



## The Determinants of Cash Holdings: Evidence from Listed Manufacturing Companies in Indonesia

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### **Jel Classification**

G30, M41, M49.

### **Abstract**

This research aims to investigate empirically the determinants of cash holdings of manufacturing companies which are listed on Indonesian Stock Exchange (IDX) for the period of 2012-2017. The determining factors which were chosen include debt maturity structure and probability of financial distress. This research took 636 company-year observations as research sample by using purposive sampling technique in selecting the sample. By applying multiple linear regression analysis, the result revealed that debt maturity structure has negative significant relationship on cash holdings and probability of financial distress has positive significant relationship on cash holdings. These findings provide evidence that when companies have larger proportion of long-term debt, they will keep lower amount of cash. And when companies face financially distressed, they will keep higher amount of cash in the company because of precautionary motive which make desire to hold more cash.