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The Influence of Corporate Governance Characteristics on Cash Holding

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Abstract. The objective of this research is to prove empirical evidence for the relationship between corporate governance characteristics and cash holdings. All publicly traded companies that were listed on the New York Stock Exchange (NYSE) in 2020 to 2022. The sample used purposive sampling technique. Based on the collected samples, 568 companies were collected. This study has a dependent variable with cash ownership, which is mentioned as cash and cash equivalents as a proportion of total assets. Meanwhile, the number of female boards, which represented by gender diversity; the number of boards in the organization, which represented by board size; and the total of board meetings, which calculated the frequency of board meetings, are the study's independent variables. The results of the research empirically supported the idea that cash holdings are positive and substantially impacted by gender diversity. Meanwhile, neither the size of the Board nor the Board meeting had an impact on cash holdings. The results of the research indicate that the diversity of the Board affected managers' decisions on cash management.

Keywords: cash holdings, gender diversity, board size, and meetings.

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Introduction

The company's operational capital could possibly related with the amount of currency it possesses (Sudarmi & Nur, 2018). They are the most straightforward asset to acquire, and companies employ them to satisfy short-term finance requirements and maintain liquidity, thereby ensuring the continuity of the company (Muslih, 2019). Furthermore, enterprises' cash holdings are associated with their actions when they are unable to secure external financing (X. Xu et al., 2019).

The intention of corporate governance is to guide management by ensuring a harmonious balance of authority and control between management and stakeholders (Kumar et al., 2019). Effective governance methods may cut down agency issues between managers and shareholders and undesirable management actions, as explained by Wirianata et al., (2023).

Corporate governance and cash holdings are interconnected (Akhtar et al., 2023; Ezeani et al., 2023). Effective financial management is necessary to assure that a corporation operates efficiently and maintains the rights of their stakeholders (Wirianata et al., 2023). Conversely, inadequate management may be incentivised to accumulate less capital (Ajanthan & Kumara, 2017). Businesses with inadequate management frequently possess greater currency reserves than those with superior management, as indicated by Kusnadi’s (2011).

The amount of firm cash is significantly and favourably influenced by gender diversity on the board, which is a governance proxy, as stated by empirical data from numerous previous studies (Yang & Xue, 2023; Zheng & Wang, 2023; Le et al., 2022; Musviyanti, 2022; P. E. Dimitropoulos & Koronios, 2021; Mengyun et al., 2021; Suherman et al., 2021; Cambrea et al., 2020; La Rocca et al., 2019; Yousef Alghadi et al., 2019). In addition, the size of the board determines the considerable and favourable impact of corporate governance on cash holdings (Ezeani et al., 2023; T.F. Abuhijleh & A.A. Zaid, 2023; Cambrea et al., 2022; Li & Luo, 2020; Mengyun et al., 2021; Yousef Alghadi et al., 2019; Narwal & Jindal, 2018; Khan, S. N., & Ali, 2018; Journal et al., 2015; Gill & Shah, 2011). Leadership variability, as measured by the total of board meetings held, has a considerable and detrimental impact on assets, in contrast to variations in board size and gender (Ezeani et al., 2023; T.F. Abuhijleh & A.A. Zaid, 2023; Idress et al., 2022; Hassanein & Kokel, 2022; Gul et al., 2020; Hsu et al., 2015).

Agency theory explains that capital holdings and corporate governance are associated due to the fact that management implements policies to protect the firm's funds (Ezeani et al., 2023; Chen et al., 2020). According to Ezeani et al., (2023), it is suggested that firms may be able to sustain during periods of crisis, such as the COVID-19 epidemic, by maintaining a sufficient amount of capital on hand. Due to the hazards that management encounters, it is imperative to prioritise financial savings (Ezeani et al., 2023). Businesses require capital to meet operational needs, notably during a pandemic, as a result of economic constraints (Nagari & Kristanto, 2022, X. Xu et al., 2019). Consequently, to prevent a decreasing cash amount, companies need to prevent their cash and necessary to consider the limitation access on external funding (Qin et al., 2020). Furthermore, the organisation is safeguarded from operational hazards that may arise from external disturbances by its cash reserves (Nagari & Kristanto, 2022).

This research will explain that the characteristics of corporate management on financial management. The COVID-19 pandemic's severe problematic on the global, such as increased unemployment and supply chain disruptions, have provided the impetus for a financial crisis and limited access to outside funding for businesses (Chung et al., 2023). In this scenario, businesses replenish their cash reserves following their depletion during the crisis (L. Li et al., 2020; Halling et al., 2020). The economic uncertainty associated with the pandemic has resulted in a substantial increase in company cash reserves during the crisis (Chung et al., 2023; Zhou et al., 2022; Qin et al., 2020; Ranajee & Pathak, 2019). Corporate governance is essential during periods of economic uncertainty, particularly when external funding is scarce.

This analysis employed a sample of US public companies due to the fact that the United States is one of the most significantly impacted countries in COVID-19 pandemic (Lassoued & Elmir, 2012) and is regarded as a global benchmark for exceptional corporate governance practices (Khanchel & Lassoued, 2023).

By assessing the board characteristics effect on cash management during the pandemic-induced economic crisis, additional research is required, despite the fact that many aspects of governance and cash management have been investigated in previous research. This is crucial because the epidemic has impeded the ability of businesses to secure external funding. Objective of the study is to address this lacuna and add the relevant issue of corporate governance and crisis cash reserves by presenting empirical data on the influence of board composition on the cash management of publicly traded companies on the NYSE during the COVID-19 pandemic.

Literature Review

Agency Theory

Agency theory mentioned the association between shareholders as proprietors and management as an agents (Jensen & Meckling, 1976). Shareholders' objective is to guarantee that management prioritises the organization's interests. However, management frequently exploits their authority to exert control over the organisation for their own advantage (Jensen, 1986). One of the illustrations is the accumulation of holding substantial cash. It may protect the chief from the market's perception, particularly in difficult financial circumstances (Ezeani et al., 2023). If it is not, it could be a disagreement between the shareholder and the leader.

Managers maintain a sufficient amount of cash on hand to mitigate transaction costs (Doan & Iskandar-Datta, 2020). Additionally, cash reserves alleviate the necessity for companies to pursue external capital, particularly during periods of economic uncertainty (Ezeani et al., 2023; X. Xu et al., 2019). The COVID-19 pandemic (Belghitar & Khan, 2013) (Nagari & Kristanto, 2022) is an example of a business's ability to make investments in the face of challenging financial conditions, which necessitated the use of cash to ensure stability (Chung et al., 2023).

Nevertheless, managers may easily exploit the surplus to supply their own benefit (Jensen, 1986), onsequently, there is a need for increased currency storage (Cambrea et al., 2022) In order to mitigate organisational challenges, shareholders may establish a committee to execute monitoring procedures. Management's utilisation of funds is overseen and restricted by the committee (Beuselinck & Du, 2017). Consequently, the Board's presence has a substantial influence on fund management policies (Boubaker et al., 2015).

Agency theory suggests that the presence of female board members may enhance monitoring efficacy and mitigate agency issues (Yousef Alghadi et al., 2019). A large board is also perceived as more effective at supervising the business's operations, which may limit management choices (Liem et al., 2020). In line with the statement, the successful conduct of board meetings is essential for monitoring management behaviour. It is also believed that a large board is more effective at supervising the business's operations, which may limit the choices of management. Thus, in order to supervise management, board meetings must be conducted effectively (Vafeas, 1999; Jensen, 1993).

Cash Holding

Companies hold cash as a precautionary measure (Doan & Iskandar-Datta, 2020). It is consistent with the assertion made by Xu et al., (2019) that businesses must acquire capital to address financial constraints, unexpected cash shortages, and unstable economies. Furthermore, businesses maintain cash reserves as a precautionary measure against the challenges associated with obtaining external financing, particularly during periods of economic recession (Ezeani et al., 2023). Firms may mitigate transaction demands by maintaining ample cash reserves to prevent cash shortages and reduce expenditures associated with external financing (Pigou A. C., 1936). Businesses maintain cash reserves to prevent cash shortages and reduce expenditures that result from external financing.

Corporate Governance

Corporate governance is a framework that facilitates positive interactions between shareholders and administrators, thereby assisting management (Leipziger, 2015 Independence, accountability, transparency, and equity are the fundamental principles of governance (Kusmayadi et al., 2015). The implementation of an effective surveillance and control system may contribute to the mitigation of financing risks through the implementation of good governance (Zelovena et al., 2023). By implementing these concepts, businesses can mitigate destructive behaviours that are precipitated by information asymmetry and agency issues (Tanjaya & Kwarto, 2022).

Furthermore, the effective governance may reduce the company's cash holdings and agency issues (Harford et al., 2008). In addition, the business is guaranteed sufficient funding through the implementation of effective governance (Kuan et al., 2012). However, managers may be able to retain considerable amounts of money and benefit themselves as a result of inadequate governance (Jensen, 1986; Jensen & Meckling, 1976). Alternatively, managers may be able to profit themselves and retain substantial amounts of money as a result of defective governance.

Board Gender Diversity and Cash Holding

Agency Theory mentioned that the presence of women on the Board had a significant impact on supervision, as it has been demonstrated that women enhance supervision efficacy (Yousef Alghadi et al., 2019, Adams, 2016). If they have larger women on the Board, it will be associated with improved surveillance (Almeida & Campello, 2007). It explains that women presence on the Board is associated with superior monitoring (Levin et al., 1988; Dowling & Aribi, 2013; Suherman et al., 2021; Musviyanti, 2022). Higher-quality monitoring is associated with the presence of a greater number of women on the Board (Tarkovska, 2012).

Empirical data from previous research investigated the impact of gender disparities on the ownership of money (Yang & Xue, 2023; Zheng & Wang, 2023; Le et al., 2022; Musviyanti, 2022; P. E. Dimitropoulos & Koronios, 2021; Mengyun et al., 2021; Suherman et al., 2021; Cambrea et al., 2020; La Rocca et al., 2019; Yousef Alghadi et al., 2019). It illustrated that gender diversity had a positive and significant effect on cash ownership. It indicated that the increasing of gender diversity could decrease the acquisition of cash ownership in company.

It illustrated that the business's financial reserves are diminished when there is a bigger proportion of women on the board. Due to this fact that female board members are more concerned with the company's finances, they are frequently more conservative when taking risks and more focused on preserving the stability of the business by maintaining adequate financial reserves, as per (Le et al., 2022).

In the past research, the gender diversity variable has been employed to quantify the number of women on corporate boards (Ezeani et al., 2023; Adhikari, B.K., 2018; Dimitropoulos & Koronios, 2021; Atif et al., 2019). Corporate governance is associated with gender diversity in this investigation. Numerous factors substantiate this assertion. Initially, research suggests that the dissemination of information, transparency, and perspectives on social responsibility are enhanced by the presence of a diverse array of genders on boards. Additionally, it diminishes the likelihood of financial transactions (Luong et al., 2023). Secondly, businesses with a greater number of women on their boards typically have greater financial reserves, as women are more autonomous and risk-averse. Consequently, it is believed that the surveillance process is improved by the presence of women on the board (Adhikari, B.K., 2018; Elmagrhi et al., 2019). Finally, gender diversity facilitates the flow of information, enhances clarity, and impedes managers' capacity to increase their income (Ezeani et al., 2023). In light of the previously described analysis, the following hypothesis is put forward in this study:

H1: Cash holdings are significantly improved by the Board's gender diversity.

Board Size and Cash Holding

The business is managed by the board (Sarpong-Danquah et al., 2023). The supervisory process is frequently associated with the magnitude of the Board, as effective collaboration and communication among its members are essential for the Board's capacity to conduct supervision (Ezeani et al., 2023). There is a possibility that a greater number of board members with a broader range of knowledge, abilities, and experience will have a more significant impact on operational supervision, thereby reducing the number of poor management decisions (Liem et al., 2020).

Nevertheless, the Board's expansion in size may lead to a knowledge asymmetry, which could result in an increase in organisational expenses and the promotion of additional cost savings (Ezeani et al., 2023). The Agency Theory elucidates this oversight process, asserting that a smaller board will be more effective in fulfilling its oversight responsibilities (Pillai & Al-Malkawi, 2018). For example, a reduced board size facilitates enhanced communication and decision-making (Mengyun et al., 2021). The decision-making process can be guaranteed by larger institutions, despite the fact that they also mitigate certain organisational issues (Pathan et al., 2007). Nevertheless, larger institutions are frequently associated with larger quantities of money, as per (Boubaker et al., 2015).

For instance, numerous scholars have investigated the impact of board size on cash holdings in the past (Ezeani et al., 2023; T.F. Abuhijleh & A.A. Zaid, 2023; Cambrea et al., 2022; Li & Luo, 2020; Mengyun et al., 2021; Yousef Alghadi et al., 2019; Narwal & Jindal, 2018; Khan, S. N., & Ali, 2018; Diakopoulos, 2015; Gill & Shah, 2011). According to their research findings, companies tend to have more cash than they did before because a giant board can slow down decision-making, increase organisational challenges, and encourage the accumulation of cash. This empirical evidence supports a positive and significant effect of a giant board on cash holdings.

The scale of the board was determined by a variety of criteria for this investigation. The initial obligation of the board is to oversee management (Sarpong-Danquah et al., 2023). Furthermore, the board has demonstrated its capacity to ensure that managers act in the best interest of the business (Valent & Yanti, 2023). Furthermore, managers are discouraged from taking advantage of opportunities by a larger board of directors (Komal et al., 2023; Plutzer, 2021). Lastly, the organization's financial decisions may be influenced by the board (Owusu et al., 2022). This research develops the second hypothesis as follows, based on the previously described analysis:

H2: Cash holdings are significantly positively impacted by the size of the Board

Board Meeting and Cash Holding

Agency conflicts may be mitigated by conducting board meetings more frequently, as per agency theory (Effendi, 2018). A board that meets more frequently would allocate a greater amount of time to the supervision of managers' financial administration, as per (Sharma et al., 2009). Thus, the firm's capital reserves are reduced as a result of the beneficial impact of frequent board meetings on managerial supervision (Augusto et al., 2018).

Board meetings may restrict managers' opportunistic behaviour, which can be detrimental to the business, as they monitor management activities (Ezeani et al., 2023). Furthermore, the results of the study conducted by Hsu et al. (2015) indicate that committees that allocate more time to managing administrators may mitigate the challenges that the organisation encounters. As a result, the frequency of board meetings reduces financial constraints and enhances the effectiveness of management (Hassanein & Kokel, 2022).

Furthermore, prior research has demonstrated that the financial holdings of the Board are substantially and adversely affected by the frequency of Board meetings. In other words, the financial resources of the Board are directly proportional to the frequency of its meetings (Ezeani et al., 2023; T.F. Abuhijleh & A.A. Zaid, 2023; Idress et al., 2022; Hassanein & Kokel, 2022; Gul et al., 2020; Rashida et al., 2019; Hsu et al., 2015; Uadiale, 2010; Paskelian et al., 2010; Andres & Vallelado, 2008). The results of their analysis offer empirical evidence that the frequency of board meetings has a substantial negative impact on cash holdings. This implies that the corporation's financial reserves decrease as the Board convenes more frequently. This is a result of the fact that regular meetings enhance supervision and deter managers from amassing substantial amounts of money for personal benefit.

This is a result of the fact that regular meetings enhance monitoring and deter managers from amassing substantial amounts of money for personal benefit (Augusto et al., 2018). Secondly, the board's supervision responsibility is effectively fulfilled by the board's more frequent meetings, which fortify the monitoring process (Al-Yahyaee & Al-Hadi, 2016). Third, the process of financial reporting is generally more closely regulated by effective board meetings (Alshirah et al., 2020). Finally, the board may cut down agency issues by allocating additional time to managing managers in order to restrict excessive cash accumulation (Hsu et al., 2015). The third hypothesis in this research is as follows, as it is derived from the previously described analysis:

H3: Cash holdings are significantly impacted negatively by the frequency of board meetings.

Research Methods

Data and Sample

This quantitative analysis encompasses all enterprises that were listed on the NYSE between 2020 and 2022. Secondary data from Eikon Refinitiv Datastream, which is accessible with a FEB Unand subscription, was employed. You may obtain it by subscribing to FEB Unand. Purposive sampling was implemented to obtain a representative sample that adhered to the predetermined criteria. The subsequent list comprises several examples of criteria: (1) All companies listed on the NYSE, with the exception of those in the mining, utility, and finance sectors, are subject to special restrictions (Ezeani et al., 2023). (2) Companies that maintained low environmental, social, and governance (ESG) ratings throughout the observation year, as these companies tend to have more financial resources (Tekin & Burgazoglu, 2022). (3) Organisations that furnish comprehensive data regarding the variables under investigation. Annually, 568 observations of companies were collected through this sample process.

Variables Operationalization

A company's cash holdings, or the quantity of money it has on hand to fund its activities, are the dependent variable in this research (Listihayana & Astuti, 2020). Total assets are divided by cash and cash equivalents to determine cash holdings. This measurement has been employed in previous research by (Ezeani et al., 2023; T.F. Abuhijleh & A.A. Zaid, 2023; Yanti et al., 2023; Ismail et al., 2022; Idress et al., 2022; Dimitropoulos & Koronios, 2021; Mengyun et al., 2021; Gul et al., 2020; Liem et al., 2020; Yousef Alghadi et al., 2019; Bangun et al., 2019; Adhikari, B.K., 2018; Atif et al., 2019; Khan, S. N., & Ali, 2018; Rafinda, 2018; Al-Najjar & Clark, 2017; Hsu et al., 2015).

Three metrics are employed to evaluate the governance characteristics that were employed as independent variables in this investigation. Initially, the gender diversity of the board is indicated by the percentage of female members (Ezeani et al., 2023; Zheng & Wang, 2023; Dimitropoulos & Koronios, 2021; Mengyun et al., 2021; Atif et al., 2019; Adhikari, B.K., 2018). Secondly, the size of a board is counted by the number of board members in a corporation (Ezeani et al., 2023; T.F. Abuhijleh & A.A. Zaid, 2023; Yanti et al., 2023; Idress et al., 2022; Mengyun et al., 2021; Liem et al., 2020; Gul et al., 2020; Bangun et al., 2019; Khan, S. N., & Ali, 2018; Rafinda, 2018; Narwal & Jindal, 2018; Al-Najjar & Clark, 2017; Boubaker et al., 2015). The final variable is the annual number of council sessions, which is quantified by (Ezeani et al., 2023; T.F. Abuhijleh & A.A. Zaid, 2023; Hassanein & Kokel, 2022; Idress et al., 2022; Gul et al., 2020; Narwal & Jindal, 2018).

The control variables of the investigation are in accordance with the results of previous studies (Zheng & Wang, 2023; T.F. Abuhijleh & A.A. Zaid, 2023; Ismail et al., 2022; P. E. Dimitropoulos & Koronios, 2021; Mengyun et al., 2021; Gul et al., 2020; Atif et al., 2019; Adhikari, B.K., 2018; Rafinda, 2018). The control variables of the research are capital expenditures (CAPEX), dividend payments (DIVT), and return on assets (ROA).

The cash holdings of companies that increase their capital expenditure will decrease, as demonstrated by prior research (Mengyun et al., 2021; Gul et al., 2020; Emilio, 2020; Atif et al., 2019; Adhikari, B.K., 2018; Rafinda, 2018). The rationale for employing the capital expenditure control variable is as follows. A company's capital expenditure is the sum of funds allocated to the acquisition of immovable assets.

The second component is dividend payments; these organisations are not required to retain capital, as they can raise capital at a lower cost than dividend-paying firms (Al-Najjar & Clark, 2017; Mengyun et al., 2021; Al-Najjar & Belghitar, 2011). The dividend per share ratio is employed to calculate dividend payments (Mengyun et al., 2021).

ROA is the final control variable, as companies that have a high ROA are more likely to accumulate substantial cash reserves, which is a sign of their exceptional profitability. High profitability augments an organization's financial reserves (Mugumisi & Mawanza, 2014). This aligns with research conducted by (Zheng & Wang, 2023; T.F. Abuhijleh & A.A. Zaid, 2023; Ismail et al., 2022).

The regression analysis employs the subsequent equation to evaluate hypotheses:

$$CASH_{i,t} = \alpha + \beta_1(BGD_{i,t}) + \beta_2(BZ_{i,t}) + \beta_3(BM_{i,t}) + \beta_4(CAPEX_{i,t}) + \beta_5(DIVT_{i,t}) + \beta_6(ROA_{i,t}) + e$$

Where α is a constant and cash is the amount of cash held by the corporation in year t. The regression coefficient is calculated as β_1-β_3 BZi,t, where BZi,t represents the capacity of the board, BMi,t represents the board meeting, and BGDi,t represents the gender diversity of the board. The control variables consist of ROAi,t (return on assets), DIVTi,t (dividend payment), and CAPEXi,t (capital expenditure). Finally, the value of e is equal to the error.

Results and Discussion

Descriptive Statistics

Descriptive data for the research variables in the primary trend highlights is presented in Table 1. The findings of the investigation indicate that there is minimal variation among organisations, with a standard deviation of 11.62 and an average gender diversity on the board of 25.21%. Other variables, including board size (BZ), frequency of board meetings (BM), cash holdings, and capital spending (CAPEX), also exhibit minimal variation, with constant means and modest standard deviations, suggesting a high degree of homogeneity within the sample. Conversely, variables such as dividend payout (DIVT) and return on assets (ROA) exhibit greater variability with larger standard deviations, indicating that there are more substantial variation in the distribution of these values among companies and, as a result, more substantial disparities in financial performance.

Table 1
Results of Descriptive Statistical Analysis

Variables	N	Min	Max	Mean	Standard Deviation
Independent Variablas					
BGD		0.00	80.00	25.21	11.62
BZ		4	17	8.93	2.06
BM		1	48	8.51	5.41
Dependent Variables	568				
Cash Holding		0.00	0.94	0.20	0.19
Control Variables					
CAPEX		3.66	16.91	10.51	1.67
DIVT		0.00	6.56	0.35	0.82
ROA		-89.08	64.94	2.17	14.60

Source: Processed data (2024)

Classic Assumption

Table 2 summarises the findings of the conventional assumption tests implemented in this investigation, which encompassed the evaluation of heteroscedasticity,autocorrelation,multicollinearity, and normality. The Kolmogorov-Smirnov (K-S) technique demonstrated that the data is routinely distributed, as evidenced by the normality test result of 0.133, which was greater than 0.05. Each variable's multicollinearity test tolerance values exceeded 0.01, and the VIF values were smaller than 10, suggesting that the model has no multicollinearity impact. The Durbin-Watson (DW) statistic for the autocorrelation test was 1.861, indicating that there is no autocorrelation, as the result lies within the acceptable range of -2 to +2. Finally, the heteroscedasticity test conducted by the Glejser method indicated that all variables had values exceeding 0.05, indicating that the regression model is heteroscedastic.

Table 2
Results of Classic Assumption Testing

Variables	Tolerance	VIF	Sig.
Independent Variables			
BGD	0.989	1.012	0.993
BZ	0.832	1.202	0.360
BM	0.961	1.040	0.389
Control Variables			
CAPEX	0.803	1.245	0.613
DIVT	0.918	1.089	0.497
ROA	0.862	1.159	0.902
K-S Test = 0.133			
DW = 1.861			

Source: Processed data (2024)

Hypothesis Test

Table 3 displays the outcomes of the hypothesis test. The coefficient of determination test result for the dependent variable, cash holdings, is 0.128. This indicates that the independent and control variables account for 12.8% of the variation, with the remaining 87.2% being influenced by extraneous factors. The F value of 14.818, which is significant at the 1% level, is indicative of the substantial influence of each independent factor on the dependent variable in the simultaneous test.

The initial hypothesis, which asserts that currency holdings are substantially and favourably influenced by gender diversity, is corroborated by the findings. At the 1% significance level, the test results indicated a t-cal value of 4.137 and a β value of 0.003.

The second hypothesis test results, which indicate that the size of the Board has a positive and significant impact on currency holding, are contradicted by the data, which are not significant. The test results indicated that the variable coefficient of the council size had a t-count value of 1.254 and a value of β=0.005.

The third hypothesis, which posits that the total of board meetings has a substantial and adverse impact on currency holdings, is not supported due to its lack of significance. The findings indicated that the quantity of Board meetings did not influence currency holdings. Regarding to the test, the council meeting variable (β) has a calculated value of 0.434 and a coefficient of 0.001.

The results of the control variables, which include capital expenditures, dividend payments, and return on assets, are distinct. A coefficient of β = -0.037 and a t count of -7.239 suggest that capital expenditure is significant at the 1% level. In contrast, dividend payments have a non-significant coefficient of β = 0.002 and a t count of 0.232. The return on assets (ROA) variable produces significant negative results, with a coefficient of β = -0.001 and a t count of -2.425.

Table 3
Hypothesis Test Results

Variables	Predictions	β	t_{count}	Conclusion
Independent Variables				
BGD	+	0.003	4.137***	Supported
BZ	+	0.005	1.254	Not Supported
BM	-	0.001	0.434	Not Supported
Control Variables				
CAPEX		-0.037	-7.239***	
DIVT		0.002	0.232	
ROA		-0.001	-2.425***	
Adj R² = 0.128				
F Value = 14.818***				

Notes: ***1%,**5%,*10%
Source: Processed data (2024)

Board Gender Diversity and Cash Holding

The research findings suggest that the company's financial holdings are significantly and positively impacted by gender diversity on the board. It is relevant with the findings of previous research by (Yang & Xue, 2023; Zheng & Wang, 2023; Le et al., 2022; Musviyanti, 2022; P. E. Dimitropoulos & Koronios, 2021; Mengyun et al., 2021; Suherman et al., 2021; Cambrea et al., 2020; La Rocca et al., 2019; Yousef Alghadi et al., 2019). Research indicates that the greater the gender diversity of a company's board, the greater its cash reserves. It suggests that women are frequently more circumspect when it comes to taking risks, and that their presence on a board may enhance the efficacy of supervision and transparency. It enables them to establish a critical mass, which enhances their influence in the company's financial management and decision-making process, in addition to accumulating cash reserves to mitigate economic volatility (P. E. Dimitropoulos & Koronios, 2021).

Nevertheless, the results of this study are distinct from those of other studies that were conducted (Ahmed & Hussain, 2024; Ezeani et al., 2023; Jilani et al., 2023; Pathak & Chandani, 2023; Ismail et al., 2022; Ahsan et al., 2022; Atif et al., 2022; Simionescu et al., 2021; Peltomäki et al., 2021; Atif, 2019). They demonstrated that cash holdings were significantly and adversely affected by gender diversity on the board. It suggests that the manager's ability to access funding is restricted by the presence of a female board member (Ezeani et al., 2023). Female board members also prefer to restrict the amount of cash accessible, enhance the board's surveillance and control functions, and increase the transparency of financial information in order to reduce management opportunistic behaviour (Ismail et al., 2022). This research is predicated on the assumption that women are more adept at preserving the viability of a company when it is threatened by financial collapse.

Research data indicates that the majority of a company's board is composed of males (74.79%), with women comprising 25.21% of the board. This demonstrates that organisations with a substantial number of male board members have a lower level of financial stability (Le et al., 2022; Elmagrhi et al., 2019; Adhikari, B.K., 2017). Research data indicates that the majority of a company's board is composed of males (74.79%), with women comprising 25.21% of the board. This demonstrates the inclination of companies to receive less funding when they have a high proportion of male board members.

The study's findings are consistent with agency theory, as they emphasise the distinction between the interests of shareholders and management. The subsequent inquiry is whether managers may embezzle funds for personal benefit as a result of information asymmetry (Jensen & Meckling, 1976). Good governance principles may be implemented in business monitoring processes to mitigate conflicts of interest between shareholders and administrators (Yousef Alghadi et al., 2019). Gender diversity is one aspect of corporate governance, as proved by the inclusion of women on the board. This argument pertains to risk management and substantiates the idea that the inclusion of a greater number of women on the board enhances monitoring. Due to the fact that women on the board are less inclined to take risks, the organisation is capable of maintaining substantial financial reserves (Elmagrhi et al., 2019; Dowling & Aribi, 2013; Levin et al., 1988).

Board Size and Cash Holding

Empirical investigations indicate that the organization's financial reserves are not substantially affected by its board size. This finding is consistent with the findings of prior research conducted by (Bangun et al., 2019; Rafinda, 2018; Elyasiani & Zhang, 2015; Boubaker et al., 2015; I. J. Chen, 2014; Fresard, 2010; Campello & Harvey, 2010; Harford et al., 2008; Drobetz & Grüninger, 2007; Chang & Noorbakhsh, 2006). These studies illustrate that the company's capital holdings is not related by the magnitude of the board. The toal amount of cash maintained by the company is not significantly influenced by asymmetric knowledge, as the board does not prioritise cash holdings concerns and the firm typically does not have agency difficulties (Bangun et al., 2019; Rafinda, 2018).

Nevertheless, the results of this study are distinct from those of other studies conducted by (Ezeani et al., 2023; T.F. Abuhijleh & A.A. Zaid, 2023; Cambrea et al., 2022; Li & Luo, 2020; Mengyun et al., 2021; Yousef Alghadi et al., 2019; Narwal & Jindal, 2018; Khan, S. N., & Ali, 2018; Diakopoulus, 2015; Gill & Shah, 2011). Their findings suggest that the scale of the board has a significant and favourable impact on currency holdings (T.F. Abuhijleh & A.A. Zaid, 2023; Cambrea et al., 2022) This suggests that a more experienced board can enhance the supervisory role and guarantee that management has sufficient funds to address opportunities or challenges resulting from political and economic circumstances, as well as to ensure that funds are accessible in the event of unforeseen opportunities or uncertainty.

In the interim, research conducted by (Idress et al., 2022; Liem et al., 2020; Gul et al., 2020; Roy, 2018; Al-Najjar & Clark, 2017; Amess et al., 2015; Gill & Shah, 2011; Kathuria, 2000) has demonstrated that the size of the board has a significant negative impact on currency holdings. This suggests that a larger board is a prudent strategy for monitoring the accumulation of excessive currency by enterprises, as it may reduce excess liquidity and adversely affect the company's performance in dire circumstances (Liem et al., 2020; Gul et al., 2020).

The hypothesis that was put forth is corroborated by the results of this investigation. The primary contributing factor is the board's lack of direct control over the company's financial resources (Bangun et al., 2019). The Supervisory Board's size remains constant in the firms under investigation. Consequently, the evaluation of capital holdings does not consider the presence of a board to be a critical component.

The research results refute the notion that the board is unable to fulfil its obligation to supervise the company's financial management. The argument that a large board size may exacerbate agency problems by reducing the effectiveness of management monitoring and giving managers greater authority to withhold money rather than disseminate it to shareholders is supportive of this (Bangun et al., 2019). Additionally, the effectiveness of management supervision is diminished by the presence of a large board, which increases the probability that management will make inefficient financial decisions (Rafinda, 2018).

Number of Board Meetings dan Cash Holding

Cash holdings were not influenced by the frequency of board meetings, as indicated by empirical data from this study. This result is consistent with research conducted by (Vafeas & Vlittis, 2024; Cambrea et al., 2022; Echchabi et al., 2022; Jaradat et al., 2021; Brogi et al., 2021; Gul et al., 2020; Chen et al., 2020b; Narwal & Jindal, 2018; Amess et al., 2015; Vafeas, 1999) It was demonstrated that the company's capital holdings were not influenced by board meetings. According to (Gul et al., 2020) the quantity of cash holdings is not significantly affected by the frequency or existence of board meetings, as this implies that the board does not have a specific responsibility for managing cash

Research findings from (Akhtar et al., 2023; Abuhijleh & Zaid, 2022; Al-Najjar & Clark, 2017; Boubaker et al., 2015; Ammann et al., 2011; Kuan et al., 2012; Harford et al., 2008; Bathula, 2008; Bonn et al., 2004; Dittmar et al., 2003) demonstrated that regular board meetings have a substantial and advantageous impact on cash holdings. This research suggests that conducting more frequent board meetings can enhance the effectiveness of decision-making and supervision, thereby increasing the probability that businesses will have additional cash on hand to address unforeseen circumstances and investment opportunities (T.F. Abuhijleh & A.A. Zaid, 2023).

In the interim, research conducted by (Ezeani et al., 2023; T.F. Abuhijleh & A.A. Zaid, 2023; Idress et al., 2022; Hassanein & Kokel, 2022; Gul et al., 2020; Rashida et al., 2019; Hsu et al., 2015; Uadiale, 2010; Paskelian et al., 2010; Andres & Vallelado, 2008) have demonstrated that cash holdings are significantly and adversely affected by regular board meetings. This suggests that while conducting an excessive number of board meetings may conserve time and money, it can also result in an increase in superfluous business expenditures and a decrease in the board's ability to effectively supervise management (Idress et al., 2022).

The primary justification for this assessment is the inability to oversee the outcomes of decisions made during board meetings. In this scenario, the decision-making process at board meetings is not under the control of external parties, including the inclusion or exclusion of discussions regarding financial management (Sharma et al., 2009; Vafeas, 1999; Jensen, 1993). urthermore, data analysis indicate that the company's board meetings were frequently consistent. The quantity of board meetings has minimal influence on cash holdings, in other terms.

The Agency hypothesis is not supported by the research findings, as the total of board meetings has no significant effect on the company's capital management. Furthermore, the theory contends that the total board meetings should be inversely proportional to the amount of supervision and the reduction in currency holdings. Nevertheless, the findings of the study indicate that there is no requirement for management supervision or sound financial judgement to increase the frequency of meetings (Gul et al., 2020). While it may enhance the efficacy of monitoring and shareholder interests, it also increases the company's expense burden without improving the board's control and efficacy (Narwal & Jindal, 2018).

Control Variables

The conclusions derived from these variables indicate that cash balances are substantially and adversely affected by capital expenditure (Mengyun et al., 2021; Gul et al., 2020; Emilio, 2020; Adhikari, B.K., 2018; Atif et al., 2019; Rafinda, 2018). This conclusion is consistent with other research. This illustrates that the amount of capital investment a corporation makes, the less money it has. This is due to the fact that capital expenditures are funded by the company's assets (Henny Wirianata, 2022).

The second control variable, dividend payments, did not have any effect on cash holdings. This finding is in accordance with the research by (Wulandari & Setiawan, 2019). which asserts that the company's capital holdings are not influenced by the quantity of dividend payments. This is due to the possibility that dividend-paying companies that are cash-strapped may obtain liquidity by reducing their dividend payments (Hapsari, 2015).

The final control variable, return on assets, has a substantial and adverse effect on cash holdings. This outcome is corroborative of research conducted by (P. E. Dimitropoulos & Koronios, 2021; Mengyun et al., 2021). that demonstrate a correlation between the increasing rate of return on assets and decreasing in the firm's cash holdings. It is a consequence of the fact that businesses have reduced capital holdings as a result of profitable investments (Sudarmi & Nur, 2018).

Additional Testing

It is necessary to conduct additional testing to verify the empirical findings of this study regarding the impact of corporate governance characteristics on currency holdings in businesses prior to and in epidemic era.

Prior to the Covid-19 pandemic in 2018, the gender diversity variable had an estimated $t = 0.985$ and a value of $\beta = 0.001$, as indicated by the test results in Table 4.4. As the data is not statistically significant, it implies that the initial hypothesis, which asserts that gender diversity has a positive and substantial impact on currency holdings, is not supported. In contrast, the 2019 gender diversity variable had a coefficient (β) of 0.000 and a computed t value of -0.269. Therefore, the notion that capital holdings are influenced by gender diversity on the board is disregarded due to its lack of statistical significance.

The research data did not support the second hypothesis test, which determined that the size of the Board had a positive and significant impact on cash holdings prior to the Covid-19 outbreak in 2018. This was due to the fact that the trajectory of the effect was not as anticipated. A significant and negative effect is indicated at the 5% level by the computed t value of -1.945 and the coefficient value (β) of -0.016 for the board size variable. As the size of the Board increases, the company's cash holdings decrease. Nevertheless, the concept was further validated by additional test results during the 2019 Covid-19 pandemic. The Board variable number had a significant coefficient value (β) of 0.015 at the 5% level, as indicated by a computed t value of 2.025. This implies that a company's financial reserves increase in proportion to the number of board members.

The final hypothesis test, which was conducted in 2018 prior to the Covid-19 outbreak, determined that the quantity of board meetings had a significant and adverse impact on capital holdings. Nevertheless, the test was not validated, as the results were not statistically significant. Regarding to the test, there was no significant correlation between the frequency of board meetings and cash holdings, with an estimated t value of 0.977 and an insignificant coefficient value of $\beta = 0.005$. Nevertheless, the initial hypothesis was refuted by the results of the tests conducted during the 2019 Covid-19 outbreak. The test results demonstrated a substantial and beneficial effect at the 1% level, as evidenced by a calculated t-value of 2.836 and a coefficient value of $\beta = 0.013$. Consequently, it can be inferred that the quantity of board meetings increases in tandem with the company's cash reserves.

For the initial control variable, capital expenditure, the β coefficient values were -0.031 and -0.050 in 2018 and 2019, respectively, with significant t values of -2.928 and -5.564 at the 1% level. This conclusion suggests that the company's cash holdings are decreasing as capital expenditures increase, as available cash is being utilised to fund capital expenditures (Henny Wirianata, 2022).

Moreover, the results for two control variables that were associated with dividend payments in 2018 and 2019 were minimal, with β coefficient values of 0.015 and 0.002 and t values of 0.697 and 0.083, respectively. These results suggest that the quantity of dividend payments did not have any impact on capital holdings.

The calculated t values of 0.808 and 0.426, as well as the β coefficient values of 0.001 and 0.000, obtained from the tests of the return on assets control variable in 2018 and 2019, respectively, suggest that cash holding was not affected by return on assets.

Table 4
Additional Testing Result

Variables	Predictions	β	T_{count}	Conclusion
		In 2018		
Independent Variables				
BGD	+	0.001	0.985	Not Supported
BZ	+	-0.016	-1.945**	Not Supported
BM	-	0.005	0.977	Not Supported
Control Variables				
CAPEX		-0.031	-2.928***	
DIVT		0.015	0.697	
ROA		0.001	0.808	
Adj R^2 = 0.093				
F Value = 3.459***				
		In 2019		
Independent Variables				
BGD	+	0.000	-0.269	Not Supported
BZ	+	0.015	2.025**	Supported
BM	-	0.013	2.836***	Not Supported
Control Variables				
CAPEX		-0.050	-5.564***	
DIVT		0.002	0.083	
ROA		0.000	0.426	
Adj R^2 = 0.206				
F Value = 7.795***				

Additionally, two control variables pertaining to dividend payments in 2018 and 2019 yielded results that were insignificant—that is, the amount of dividend payments has no bearing on cash holdings—with β coefficient values of 0.015 and 0.002 and t values of 0.697 and 0.083, respectively.

Notes: ***1%,**5%,*10%
Source: processed data (2024)

Additionally, a one-way ANOVA test was implemented in this investigation to guarantee precise test results. Table 4.5 illustrates the outcomes of the examination. The Council's independent variable for gender diversity (BGD) has a significance level of 0.000, which is less than 0.05. The results of the test indicated that the Council's gender diversity was significantly different prior to, during, and following the Covid-19 epidemic.

The independent variable, board size (BZ), has a significance value of 0.369, which is greater than 0.05. Based on the results, the Board's size did not exhibit any statistically significant variation prior to, during, or following the Covid-19 epidemic.

An independent variable, the total of board meetings (BM), has a significance value 0.001 below the 0.05 cutoff. As a result, our results show that there were considerably different numbers of Council meetings before, during, and after the Covid-19 outbreak.

The dependent variable, cash holdings, exhibited a significant value of 0.451, which exceeded the 0.05 criterion. This suggests that there was minimal fluctuation in currency holdings prior to, during, and subsequent to the Covid-19 pandemic.

Capital expenditure (CAPEX) is the initial control variable with a significance value of 0.108, which exceeds the threshold of 0.05. These results suggest that there was no discernible difference in capital expenditures prior to, during, or following the Covid-19 outbreak.The second control variable, dividend payment (DIVT), has a significant value of 0.695, which exceeds the 0.05 threshold. These findings suggest that dividend payments experienced minimal fluctuations throughout the COVID-19 pandemic.

The final control variable, return on assets (ROA), had a significance value of 0.161, which exceeded the threshold of 0.05. These findings suggest that the return on assets did not significantly vary before, during, and after the COVID-19 epidemic.

Tabel 5 One Way ANOVA Test Results

Variables	Mean	Std. Dev	Std. Error Mean	95% Convidence Interval of the Difference		df	Sig.
				Lower	Upper		
Independent Variables							
BGD	22.846	12.231	0.413	22.033	23.658	872	0.000
BZ	8.860	2.077	0.070	8.722	8.998	872	0.369
BM	8.071	4.838	0.163	7.749	8.392	872	0.001
Dependent Variables							
Cash Holding	0.194	0.199	0.006	0.181	0.208	872	0.451

Control Variables							
CAPEX	10.594	1.690	0.057	10.481	10.706	872	0.108
DIVT	0.376	0.822	0.027	0.322	0.431	872	0.695
ROA	2.706	13.959	0.472	1.779	3.633	872	0.161

Source: processed data (2024)

Conclusions

The objective of this research is to furnish accurate information regarding the manner in which financial management is affected by corporate governance characteristics. The findings of the investigation indicate that currency holdings are significantly and advantageously affected by gender diversity. It implies that the presence of women on the board enhances monitoring and promotes the adoption of calculated risks, thereby contributing to the company's expansion of cash reserves. The study's findings also demonstrated that cash holdings were not significantly influenced by board size or meeting frequency, suggesting that the presence of more meetings does not necessarily equate to improved cash management control. Consequently, our investigation illustrates that the impact of various governance components on the capital holdings of companies is inconsistent.

This investigation is subject to a variety of constraints. Initially, it exclusively concentrates on governance aspects, disregarding independent factors such as gender diversity, board size, and meeting frequency. Nevertheless, it is also imperative to consider other critical metrics, such as remuneration, board independence, and CEO duality. Second, financial enterprises are not included in this study, despite their significant contribution to economic activity. Financial organisations must be integrated into forthcoming investigations. Third, sustainability concerns have not been extensively addressed, despite their increasing significance in relation to the economy. Sustainability may serve as an independent variable in forthcoming investigations.

This discovery has significant implications. These findings indicate that the government has the potential to enhance the administration of firm capital by enacting more effective corporate governance regulations. It serves as a guide for organisations that wish to emphasise the importance of the Board's governance function and enhance it, particularly by increasing the representation of women on the board. The presence of women on the board may enhance monitoring, which could prompt regulators to consider more targeted legislation regarding this matter.

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