

CASH HOLDING PROBLEMS: GROWTH OPPORTUNITY, FINANCIAL RATIOS, FIRM SIZE OF BEI PROPERTY COMPANIES

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Abstract : This study examines and analyzes the influence of growth opportunity, leverage, and firm size partially and simultaneously on cash holdings in property and real estate sector companies in 2022–2024. This research was conducted on property and real estate companies listed on the Indonesia Stock Exchange between 2022 and 2024. Data was obtained from the official Indonesia Stock Exchange website, www.idx.co.id. The population in this study was 92 property and real estate companies. Based on the criteria, 43 companies were selected as samples. The test results of Growth Opportunity (X1) have no effect on Cash Holding (Y) in Property and Real Estate Sector Companies Listed on the Indonesia Stock Exchange (IDX) in 2022-2024. The results of Financial Ratios (X2) and Firm Size have an effect on Cash Holding (Y) in Property and Real Estate Sector Companies Listed on the Indonesia Stock Exchange (IDX) in 2022-2024. The results of Simultaneous testing of Growth Opportunity, Financial Ratios and Firm Size have no effect on Cash Holding (Y) in Property and Real Estate Sector Companies Listed on the Indonesia Stock Exchange (IDX) in 2022-2024.

Keywords: *growth opportunity, leverage, firm size, cash holdings*

INTRODUCTION

Introduction

In financial management studies, cash management (cash holding) is a crucial aspect determining a company's operational sustainability and financial flexibility. Cash serves not only to meet daily transaction needs but also as a reserve to deal with uncertainty and as a source of internal funding to capture investment opportunities. Therefore, a company's decision regarding the level of cash holding is a strategic issue that requires careful consideration. According to Susanto & Zefanya (2020), having a large amount of cash can provide various advantages and disadvantages. In the property and real estate sector, funding needs tend to be large and long-term, and are heavily influenced by macroeconomic conditions such as interest rates, inflation, and consumer purchasing power. These fluctuating economic conditions require companies in this sector to be more careful in managing cash to ensure they can continue to undertake development projects and maintain financial stability.

In Indonesia, liquidity management and corporate financial transparency are supervised by institutions such as the Financial Services Authority (OJK) and adhere to applicable financial reporting standards. These regulations encourage companies to maintain healthy liquidity to meet short-term obligations and maintain investor confidence. Furthermore, government policies related to financial system stability, taxes, and debt restrictions also indirectly influence companies' decisions to retain cash. For example, changes in the benchmark interest rate set by the central bank can affect external financing costs, prompting companies to adjust their cash holding levels to anticipate higher capital costs. In times of economic uncertainty, government policies promoting market stability are also important factors influencing companies' cash management behavior. The following data shows the calculation of growth opportunities, financial ratios, firm size, and cash holdings for company profit growth using consolidated financial statements, indicating that companies in the property and real estate sector listed on the Indonesia Stock

CASH HOLDING PROBLEMS: GROWTH OPPORTUNITY, FINANCIAL RATIOS, FIRM SIZE OF BEI PROPERTY COMPANIES

Ferry Safriandi et al

Exchange (IDX) experienced fluctuating or unstable conditions during the 2022–2024 period. Based on data from property and real estate companies listed on the IDX in 2022–2024, it can be concluded that cash holdings fluctuated and tended to decline in some companies, although conditions differed across issuers. At APLN, cash holdings decreased from 0.038 (2022) to 0.027 (2023), then rose again to 0.038 (2024), although growth opportunities continued to decline from -0.034 to -0.078 and firm size also decreased from 24.077 to 23.986. At ASRI, cash holdings decreased from 0.064 (2022) to 0.053 (2023) and continued to decline to 0.030 (2024), in line with a decline in growth opportunities from 0.017 to -0.010. At BCIP, cash holdings increased from 0.011 (2022) to 0.022 (2023) but decreased slightly to 0.021 (2024), despite an increase in firm size from 27,508 to 27,543. At BEST, cash holdings consistently decreased from 0.090 (2022) to 0.071 (2023) and 0.056 (2024), in line with a decrease in growth opportunities from 0.005 to -0.019. Meanwhile, at BSDE, cash holdings decreased from 0.150 (2022) to 0.141 (2023) and 0.118 (2024), despite a significant increase in growth opportunities from 0.028 to 0.138 in 2024, and firm size from 31,805 to 31,962.

Overall, the average cash holdings of several companies showed a downward trend, such as ASRI (0.064 → 0.030) and BEST (0.090 → 0.056), although some companies remained relatively stable, such as BCIP (0.011 → 0.021). The growth opportunity variable, which ranged from negative to positive, leverage (financial ratio) ranging from 0.240 to 0.564, and firm size ranging from 23.815 to 31.962, indicate that changes in cash holdings are not always aligning with a single variable, but rather result from a combination of each company's financial condition and strategy for maintaining liquidity. Therefore, empirically, this data indicates that cash holdings of property and real estate companies in the 2022–2024 period tend to fluctuate and are more influenced by internal company dynamics and the financial condition of each issuer, rather than by a single factor. Based on this description, this research is crucial to analyze the cash holding problem, determinants of which are growth opportunity, financial ratios, and firm size, in property and real estate companies listed on the Indonesia Stock Exchange (IDX) from 2022 to 2024. The research findings are expected to contribute both theoretically to the development of financial management science and practically to company management in determining optimal cash management policies.

Research purposes

The research objective is to reveal the desired results achieved through the research process. Based on the problem formulation above, the objectives of this study are as follows:

1. To examine and analyze the effect of growth opportunities on cash holdings in property and real estate companies in the 2022–2024 period.
2. To examine and analyze the effect of financial ratios on cash holdings in property and real estate companies in the 2022–2024 period.
3. To examine and analyze the effect of firm size on cash holdings in property and real estate companies in the 2022–2024 period.
4. To simultaneously examine and analyze the effect of growth opportunities, leverage, and firm size on cash holdings in property and real estate companies in the 2022–2024 period.

LITERATURE REVIEW

According to (Handayani, 2024) growth opportunity is a company's opportunity to increase assets through investment activities aimed at expanding the business scale and providing long-term benefits.

According to Febriyanti et al. (2023), leverage describes the extent to which a company's assets are financed by debt. Companies with high levels of leverage exhibit a greater proportion of debt relative to assets, potentially increasing financial risk and reflecting an unhealthy company.

According to (Listyawati & Kristiana, 2020), firm size reflects the large or small scale of a company.

According to (Jason & Viriany 2020), cash holdings can help companies meet various needs, such as investment funding when the company experiences limitations in obtaining financing from external parties.

Based on the theoretical framework and previous empirical studies, the following hypotheses are proposed:

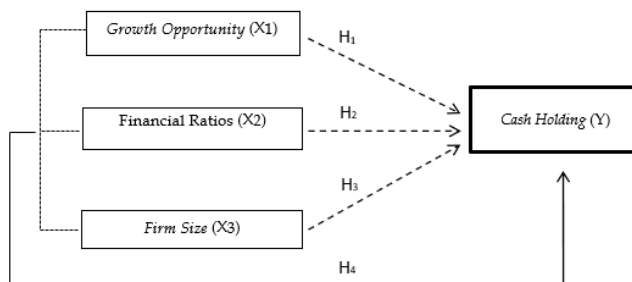


Figure 1.
theoretical framework
Source: (Data processing)

H1: Growth Opportunity (X1) affects Cash Holding.

H2: Financial Ratios (X2) affects Cash Holding.

H3: Firm Size (X3) affects Cash Holding.

H4: Growth Opportunity, financial ratios, and Firm Size collectively affect Cash Holding

RESEARCH METHODOLOGY

This research was conducted on property and real estate companies listed on the Indonesia Stock Exchange in 2022-2024. Data was obtained from the official Indonesia Stock Exchange website www.idx.co.id. A population is all individuals or objects with uniform characteristics who are the subjects of a study. A population also meets certain criteria and is the target of analysis to obtain accurate and representative data (Sugiyono, 2025). The population in this study was 92 property and real estate companies listed on the Indonesia Stock Exchange in 2022-2024. According to (Sugiyono, 2025), a sample is a subset of the population and its characteristics. Based on these criteria, the 43 companies listed on the Indonesia Stock Exchange in 2022-2024 were selected as sample companies

RESULTS AND ANALYSIS

The analysis in this study uses classical assumption tests and hypothesis tests with the help of computers through the IBM SPSS version 25 for Windows program

The Normality Test

Kolmogorov-Smirnov transformation test results. The test results in the table above yield a significance value of 0.200. The table shows a significance value of $0.200 > 0.05$. Based on this significance value, it can be concluded that the above data are normally distributed.

The Heteroscedasticity Test

The data points are randomly distributed around zero and do not cluster at a single point. The distribution of these data points also forms a pattern. Therefore, it can be concluded that the regression model in this study does not experience heteroscedasticity

Multicollinearity Test

The results of the multicollinearity test show that the tolerance values for Growth Opportunity, Financial Ratio, Firm Size, and the dependent variable Cash Holding are above 0.10, and the VIF value is below 10 for each variable. These results indicate that all independent variables in the multiple linear regression model do not have multicollinearity problems, so they can be used in this study.

Hypothesis Testing Using Regression Test

1. Regression Equation

$$Y = 0,545 + 0,024 (X_1) - 0,206 (X_2) - 0,032 (X_3) + e$$

The results of the regression equation and interpretation of the regression analysis equation above are as follows:

- 1) In this regression model, the constant value of 0.545 (positive) means that if Growth Opportunity, Financial Ratios, and Firm Size are all 0, then Cash Holding (Y) is 0.545.

CASH HOLDING PROBLEMS: GROWTH OPPORTUNITY, FINANCIAL RATIOS, FIRM SIZE OF BEI PROPERTY COMPANIES

Ferry Safriandi et al

- 2) The regression coefficient value of Growth Opportunity (X1) of 0.024 (positive) in this study indicates that Growth Opportunity (X1) has a positive relationship with Cash Holding (Y). This means that every 1-unit increase in Growth Opportunity (X1) will cause a 0.024-unit increase in Cash Holding (Y), assuming other variables are held constant. Simply put, this positive relationship indicates that the higher the company's growth opportunity, the greater the cash retained. This occurs because the company requires sufficient internal funds to finance future investments and expansion. Therefore, the coefficient of 0.024 reflects that growth opportunity has a unidirectional effect on cash holding, although the magnitude of this effect is relatively small.
- 3) The regression coefficient value of the Financial Ratio (X2) of -0.206 (negative) in this study indicates that the Financial Ratio (X2) has a negative relationship with Cash Holding (Y). This means that every 1-unit increase in the Financial Ratio (X2) will cause a 0.206-unit decrease in Cash Holding (Y), assuming other variables remain constant. This negative relationship indicates that the higher the financial ratio value (e.g., leverage/debt level), the lower the company's cash holdings. This typically occurs because:
 - a. The company must use cash to pay debt obligations (interest and principal)
 - b. Consequently, the amount of cash that can be held decreases.
Therefore, the coefficient of -0.206 indicates that the financial ratio has an inverse effect on cash holdings, and its effect is also quite large compared to the previous variable.

2. Multiple Determination Coefficient

The regression coefficient value of Firm Size (X3) of -0.032 (negative) in this study indicates that the Firm Size (X3) has a negative relationship with Cash Holding (Y). This means that every 1-unit increase in Firm Size (X3) will cause a 0.032-unit decrease in Cash Holding (Y), assuming other variables remain constant. This negative relationship indicates that the larger the company size, the less cash the company holds. This generally occurs because large companies: Have easier access to external funding sources (banks or capital markets), Therefore, they do not need to hold large amounts of cash as reserves. Thus, the coefficient of -0.032 indicates that Firm Size has an inverse effect on cash holdings, but its effect is relatively small compared to the other variables

3. The F Test

Based on the results of the ANNOVA (Analysis of Variance) or F test, in table 1 shows that the F count value of Growth Opportunity, Financial Ratio and Firm Size on cash holding is 1.848 while F table is 2.822 ($1.848 < 2.822$) with df numerator = 3, df denominator = 43 and significance level $\alpha = 0.05$ so that F count < F table. With a significance of 0.144 which means greater than 0.05. so it can be concluded that Growth Opportunity, Financial Ratio and Firm Size do not affect cash holding

Table 1.
Test F test

Model	Sum of Squares	df	Mean Square	F	Sig.
1					
Regression	.157	3	.052	1.848	.144 ^b
Residual	2.429	86	.028		
Total	2.585	89			

a. Dependent Variable: SQRTY

b. Predictors: (Constant), SQRTX3, SQRTX1, SQRTX2

Source: (Data processing)

4. The t Test

Based on Table 2 above, the results of the t-test are as follows:

- 1) Based on the table, it can be concluded that the t-value for the Growth Opportunity variable is $0.962 < 2.01669$ (t-table) with a significance level of $0.816 >$ the alpha level of 0.05. Therefore, Ha1 is rejected; partially, Growth Opportunity (X1) has no effect on cash holdings (Y) in Property and Real Estate Companies Listed on the Indonesia Stock Exchange (IDX) in 2022-2024.
- 2) Based on the table, it can be concluded that the t-value for the Financial Ratios variable is $-2.023 < 2.01669$ (t-table) with a significance level of $0.046 <$ the alpha level of 0.05. Thus, Ha1 is accepted, meaning that the Financial Ratio (X2) partially influences cash holdings (Y) in Property and Real Estate Companies Listed on the Indonesia Stock Exchange (IDX) in 2022-2024.
- 3) Based on the table, it can be concluded that the calculated value (t) for the Firm Size variable is $-0.807 < 2.01669$ (t-table) with a significance level of $0.422 >$ the alpha significance level set at 0.05. Therefore, Ha1 is rejected,

CASH HOLDING PROBLEMS: GROWTH OPPORTUNITY, FINANCIAL RATIOS, FIRM SIZE OF BEI PROPERTY COMPANIES

Ferry Safriandi et al

meaning that Firm Size (X3) partially does not influence cash holdings (Y) in Property and Real Estate Companies Listed on the Indonesia Stock Exchange (IDX) in 2022-2024

Table 1.
Test t test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.545	.202		2.694	.008
SQRTX1	.024	.102	.025	.234	.816
SQRTX2	-.206	.102	-.216	-2.023	.046
SQRTX3	-.032	.039	-.087	-.807	.422

a. Dependent Variable: SQRTY

Source: (Data processing)

CONCLUSION

Based on the research and data analysis on cash holding issues, determinants of growth opportunity, financial ratios, and firm size in property and real estate companies listed on the Indonesia Stock Exchange (IDX) in 2022-2024, the following conclusions are drawn:

- 1) The test results show that growth opportunity (X1) has no effect on cash holding (Y) in property and real estate companies listed on the Indonesia Stock Exchange (IDX) in 2022-2024.
- 2) The results of financial ratios (X2) have an effect on cash holding (Y) in property and real estate companies listed on the Indonesia Stock Exchange (IDX) in 2022-2024.
- 3) The results of firm size (X3) have an effect on cash holding (Y) in property and real estate companies listed on the Indonesia Stock Exchange (IDX) in 2022-2024.
- 4) Simultaneous testing results of Growth Opportunity, Financial Ratios, and Firm Size do not affect Cash Holding (Y) in Property and Real Estate Companies Listed on the Indonesia Stock Exchange (IDX) in 2022-2024

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