G E M A
Jurnal Gentiaras Manajemen dan Akuntasi
Laman Jurnal: jurnal.gentiaras.ac.id/index.php/Gema/index
ISSN : 2086-9592 (p) , 2721-5490 (e)

The Impact of Capital Expenditure on Cash Holding: Evidence from the Real Estate and Property Sector

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ARTICLE INFO

Artikel History:

Received: September 22, 2023

Revised: November 15, 2023

Published: November 30, 2023

Keywords:
Cash holding, Capital expenditure, Net working capital, Leverage, Corporate governance

ABSTRACT

The assessment of a company's financial can be ascertained by examining its cash management practices, particularly in relation to achieving an ideal level of Cash Holding. Existing literature indicates that the level of cash reserves held by a firm can serve as an indicator of the quality of its corporate governance framework. The primary aim of this research is to examine the effect of capital expenditures, net working capital, leverage, and board of commissioners towards the cash holdings of companies operating in the real estate and real estate sector. The research focused on the period spanning from 2019 to 2022. The research used an associative research approach, with a sample size of 31 companies that were selected using purposive selection. The data analysis was used a multiple regression approach, specifically employing panel data. The result of the study shows that net working capital, leverage, and the presence of board of commissioners exert a notable affect the cash holdings, however capital expenditures has no significant effect towards cash holdings. The finding shows that it would be prudent for companies operating in the real estate industry to prioritize the efficient management of net working capital and leverage ratios in order to maintain a robust cash position. Moreover, this underscores the imperative of proactive engagement and supervision by the board of commissioners in the process of making budgetary decisions.

INFO ARTIKEL

Riwayat Artikel:

Diterima: 22 September 2023

Direvisi*:* 15 November 2023

Dipublikasikan: 30 November 2023

Kata kunci:
Cash holding, Capital expenditure, Net working capital, Leverage, Dewan komisaris

ABSTRAK

Penilaian terhadap kondisi keuangan suatu perusahaan dapat dipastikan melalui pemeriksaan praktik pengelolaan kasnya, terutama dalam mencapai tingkat Cash Holding yang ideal. Literatur yang ada menunjukkan bahwa tingkat cadangan kas yang dimiliki oleh suatu perusahaan dapat berfungsi sebagai indikator kualitas kerangka tata kelola perusahaannya. Tujuan utama dari penelitian ini adalah untuk mengkaji pengaruh belanja modal, modal kerja bersih, leverage, dan dewan komisaris terhadap penyimpanan kas perusahaan yang beroperasi di sektor real estate dan properti. Studi ini akan berfokus pada periode tahun 2019 hingga 2022. Penelitian ini menggunakan pendekatan asosiatif, dengan sampel sebanyak 31 perusahaan yang dipilih menggunakan metode purposive sampling. Analisis data dilakukan dengan pendekatan regresi berganda, khususnya dengan menggunakan data panel. Hasil penelitian menunjukkan bahwa modal kerja bersih, leverage, dan keberadaan dewan komisaris memiliki pengaruh signifikan terhadap cash holding, namun belanja modal tidak menunjukkan dampak yang signifikan secara statistik terhadap cash holding. Temuan tersebut menunjukkan bahwa perusahaan yang beroperasi di industri real estate sebaiknya memprioritaskan manajemen modal kerja bersih dan rasio leverage yang efisien guna mempertahankan posisi kas yang kuat. Selain itu, hal ini menegaskan pentingnya keterlibatan proaktif dan pengawasan oleh dewan komisaris dalam proses pengambilan keputusan anggaran.

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DOI article: https://doi.org/10.47768/gema.v15n2.202307

INTRODUCTION

Cash is a crucial asset for any business. The most liquid form of a company's assets is cash, and therefore, cash is utilized by companies to meet their operational needs. Cash flow is also a vital factor that ensures the continuity of a company's operations because with cash flow, businesses can meet their financial obligations promptly and use it as an investment vehicle to generate profits. For instance, obligations such as debt payments and employee salaries need to be met on time to prevent losses that could lead to bankruptcy (Alnori et al., 2021). To achieve efficiency in running the operational activities of a company, effective financial management is required. One way to address this issue is by holding cash. According to Asante-Darko et al., 2018, cash holdings are defined as the cash owned by a company or available for investment in physical assets and for distribution to investors. The level of cash holdings must be accurately estimated by the company to ensure the fulfillment of its operational funding requirements. Determining the company's cash holding level is a crucial decision that financial managers must make, and it is done to ensure the continuity of the company's financial performance.

Every company engaging in cash holding has different objectives or motives. According to Aristi et al., 2021, there are four reasons for companies to hold cash: transaction motive, precautionary motive, tax motive, and agency motive. Apart from these motives, cash holding also has drawbacks because cash is the least profitable form of assets. This is due to the fact that the value of money today differs from the value of money in the future, a concept commonly referred to as the time value of money.

In addition to the time value of money risk, companies also face liquidity risk. Liquidity refers to a company's ability to meet short-term obligations when they come due. Thus, liquidity risk arises from difficulties in providing funds to meet short-term liabilities. A real-life example of liquidity risk can be seen in the case of PT. Agung Podomoro Land Tbk (APLN), which experienced difficulties in settling its debts in 2019. The company was deemed to lack sufficient liquidity to pay off domestic bonds worth IDR 1.3 trillion that were due between June 2019 and January 2020. The company also failed to make the initial payment for a syndicated debt of IDR 1.3 trillion. However, creditors agreed to provide relief by extending the syndicated debt's maturity date to September 30, 2019. This case serves as a valuable lesson for other companies, highlighting the importance of continuously monitoring their cash management to ensure optimal cash holdings, thus safeguarding the company's liquidity. This is especially crucial for companies in the property and real estate sector, where investments tend to be concentrated in illiquid assets such as land and buildings. From this case, it can be concluded that, in addition to liquidity factors, decision-making factors also have a significant impact on a company's sustainability. Companies must accurately

estimate the rate of cash outflows or the level of cash holding to ensure that their day-to-day operational needs are adequately met without disrupting the company's liquidity

This study aims to examine several factors that are believed to influence a company's cash holding, including capital expenditure. Capital expenditure, refers to periodic expenditures made to create new assets or inventory items that provide benefits over multiple accounting periods. This includes expenses for maintenance that preserve or extend the useful life of assets and enhance asset capacity (Liadi & Suryanawa, 2018). One of the theories regarding cash holding, known as the pecking order theory, identifies a negative relationship between capital expenditure and cash holding. This is because capital expenditure is associated with funds spent to acquire fixed assets, which can reduce a company's cash position. Conversely, the sale of fixed assets can increase the cash balance (Ezeani et al., 2023; Fauzie et al., 2020). This notion is supported by research conducted by Emilio Jason, 2020, which found a negative impact of capital expenditure on cash holding. However, this contradicts the findings of Damayanti & Sudirgo, 2020, which showed a positive relationship between cash holding and capital expenditure. Different results were also found in studies conducted by Wasiuzzaman, 2014; Zulyani & Hardiyanto, 2019, where no significant relationship was observed between capital expenditure and cash holding.

H1: Capital Expenditure significantly influences Cash Holding.

Another factor to influence cash holding is net working capital or NWC. Net working capital serves as a cash substitute because it can be quickly liquidated for funding when needed (Liadi & Suryanawa, 2018). This is because, to reduce opportunity costs associated with holding cash, net working capital is utilized as a cash substitute. Additionally, leverage is also considered a variable closely related to a company's cash holding policy. Companies with high debt ratios tend to have low cash reserves because they must meet their debt repayments along with interest expenses (Cheryta et al., 2018). And the corporate governance can act as a constraint on managerial actions in hoarding excessive cash (Asante-Darko et al., 2018). Based on previous research Onah et al., 2021, stated that there is an agency motive for companies to hold cash. The agency motive, as indicated by research from Ezeani et al., 2023, suggests that cash is less valuable in countries with significant agency problems between insider and outsider shareholders of the company. The agency motive arises due to conflicting interests between insiders and outsiders, particularly regarding the amount of cash held by the company, highlighting the need for transparency within the company to reduce agency conflicts.

H2: Net Working Capital has a significant impact on Cash Holding.

Leverage assesses how much debt a business has relative to its equity or assets. According to the Pecking Order Theory, when debt is present, cash declines, meaning that the company's cash holdings lose significance. Debt rises when a company's retained earnings aren't enough to cover its investment needs. This means that external capital, specifically debt, is now used for the company's investment financing instead of internal funding (Cheryta et al., 2018). Debt will rise and cash ownership will fall if debt is seen as a replacement for cash in investment financing. In light of this reasoning, the following hypothesis is put forth:

H3: Leverage significantly influences Cash Holding.

According to Christina & Sugiarto, 2020, the board of directors plays a crucial role in managing the company's cash reserves. A large board of directors can lead to agency issues that may cause a company to hold excess cash. They argue that the board of directors is responsible for cash management, corporate governance, and other policies within the organization. An excessively high cash balance can result in agency problems because the board of directors may not be working in the best interests of shareholders but rather for their own interests. This notion is supported by research conducted by Ezeani et al., 2023, which found a positive relationship between the board of directors and cash holding. However, this contrasts with the research conducted by Henny Wirianata and Mawarti et al., 2020 which suggests that the board of directors does not have a significant influence on cash holding. Corporate governance structures encompass the board of directors, board of commissioners, shareholders, and other stakeholders. Based on the research by Ezeani et al., 2023, companies with a high proportion of independent commissioners and a smaller board of commissioners tend to have lower cash holdings.

H4: Corporate Governance significantly influences Cash Holding.

RESEARCH METHOD

Research Design

This research is conducted as a quantitative study, aiming to provide results using statistical or other quantitative (measurement) methods. In the quantitative approach, the relationships between variables will be analyzed using objective theoretical and statistical tools within the real estate and property companies listed on the Indonesia Stock Exchange (IDX) during the period 2019-2022.

Population And Sample

The research population comprises 62 real estate and property companies listed on the Indonesia Stock Exchange (IDX) between the years 2018 and 2020. The research utilizes purposive sampling with the following criteria:

1. Real estate and property sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2019-2022.
2. Companies that have published financial reports continuously from 2019 to 2022.
3. Companies with the required financial ratios for the research.

Based on these criteria, a sample of 31 companies was selected per year, resulting in a total sample of 124 companies over four consecutive years.

Operational Definition

Cash Holding

In this study, the dependent variable is Cash Holding, which refers to the company's cash reserves required for purchasing physical assets and distributing dividends to shareholder. Cash holding can be determined using the following formula (Mawarti et al., 2020):

$$Cash\ Holding = \frac{Cash\ and\ cash\ equivalents}{Total\ Assets}$$

Capital Expenditure

Capital expenditure (CapEx) refers to the expenses incurred to repair or create new assets for the company's and using following formula (Mawarni & Widodo, 2023):

$$Capex = \frac{Fixed\ Assets - Fixed\ Assets^{t-1}}{Total\ Assets}$$

Net Working Capital

NWC refers to the qualitative concept of working capital, where net working capital is defined as a portion of current assets that can genuinely be utilized to fund the company's operations without disrupting its liquidity and using following formula (Liadi & Suryanawa, 2018):

$$NWC = \frac{Net\ Current\ Assets - Cash\ and\ Cash\ Equivalents}{Total\ Assets - Cash\ and\ Cash\ Equivalents}$$

Leverage

Leverage is a tool used to measure the extent to which a company relies on creditors to finance its assets and using following formula (Cheryta et al., 2018):

$$Leverage = \frac{Total\ Debt}{Total\ Assets}$$

Corporate Governance

One aspect of good corporate governance structure in a company is the size of the board of commissioners, which is responsible for overseeing the company's directors and corporate governance (CG) is calculated based on the total number of commissioners (Asante-Darko et al., 2018).

Data Collection

The data collection technique employed is the use of secondary data obtained by downloading audited financial reports from www.idx.co.id. These data consist of financial reports of real estate and property companies listed on the Indonesia Stock Exchange (IDX) for the years 2019-2022. The data collection process involves examining financial reports and documentation containing information for each respective company.

Data Analysis Techniques

The data analysis methods employed in this study include descriptive statistical tests, classic assumption tests, multiple linear regression analysis, and hypothesis testing. The objective of descriptive statistical analysis is to provide a clear overview of the data and research findings. Data is described using measures such as minimum, maximum, mean, and standard deviation based on the research sample. The data for this study is processed using SPSS 20 software. Normality tests, multicollinearity tests, autocorrelation tests, heteroskedasticity tests, multiple linear regression analysis, t-statistic tests, and coefficient of determination tests are conducted to examine the regression model.

RESULTS AND DISCUSSION

Results

In this study, various statistical tools were employed, including descriptive statistical analysis, normality test, multicollinearity test, autocorrelation test, heteroskedasticity test, multiple linear regression analysis, t-statistic test, and certainty test. Below are the research data results.

Descriptive Statistical Analysis

Descriptive statistical analysis provides an overview or description of the data by presenting the minimum, maximum, mean, and standard deviation values for each research variable. The results of the descriptive statistical test are presented in the following ta**b**le 1.

Table 1. Descriptive Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
Cash Holding	124	.003	2.929	.10345	.264382
Capital Expenditure	124	-.591	.570	.00098	.087356
Net Working Capital	124	-.146	3.527	.23714	.360585
Leverage	124	.034	6.469	.39465	.578469
Corporate Governance	124	2	8	4.23	1.349
Valid N (listwise)	124				

Source: Processed data

Based on the descriptive statistical analysis in the table above, the researcher draws the following conclusions:

1. The variable representing cash holdings has an average value of 0.10345 across companies, with a standard deviation of 0.2643. The minimum and maximum values for this variable are 0.003 and 2.929, respectively. This finding suggests that, on average, corporations maintain a relatively modest quantity of cash and cash equivalents, comprising less than 10% of their overall asset holdings, with notable disparities observed among different firms.
2. The Capital Expenditure variable has an average value of 0.00098 per company, accompanied by a standard deviation of 0.087356. The range of values for this variable spans from a minimum of -0.591 to a maximum of 0.570. Based on the provided data, it can be seen that the mean value is comparatively lower than the standard deviation. This observation implies that the findings are unfavorable due to the significant variation from the mean.
3. The Net Working Capital variable exhibits an average value of 0.23714 per organization, accompanied by a standard deviation of 0.360585. The minimum and maximum values for this variable are -0.146 and 3.527, respectively. Similar to the preceding variable, it can be observed that the mean value is comparatively lower than the standard deviation, hence suggesting undesirable outcomes as a consequence of a greater variation from the mean.
4. The variable of leverage was examined, revealing an average leverage per company of 0.39465, accompanied by a standard deviation of 0.578469. The smallest and greatest values observed were 0.032 and 6.469, respectively. Once again, it is observed that the mean value

is lower than the standard deviation, indicating undesirable outcomes. This is due to the fact that the standard deviation represents a greater degree of variation from the mean. This suggests that a substantial proportion of the firm's asset financing is derived from internal sources of cash.

5. The variable of the Board of Commissioners exhibits an average value of 4.23, with a standard deviation of 1.349. The minimum and maximum values for this variable are 2 and 8, respectively. In this particular scenario, it is observed that the mean value surpasses the standard deviation value, hence suggesting positive outcomes as a consequence of a reduced level of variability..

Normality Test

Table 2. Results of the Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		124
Normal Parameters[a,b]	**Mean**	0E-7
	Std. Deviation	.09368689
Most Extreme Differences	**Absolute**	.052
	Positive	.052
	Negative	-.035
Kolmogorov-Smirnov Z		.576
Asymp. Sig. (2-tailed)		.894

a. Test distribution is Normal.

b. Calculated from data.

Source: Processed data

Based on the test results presented in Table 2, the One-Sample Kolmogorov-Smirnov Test was employed to assess the variables, namely Cash Holding (Y), Capital Expenditure (X1), Net Working Capital (X2), Leverage (X3), and Board of Commissioners (X4). The Asymp. Sig. (2-tailed) values for all variables were found to be 0.894, which exceeds the significance level of 0.05. Hence, it may be inferred that the data conforms to a normal distribution, as the significance value (sig) exceeds 0.05.

Multicollinearity Test

Table 3. Results of the Multicollinearity Test

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.002	.029		.077	.938		
Capital Expenditure	-.161	.100	-.053	-1.616	.109	.974	1.026
Net Working Capital	.208	.039	.283	5.316	.000	.372	2.690
Leverage	.316	.024	.692	12.928	.000	.368	2.718
Corporate Governance	-.017	.006	-.088	-2.692	.008	.991	1.009

a. Dependent Variable: Cash Holding

Source: Processed data

Based on the findings shown in Table 3, it can be observed that the VIF (Variance Inflation Factor) values for the Capital Expenditure variable (X1) are 1.026, a value below the threshold of 10. Additionally, the tolerance value is calculated to be 0.974, surpassing the minimum threshold of 0.1. The Net Working Capital variable (X2) exhibits a Variance Inflation Factor (VIF) of 2.690, indicating a moderate level of multicollinearity as it is below the threshold of 10. Additionally, the tolerance value of 0.372 above the minimum threshold of 0.1, suggesting that there is no significant issue of collinearity for this variable. The variable denoted as Leverage (X3) exhibits a Variance Inflation Factor (VIF) value of 2.718, which falls below the threshold of 10. Additionally, it demonstrates a tolerance value of 0.368, surpassing the minimum requirement of 0.1. In the present study, it is observed that the variable X4, representing the Board of Commissioners, exhibits a Variance Inflation Factor (VIF) value of 1.009, which falls below the threshold of 10. Additionally, the tolerance value for this variable is determined to be 0.991, surpassing the minimum requirement of 0.1. Hence, it can be inferred that the absence of multicollinearity in the research is established, as it satisfies all the necessary criteria to mitigate any potential multicollinearity concerns..

Autocorrelation Test

Table 4. Result of Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.935[a]	.874	.870	.095248	.856

Source: Processed data

Based on the test results presented in Table 4, it can be noticed that the Durbin-Watson (DW) statistic has a value of 0.856. This value falls within the range of -2, indicating the lack of autocorrelation. Therefore, it can be inferred that there is an absence of autocorrelation.

Multiple Linear Regression Test

Table 5. Result of Multiple Linear Regression Test

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.002	.029		.077	.938
Capital Expenditure	-.161	.100	-.053	-1.616	.109
Net Working Capital 1	.208	.039	.283	5.316	.000
Leverage	.316	.024	.692	12.928	.000
Corporate Governance	-.017	.006	-.088	-2.692	.008

Source: Processed data

Based on the table presented in Figure 5, we can depict the regression equation as follows:

CH = 0.002 – 0.161CE + 0.208NWC + 0.316LEV – 0.017CG

1. The positive constant value of 0.002 suggests that, while keeping capital expenditure, net working capital, leverage, and corporate governance unchanged, there will be a rise of 0.002 units in cash holding.
2. The regression coefficient for capital expenditure, which is -0.161, indicates that a decrease of one unit in capital expenditure is associated with a forecasted fall of 0.161 units in cash holding. In contrast, it is anticipated that an increase of one unit in capital expenditure will

result in a corresponding rise of 0.161 units in cash holding, providing all other variables stay same.

3. The regression coefficient of net working capital, which is 0.208, indicates that a one-unit rise in net working capital is associated with an estimated increase in cash holding of 0.208. In contrast, it is expected that a loss of one unit in net working capital will result in a decrease of 0.208 in cash holding, providing all other variables remain constant.
4. The regression coefficient for leverage, which is 0.316, suggests that there is an expected rise of 0.316 in cash holding for each unit increase in leverage. On the other hand, in the event that leverage decreases by one unit, it is anticipated that cash holding will decrease by 0.316, on the assumption that all other variables remain same.
5. The regression coefficient of corporate governance, which is 0.017, suggests that there is a positive relationship between the number of individuals on the board of commissioners and cash holding. Specifically, for each extra member on the board of commissioners, it is anticipated that cash holding will increase by 0.017. In contrast, in the event of a reduction in the number of board commissioners by one, it is anticipated that cash holdings will decrease by 0.017, under the assumption that all other variables stay same.

R-squared Test

Table 6. Result of R-squared Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.935[a]	.874	.870	.095248

Source: Processed data

According to the findings presented in Table 6, the coefficient of determination test reveals that the R-squared value is 0.874. This indicates that the independent variables, namely Capital Expenditure, Net Working Capital, Leverage, and Board of Commissioners, collectively account for 87.4% of the observed variation in the cash holding variable. This suggests a robust correlation between the independent and dependent variables. The remaining 13.6% is ascribed to additional factors that lie beyond the scope of the regression model now under examination.

T-Test

From the test results in Table 5, the research hypotheses are as follows:

1. According to the partial test findings, the computed T-value is lower than the tabulated T-value. The value of -1.616 is less than the value of 1.657. The probability value for Capital

Expenditure exceeds the predetermined significance level (alpha) of 0.05, suggesting that there is no statistically significant impact of Capital Expenditure on cash holding.

2. According to the incomplete test findings, the computed T-value (5.316) exceeds the tabulated T-value (1.657). The probability value for Net Working Capital is found to be smaller than the predetermined significance level (alpha) of 0.05, indicating a statistically significant impact of Net Working Capital on cash holding.
3. According to the incomplete test findings, the calculated T-value (12.928) exceeds the tabulated T-value (1.657). The probability value for Leverage is found to be smaller than the predetermined significance level (alpha) of 0.05, demonstrating a statistically significant impact of Leverage on cash holding.
4. According to the partial test findings, the computed T-value is lower than the critical T-value. The inequality -2.692 is less than 1.657. The probability value associated with the analysis of Corporate Governance is found to be less than the predetermined significance level (alpha) of 0.05. This indicates a statistically significant negative impact of Corporate Governance on cash holding.

Discussion

The Influence of Capital Expenditure on Cash Holding

The findings derived from the examination of data and the partial testing of hypotheses suggest that there is no substantial influence of capital spending on cash reserves within enterprises operating in the real estate and property industry throughout the period spanning from 2019 to 2022. In the context of corporate entities, it may be observed that the level of capital spending, regardless of being large or low, does not exert any discernible influence on cash holding. The absence of a discernible influence of the capital expenditure variable on cash holdings in firms can be ascribed to the heterogeneity in capital expenditure levels observed across the selected sample of companies. Typically, these organizations employ debt financing to support their asset investments, resulting in limited impact on the company's cash reserves from operations associated with the acquisition or replacement of fixed assets. (Mawarti et al., 2020). The research findings presented in this study demonstrate a departure from current theoretical frameworks. This deviation may be attributed to the principles outlined in the trade-off theory, which suggests that organizations with significant capital spending tend to hold onto cash reserves as a precautionary measure against transaction costs linked to external capital and the potential loss of opportunities due to limited resources. The firm's cash reserves are augmented in order to support its capital expenditures. However, the necessity for cash reserves diminishes when the company possesses cash equivalents such as loan instruments. (Ngo et al., 2021)

The Influence of Net Working Capital on Cash Holding

Based on the data analysis and partial hypothesis testing, it is evident that net working capital has a significant positive influence on cash holding. The findings of this study align with the trade-off theory, which suggests that as a company's working capital increases, the amount of cash it holds also increases. This is because the company's assets exceed its liabilities (Liadi & Suryanawa, 2018). This implies that the level of net working capital will indeed affect the level of cash holding in the company. The findings of this study provide empirical evidence that aligns with the trade-off theory, as they indicate a statistically significant and positive correlation between elevated levels of net working capital and the amount of cash held by corporations. In accordance with the idea of trade-off theory, a growth in a company's working capital results in a corresponding increase in its cash holdings, as the company's assets surpass its obligations. The aforementioned findings provide empirical support for the underlying assumptions of the trade-off theory within the specific study framework.

The Influence of Leverage on Cash Holding

The findings derived from the analysis of data and the execution of partial hypothesis testing suggest that there exists a notable beneficial influence of leverage on cash holding. Based on the research findings, it can be inferred that leverage has an impact on cash holdings in accordance with the pecking order theory. Specifically, the presence of debt is associated with a decline in cash levels. This observation suggests that there exists an inverse relationship between the level of leverage and the amount of cash held by the company. The findings of this study are consistent with the research conducted by Asante-Darko et al., 2018; Onah et al., 2021, who found a relationship between leverage and cash holding.

The Influence of Corporate Governance on Cash Holding

The findings of the study, which involved data analysis and partial hypothesis testing, indicate a notable adverse impact of corporate governance on cash retention within enterprises operating in the real estate and property industry. This discovery provides empirical evidence in favor of the Agency Theory, a theoretical framework positing that the composition of a company's board of directors and its corporate governance structure can exert an impact on the financial management practices adopted by the organization. In this scenario, the board functions as an internal tool for oversight, serving to mitigate agency problems by ensuring that firm choices, such as cash management, are made in alignment with the shareholders' interests.

The findings of this study suggest that the size of a company's board of directors has an impact on its control mechanisms and can mitigate agency problems by reducing task separation.

This, in turn, facilitates a potential alignment of interests between the company's management and its owners or shareholders in pursuit of common goals. This alignment encompasses decisions pertaining to the storage of funds within a corporation. The present study's findings are consistent with the research conducted by Asante-Darko et al., 2018, which established a correlation between the size of a company's board of commissioners and its cash holdings.

CONCLUSION

Based on the comprehensive study and subsequent discussion undertaken by the researcher in order to answer the research problem at hand, the ensuing findings can be derived. The impact of Capital Expenditure on Cash Holding in enterprises operating in the real estate and property sector is not found to be statistically significant. Net working capital, leverage, and corporate governance exert a notable impact on cash holding within companies operating in the real estate and property sector.

Based on the findings of this study, it is advisable for investors to take into account many elements pertaining to cash holding, including net working capital (NWC), capital expenditure, leverage, and corporate governance, prior to making an investment decision in a given company. It is anticipated that investors will acquire shares of companies exhibiting elevated levels of net working capital (NWC), capital expenditure, and reduced leverage.

This research might serve as a valuable resource for companies listed on the Indonesia Stock Exchange (IDX) when making decisions pertaining to the management of their working capital. It is anticipated that companies will transform surplus cash into liquid assets in order to avoid retaining excessive capital in the form of cash, as cash holdings tend to yield lower profitability for stakeholders. Organizations are anticipated to prioritize internal financing sources over external funding sources due to the comparatively cheaper conversion costs associated with internal fundraising. Furthermore, it is anticipated that corporations would provide precise and reliable information to enable investors to optimize the utilization of corporate data for investment objectives.

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