International Journal of Current Economics & Business Ventures, 5 (2) 2025, 526-540
International Journal of Current Economics & Business Ventures
https://scholarsnetwork.org/journal/index.php/ijeb

THE INFLUENCE OF FIRM SIZE, GROWTH AND PROFITABILITY ON CASH HOLDINGS

Hilmi Khatami, Muhammad Yusuf, Dwi Kismayanti Respati
E-mail : hilmihatami24@gmail.com
Faculty of Economics and Business, State University of Jakarta, Indonesia

Abstract:
This study aims to analyze the effect of company size, growth, and profitability on cash holdings. The population in this study were property and real estate companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2021 period. Using a purposive sampling method, 44 companies were selected with a total of 88 observation data. The analytical method used was panel data regression analysis with the Eviews 12 program. The partial results of the study (t-test) showed that company size had a significant positive effect on cash holdings; growth and profitability did not have a significant effect on cash holdings. The results (F-test) also proved that the regression model used in this study was feasible and that the three independent variables together had a significant effect on cash holdings. The implication of this study is the importance of considering company size in determining cash control policies, while growth and profitability rate are not the main indicators in determining the amount of cash that a company needs to maintain
.
Keywords: Firm Size, Growth, Profitability, Cash Holding

BACKGROUND

Cash holding is influenced by agency motives, as agents are managers and are entrusted by shareholders with managing company assets to generate profits (Hadjaat et al., 2021). The increasing trend of holding cash may be driven by companies' anticipatory measures due to limited funding sources due to the uncertainty of economic crises such as the COVID-19 pandemic. This aligns with Keynes' (1936) argument, which states that there are three motives for companies to hold cash: the transaction motive, the precaution motive, and the speculation motive. The transaction motive is the need to hold cash to pay for operational transactions. The precaution motive is the need to protect the company from emergencies or as a precaution. Meanwhile, the speculation motive is the need to profit from unexpected investment opportunities (Saputri & Kuswardono, 2019).

The companies focused on in this research are property and real estate companies. Property is a primary need for comfortable housing, and for some companies, it assists in renting business premises. Furthermore, property can be a long-term investment because its value has a higher prospect of increasing in the future. This aligns with Bank Indonesia data on commercial property development in the fourth quarter of 2021, which showed positive annual growth in commercial property demand of 1.01% year-on-year (yoy). The increase was primarily in the rental office and hotel segments, a result of the government's easing of PPKM restrictions.

Previous research examining the impact of sales growth on cash holdings has found contradictions. A previous study by Gotassa & Yuniarwati (2022) showed that sales growth had a significant negative impact on cash holdings. Consequently, it can be concluded that the higher the sales growth rate, the lower the likelihood of cash holdings in a company. However, another study by Ekadjaja (2020) showed that sales growth had no impact on cash holdings because rapidly growing companies generate sales, but primarily on credit, in the form of receivables, so creditors do not consider sales growth when granting credit. Furthermore, research by Suherman (2017) found that sales growth has a significant positive impact on cash holdings, as when sales growth is high, companies experience increased revenue, resulting in substantial cash balances. Another factor influencing cash holding levels is firm size, which is the size of a company, estimated based on its assets. The trade-off theory suggests that a company's optimal cash holding is determined by considering the costs and benefits of holding cash. Larger companies have a better chance of obtaining credit from financial institutions and can also obtain loans at lower rates. This may occur because companies have better credit ratings and a lower probability of bankruptcy (Dermawan, 2019). Conversely, smaller companies tend to have difficulty accessing capital markets, resulting in higher cash holdings.

Previous studies have found that firm size has a positive and significant impact on cash holdings (Saputri & Kuswardono, 2019). The larger the company, the more cash it has, while smaller companies also have less cash. This positive relationship is partly due to the fact that the authors' sample tends to have substantial asset values. Subsequent research contradicts Erdian's (2019) research, which showed that firm size has no impact on cash holdings (Almagribi et al., 2022). Another study found a negative impact between firm size and cash holdings, which is in line with the trade-off theory (A. Kusumawati & Mardiati, 2019).

Another variable influencing cash holdings is profitability. Profitability ratios project a company's ability to generate profits through sales, cash flow, capital, number of employees, and number of branches. Based on the pecking order theory, a company's cash holdings can be viewed as the result of financing and investment decisions. A company's cash position can be viewed as the result of financing and investment decisions. Companies with high profitability also tend to have high cash holdings. Previous studies found that profitability (ROA) significantly impacts cash holdings (Wafi, 2023). Other findings in the journal (Dewi & Setiyono, 2021) indicate that profitability (ROA) does not significantly influence cash holdings.

Based on the above background, it can be seen that there are differences of opinion or perspective from previous studies regarding the influence of firm size, growth, and profitability on cash holdings. Therefore, new empirical evidence is needed regarding the diverse research results. In this study, the researchers used property and real estate companies as the research sample. Therefore, the researchers were interested in conducting a study entitled "The Effect of Firm Size, Growth, and Profitability on Cash Holdings."

International Journal of Current Economics & Business Ventures, 5 (2) 2025, 526-540
International Journal of Current Economics & Business Ventures
https://scholarsnetwork.org/journal/index.php/ijeb

THEORETICAL FRAMEWORK

Pecking Order Theory

Pecking order theory, based on Myers' (1984) paper, suggests that profitable businesses, due to their numerous internal funding sources, actually have low debt levels. Pecking order theory explains a hierarchy of preferences regarding how money should be used, but it does not specify an ideal capital structure. To minimize asymmetric information costs and other financial costs, businesses establish preferences regarding how funds should be used. Pecking Order Theory suggests that companies should primarily fund investment opportunities with internal funds. If internal funds are insufficient to meet investment needs, companies will turn to external funding sources, such as debt as a secondary funding source and equity as a final funding source. (Gotassa Verotera Mulia & Yuniarwati, 2022). Pecking order theory also aims to reduce information asymmetry, where management is perceived to have more and more complete information than investors, thus predictably reducing conflict between managers and investors.

Agency Theory

Agency theory was first proposed by Jensen and Meckling in 1976. In their book, "Accounting Theory," Jensen and Meckling described the agency relationship as arising when one party, acting as principal (shareholder), engages another party as agent (manager) to perform a number of services on behalf of the principal (Baxter, 2014).

Agency theory provides a framework for studying contracts between principals and agents and for predicting the economic consequences of standards. For example, manager compensation is often linked to reported profits. These differing interests give rise to conflicts of interest, or agency problems. Agency problems arise from information asymmetry, or the unequal information received by principals and agents. Managers have more information than principals. This information asymmetry can lead to errors in decision-making or, worse, harm the principal.

Cash Holdings

A company's cash holdings are crucial because, even in a weak financial situation, the amount of cash or cash equivalents maintained can indicate the company's capacity to fund all operational activities and meet its commitments on time (Gotassa Verotera Mulia & Yuniarwati, 2022).

According to Keynes (1936), there are three motives for companies to hold cash: the transaction motive, the precaution motive, and the speculation motive (Saputri & Kuswardono, 2019). The transaction motive relates to the use of cash to safeguard the company's operational activities. The precaution motive relates to the need for cash to face unexpected uncertainties in the future, such as the need for funds in an emergency to respond to changes in economic conditions. The speculation motive relates to the

preference for holding cash or other liquid assets as an investment or speculative strategy. Keynes suggested that investors may choose to hold cash as a speculative strategy to profit from investment opportunities that may arise in the future, for example, when asset prices decline or to take advantage of unexpected investment opportunities.

CH=(CASH AND CASH EQUIVALENT)/(TOTAL ASSET)

Source: Sufiyati (2021)

Firm Size

The division of businesses into large and small groups based on their total assets is known as firm size. The logarithm of total assets is used to determine firm size. Firm size increases with increasing assets, revenue, and market capitalization (Tahaanii et al., 2019). Based on Government Regulation (PP) No. 7 of 2021, the basis for measuring the size of micro, small, and medium-sized enterprises (MSMEs) is based on business capital and annual sales. The capital criteria for micro businesses are a maximum of IDR 1 billion, for small businesses more than IDR 1 billion to IDR 5 billion, and for medium businesses more than IDR 5 billion to IDR 10 billion. In terms of annual sales, micro businesses have sales of up to IDR 2 billion. Small businesses have sales of more than IDR 2 billion to IDR 15 billion, and medium businesses have sales of more than IDR 15 billion to IDR 50 billion. Small companies are generally young and less well-known, making it difficult for them to access financial markets, making them more vulnerable to capital market imperfections. Furthermore, larger companies have an easier time obtaining capital from investors, which can impact their cash holdings.

SIZE = Natural Log of Total Assets

Source: Aftab et al. (2018)

Growth

Growth is the increase in growth over a specific period of time, often This occurs in companies, but it doesn't necessarily occur every year. Growth measurements in previous studies used the asset growth ratio and the sales growth ratio. The measurement (A. Kusumawati & Mardiati, 2019) provides the following formula:

GO = (Total Assets in Year i - Total Assets in Year (i-1)) / (Total Assets in Year i)

The sales growth ratio is defined as a ratio that estimates a company's sales growth and can be calculated by measuring the difference or variance in sales value over a specified period (Suherman, 2017). When sales growth is high, a company will experience increased revenue, resulting in more cash from the revenue generated. Increases in sales volume and the price of a product are indicators of a company's sales growth. A company is considered to be experiencing sales growth if sales at the end of the period are higher than the previous

year's sales. A company with a higher ratio is considered to have strong sales growth if its sales level is higher than the previous year (Prasetiyo & Fitria, 2021). When a company experiences sales growth (in cash terms), profits also increase, allowing the company to have more cash. Therefore research used sales growth to measure growth, it is formulated as follows:

SG = (This year's sales - Previous year's sales) / (Previous year's sales)

Source: Miswaty & Novitasari (2023)

Profitability

A business's ability to generate profits is indicated by its profitability ratio. Profitability can impact a company's cash holdings, as a greater company's ability to generate profits will also increase the company's cash holdings due to increased sales (A. Kusumawati & Mardiati, 2019). Based on previous research, profitability is composed of several ratios, including:

Return on Assets (ROA)

In Kusumawati and Mardiati's (2020) research, the ROA measurement used is formulated as follows:

ROA = (Earnings After Interest and Tax) / (Total Assets).

Return on Equity (ROE)

Research conducted by Almagribi et al., 2023, used the following formula to measure:

ROE = (Net Income) / (Owners' Equity).

Net Profit Margin (NPM)

Research used by Monica (2021) to measure the percentage of net profit earned:

NPM = (Net Profit after Tax) / (Sales) x 100%

Source: Kasmir (2012)

METHOD

In research, the unit of analysis is based on the object of data collection and interpretation. The unit of analysis can be an individual, a group, an organization, a social interaction, or a social artifact. In this study, the unit of analysis is an organization, namely a company.

The population in this study is a property and real estate company listed on the Indonesian Stock Exchange (IDX) for the 2020-2021 period. A sample is defined as a small or representative portion of the population with representative characteristics, while a population is the entire item x` or study subject. Researchers must have a strong understanding of sampling

to select and develop an acceptable sample, both in terms of the number of samples to be taken and the sample size to be accumulated. Inaccurate population determination can lead to erroneous data collection, which can result in low-quality, unrepresentative, and difficult-to-generalize study findings (Amin et al., 2023). Sampling in this study used non-probability sampling, utilizing purposive sampling based on specific criteria. The sample criteria in this study are as follows:

a. "Property and real estate companies listed on the IDX in 2020-2021;

b. Property and real estate companies that published consecutive annual financial reports on the IDX in 2020-2021;"

Data sources in a study can be obtained in two ways: primary and secondary sources. The data in this study were obtained using secondary sources. This data is not obtained directly from the source, but from other sources. In this study, the data obtained were company financial reports from the Indonesia Stock Exchange (IDX) website and from the websites of property and real estate companies used as samples in the study. Data were collected using documentation techniques. Documentation techniques are data collection techniques that base data on past events or occurrences. The documents used as data in this study were the annual financial reports of companies listed on the IDX for the period 2020-2021.

RESULT

4.1 MODEL SELECTION TEST

To identify the best method for estimating panel data regression, three tests can be used. First, the CEM or FEM technique is selected using the FEM significance test (Chow Test). Second, the choice between FEM and REM is made using the Hausman test. Third, the choice between REM and CEM is made using the Lagrange Multiplier (LM) test.

1. Chow Test

Effects Test	Statistic	di.	Prob.
Cross-section F Cross-section Chi-square	4,382	(43,41)	0.0000
	151,534	43	0.0000

Source: Eviews 12 output, data processed by researcher (2025)

The Chow test (Redundant Fixed Effects Test) results show that the probability (Prob.) values for the F test and Chi-square are both 0.000, which is less than the 0.05 significance level. Thus, statistically, FEM is more appropriate than CEM.

2. Hausman Test

The Hausman test is used to determine whether FEM or REM is more appropriate.

International Journal of Current Economics & Business Ventures, 5 (2) 2025, 526-540
International Journal of Current Economics & Business Ventures
https://scholarsnetwork.org/journal/index.php/ijeb

Table 4.3 Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	9,704	3	0,021

Source: Eviews 12 output, data processed by researcher (2025)

The Hausman test (Correlation Random Effects Hausman Test) shows that the probability value (Prob.) is 0.021 > 0.05. Thus, FEM is more appropriate than REM. Based on the model selection results from the Chow and Hausman tests, the FEM model is the most appropriate panel data regression model to use in this study without the need for a Lagrange Multiplier test.

4.2.2 Classical Assumption Test

The feasibility of the regression model used was tested using the classical assumption test. This test ensures that the resulting data is normally distributed and that the regression model is free from heteroscedasticity and multicollinearity (Priyatno, 2022). The classical assumption tests used are as follows:

1. Normality Test

The normality test is conducted to assess whether the residual values are normally distributed. Data is normally distributed if the probability value obtained is >0.05 or if the Jarque-Bera value is <Chi-square value (Priyatno, 2022). Data is considered not normally distributed if the probability value is <0.05.

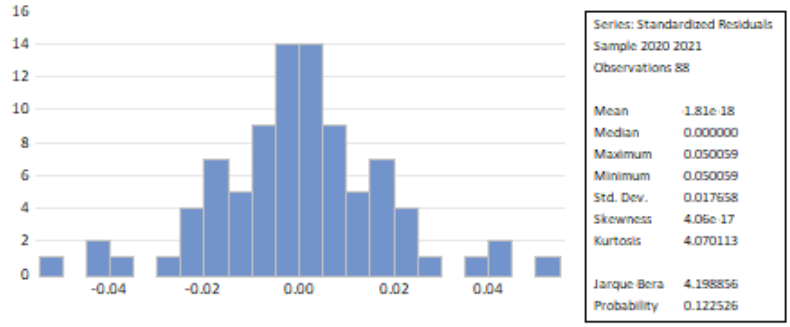


Figure 4.2 Normality Test Results

Source: Eviews 12 output, data processed by researchers (2025)

After the researchers identified outliers, they conducted the Jarque-Bera normality test again. The results show a probability value of 0.122 > 0.05, which indicates that the assumption of normality is met, and the model can be considered statistically valid for further analysis.

2. Multicollinearity Test

The correlation value between independent variables can be used to confirm the presence of multicollinearity. The study model indicates multicollinearity if the value is > 0.90. Conversely, if the value is <0.90, there are no symptoms of multicollinearity.

Table 4.4 Multicollinearity Test Results

	CASH	SIZE	GROWTH	NPM
CASH	1,000	0,561	0,163	0,288
SIZE	0,561	1,000	0,094	0,045
GROWTH	0,163	0,094	1,000	0,215
NPM	0,288	0,045	0,215	1,000

Source: Eviews 12 output, data processed by researcher (2025)

Multicollinearity test results for the independent variables: firm size, growth, and profitability. The table shows that each variable shows a correlation value <0.90, thus concluding that the independent variables used in this study have no correlation between them and that multicollinearity is not an issue. 3. Heteroscedasticity Test

The results of data processing using EViews for the White heteroscedasticity test are as follows:

Table 4.5 Heteroscedasticity Test Results

F-statistic	1,356	Prob. F(9,78)	0,223
Obs*R-squared	11,907	Prob. Chi-Square(9)	0,219
Scaled explained SS	16,730	Prob. Chi-Square(9)	0,053

Source: Eviews 12 output, data processed by researcher (2025)

Based on the White test results, the probability value was 0.223 > 0.05 for all approaches (F-statistic, Obs*R^2, and Scaled Explained SS), thus concluding that the regression model meets the homoscedasticity assumption. There is no heteroscedasticity problem and the model is reliable for analysis.

Advanced inferential analysis.

4. Autocorrelation Test

A regression model that is free of autocorrelation is a good model. Eviews provides the Durbin-Watson algorithm to detect the presence of autocorrelation. An intercept in the regression and the absence of confounding factors among the independent variables are prerequisites for this test.

Table 4.6 Autocorrelation Test Results

Cross-section fixed (dummy variables)			
R-squared	0,890	Mean dependent var	0,062
Adjusted R-squared	0,767	S.D. dependent var	0,053
S.E. of regression	0,026	Akaike info criterion	-4,178
Sum squared resid	0,027	Schwarz criterion	-2,855
Log likelihood	230,853	Hannan-Quinn criter.	-3,645
F-statistic	7,242	Durbin-Watson stat	3,911
Prob(F-statistic)	0,000		

Source: Eviews 12 output, data processed by researcher (2025)

Based on this table, the Durbin-Watson (dW) value generated from the regression model is 3.911. Meanwhile, using the Durbin-Watson table using a significance level of 0.05 and the number of data (k=3), the dL value is 1.607 and dU is 1.699. Substituting these values into the test criteria shows that (4 – d) < dL, thus concluding that negative autocorrelation occurs in this study's data.

Basuki (2015) notes that panel data is not required to use an autocorrelation test because panel data is cross-sectional, while autocorrelation only occurs in time-series data. Although the autocorrelation test (Durbin-Watson) indicated negative autocorrelation in the panel data analyzed using FEM, according to Basuki, this negative correlation did not significantly impair the validity of the model. This is because FEM effectively controls for heterogeneity between entities, and negative autocorrelation does not introduce significant bias into the estimates.

4.2.3 Panel Data Regression Analysis

The panel data regression analysis in this study uses FEM to examine the impact of independent variables on the dependent variable. Based on the results, the following equation was obtained:

$$CASHit = -6.355 + 0.222SIZEit + 0.014GROWTHit – 0.003NPMit + \varepsilon$$

The regression model equation is explained as follows:

1. The constant value of -6.355 indicates that if all independent variables, namely firm size, growth, and profitability, are zero, the cash holding value is predicted to be -6.355.

2. The firm size regression coefficient of 0.222 indicates that every one-unit increase in firm size will increase cash holdings by 0.222, assuming other variables remain constant.

3. The growth regression coefficient of 0.014 indicates that every one-unit increase in growth will increase cash holdings by 0.014, assuming other variables remain constant.

4. The profitability regression coefficient of -0.003 indicates that every one-unit increase in profitability will decrease cash holdings by 0.003, assuming other variables remain constant.

4.2.4 Hypothesis Testing

1. t-Statistic Test (Partial Test)

This test is conducted to estimate the extent to which the independent variables can separately explain the dependent variable. This test uses a significance level of 0.05 (α = 5%), with a decision-making criterion of <0.05, meaning that the probability of significance is partially significant, indicating that an independent variable has an impact on the dependent variable (Ghozali, 2016). The results of the t-statistic test are as below:

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-6,355	2,982	-2,131	0,039
SIZE	0,222	0,103	2,152	0,037
GROWTH	0.015	0,008	1,826	0,075
NPM	-0,003	0,010	-0,291	0,772

a. Hypothesis Test 1

The first hypothesis is formulated as firm size negatively impacting cash holdings. Firm size is measured using the natural log of total assets. Based on the t-test results conducted using the FEM model in the table, the probability value of X1, as a measure of firm size, is 0.037. This probability value is <0.05, indicating that firm size has an impact on cash holdings. The positive coefficient value of 0.222 indicates a positive correlation between firm size and cash holdings. Therefore, it can be concluded that firm size has a positive and significant impact on cash holdings. Therefore, the first hypothesis (H1) is rejected.

b. Hypothesis Test 2

The second hypothesis is formulated as growth positively impacting cash holdings. Growth is measured by subtracting last year's sales from this year's sales, comparing the results with last year's sales. Based on the t-test results conducted using the FEM model in the table, the probability value of X2, as a measure of growth, is 0.075. The probability value above 0.05 indicates that growth does not have a significant impact on cash holdings. Therefore, it can be concluded that the second hypothesis (H2) is rejected.

c. Hypothesis Testing 3

The third hypothesis is formulated as stating that profitability has a positive impact on cash holdings. Profitability is measured by dividing net profit after tax by sales. Based on the t-test results conducted using the FEM model in the table, the probability value of X3, as a measure of profitability, is 0.772. This probability value exceeds 0.05, indicating that profitability does not have a significant impact on cash holdings. Therefore, it can be concluded that the third hypothesis (H3) is rejected.

2. F-Statistic Test (Simultaneous Test)

The F-statistic test was conducted to test the feasibility of the model used and to determine how all independent variables simultaneously influence the dependent variable. Based on the test results, the calculated F-value was 7.24. This was compared with the F-table value of 2.71. It can be concluded that the regression model used in this study is feasible. Based on the F-statistic test results in the table, the Prob (F-statistic) value is 0.000. These results indicate that the F-Prob. <0.05 indicates that the independent variables simultaneously exert a significant influence on the dependent variable, thus concluding that this model is valid for subsequent analysis.

3. Coefficient of Determination Test

The coefficient of determination (R2) test was conducted to determine the ability of the independent variables to influence the dependent variable. The results of the panel data regression model using the FEM approach showed an adjusted R-squared value of 0.767471. This indicates that 76.75% of the variation in cash holdings can be explained by firm size (X1), growth (X2), and profitability (X3). The remaining 23.25% is explained by variables outside this model.

DISCUSSION

This study was conducted to determine whether the independent variables, namely firm size, growth, and profitability, have an impact on cash holdings, which serve as the dependent variable. Based on the tests conducted in the previous subchapter, the discussion of the research results is as follows:

1. The Effect of Firm Size on Cash Holdings

This study found that firm size has a significant positive effect on cash holdings. This phenomenon can be explained from several perspectives. First, larger companies have broader access to various funding sources, both internally, such as retained earnings, and externally, such as loans or share issuance (Wahyuni & Simanjuntak, 2022). However, because large companies operate on a more complex and large scale, they are more cautious in managing liquidity. This is done as a precautionary measure against various forms of uncertainty that

could disrupt operational activities. In contrast, small companies, due to their relatively low operational activity, tend to minimize cash reserves.

Second, the impact of the COVID-19 pandemic has tended to decrease company sales, but operational activities must continue. This aligns with the transaction motive, which maintains expenses for company operations, such as production costs, employee salaries, and electricity. Given economic uncertainty and the need to maintain operational operations, large companies, driven by prudence, tend to hold higher cash levels when unforeseen circumstances arise to mitigate long-term risks. Conversely, small companies tend to hold lower cash levels due to their focus on short-term operations.

Firm size reflects the size of a company and can be expressed in terms of total assets or total net sales (Cindy et al., 2023). This research aligns with the findings of a study conducted by Cindy et al. (2023), which examined property and real estate companies from 2019–2021. They found that firm size had a significant positive impact on cash holdings. Romel & Ekadjaja, n.d., who studied the non-cyclical consumer sector, also showed that firm size had a significant positive impact on cash holdings. Based on pecking order theory, it is often assumed that large companies do not need high cash levels because they have good credit ratings, allowing them to quickly obtain loans.

2. The Effect of Growth on Cash Holdings

This study found that growth did not significantly impact cash holdings. Although the direction of the relationship indicates that companies with high growth tend to hold more cash (positive coefficient), this effect was not strong enough to be statistically significant. Therefore, the hypothesis that growth has a significant positive impact on cash holdings was rejected in this study.

This growth measurement is based on increased sales, but increased sales are not always accompanied by a significant increase in cash for the company. Many property and real estate companies in Indonesia primarily conduct credit sales in their business activities. This situation prevents companies from immediately receiving large amounts of cash. Furthermore, to finance production costs in line with increasing sales, company managers also often make purchases on credit, thus reducing reliance on available cash (Owen & Nariman, 2025). Therefore, this finding does not strongly support the pecking order theory and indicates that the effect of growth on cash holdings has not been empirically proven within the sample and period used.

These results contradict a study conducted by Suherman (2017), which found that sales growth had a significant positive impact on cash holdings. In other words, the insignificant impact of sales growth on cash holdings in the 2020–2021 study period can be explained by the macroeconomic conditions at the time. The COVID-19 pandemic has created high uncertainty for companies, so cash retention decisions are not solely driven by sales growth.

3. The Effect of Profitability on Cash Holdings

This study found that profitability (net profit margin) has no significant effect on cash holdings. This means that the higher a company's profitability, the less likely it is to retain cash. High profitability does not always directly correlate with increased cash availability. Although net

profit indicates operational success, it is often reinvested. Cash flows in the form of fixed assets, working capital, or other business development, so that retained cash does not experience a significant increase.

This research aligns with a study conducted by Hidayati & Ratnawati (2024) on manufacturing companies in Indonesia, which found that profitability does not significantly impact cash holdings. This means that even though a company generates profits, it does not necessarily retain or store large amounts of cash. However, conceptually, pecking order theory explains that companies with increasing profitability (high profitability) do have the potential to hold more cash due to their stronger internal funding.

Based on agency theory by Jensen & Meckling (1976), large cash funds have the potential to create conflicts of interest between managers and owners. Large cash holdings in a company provide opportunities for managers to make unproductive or personal expenditures (empire building). Some companies may prioritize the use of cash to pay dividends. This management policy regarding the use of profits can reduce retained cash, even if the company's profitability is high. The findings of a study conducted by Sugihwan & Susanto (2024) indicate that profitability has a significant positive impact on cash holdings. The differences in the findings of this study show that the relationship between profitability and cash holding is not universal, but rather contextual, depending on the internal characteristics of the company, industrial sector, and macroeconomic conditions at the time the observation was made.

CONCLUSION

This study was conducted to determine the effect of firm size, growth, and profitability on cash holdings in property and real estate companies listed on the Indonesia Stock Exchange during the 2020-2021 period. Secondary data was obtained from financial reports and annual reports of property and real estate companies on the official Indonesia Stock Exchange website and the respective company websites. The study population was infrastructure companies listed on the Indonesia Stock Exchange during the 2020-2021 period, with a total of 88 observations. Based on the results of the research conducted using Eviews 12 in the previous chapter, the following conclusions were obtained:

1. Firm size has a significant positive effect on cash holdings;
2. Growth does not have a significant positive effect on cash holdings;
3. Profitability does not have a significant negative effect on cash holdings;

BIBLIOGRAPHY

Aftab, U., Javid, A. Y., & Akhter, W. (2018). The Determinants of Cash Holdings around Different Regions of the World. Business & Economic Review, 10(2), 151–182. https://doi.org/10.22547/ber/10.2.7

Agustin Ekadjaja, P. S. P. (2020). Pengaruh Sales Growth, Board Size, Dividend Payment, Dan Cash From Operation Terhadap Cash Holding. *Jurnal Paradigma Akuntansi*, 2(2), 667. https://doi.org/10.24912/jpa.v2i2.7639

Almagribi, M. K., Lukviarman, N., & Setiany, E. (2022). Financial Determinants of Corporate Cash Holdings: Evidence from Property and Real Estate Companies in Indonesia. Review of Integrative Business and Economics Research, 12(3), 251–260.

Amin, N. F., Garancang, S., & Abunawas, K. (2023). Populasi dan Sampel. Konsep Umum Populasi Dan Sampel Dalam Penelitian, 14(1), 15–30.

Bank Indonesia. (2020). Indonesia Economic Report 2020. Bersinergi Membangun Optimisme Pemulihan Ekonomi, 24. https://www.bi.go.id/id/publikasi/laporan-tahunan/perekonomian/Documents/9_LPI2020.pdf

Basuki, A. T., & Prawoto, N. (2016). Analisis Regresi Dalam Penelitian Ekonomi & Bisnis: Dilengkapi Aplikasi SPSS & EVIEWS. PT Rajagrafindo Persada.

Baxter, W. T. (2014). Accounting theory. Accounting Theory, 3, 1–357. https://doi.org/10.4324/9781315885490

BPS. (2021). Pertumbuhan Ekonomi Indonesia Triwulan IV-2020. Www.Bps.Go.Id,13,12. https://www.bps.go.id/pressrelease/2021/02/05/1811/ekonomi-indonesia-2020-turun-sebesar-2-07-persen--c-to-c-.html

Cindy, N., Chelsya, □, & Fernanda, V. (2023). Economics and Digital Business Review Pengaruh Firm Size, Leverage dan Capital Expenditure Terhadap Cash Holding. Leverage Dan Capital Expenditure Terhadap…, 4, 350–363. www.republika.co.id

Elizabeth Sugiarto Dermawan, M. (2019). Analisis Pengaruh Firm Size, Firm Age, Leverage, Dan Growth Terhadap Kinerja Perusahaan. *Jurnal Paradigma Akuntansi*, 1(3), 666. https://doi.org/10.24912/jpa.v1i3.5569

Ghozali, I. (2016). Aplikasi Analisis Multivariate dengan Program IBM SPSS 23. UNDIP.

Giarto, R. V. D., & Fachrurrozie, F. (2020). The Effect of Leverage, Sales Growth, Cash Flow on Financial Distress with Corporate Governance as a Moderating Variable. *Accounting Analysis Journal*, 9(1), 15–21. https://doi.org/10.15294/aaj.v9i1.31022

Gotassa Verotera Mulia, & Yuniarwati. (2022). Pengaruh Leverage, Sales Growth Dan Board Size Terhadap Cash Holding. *Jurnal Paradigma Akuntansi*, 4(2), 788–798. https://doi.org/10.24912/jpa.v4i2.19574

Hadjaat, M., Yudaruddin, R., & Riadi, S. S. (2021). The Impact of Financial Distress on Cash Holdings in Indonesia: Does Business Group Affiliation Matter? *Journal of Asian Finance, Economics and Business*, 8(3), 373–381. https://doi.org/10.13106/jafeb.2021.vol8.no3.0373

Hidayati, N. D., & Ratnawati, D. (2024). The Effect Of Profitability, Leverage, And Firm Size On Cash Holding Industry Company. 4(1). https://doi.org/10.53067/ije3.v4i1

Indonesia, B. (2021). Permintaan properti komersial triwulan IV-2021 tumbuh meningkat Perkembangan Properti Komersial (PPKOM) Perkembangan pasokan properti juga meningkat pada triwulan IV- Perkembangan Properti Komersial (PPKOM).

Ismanto, H., & Pebruary, S. (2021). Aplikasi SPSS dan EVIEWS dalam Analisis Data Penelitian.

Kusumawati, A., & Mardiati, E. (2019). Analisis Faktor-Faktor Yang Mempengaruhi Cash Holding Perusahaan Jasa Yang Terdaftar Di BEI (Studi kasus pada perusahaan jasa sektor infrasturktur, utilitas dan transportasi tahun 2015-2018). *Jurnal Ilmiah Mahasiswa Fakultas Ekonomi Dan Bisnis Universitas Brawijaya*, 1–19.

Kusumawati, S., Hendra Ts, K., & Nurlaela, S. (2020). Determinan Cash Holding Pada Perusahaan Property and Real Estate Di Bursa Efek Indonesia. *Jurnal Penelitian Ekonomi Dan Akuntansi* (JPENSI), 5(1), 62–77. http://jurnalekonomi.unisla.ac.id/index.php/jpensi

Miswaty, M., & Novitasari, D. (2023). Pengaruh Operating Capacity, Sales Growth, dan Arus Kas Operasi Terhadap Financial Distress. *Jurnal Aplikasi Bisnis Dan Manajemen*, 9(2), 583–594. https://doi.org/10.17358/jabm.9.2.583

Monica, M. (2021). Pengaruh Net Profit Margin (NPM), Rasio Utang (DER) dan Ukuran Perusahaan Terhadap Nilai Perusahaan Pada Perusahaan Sub Sektor Restoran, Hotel & Pariwisata Yang Terdaftar Di Bursa Efek Indonesia Tahun 2015 – 2019. 1–157. https://elibrary.unikom.ac.id/id/eprint/5027

Nurwani. (2021). Pengaruh Leverage, Ukuran Perusahaan, dan Nilai Perusahaan Terhadap Cash Holding. *Jurnal Akuntansi, Manajemen, Ekonomi*, 2(2), 235–246.

Owen, N., & Nariman, A. (2025). Owen dan Nariman: Pengaruh Profitabilitas, Leverage, dan Sales Growth Terhadap... VII(1), 123–132.

Prasetiyo, B., & Fitria, Y. (2021). Pengaruh Sales Growth, Inventory dan Operating Capacity terhadap Cash Holding. *Jurnal Akuntansi Dan Governance Andalas*, 4(1), 39–55. www.jaga.unand.ac.id

Priyatno, D. (2016). *Belajar alat analisis data dan cara pengolahannya dengan SPSS*. Penerbit Gava Media.

Priyatno, D. (2022). *Olah data sendiri Analisis Regresi Linier dengan SPSS & Analisis Regresi Data Panel dengan EVIEWS*.

Romel, W., & Ekadjaja, A. (n.d.). *Pengaruh Leverage, Firm Size Dan Net Working Capital Terhadap Cash Holding*.

Saputri, E., & Kuswardono, A. (2019). Pengaruh Profitabilitas, Leverage, Firm Size, dan Growth Opportunity Terhadap Cash Holding Perusahaan (Studi Kasus Perusahaan Manufaktur yang Terdaftar Pada Bursa Efek Indonesia Periode Tahun 2013-2017). *Management, and Industry (JEMI)*, *2*(2), 91–104. www.okezone.com

Sufiyati, Y. (2021). Faktor- Faktor Yang Mempengaruhi Cash Holding Pada Perusahaan Property Dan Real Estate. *Jurnal Paradigma Akuntansi*, *3*(2), 696. https://doi.org/10.24912/jpa.v3i2.11719

Sugihwan, B. A., & Susanto, L. (2024). Sugihwan dan Susanto : Faktor-Faktor yang Memengaruhi Cash Holding. In *Jurnal Multiparadigma Akuntansi* (Issue 4).

Suherman, S. (2017). Faktor-Faktor Yang Mempengaruhi Cash Holdings Perusahaan Di Bursa Efek Indonesia. *Jurnal Manajemen*, *21*(3), 336. https://doi.org/10.24912/jm.v21i3.255

Tahaanii, S., Pratomo, D., & Kurnia. (2019). Pengaruh Tax Avoidance Terhadap Cost Of Debt (Studi pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Periode 2015-2017). *Jurnal Aksara Public*, *3*(3), 1–14.

Wahyuni, A. Sri, Simanjuntak, S. F. (2022). Faktor-Faktor Yang Mempengaruhi Cash Holdings Perusahaan. *Jurnal Paradigma Akuntansi*, *4*(4), 1687–1695. https://doi.org/10.24912/jpa.v4i4.21403