

CHAPTER V

CONCLUSION & SUGGESTION

5.1 Conclusion

This research was conducted to analyze the effect of net working capital, dividend payout ratio, and leverage on cash holdings of energy companies listed on the Indonesia Stock Exchange for the 2016-2022 period. Based on the results of the research that has been done, by undergoing the stages of data collection, processing, data analysis, and interpretation of research results, the following conclusions are drawn:

Hypothesis 1 which predicts that net working capital affects the firm's cash holdings, found the result that the hypothesis is accepted. The study's results indicate that net working capital has a positive on cash holdings, suggesting a directional relationship between net working capital and cash holdings. Net working capital can have a positive effect on cash holdings because, with a high level of net working capital, a company has greater access to emergency funds that can be used to address urgent needs or unexpected events. This contributes to increasing cash holdings. For some companies, part of the net working capital can be invested in short-term, liquid financial instruments, such as letters of credit or money market value. This can increase the company's cash holdings while obtaining relatively safe returns in the short term.

Hypothesis 2 which predicts that dividend payout ratio affects the firm's cash holdings, found the result that the hypothesis is accepted. Company to the conclusion that it was reasonable to assume that cash holdings would be

significantly impacted by the dividend payment ratio. This clarifies how a company's cash holdings are impacted by dividend payments it makes. A high dividend payout ratio indicates that a large portion of the company's profit is sent to shareholders as dividends, thus the business must set aside money to cover this. This is carried out in order to keep the company's liquidity stable and enable it to continue paying dividends smoothly.

The hypothesis 3 which predicts that leverage affects the cash holdings, found the result that the hypothesis is rejected. This means that the company's leverage does not influence its overall value. Which means that the high value of leverage means that the company has a high dependence on external loans in financing its assets. This shows that debt can be a cash market substitution effect when financing investments when companies have easy access to external funding, so companies do not hold large amounts of cash.

Overall, the independent variable is Net working capital, dividend payout ratio, and leverage simultaneously have significant influence on cash holdings, which means that all independent variables as a whole affect the dependent variable, namely cash holdings

5.2 Limitations

1. Lack of references because not many have examined the variables of dividend payout ratio of the cash holdings
2. Data collection was hampered because several companies did not publish their financial reports.

5.3 Suggestion

1. Future research is expected to be able to add proxies for each variable and other research objects to obtain various results about what factors can affect the company's cash holdings, for example net working management, firm value, tax avoidance, firm size, and earning management
2. Companies Companies are advised to establish cash reserves tailored to their specific requirements, enabling effective utilization of these reserves. Optimal cash holding strategies can facilitate the smooth execution of both daily operational and non-operational activities within the company.
3. For further research, use other indicators such as the banking, healthcare, property or real estate sectors listed on the Indonesia Stock market, so that they can be generalized.