937	0.332491	30.97637	0.0000
NWC	7.55597	7.519957	7.100531	0.0202
DAR	0.050250	0.107424	0.467773	1.0015
FIRMSIZE	-10.30370	0.421031	-24.47256	0.0000

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ROA	4.211087	4.117994	4.788971	0.0784
R-squared	0.953519	Mean dependent var		11.74095
Adjusted R-squared	0.949887	SD dependent var		3.485800
SE of regression	0.780326	Akaike info criterion		2.423606
Sum squared residual	38.97014	Schwarz criterion		2.616334
Log likelihood	-78.82621	Hannan-Quinn criter.		2.500160
F-statistic	262.5798	Durbin-Watson stat		1.884043
Prob(F-statistic)	0.000000			

Source: Processed Data Eviews 13, 2025

Y = 30.65587 + 10.29937X1 + 7.55597X2 + 0.050250X3 - 10.30370X4 +

The explanation is as follows:

1. The constant value of 30.65587 indicates that if Cash Flow, Net Working Capital (NWC), Debt to Asset Ratio (DAR), Firm Size, and Return on Assets (ROA) are zero, then the company's Cash Holding is predicted to be 30.65587 units.
2. The Cash Flow regression coefficient (X1) of 10.29937 is positive, meaning that every 1 unit increase in Cash Flow will increase Cash Holding by 10.29937 units, assuming other variables remain constant. This indicates that higher cash flow encourages companies to hold more cash.
3. The NWC regression coefficient (X2) of 7.55597 indicates a positive relationship with Cash Holding. This means that every 1 unit increase in NWC will increase Cash Holding by 7.55597 units, all other things being equal. This condition indicates that strong net working capital improves the company's ability to maintain cash liquidity.
4. The DAR (X3) regression coefficient of 0.050250 indicates a positive trend, but its effect is relatively small. This means that a 1-unit increase in DAR only increases Cash Holding by 0.050250 units, assuming other variables remain constant. Practically, the effect of leverage on Cash Holding is relatively weak.
5. The Firm Size (X4) regression coefficient of -10.30370 indicates a negative effect on Cash Holding. This means that every 1 unit increase in Firm Size will decrease Cash Holding by 10.30370 units, all other things being equal. This indicates that large

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companies tend to hold less cash because they have broader access to external funding.

6. The ROA regression coefficient (X5) of 4.211087 indicates a positive effect on Cash Holding. This means that every 1 unit increase in ROA will increase Cash Holding by 4.211087 units, assuming other variables remain constant.
7.

Hypothesis Testing

1**. Partial Test (t-Test)**

Table 12. Partial Test Results (t-Test)

Dependent Variable: CASHHOLDING				
Method: Panel Least Squares				
Date: 12/26/25 Time: 10:31				
Sample: 2015 2024				
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Sum squared residual	38.97014	Schwarz criterion		2.616334
Log likelihood	-78.82621	Hannan-Quinn criter.		2.500160
F-statistic	262.5798	Durbin-Watson stat		1.884043
Prob(F-statistic)	0.000000			

Source: Processed Data Eviews 13, 2025

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a. Influence of Cash Flow on Cash Holding
Based on the EViews 13 output results in the table above, it is known that the calculated t value of the Cash Flow variable is 30.9764. The t table value is obtained at a significance level of 0.05/2 = 0.025 (two-tailed test) with degrees of freedom df = n – k = 70 – 6 = 64, so that the t table value is 1.9983. These results indicate that the calculated t value > t table (30.9764 > 1.9983) with a probability value of 0.0000, which is smaller than 0.05 (0.0000 < 0.05). Thus, H_0rejected and H_a accepted. This means that partially Cash Flow has a positive and significant effect on Cash Holding.

b. The Influence of Net Working Capital (NWC) on Cash Holding
Based on the EViews 13 output results, it is known that the calculated t value of the Net Working Capital (NWC) variable is 7.1005. With degrees of freedom df = 64, the t table value is 1.9983. The test results show that the calculated t value > t table (7.1005 > 1.9983) and the probability value is 0.0202, which is smaller than 0.05 (0.0202 < 0.05). Thus, H_0rejected and H_a accepted. This means that partially Net Working Capital (NWC) has a positive and significant effect on Cash Holding.

c. The Effect of Debt to Equity Ratio (DER) on Cash Holding
Based on the EViews 13 output results, it is known that the calculated t value of the Debt to Asset Ratio (DAR) variable is 0.4678. The t table value at a significance level of 0.05 (two-tailed test) and df = 64 is 1.9983. The test results show that the calculated t value < t table (0.4678 < 1.9983) with a probability value of 1.0015, which is greater than 0.05 (1.0015 > 0.05). Thus, H_0accepted and H_a rejected. This means that partially the Debt to Asset Ratio (DAR) does not have a significant effect on Cash Holding.

d. The Influence of Firm Size on Cash Holding
Based on the EViews 13 output, it is known that the calculated t value of the Firm Size variable is -24.4726. With a t table value of 1.9983, the result is that |calculated t| > t table (24.4726 > 1.9983). In addition, the probability value is 0.0000, which is smaller than 0.05 (0.0000 < 0.05). Thus, H_0rejected and H_a accepted. This means that partially Firm Size has a negative and significant effect on Cash Holding.

e. The Effect of Return on Assets (ROA) on Cash Holding
Based on the EViews 13 output results, it is known that the calculated t value of the Return on Assets (ROA) variable is 4.7890. With degrees of freedom df = 64, the obtained t table value is 1.9983. Although the calculated t value is > t table (4.7890 > 1.9983), the probability value is 0.0784, which is greater than 0.05 (0.0784 > 0.05). Thus, H_0accepted and H_a rejected. This means that partially Return on Assets (ROA) does not have a significant effect on Cash Holding.

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2. Simultaneous Test (F Test)

Table 13. Simultaneous Test Results (F Test)

R-squared	0.953519	Mean dependent var	11.74095
Adjusted R-squared	0.949887	SD dependent var	3.485800
SE of regression	0.780326	Akaike info criterion	2.423606
Sum squared residual	38.97014	Schwarz criterion	2.616334
Log likelihood	-78.82621	Hannan-Quinn criter.	2.500160
F-statistic	262.5798	Durbin-Watson stat	1.884043
Prob(F-statistic)	0.000000		

Source: Processed Data Eviews 13, 2025

Based on the EViews 13 output results in Table 13, it is known that the calculated F value is 262.5798. Meanwhile, the F table value is obtained from the F distribution table at a significance level of 0.05 with degrees of freedom df1 = k – 1 = 6 – 1 = 5 and df2 = n – k = 70 – 6 = 64, so that the F table value is 2.37. The test results show that the calculated F value is greater than the F table (262.5798 > 2.37). In addition, the Probability value (F-statistic) is 0.000000, which is smaller than the significance level of 0.05 (0.000000 < 0.05). Thus, H_0rejected and H_a accepted, so it can be concluded that simultaneously the variables Cash Flow, Net Working Capital (NWC), Debt to Asset Ratio (DAR), Firm Size, and Return on Assets (ROA) have a significant effect on Cash Holding.

Determination Test

Table 14. Results of the Determination Coefficient Test

R-squared	0.953519	Mean dependent var	11.74095
Adjusted R-squared	0.949887	SD dependent var	3.485800
SE of regression	0.780326	Akaike info criterion	2.423606
Sum squared residual	38.97014	Schwarz criterion	2.616334
Log likelihood	-78.82621	Hannan-Quinn criter.	2.500160
F-statistic	262.5798	Durbin-Watson stat	1.884043
Prob(F-statistic)	0.000000		

Source: Processed Data Eviews 13, 2025

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Based on Table 14 above, it can be seen that the results of the coefficient of determination test show an Adjusted R-squared value of 0.949887 or 94.99%. This value indicates that the independent variables consisting of Cash Flow, Net Working Capital (NWC), Debt to Asset Ratio (DAR), Firm Size, and Return on Assets (ROA) are simultaneously able to explain the dependent variable Cash Holding by 94.99%.

Meanwhile, the remaining 5.01% (100% – 94.99%) is explained by other variables outside the research model that were not included in the analysis. The high Adjusted R-squared value indicates that the regression model used has excellent explanatory power, making it suitable for use in explaining the relationship between the independent and dependent variables in this study.

DISCUSSION

Influence of Cash Flow on Cash Holding

The results of this study indicate that the greater a company's cash flow, the greater its tendency to retain cash. This is because companies with strong cash flow have adequate internal liquidity to meet operational needs and as a buffer against future uncertainty. These results align with the pecking order theory, which states that companies prefer internal funding over external funding. High cash flow allows companies to rely on internal funding sources, thus enhancing their cash retention policy.

This finding is consistent with research(Agnesstyaningsih et al., 2023)as well as(Liadi & Suryanawa, 2018)which found that cash flow had a positive and significant effect on cash holdings in manufacturing companies listed on the IDX, where increased operating cash flow encouraged companies to retain more cash as a form of liquidity prudence. Other research on companies in the industrial goods subsector listed on the IDX also demonstrated that cash flow had a significant positive effect on cash holdings.

The Influence of Net Working Capital (NWC) on Cash Holding

These findings indicate that NWC serves as a buffer for company liquidity. The greater the difference between current assets and current liabilities, the greater the company's flexibility in managing cash. Research in the journal ASSET concluded that net working capital has a positive effect on cash holdings in companies listed on the IDX, meaning that an increase in NWC will be followed by an increase in the company's cash holdings.(Wulandari & Setiawan, 2019), as well as(Najema & Asma, 2019)found that NWC has a significant positive effect on cash holdings, as cash is part of the current asset component of net working capital. Several other studies also show that net working capital has a significant positive effect on cash holdings in various industrial sectors in Indonesia.

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The Effect of Debt to Asset Ratio (DAR) on Cash Holding

The results of this study indicate that a company's leverage level is not a determining factor in its cash retention policy. Companies tend to maintain their cash levels without considering the debt-to-assets ratio. These results indicate that cash holding decisions are more influenced by internal liquidity factors than by funding structure. This finding aligns with several previous studies that found leverage to have no significant impact on cash holding.

The Influence of Firm Size on Cash Holding

The results of this study indicate that larger companies tend to hold lower amounts of cash. This is because larger companies generally have easier access to external funding and a more stable financial management system. This finding aligns with the trade-off theory, which states that larger companies have a lower risk of bankruptcy and therefore do not need to hold large amounts of cash. These results are also consistent with previous research that found that firm size negatively affects cash holdings.

The Effect of Return on Assets (ROA) on Cash Holding

Based on the results of the t-test, the regression coefficient value was 0.211087, with a t-count value of 4.7890, but the significance level was 0.0784, which is greater than 0.05. Thus, $H_0$is accepted and H_a is rejected, indicating that Return on Assets (ROA) does not significantly influence Cash Holding. ROA reflects a company's ability to generate profits from its assets. Although the regression coefficient is positive, its effect is not statistically significant. This indicates that profitability is not a primary factor in determining a company's cash retention policy. These results indicate that companies prioritize liquidity needs and operational stability over profit when determining the amount of cash to retain.

The influence of Cash Flow, NWC, DAR, Firm Size, and ROA on Cash Holding

Based on the results of the F test, the calculated F value was 262.5798 with a significance level of 0.000000, which is smaller than 0.05. Thus, H_0rejected and H_a accepted, which means that simultaneously Cash Flow, Net Working Capital (NWC), Debt to Asset Ratio (DAR), Firm Size, and Return on Assets (ROA) have a significant effect on Cash Holding. In addition, the Adjusted R^2 value of 0.949887 indicates that 94.99% of the variation in Cash Holding can be explained by the five independent variables in the model, while the remaining 5.01% is influenced by other variables outside this study, such as dividend policy, business risk, and macroeconomic conditions.

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CONCLUSION

Based on the research results, it can be concluded that Cash Holding and Intangible Assets have a positive and significant effect on Firm Value, indicating that good cash management and the utilization of intangible assets can increase value and investor confidence. Meanwhile, Leverage has a negative and insignificant effect on Firm Value, so the use of debt is not yet a major factor in investor assessments. Simultaneously, Cash Holding, Intangible Assets, and Leverage have a significant effect on Firm Value in manufacturing companies listed on the Indonesia Stock Exchange for the 2020–2025 period.

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