

ABSTRACT

This study seeks to explain the tendency of company cash holding by examining the factors that influence it. Growth opportunity, leverage, level of non-cash liquid asset, cash flow, cash volatility, firm size, and dividend payment are independent variables of this reasearch to learn the effect on cash holding.

The observation did by using quantitative method on secondary data of 69 manufacturing companies listed in Indonesia Stock Exchange during the period of 2007 to 2013. Multiple linear regression analysis was used to measure the relations between independent variables and dependent variable.

This study concluded that growth opportunity, level of non-cash liquid asset, cash flow, and devidend payment have a positive effect on cash holding, while leverage has a negative effect. Companies increase their cash balance when they have a lot of investment opportunities, gain a large amount of cash flow, and pay devidends. However, they decrease it if they have a good ability to obtain debt or loan. Thus, in the case of manufacturing companies in Indonesia, cash holding is affected by operating, investing, and financing activities simultaneously.

Keywords : *Cash Holding Determinants, Growth Opportunity, Leverage, Level of Non-cash Liquid Asset, Cash Flow, Cash Volatility, Firm Size, and Devidend Payment, and Cash Holding.*