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Jurnal AKBIS

| ISSN (Print) 2599-2058 | ISSN (Online) 2655-5050 |

AKBIS Media Riset Akuntansi dan Bisnis

The Effect of Working Capital Expenditure, Net Working Capital, and Investment Opportunities on Cash Holding Sub-Sectors of Land Transportation Companies

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ARTICLE INFORMATION

Received: September 22, 2025
Revised: October 17, 2025
Available online: October 28, 2025

KEYWORDS

Capital Expenditure, Net Working Capital, Investment Opportunities, Cash Holding.

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A B S T R A C T

Tujuan dari penelitian ini adalah untuk menganalisis pengaruh Capital Expenditure (CAPEX), Net Working Capital (NWC), dan Investment Opportunities (IOS) terhadap Cash Holding pada sub perusahaan sektor transportasi darat yang tercatat di Bursa Efek Indonesia (BEI) periode 2021-2023. Total populasi dalam penelitian ini adalah 18 perusahaan transportasi darat yang diamati selama 3 tahun, sehingga total 54 pengamatan. Analisis data menggunakan metode regresi linier ganda. Hasil penelitian menunjukkan bahwa ketiga variabel independen tersebut secara bersamaan memiliki pengaruh yang signifikan terhadap Cash Holding.

INTRODUCTION

Land transportation is the mode of transportation with the highest demand in Indonesia. This sector is the lifeblood of daily movement and goods distribution, driven by society's socio-economic need for flexible and affordable accessibility. Considering Indonesia's large population and geographical conditions, land transportation, including trains, buses, cars, and others, plays a strategic role in maintaining national economic stability and connectivity, especially compared to sea or air transportation, which is less accessible in many regions. This vital role demands strong financial resilience from companies in the sector (www.bps.go.id).

Financial resilience is crucial because land transportation companies face high operational risks, including intensive asset utilization, which leads to unavoidable repair and maintenance costs. The frequency of accidents on highways also adds to the financial burden that must be considered. This condition underscores the need for careful financial management and adequate reserve fund planning to ensure operational continuity and the ability to invest. In this context, cash holding policy becomes a central aspect. Cash holding provides flexibility to address operational uncertainty and capitalize on growth opportunities; however, excessive cash holdings can reduce profitability due to opportunity costs. Therefore, companies must carefully balance liquidity needs with cash usage efficiency (Susanto, A. 2019).

The high use of corporate assets on a regular basis requires a special focus on the unavoidable repair costs. Any vehicle that functions intensively is at risk of damage and requires regular maintenance, so companies need to prepare adequate reserve funds to cover these expenses. In addition, the frequency of accidents on the highway increases the financial burden that must be considered. This requires companies to not only pay attention to day-to-day operations but also to make careful financial plans to be able to overcome various risks that may arise. Asset management and reserve fund planning are important factors in maintaining the continuity and operational function of land transportation companies. Companies in this sector need to manage their finances carefully to maintain infrastructure, handle operational costs, and invest for growth, which is highly associated with the effectiveness of cash holding policy. With complex demographics, the financial resilience of land transportation companies determines the extent to which Indonesia can overcome geographical fragmentation and take advantage of its huge market potential (Fitriani, L., & Siregar, H, 2020).

Adequate cash holding provides flexibility for an entity to deal with operational uncertainty, take advantage of investment opportunities, and meet financial obligations. However, excessive cash holding can also reduce profitability because idle funds do not generate maximum returns. Companies need to balance liquidity needs and cash use efficiency. An entity's cash holding policy is allegedly influenced by several factors, namely capital expenditure, net working capital, and investment opportunities. Cash holding is cash and cash equivalents that are used by an entity for the

https://doi.org/10.35308/akbis.v9i2.13519

purpose of investing in the form of tangible assets that can be allocated to investors (Ardhana & Honesty, 2025, p. 155).

The trade-off theory argues that an entity holds cash for transactional and preventive purposes. If an entity holds more cash, there will be more opportunity costs but fewer transaction fees; conversely, if an entity holds less cash, the opportunity costs are lower while transaction fees are higher (Brigham Eugene, 2019, p. 339).

Pecking order theory states that an entity follows a hierarchy when financing investments and prefers internal funds (retained earnings and cash flow), then debt and equity as the last option. An entity prefers internal funding first because of information asymmetry. In this context, companies with insufficient cash flows may resort to external financing to cover costs like capital expenditure, influencing their final cash reserves. (Jarrett et al., 2019, p. 12).

Agency theory examines the potential conflict between the owner of an entity (shareholders) and its managers (agents) (Elgharib, 2023, p. 5). This conflict is relevant to cash holding, as managers might hoard excessive cash (over-investment) or distribute too little cash, potentially reducing firm efficiency.
To investigate this policy, this research focuses on three determinants capital expenditure is an entity's expenditure to improve assets used as collateral for an entity's debt (Suwito, 2021, p. 63). Net working capital is funds used by an entity to carry out operations without jeopardizing the liquidity of an entity. Investment opportunities are opportunities that are used by an entity to invest capital in the expectation of higher returns (Ardhana & Honesty, 2025, pp. 155-156).

Based on previous research, it is revealed that there are still inconsistencies in the findings regarding cash holding. This uncertainty is the reason why research on cash holding is important for further research. With the increasing need to determine an appropriate cash holding strategy by an organization, this research is still needed. The goal is to reduce the risk of potential financial problems and prevent the possibility of losses and even bankruptcy in an entity. Having an adequate cash surplus can help companies deal with emergencies, such as decreased revenue or increased expenses. In the study, capital expenditure on cash holding can significantly affect the liquidity of an entity. In addition, net working capital is used by entities for operational activities, while investment opportunities are used to increase the growth of an entity in the future (Ardhana & Honesty, 2025, p. 156). The central question remains how these financial variables interact to determine cash holding specifically within the high asset utilization and capital-intensive land transportation sector.

The difference between this study compared to the previous research lies in the sample used, namely land transportation companies listed on the Indonesia Stock Exchange in 2021-2023, while the previous research used a sample of manufacturing companies in the basic industry and chemical sectors listed on the Indonesia Stock Exchange in 2020-2023. The choice of the land transportation sector is motivated by its high operational asset intensity and critical role in Indonesia's logistical chain, making cash holding decisions particularly impactful on national economic stability. This research aims to provide specific managerial implications for this vital sector.

METHOD

This study uses a causal quantitative method aimed at testing the cause and effect relationship between investment and operational variables and cash holdings. The data used is secondary data in the form of financial statements of land transportation sub-sector companies listed on the Indonesia Stock Exchange from 2021 to 2023, obtained thru direct documentation techniques from the official IDX website (www.idx.co.id).

The population of this study includes 18 companies, and the sampling technique used is a census (saturated sample), with the criteria being consistently listed on the IDX and complete financial report publications, resulting in a total of 54 observations. The analysis method used is multiple linear regression analysis.

This method was explicitly chosen because it is effective for measuring and modeling the simultaneous and partial influence (causality) of independent variables (causes) on cash holding (effect), thus producing valid empirical evidence to answer hypotheses regarding the factors that directly influence the cash holding policies of land transportation companies listed on the Indonesia Stock Exchange.

Variable Measurement

Cash Holding

Cash holding can be measured using the ratio of cash and cash equivalents to total assets that have been carried out by (Ardhana & Honesty, 2025, p. 158).

$$Cash\ Holding = \frac{Kas + Setara\ Kas}{Total\ Aset}$$

Capital Expenditure

Capital expenditure can be measured by the ability of an entity to increase the amount of asset capacity and add numbers to the useful life of assets that require significant financial costs. Thus, this research follows the measurement conducted by (Ardhana & Honesty, 2025, p. 158).

$$CAPEX = \frac{Aset\ Tetap(t) - Aset\ Tetap(t-1)}{Total\ Aset}$$

Net Working Capital

Net working capital is the funds used to run an entity's operations using the quotient measurement of the difference between current assets and current debt with total assets. NWC also acts as a substitute for cash holding. The NWC formula refers to the research of Dwiansyah et al., (2025, p. 5).

$$NWC = \frac{Aset\ Lancar - Utang\ Lancar}{Total\ Aset}$$

Invesment Opportunities

The indicator for measuring investment opportunities is sales growth. An entity can calculate the quotient of the difference between the current year's net sales value and the previous total net sales. The investment opportunities formula refers to research (Ardhana & Honesty, 2025, p. 158).

$$Sales\ Growth = \frac{Penjualan\ bersih(t) - Penjualan\ bersih(t-1)}{Penjualan\ bersih(t-1)}$$

RESULTS AND DISCUSSION

RESULTS

Descriptive Statistical Analysis

Table 1. Descriptive Statistic Results

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CAPEX	54	-0,80	0,69	0,0495	0,19535
NWC	54	-0,80	0,79	-0,0494	0,37625
IOS	54	-0,66	1,35	0,1750	0,39745
Cash Holding	54	0,00	0,56	0,1258	0,13133
Valid N (listwise)	54				

Based on the table 1 above, cash holding has a maximum value of 0.56 in PT Jasa Berdikari Logistic Tbk (LAJU) for the 2023 period, a minimum value of 0.00 in PT Krida Jaringan Nusantara (KJEN) for the 2022 period, an average value (mean) of 0.1258, and a standard deviation value of 0.13133. Capital expenditure (X1) has a maximum value of 0.69 in PT Eka Sari Lorena Transport Tbk (LRNA) for the 2021 period, a minimum value of -0.80 in Express Trasindo Tbk (TAXI) for the 2021 period, an average value (mean) of 0.0495 and a standard deviation value of 0.19535. Net working capital (X2) has a maximum value of 0.79 for Express Trasindo Tbk (TAXI) for the 2021 period, a minimum value of -0.80 for PT Dewata Freightinternational Tbk (DEAL) for the 2021 period, an average value (mean) of -0.0494, and a standard deviation value of 0.37625. Investment opportunities (X3) has a maximum value of 1.35 for PT Jasa Berdikari Logistic Tbk (LAJU) for the 2021 period, a minimum value of -0.66 for Express Trasindo Tbk (TAXI) for the 2021 period, an average value (mean) of 0.1750, and a standard deviation value of 0.39745.

Result of Classical Regression Assumptions Test

Before performing multiple linear regression analysis, classical assumption tests were conducted to ensure that the regression model used met the statistical requirements so that the estimation results were the Best Linear Unbiased Estimator (BLUE) and the conclusions drawn were valid.

Result of Normality Test

Normality Test Importance of the Normality Test: This test aims to ensure that the residual values in the regression model are normally distributed. Meeting the normality assumption is necessary for the t and F statistical tests used in statistical inference to produce unbiased and efficient estimates.

Based on the results of the normality test using P-P Plot (Probability Plot), it can be seen that most of the residual data points follow a diagonal line pattern. Although there are some small deviations at the ends (both at the beginning and at the end), overall, the points do not deviate significantly from the straight line. These results show that the residual regression model is normally distributed. Therefore, the assumption of normality in regression analysis is met, which means that the constructed regression model is valid for statistical inference.

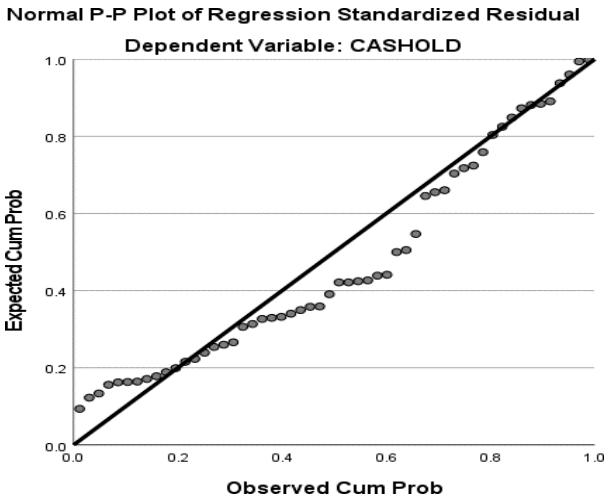

Figure 1. Normality Test Results

Result of Multikolinearitas Test

The multicollinearity test aims to detect whether there is a high or perfect correlation between independent variables in the model. The absence of multicollinearity ensures that we can accurately isolate and measure the unique influence of each independent variable on the dependent variable.

Table 2. Multikolinearitas Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	Collinearity Statistics	
		B	Std. Error	Beta	Tolerance	VIF
1	(Constant)	0,131	0,018			
	CAPEX	-0,090	0,095	-0,134	0,813	1,230
	NWC	0,133	0,052	0,382	0,732	1,366
	IOS	0,034	0,046	0,102	0,854	1,171

a. Dependent Variable: Cash Holding

Based on the results of the multicollinearity test in the coefficient table 2, it is known that the tolerance value for capital expenditure is 0.820, for net working capital is 0.740, and for investment opportunities is 0.890. All of these tolerance values > 0.10. Furthermore, the Variance Inflation Factor (VIF) value for capital expenditure is 1.220, for net working capital is 1.351, and for investment opportunities is 1.124. All VIF values < 10. The results of the test can be concluded that there is no problem of multicollinearity between independent variables in this regression model, so the model is suitable for further analysis.

Result of Heteroskedasticity Test

Heteroskedasticity aims to determine whether there is an inequality of variance in the residuals from one observation to another. Meeting the assumption of homoscedasticity (no heteroscedasticity) is important to ensure that the resulting regression coefficient estimates are efficient and reliable.

https://doi.org/10.35308/akbis.v9i2.13519

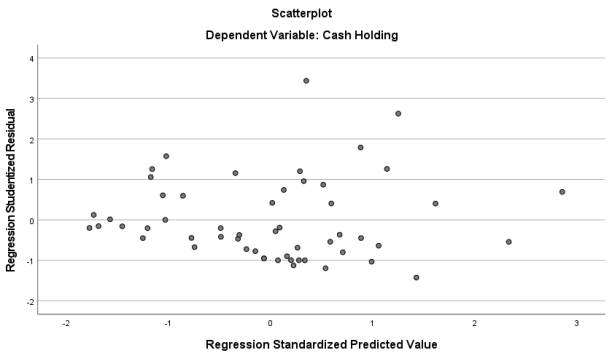

Figure 2. Heteroskedastisitas Test Results

Based on the scatterplot of the heteroscedasticity test results, it can be seen that the data points are randomly dispersed and do not form a specific pattern, such as a widening, narrowing, or other regular pattern. This condition shows that there are no symptoms of heteroscedasticity in the regression model, but homocedasticity occurs. Thus, it can be concluded that the residual variance is constant along the range of predictor values, so the homoskedasticity assumption is fulfilled and the regression model is feasible.

Result of Autocorrelation Test

The autocorrelation test aims to detect whether there is a correlation between residuals at period t and residuals at the previous period (t-1). The absence of autocorrelation (especially in time series or pooled data) ensures that the standard errors of the regression coefficients are unbiased, which is crucial for the accuracy of hypothesis testing.

Table 3. Autocorrelation Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0,428a	0,183	0,134	0,12222	1,043

a. Predictors: (Constant), IOS, CAPEX, NWC

b. Dependent Variable: Cash Holding

Based on the table 3 above in the Durbin-Watson column, it is known that the Durbin-Watson value (DW) is 1.043. To determine whether or not there is an autocorrelation, it is necessary to compare the upper (dU) and lower limit (dL) of the Durbin-Watson table for the number of observations (N=54) and the number of independent variables (k=3). However, in general, a Durbin-Watson value close to 2 indicates the absence of autocorrelation. When viewed from the general range of absence of autocorrelation ($-2 < 1.043 < +2$), a value of 1.043 is within that range, indicating the absence of autocorrelation.

Coefficient Determination Test

Table 4. Coefficient Determination Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,428a	0,183	0,134	0,12222

a. Predictors: (Constant), IOS, CAPEX, NWC

b. Dependent Variable: Cash Holding

Based on the summary model table 4, the value of the determination coefficient (R2) is 0.134 This means that 13.4% variation in the dependent variables of cash holding can be explained by independent variables, namely investment opportunities, capital expenditure, and net working capital. The remaining 86.6% is explained by factors outside of this regression model.

Partial Significance Test (t-Test)

Table 5. Partial Significance Test (t-Test) Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0,131	0,018		7,083	0,000
	CAPEX	-0,090	0,095	-0,134	-0,944	0,350
	NWC	0,133	0,052	0,382	2,559	0,014
	IOS	0,034	0,046	0,102	0,741	0,462

a. Dependent Variable: Cash Holding

Based on the results of the partial significance test (t-test), the interpretation of this equation is:

a. Testing the hypothesis of the partial effect of capital expenditure on cash holding with a significance value of 0.350 > 0.05, it was concluded that capital expenditure did not have a significant effect on cash holding.
b. Testing the hypothesis partially of the effect of net working capital on cash holding with a significance value of 0.014 < 0.05, it was concluded that net working capital had a significant effect on cash holding.
c. Testing the hypothesis of the partial influence of investment opportunities on cash holding with a significance value of 0.462 > 0.05, it was concluded that investment opportunities did not have a significant effect on cash holding.

Simultaneos Significance Test (F-Test)

Table 6. Simultaneos Significance Test (F-Test) Results

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0,167	3	0,056	3,731	0,017b
	Residual	0,747	50	0,015		
	Total	0,914	53			

a. Dependent Variable: Cash Holding

b. Predictors: (Constant), IOS, CAPEX, NWC

Based on the results of the simultaneous significance test (F test) in the annova table 6, a significance value (Sig.) of 0.017 was obtained. With a significance value of 0.017 < 0.05, it can be concluded that investment opportunities, capital expenditure and net working capital simultaneously have a significant effect on cash holding.

Multiple Linear Analysis

Table 7. Multiple Linear Analysis Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	0,131	0,018		7,083	0,000		
	CAPEX	-0,090	0,095	-0,134	-0,944	0,350	0,813	1,230
	NWC	0,133	0,052	0,382	2,559	0,014	0,732	1,366
	IOS	0,034	0,046	0,102	0,741	0,462	0,854	1,171

a. Dependent Variable: Cash Holding

Based on the results of multiple linear regression analysis from the Coefficients table 7, the regression equations formed are as follows:

$$Y = 0{,}131 - 0{,}090\ X_1 + 0{,}133\ X_2 + 0{,}034\ \beta_3\ X_3 + e$$

So the interpretation of this equation is:

1. A constant value of 0.131 indicates that if all independent variables (capital expenditure, net working capital and investment opportunities) are zero, then cash holding will be at 0.131.
2. The value of the capital expenditure coefficient -0.090 indicates that every increase in one unit of capital expenditure will increase cash holding by -0.090 units, assuming that other variables are constant.
3. The value of the net working capital coefficient of 0.133 indicates that every increase in one unit of net working capital will decrease cash holding by 0.133 units, assuming that other variables are constant.
4. The value of the investment opportunities coefficient of 0.034 indicates that every increase in one unit of investment opportunities will decrease cash holding by 0.034 units, assuming that other variables are constant.

DISCUSSION

The Effect of Capital Expenditure on Cash Holding

Based on the hypothesis test conducted, the study results show that capital expenditure does not have a significant effect on cash holding. This is confirmed by the significance value of 0,350, which is greater than significance level of 0,05 (Sig. > 0,05), leading to acceptance of Ho1. The non-standardized coefficient value for *Capital Expenditure* is, which, although statistically insignificant, indicates a negative relationship: for every one-unit increase in *Capital Expenditure*, *Cash Holding* is estimated to decrease by units, *ceteris paribus*. This finding suggests that large investments in long-term assets are not the main factor driving significant fluctuations in the cash reserves of land transportation companies during the observed period.

The non-significant finding provides specific theoretical implications. According to the Trade-off Theory, the absence of a significant effect suggests that companies in this sector are effectively managing their cash balances. Their decision to invest in long-term assets is likely financed through stable sources, such as specific long-term debt or robust internal cash flows, which do not disrupt the optimal level of cash holding. Furthermore, this result aligns with a loose interpretation of the Pecking Order Theory, implying that firms either have sufficient retained earnings to cover these investments without significantly depleting existing cash reserves, or they prioritize external debt immediately for major capital projects, thereby bypassing a massive direct impact on *Cash Holding*. From an Agency Theory perspective, the result may indicate that managerial spending on capital projects is under control, as there is no evidence of *over-investment* that forces an inefficient, significant reduction in cash holdings.

These findings aligns with Dewi & Effriyanti (2022) and are not in line with the research of Ardhana & Honesty (2025), Dwiansyah et al. (2025), Eka & Salim (2024), Rachman & Wisdaningrum (2023), and Hapsari & Norris (2022). The lack of significance, particularly in the context of land transportation companies, can be attributed to the structured and cyclical nature of their large investments, such as fleet replacement or infrastructure expansion. These capital outlays are often financed by specific project funding or long-term debt, effectively isolating the cash reserves used for daily operations and short-term prevention. Consequently, *Capital Expenditure* is not sensitive to short-term changes in *Cash Holding*, leading to the conclusion that long-term asset investment is not the primary determinant of cash reserve fluctuation in the context of the data tested.

The Effect of Net Working Capital on Cash Holding

Based on the hypothesis test, the study results confirm that Net Working Capital (NWC) has a significant positive effect on Cash Holding. This is evidenced by the significance value of 0,014, which is less than the significance level of 0,05 (Sig. < 0,05), leading to the rejection of Ho2and acceptance of Ha2 . The Unstandardized Coefficient B value for NWC is 0,133. This means that for every one unit increase in NWC, *Cash Holding* will increase 0,133 by units. The significant positive influence highlights that liquidity management, as reflected by NWC, is a crucial factor directly affecting a firm's cash reserve levels.

This significant finding strongly aligns with theoretical predictions. The Trade-off Theory emphasizes the balance of transaction costs and opportunity costs in holding cash. A higher NWC implies greater short-term financial health and available liquid assets; therefore, the positive relationship suggests that companies with better working capital capacity can afford to maintain higher cash reserves for transactional and precautionary purposes, without facing immediate liquidity pressure. Furthermore, this result supports the Pecking Order Theory, as a strong NWC often reflects high internal fund generation. Firms with abundant internal funds (high NWC) have less need to spend their existing cash or seek costly external financing, enabling them to maintain or increase their cash holdings. From the Agency Theory perspective, a positive and significant effect indicates that prudent managerial actions regarding working capital such as efficient accounts receivable and inventory management directly translate into a greater ability to hold cash, aligning management behavior with the goal of reducing operational risk and ensuring financial flexibility.

https://doi.org/10.35308/akbis.v9i2.13519

The strong alignment with the research of Ardhana & Honesty (2025) and Rachman & Wisdaningrum (2023) and Hapsari & Norris (2022) and are not in line with the research of Dwiansyah et al. (2025), Eka & Salim (2024) and Eka & Effriyanti (2022). Therefore, it is concluded that the significant influence of *Net Working Capital* on *Cash Holding* demonstrates that the ability to manage current assets and liabilities directly and positively affects the policy and level of an entity's cash reserves.

The Simultaneous Effect of Capital Expenditure, Net Working Capital and Investment Opportunities on Cash Holding

Based on the results of the simultaneous significance test (F Test) that has been carried out, it was found that capital expenditure, net working capital, and investment opportunities have a significant simultaneous effect on cash holding. This conclusion is supported by the F-Test result where the significance value is 0,017, which is less than the significance level of 0,05 (Sig. < 0,05). This result demonstrates that, as a group, these three independent variables possess a significant collective ability to explain the variations in a firm's *Cash Holding*. Consequently, the constructed regression model is considered statistically feasible or fit to jointly predict *Cash Holding* levels.

This simultanous finding underscores that Cash Holding is a complex financial outcome that is simultaneously influenced by a combination of a firm's investment decisions (Capital Expenditure and Investment Opportunities) and its short-term operating efficiency (Net Working Capital). This outcome is highly consistent with the multi-faceted framework provided by Trade-off Theory, which posits that firms maintain cash by balancing transactional and precautionary needs against opportunity costs. In this context, a firm's need for cash is not determined by a single factor, but by the interplay between its capacity to generate funds (reflected by Net Working Capital), its current capital utilization (Capital Expenditure), and its future growth prospects (Investment Opportunities).

These findings are in line with Ardhana & Honesty (2025) Rachman & Wisdaningrum (2023), Dwiansyah et al. (2025), Eka & Salim (2024), Hapsari & Norris (2022) and Eka & Effriyanti (2022). Therefore, it can be concluded that cash holding is a complex phenomenon that is influenced by various fundamental factors of the company. Although net working capital stands out as a significant partial determinant, the simultaneous interaction of capital expenditure and investment opportunities also has a collective role. This understanding is in line with the comprehensive framework offered by the Trade-off Theory which emphasizes balance, the Pecking Order Theory which explains funding preferences, and the Agency Theory which highlights the dynamics of managerial decisions.

CONCLUSION

Based on the multiple linear regression analysis conducted on data from land transportation sub-sector companies listed on the Indonesia Stock Exchane for the period 2021-2023, the main conclusion of this study is drawn to answer the initial objective regarding the influence of investment and operational variables on cash holding.

These results provide a complex picture of the variables influencing cash holding practices in the field of land transportation:

1. Capital expenditure does not have a significant effect on cash holding.
2. This indicates that the company's long-term investment decisions (current spending and future prospects) are most likely managed thru specific funding channels (e.g., long-term debt or special cash flows) that do not have a significant and immediate impact on the cash reserves used daily.
3. Cash holdings are significantly influenced by a combination of Capital Expenditures, Net Working Capital, and Investment Opportunities. This finding is very important because it shows that a company's cash policy is determined by the combined interaction of various factors, not just a single one. Although the two investment variables did not have a significant partial effect, the overall regression model proved valid (fit), with Net Working Capital acting as the central driver integrating all factors in the company's liquidity policy.

Practical Implications for Cash Management

This conclusion offers key practical implications for managing cash in land transportation companies:

1. Prioritize NWC Efficiency.

   Given its significant positive impact, management must prioritize strategies to maximize Net Working Capital. This involves strict and efficient receivables management, as well as good inventory turnover, which will directly result in a higher and more stable cash base for the company.
2. Maintain Funding Isolation

   To avoid cash depletion, companies should ensure that major capital expenditure projects are funded thru separate long-term financing schemes. This strategy isolates operational cash from large and irregular investment spending, supporting the company's liquidity stability.
3. Holistic Policy Framework

   Managers should view cash policy as a holistic balancing act. Although NWC is a key operational factor, funding decisions related to long-term investments must be coordinated with operational liquidity needs to ensure overall Cash Holding stability and efficiency, in line with the principles of Trade-Off Theory.

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