

**PERJANJIAN PELAKSANAAN PENELITIAN REGULER  
PERIODE II TAHUN ANGGARAN 2021  
NOMOR : 1653-Int-KLPPM/UNTAR/XI/2021**

Pada hari ini Senin tanggal 15 bulan November tahun 2021 yang bertanda tangan di bawah ini:

1. Nama : Jap Tji Beng, Ph.D.  
Jabatan : Ketua Lembaga Penelitian dan Pengabdian kepada Masyarakat  
Alamat : Letjen S. Parman No.1, Tomang, Grogol Petamburan, Jakarta Barat, 11440  
selanjutnya disebut **Pihak Pertama**
  
2. Nama : Dr. I Gede Adiputra, M.M.  
Jabatan : Dosen Tetap  
Fakultas: Ekonomi dan Bisnis  
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Bertindak untuk diri sendiri dan atas nama anggota pelaksana penelitian :

Nama : Nataherwin, S.E., M.M.  
Jabatan : Dosen Tetap

Serta atas nama asisten pelaksanaan penelitian :

1. Nama (NIM) : Steven Wijaya (115170085)  
Fakultas : Ekonomi dan Bisnis
2. Nama (NIM) : Febby (115170013)  
Fakultas : Ekonomi dan Bisnis

selanjutnya disebut **Pihak Kedua**

**Pasal 1**

- (1). **Pihak Pertama** menugaskan **Pihak Kedua** untuk melaksanakan Penelitian atas nama Lembaga Penelitian dan Pengabdian kepada Masyarakat Universitas Tarumanagara dengan judul **“Pengaruh likuiditas Pertumbuhan Perusahaan dan *Net Working Capital* terhadap *Corporate Cash Holding* Pada Perusahaan Manufaktur di Bursa Efek Indonesia Periode 2015-2020”**.
- (2). Biaya pelaksanaan penelitian sebagaimana dimaksud ayat (1) di atas dibebankan kepada **Pihak Pertama** melalui anggaran Universitas Tarumanagara.
- (3). Besaran biaya pelaksanaan yang diberikan kepada **Pihak Kedua** sebesar Rp.12.500.000,- (dua belas juta lima ratus ribu rupiah), diberikan dalam 2 (dua) tahap masing-masing sebesar 50%.
- (4). Pencairan biaya pelaksanaan Tahap I akan diberikan setelah penandatanganan Perjanjian Pelaksanaan Penelitian.
- (5). Pencairan biaya pelaksanaan Tahap II akan diberikan setelah **Pihak Kedua** melaksanakan penelitian, mengumpulkan :

- a. *Hard copy* berupa laporan akhir sebanyak 5 (lima) eksemplar, *logbook 1* (satu) eksemplar, laporan pertanggungjawaban keuangan sebanyak 1 (satu) eksemplar, luaran penelitian; dan
  - b. Softcopy laporan akhir, logbook, laporan pertanggungjawaban keuangan, dan luaran penelitian.
- (6). Rincian biaya pelaksanaan sebagaimana dimaksud dalam ayat (3) terlampir dalam Lampiran Rencana Penggunaan Biaya dan Rekapitulasi Penggunaan Biaya yang merupakan bagian yang tidak terpisahkan dalam perjanjian ini.
- (7). Penggunaan biaya penelitian oleh **Pihak Kedua** wajib memperhatikan hal-hal sebagai berikut:
- a. Tidak melampaui batas biaya tiap pos anggaran yang telah ditetapkan; dan
  - b. Peralatan yang dibeli dengan anggaran biaya penelitian menjadi milik Lembaga Penelitian dan Pengabdian kepada Masyarakat.
- (8). Daftar peralatan sebagaimana dimaksud pada ayat (7) di atas wajib diserahkan oleh **Pihak Kedua** kepada **Pihak Pertama** selambat-lambatnya 1 (satu) bulan setelah penelitian selesai.

#### **Pasal 2**

- (1). Pelaksanaan kegiatan Penelitian akan dilakukan oleh **Pihak Kedua** sesuai dengan proposal yang telah disetujui dan mendapatkan pembiayaan dari **Pihak Pertama**.
- (2). Pelaksanaan kegiatan penelitian sebagaimana dimaksud dalam ayat (1) dilakukan sejak Juli – Desember 2021.

#### **Pasal 3**

- (1). **Pihak Pertama** mengadakan monitoring dan evaluasi (MONEV) terhadap pelaksanaan penelitian yang dilakukan oleh **Pihak Kedua**.
- (2). **Pihak Kedua** diwajibkan mengikuti kegiatan MONEV sesuai dengan jadwal yang ditetapkan oleh **Pihak Pertama**.
- (3). **Pihak Kedua** menyerahkan laporan kemajuan, *log book* pelaksanaan penelitian serta wajib mengisi lembar MONEV dan draft artikel luaran wajib sebelum MONEV.

#### **Pasal 4**

- (1). **Pihak Kedua** wajib mengumpulkan Laporan Akhir, *Logbook*, Laporan Pertanggungjawaban Keuangan, dan luaran.
- (2). Laporan Akhir disusun sesuai Panduan Penelitian ditetapkan Lembaga Penelitian dan Pengabdian Kepada Masyarakat.
- (3). *Logbook* yang dikumpulkan memuat secara rinci tahapan kegiatan yang telah dilakukan oleh **Pihak Kedua** dalam pelaksanaan Penelitian.
- (4). Laporan Pertanggungjawaban yang dikumpulkan **Pihak Kedua** memuat secara rinci penggunaan biaya pelaksanaan Penelitian yang disertai dengan bukti-bukti.
- (5). Batas waktu pengumpulan Laporan Akhir, *Logbook*, Laporan Pertanggungjawaban Keuangan, dan luaran wajib berupa Artikel di **Jurnal/Prosiding Nasional Terakreditasi/Internasional Bereputasi**.
- (6). Apabila **Pihak Kedua** tidak mengumpulkan Laporan Akhir, *Logbook*, Laporan Pertanggungjawaban Keuangan, dan Luarannya sebagaimana disebutkan dalam ayat (5), maka **Pihak Pertama** akan memberikan sanksi.
- (7). Sanksi sebagaimana dimaksud pada ayat (6) berupa proposal penelitian pada periode berikutnya tidak akan diproses untuk mendapatkan pendanaan pembiayaan oleh Lembaga Penelitian dan Pengabdian Kepada Masyarakat.

#### Pasal 5

- (1). Dalam hal tertentu **Pihak Kedua** dapat meminta kepada **Pihak Pertama untuk** memperpanjang batas waktu sebagaimana dimaksud pada Pasal 4 ayat (5) di atas dengan disertai alasan-alasan yang dapat dipertanggungjawabkan.
- (2). **Pihak Pertama** berwenang memutuskan menerima atau menolak permohonan sebagaimana dimaksud pada ayat (1).
- (3). Perpanjangan sebagaimana dimaksud pada ayat (1) hanya dapat diberikan 1 (satu) kali.

#### Pasal 6

- (1). **Pihak Pertama** berhak mempublikasikan ringkasan laporan penelitian yang dibuat **Pihak Kedua** ke dalam salah satu jurnal ilmiah yang terbit di lingkungan Universitas Tarumanagara.
- (2). **Pihak Kedua** memegang Hak Cipta dan mendapatkan Honorarium atas penerbitan ringkasan laporan penelitian sebagaimana dimaksud pada ayat (1).
- (3). **Pihak Kedua** wajib membuat poster penelitian yang sudah/sedang dilaksanakan, untuk dipamerkan pada saat kegiatan **Research Week** tahun terkait.
- (4). **Pihak Kedua** wajib membuat artikel penelitian yang sudah dilaksanakan untuk diikuti sertakan dalam kegiatan **International Conference** yang diselenggarakan oleh Lembaga Penelitian dan Pengabdian kepada Masyarakat.
- (5). Pengandaan dan publikasi dalam bentuk apapun atas hasil penelitian hanya dapat dilakukan oleh Pihak Kedua setelah mendapatkan persetujuan tertulis dari **Pihak Pertama**.

#### Pasal 7

- (1). Apabila terjadi perselisihan menyangkut pelaksanaan penelitian ini, kedua belah pihak sepakat untuk menyelesaikannya secara musyawarah.
- (2). Dalam hal musyawarah sebagaimana dimaksud pada ayat (1) tidak tercapai, keputusan diserahkan kepada Pimpinan Universitas Tarumanagara.
- (3). Keputusan sebagaimana dimaksud dalam pasal ini bersifat final dan mengikat.

Demikian Perjanjian Pelaksanaan Penelitian ini dibuat dengan sebenar-benarnya pada hari, tanggal dan bulan tersebut diatas dalam rangkap 2 (dua), yang masing-masing mempunyai kekuatan hukum yang sama.

**Pihak Pertama**

Jap Tji Beng, Ph.D.

**Pihak Kedua**



Dr. I Gede Adiputra, M.M.

RENCANA PENGGUNAAN BIAYA  
(Rp)

Rencana Penggunaan Biaya	Jumlah
Pelaksanaan Penelitian	Rp. 12.500.000,-

REKAPITULASI RENCANA PENGGUNAAN BIAYA  
(Rp)

No.	Pos Anggaran	Tahap I	Tahap II	Jumlah
1.	Pelaksanaan Penelitian	6.250.000,-	6.250.000,-	12.500.000,-
	Jumlah	6.250.000,-	6.250.000,-	12.500.000,-

Jakarta, 15 November 2021

Peneliti,



(Dr. I Gede Adiputra, M.M.)

# Effect of Growth, Liquidity and Net Working Capital Against Corporate Cash Holdings At Manufacturing Company Listed in Indonesia Stock Exchange Period 2015-2020

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## ABSTRACT

Cash is a current asset that is used as a means of payment and can also be taken whenever the company needs it. Therefore, we need to pay attention to the cash management of the company, by optimizing the amount of cash managed by the company. The purpose of this study is to see the effect of liquidity of company growth and net working capital on corporate cash holding companies listed on the Indonesia Stock Exchange. This study was analyzed using panel data regression analysis on 35 companies for the 2015-2020 period. The sample selection technique in this study used purposive sampling. The data used in the form of secondary data, namely financial statements. Data processing using e-views application 11. The results of this study indicate that liquidity has no significant negative effect on cash holding, Assets Growth has a significant positive effect on cash holding. Net working capital has a significant negative effect on cash holding.

Keywords: Liquidity, Growth, Net Working Capital, Corporate Cash Holding

## 1. BACKGROUND

In running a company, adequate funds are needed to carry out its operational activities. In addition to funds owned by company owners, funding can be obtained through investment activities [1]. Stock investment aims to obtain investment returns in the form of dividends and capital gains.

Financial statements are very important, aiming to provide information on the financial condition of a company, company performance, and cash flow used by the company to make decisions related to company policy. One of the points that companies pay attention to in relation to company policy is cash. As is well known, cash is a current asset that is used as a means of payment and can also be retrieved whenever the company needs it ([2]). One of the cash components most desired by management and investors is cash holding which will be used by managers for the welfare of shareholders. Cash holding is an amount of money held in cash for plans or speculation, deposited or saved in the Bank, and bought in foreign currency or securities [3]. Determining the level of cash holdings in the company is an important decision that must be taken by a manager [4].

Liquidity is a ratio that reflects the company's ability to meet its obligations or pay back its short-term debt. This ratio is used as a measure of how liquid a company is. Measure whether a company is liquid or not by comparing

the components on the balance sheet, namely total current assets with total current liabilities (short-term debt). This measurement can be done within a certain period of time so that the development of the company's liquidity can be seen from time to time. According to the study results of [5], [6] and [7], it is stated that there is a negative relationship between liquidity and cash holding. Other researchers [8] and [9] stated the results of their study that there was a significant negative relationship between liquidity and cash holding.

In supporting the company's growth, the amount of funds needed for the future is determined by the company's rapid growth. If the company's growth rate is stable, the fulfillment of funding can come from the capital market or foreign investment, therefore, the company is able to pay high dividends. Several studies have shown that the higher the company's growth opportunity, the higher the amount of cash held by the company [5]. Research by [10], [11] and [12] show a significant positive effect between growth opportunity and cash holding.

Net working capital is net working capital which is defined as part of current assets which can actually be used for operational expenditures of the company's products without disturbing the company's ability to pay its short-term debt [13]. Meanwhile, according to [14] explains the definition of Net Working Capital as: "The net working capital is also the major factor that affects

the holding of cash for the firm. NWC is current asset minus current liabilities divided by net assets. " Net working capital is the main factor affecting the cash holding of a company. Net working capital is expressed as total current assets minus current liabilities divided by the value of net assets.

The factors that influence cash holding have been studied by several researchers including [15] who found that companies with growth opportunities, high cash flow and net working capital, R&D expenditure, low leverage and paying dividends tend to hold cash. is bigger and vice versa the company with the opposite characteristics will hold cash which value is smaller. In addition, the researchers also found that leverage, net working capital, capital expenditure, R&D expenditure, board independence have a negative effect on corporate cash holding. Based on research by [16], it found that working capital net of cash, growth had a negative effect on corporate cash holding. Research conducted by [14] found that net working capital has a positive effect on corporate cash holding. Meanwhile, other researchers such as [17], [18] found that net working capital, capital expenditure, have a negative effect on corporate cash holding. In addition, this researcher also found that the cash flow variable did not have a significant negative effect on corporate cash holding.

Based on the above background, it turns out that there are still differences in the results of several factors that affect corporate cash holding, and based on this, the author wants to reexamine the variables that affect corporate cash holding through a study entitled " Effect of Growth, Liquidity and Net Working Capital Against Corporate Cash Holdings At Manufacturing Company Listed in Indonesia Stock Exchange Period 2015-2020."

## 2. LITERATURE STUDY

### 2.1. Corporate Cash Holding

Corporate cash holding is defined as: "cash holding is defined as cash in hand or readily available for investment in physical assets and to distribute to investors. Corporations hold a certain amount of liquid balance" [19]. From this definition, cash holding can be invested for physical assets and can be distributed to investors. Companies in general will tend to hold one level of liquid cash holding. Meanwhile, [18] defines corporate cash holding as: "cash holding is central to their cash flows, working capital decisions, capital expenditures planning, capital structure and overall cost of financing". From this definition, cash holding is the center of cash flow, working capital decisions, capital

expenditure planning, capital structure and overall financing sources.

The cash holding theory used for this study is the theory of [5]. He stated that management will maximize shareholder wealth if management determines the level of cash holdings when the marginal benefit and marginal cost levels are at an equal level. In Figure 1, the marginal cost curve when holding liquid assets and when the marginal cost lacks liquid assets.

The marginal cost curve for shortage of liquid assets is assumed to be vertical and the marginal curve for holding liquid assets is assumed to be horizontal (parallel). One of the considerations for holding liquid assets is a low return because one of the advantages of holding liquid assets is that they are easy to convert into cash. If a company lacks liquid assets, the company can take action, namely by reducing investment, or by obtaining capital through the issuance of shares, bonds or by selling assets. An increase in costs from a shortage of liquid assets will shift the marginal cost curve to the right so that it will increase the ownership of the company's liquid assets as depicted in Figure 1

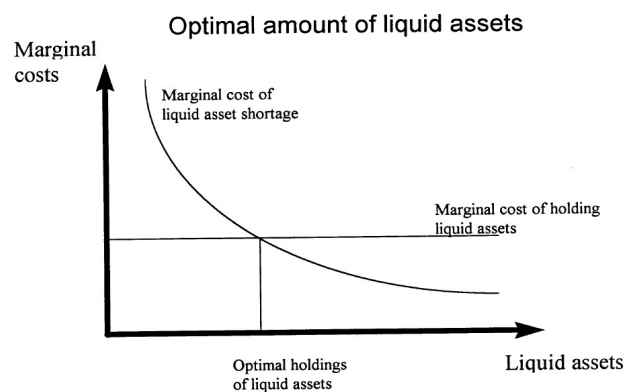


Figure 1: Optimal amount of Liquid assets

### 2.2 Liquidity

The liquidity ratio reflects the company's ability to meet its obligations or pay back its short-term debt. This ratio is used as a measure of how liquid a company is. There are two events in measuring the liquidity ratio, namely by using the current ratio and the quick ratio. In this study, to measure liquidity, the author uses the current ratio.

According to the results of the studies of [5], [6] and [7], state that there is a negative relationship between liquidity and cash holding on the grounds that companies can meet their preventive and transactional needs with

liquid assets and can be used instead of cash. The greater the liquidity of the company, the greater the liquid assets that can be used as a substitute for cash so that the company holds less cash because it has been replaced by this liquid asset. Other researchers [8] and [9] stated the results of their study that there was a significant negative relationship between liquidity and cash holding. Based on this description, the following research hypothesis is formulated:

H1: Liquidity has a negative effect on cash holding.

### 2.3. Company growth

The growth of the company greatly influences the balance sheet and cash flow. The creation of investment activities will increase investors' expectations of a higher rate of return [20]. The opening of investment opportunities in a company will provide a positive signal for investors about the company's future growth, which indirectly affects the company's value.

The high investment opportunity the company has shows the higher the company's ability to obtain returns that can be used as cash reserves. Companies with high growth opportunities will prefer to hold excess liquid assets [21]. Several studies have shown that the higher the company's growth opportunity, the higher the amount of cash held by the company [5]. Research by [10], [11] and [12] show a significant positive effect between growth opportunity and cash holding.

H2: Growth opportunity has a significant positive effect on cash holding.

### 2.4. Net Working Capital

[13] argues that: "net working capital is net working capital which is defined as part of current assets which can actually be used for operational expenditures of the company's products without disturbing the company's ability to pay its short-term debt". According to the trade off theory, net working capital and cash holding can have a positive or negative relationship. According to [14] this happens because net working capital can be used as a substitute for cash in terms of liquidity. When there are alternative sources of liquidity in a company, the trade off theory predicts that the company will have little cash, because liquid assets can be liquidated whenever the company needs cash. This theory shows the transaction motive in cash holdings. Thus this indicates a negative relationship.

In a study conducted by [14] found a positive relationship between cash holding and net working capital. This is because "Net Working Capital shows that

if the firm's requirement for NWC is more it would hold more cash". Net Working Capital shows that the company needs a lot of cash, it will also hold more cash. This theory is also in line with research conducted by [22] which states that there is a positive relationship between cash holding and net working capital. This occurs because the increase in net working capital indicates a higher cash balance because liquid companies tend to have higher cash balances and vice versa for companies with lower liquidity.

H3: Net working capital has a significant positive effect on cash holding.

## 3. METHODOLOGY

This research is an associative research. Manufacturing sector companies on the IDX in 2015-2019 are used as the scope of the research area. Quantitative data in the form of financial reports is the source of the data in this study. This study uses dependent and dependent variables. The independent variables are liquidity and growth opportunity; and Net Working Capital. The dependent variable is Corporate Cash Holding.

The sample selection technique is done by purposive sampling, which is the technique of taking samples based on certain specific criteria, the types of samples that can provide the desired information or because the sample is the only one available. The criteria in the purposive sampling used in this study are as follows: Manufacturing companies listed on the Indonesia Stock Exchange (IDX) that have financial reports and have been audited in rupiah units in the 2015-2020 period.

Based on the characteristics of the sample selection used in this study, it can be determined which companies can be selected to become a sample of 35 companies.

Cash holding is cash that is ready to be used by a company to invest in physical assets. The optimal amount of cash holdings indicates good liquidity of the company. Measurement of cash holding in this study was adopted based on research conducted by [23], namely the total value of cash and cash equivalents divided by total assets minus cash and cash equivalents.

$$CH = \frac{\text{Cash and Cash Equivalent}}{\text{Net Total Assets}} \times 100\%$$

Net working capital is the total working capital owned by a company that is used by the company for expenses related to company operations. The calculation of net working capital uses the research used by [18], namely total current assets minus current liabilities to total assets.

$$NWC = \frac{\text{Current Asset} - \text{Current Liabilities}}{\text{Total Assets}} \times 100\%$$

Assets Growth shows the growth of assets where assets are assets used for the company's operational assets. The greater the assets, it is expected that the greater the operational results produced by the company will be.

Company growth is measured using changes in total assets. Asset growth is the difference between total assets owned by the company in the current period with the previous period to the total assets of the previous period.

$$\text{Assets Growth} = \frac{(\text{total asset } t - \text{total asset } t-1)}{\text{total asset } t-1}$$

The ratio to measure liquidity used is Quick Ratio (QR). This ratio measures the company's liquidity in meeting short-term liabilities using its current assets except for its inventory.

$$\text{Quick Ratio} = \frac{\text{Current Asset} - \text{Inventory}}{\text{Total Asset}}$$

This study uses panel data which means a combination of cross sections and time series. There are three methods that can be used in this research, namely:

- a. Common Effect Model (CEM) is a model with existing data using cross section and time series units without considering the characteristics between individuals and time which will lead to differences in coefficients.
- b. Fixed Effects Model (FEM) is a model to assume that in the intercept, there are differences between individuals. The Fixed Effects Model adds a dummy variable to explain the difference between each intercept. Such a model is also known as the Least Square Dummy Variable (LSDV) parameter.

- c. Random Effects Model (REM) is a model like the Fixed Effects Model, but in this model it is again assumed that each individual difference and time is influenced by the intercept element. In the Random Effects Model, the value of the intercept of individuals is random (random effects). This kind of model is also known as the Error Component Model (ECM) or the Generalized Least Square (GLS) technique.

The model of the regression equation for this study is as follows:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Information:

Y = Cash Holding

a = intercept coefficient

$\beta_i$  = regression coefficient

X1 = Liquidity

X2 = Company Growth

X3 = Net Working Capital

e = error value

#### 4. RESULT

To test the hypothesis, the F test (ANOVA) is used to test the hypothesis jointly (Jointly), while the t-statistic test aims to test the hypothesis partially [24].

Descriptive statistical analysis in this study aims to provide a more detailed description of the data from the variables. Descriptive statistics include the mean, median, maximum, minimum, standard deviation, skewness and kurtosis.

**Table 1**  
Descriptive Statistics of Research Variables

Parameter	Cash Holding	NWC	Growth	Likuiditas
Mean	0.116395	0.248465	0.438657	15.63046
Median	0.105827	0.237500	0.367200	15.20456
Maximum	2.408710	0.801354	0.89439	20.06482
Minimum	0.001000	-0.414875	0.073650	12.75639
Std. Dev.	0.302876	0.259376	0.205848	1.682341
Skewness	5.012746	-0.103956	0.402857	0.274566
Kurtosis	24.84723	2.528476	2.682546	2.539863
Jarque-Bera	4873.649	0.528752	8.628736	3.964915
Probability	0.000000	0.857391	0.014713	0.129562
Observations	175	175	175	175

Source: e-views 11

Based on the data presented in Table 1, it can be concluded that the average value of the Corporate Cash Holding variable is 0.116395. The standard deviation of the Corporate Cash Holding variable is 0.302876, the

maximum and minimum value of the cash holding variable are 0.801354 and 0.001000, respectively. The average value of the Net Working Capital variable is 0.248465, the standard deviation is 0.259376, and the



maximum and minimum values are 0.796 and -0.414875. The average value of the growth variable is 0.438657, the standard deviation is 0.205848 and the maximum and minimum values are 0.894394 and 0.073650, respectively. For multiple regression analysis after performing the classical assumption test and determining

which model is better in estimating panel data, the authors use the Fixed Effect Model as presented in Table 2.

**Table 2.**

Multiple Linear Regression with Fixed Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.921957	1.034094	1.858591	0.0647
NWC	1.364276	0.166827	8.177787	0.0000
Growth	0.347688	0.192547	1.805730	0.0427
Likuiditas	-0.144871	0.066445	-2.180313	0.1348
R-squared	0.885376			
Adjusted R-squared	0.864623			
F Statistik = 17.495625	Prob(F-statistic) = 0.0000			

Source: The results of data processing using Eviews 11

From the results of the regression analysis above, it is found that Net Working Capital has a significant positive effect on Cash Holding with a significance level of 0.0000. Company growth variable has a positive significant effect on cash holding with a significance level of 0.0472. And the liquidity variable is not significant to cash holding with a significance level of 0.1348.

The adjusted R-squared value is 0.864623, meaning that the contribution of Net Working Capital, Company Growth and Liquidity to Cash Holding is 86.46%, while the remaining 13.54% is due to the contribution of other variables not examined in this study.

The F statistical value is obtained at 17.495625 with a significance of 0.0000, this means that the Net Working Capital, Company Growth and Liquidity variables together have a significant effect on Cash Holding.

## 5. DISCUSSION

Effect of Liquidity on Cash Holding. The liquidity variable has a negative and insignificant effect on cash holding. Current ratio is a ratio to measure the company's ability to pay short-term liabilities by comparing current assets with current debt. In other words, how many current assets are available to cover short-term liabilities that are due soon. However, in some special conditions, not every time a current asset other than cash can be a substitute for cash. This indicates that the high or low liquidity does not affect the level of the company's cash holding. The results of this study are in accordance with those conducted by [25], [22] and [26] who stated that he

did not find evidence to support that liquidity is an important aspect for companies in determining the level of cash holding decisions.

Assets Growth has a significant positive effect on cash holding. These results support the research of [10], [11] and [12]. The higher the growth opportunity of a company, the higher the chance to get a greater return, so that the company's ability to maintain cash as meeting future investment needs is higher. Based on the pecking order theory, companies with large growth opportunities will prefer to use internal sources of funds to meet their investment needs. Companies with high growth opportunities, will require large capital for investment, but the availability of external capital is usually very low and expensive so that to reduce missed investment opportunities, companies will prefer to hold the excess of liquid assets. The results of this study contradict the results of previous studies conducted by [27], [28] which state that growth opportunity has no effect on cash holding, and shows that an increase or decrease in total assets will not affect the determination of cash levels. holding company.

Net working capital has a significant positive effect on cash holding. These results indicate that the higher the net working capital, the higher the determination of the level of cash holding owned so that the result is not in accordance with the trade off theory which states that there is a negative relationship between net working capital and cash holding. An increase in net working capital leads to a higher cash balance because highly liquid companies tend to have higher cash balances and vice versa, companies with lower liquidity [29]. The

results of this study are in line with those expressed by [5], [30] and [29] which state that net working capital can be a good substitute for cash holding. This is because net working capital is very liquid to be used as cash if at any time the company needs funds. The results of this study are also consistent with the results of research conducted by [27], [12] which show that there is a positive relationship between net working capital and cash holding, but the results of the study contradict research conducted by [31] which states that net working capital has no effect on cash holding.

## 6. CONCLUSION

There is no significant effect on the liquidity variable on cash holding. This indicates that the high or low liquidity does not affect the level of the company's cash holding. Assets Growth has a significant positive effect on cash holding, this means that the higher the growth opportunity of a company, the higher the chance to get a greater return, so that the company's ability to maintain cash as meeting investment needs in the future is higher. There is a significant positive effect of net working capital on cash holding. This shows that the higher the net working capital, the higher the determination of the level of cash holding owned so that the result is not in accordance with the trade off theory which states that there is a negative relationship between net working capital and cash holding.

## ACKNOWLEDGMENT

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