

Do Women Directors Representation Matter? Analyzing Its Moderating Effect on Firm Size and Cash Holdings

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INDEXING	ABSTRACT
Keywords: Keyword 1 : Cash Holdings Keyword 2 : Firm Size Keyword 3 : Women Directors	<p>This research is based on the underrepresentation of female directors and its potential implications, particularly how their presence may moderate the relationship between firm size and cash holdings, given the gender gap and its potential impact on financial decision-making dynamics. This study aims to test and analyze the effect of company size on cash holdings with female director representation as a moderating variable in the LQ45 index company listed on the Indonesia Stock Exchange. The population used in this study is all companies listed in LQ45 index. Sample selection techniques using purposive sampling, with specified criteria, namely; Companies that are used as samples must be included in the LQ45 index since 2021-2023 in a row, the LQ45 company presents an annual report since 2021-2023. From all companies consistently included in the LQ45 index during the 2021-2023 period that provided the required financial indicators and annual reports, an initial sample of 31 companies was obtained. After excluding outliers, the final dataset comprised 69 observations for analysis. This study utilizes panel data to test the relationship between variables that are the focus of the study. The data obtained are processed, grouped, and analyzed using STATA statistical software. To test the moderation effect in the study, the Moderated Regression Analysis (MRA) method is used. The results found that company size has a significant positive effect on cash holdings, this study also indicates that female directors moderate the relationship between company size and cash holdings effectively. For future research could Investigate the relationship between gender diversity and cash management in different industries or international settings to assess the generalizability of the results, incorporate qualitative methods, such as interviews or case studies, to better understand how female directors influence financial decision-making and the organizational dynamics involved.</p>

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INTRODUCTION

Cash holding is an important aspect of a company's financial management. Decisions regarding the amount of cash held by the company can affect operational flexibility, investment capabilities, and risk mitigation strategies. One of the main factors that influence the level of cash holding is firm size, which reflects the scale of operations, assets and financial capabilities of the company. Large companies need to have enough liquidity to operate smoothly, but must also use their cash efficiently in order to maximize profits and support expansion or strategic investment without storing unproductive cash

(Rahmadani *et al.*, 2024). This research is important because although the relationship between firm size and cash holding has been widely studied, the role of gender diversity, such as the presence of woman directors, as a moderating variable in this context is still rarely discussed, especially in Indonesia. This is even more relevant considering that gender diversity in corporate governance is considered capable of influencing financial decision making (Putri *et al.*, 2021).

In theory, the relationship between firm size, woman directors and cash holding can be explained through two main theories, namely pecking order theory and agency theory. According to Myers & Majluf (1984) in Tran (2020) Pecking order theory states that large firms tend to have easier access to external funding, so the need to hold large cash is lower. In contrast, agency theory reveals that large companies often have a more complex organizational structure which increases the risk of conflicts of interest between management and shareholders. Therefore, large companies tend to hold more cash to reduce liquidity risk and ensure operations run smoothly (Jensen, 2009; Serly & Melandy, 2021). In addition, the presence of woman directors as part of corporate governance may affect cash management, given that previous research suggests that women tend to be more cautious and less risk-taking in certain situations, such as in terms of financial or managerial decisions, in accordance with existing research findings (Hidayat Taufik, 2022).

Based on recent data, there is increasing attention to gender diversity in Indonesian companies. Grant Thornton Women in Business 2024 survey found that the percentage of women in senior management globally has increased from 19.4% to 33.5% over two decades. Indonesia itself ranks 10th globally with 37% of women in senior management positions this year, a percentage that still exceeds the global average of 33%. For example, PT Bank Rakyat Indonesia (Persero) Tbk. 2023, one of Indonesia's LQ45 companies, has a woman director who plays a key role in financial risk management. However, despite the increased attention to gender diversity, there is still not much research on LQ45 companies involving women in strategic positions.

In Indonesia, research on gender diversity in corporate governance is limited, especially in the context of companies in the LQ45 index, which represents companies with high liquidity and large market capitalization (Rahmadani *et al.*, 2024). Therefore, this study aims to fill the gap in the literature by exploring how the presence of woman directors can moderate the relationship between firm size and cash holding.

Gender diversity in the board of directors is believed to improve the quality of decision-making through a more diverse perspective. In addition, this study contributes to the corporate governance literature in emerging markets such as Indonesia. By understanding the role of woman directors, this study can also provide practical insights for companies in formulating inclusive governance policies, which in turn can improve the efficiency of financial management.

Academically, this study contributes to the enrichment of the literature on corporate governance in emerging markets. Practically, this study provides recommendations to companies regarding the importance of gender diversity in financial decision-making. Hopefully, this research can encourage companies to be more inclusive in involving women in strategic positions. The impact is the creation of better corporate governance, which not only improves financial efficiency but also creates added value for stakeholders. As a recommendation, companies are advised to increase gender diversity and utilize the

presence of woman directors as part of a more effective financial management strategy.

LITERATURE REVIEW

Cash Holdings

Cash is the most liquid asset in the form of cash and is a measure of the company's ability to pay debts on time, meaning that the company is able to pay off its obligations even when bad situations occur (Gill & Shah, 2011). The amount of a company's cash holdings is said to be optimal if the level of cash meets the company's current and future needs as well as when the company can control risks well (Chen et al., 2020; Fitra et al., 2024). Firms that hold more cash serve to meet the cash demands of future investment opportunities and reduce the risk of future financial distress (Harford et al., 2014; Myers & Majluf, 1984).

Firm Size

Firm size can affect the level of cash holding owned by a company. Company size is a value that describes the size of a company. The larger the size of the company, the greater the cash it has, because large companies are considered to have large funding sources and a greater level of sales (Saputri & Kuswardono, 2019).

Women Directors

Directors or CEOs have a very important role as they are the executives responsible for the corporate strategy decisions made. Directors must maintain a balance between having enough cash for operations and maintaining healthy liquidity, while also utilizing cash for investments that can support Company growth (Hidayat Taufik, 2022; Zeng & Wang, 2015). Good cash management can improve financial efficiency and reduce financial risks that can threaten the stability of the company. The characteristics of a Director in a company greatly affect the performance and direction of the company. One aspect that is increasingly discussed in the context of leadership is gender (Hambrick & Mason, 1984). Although the basic duties and responsibilities of a director do not differ by gender, several studies have shown that gender can influence leadership style, decision-making, and the way a director interacts with other stakeholders.

Pecking Order Theory

Pecking Order Theory states that companies have an order of preference in choosing financing sources. A higher preference is given to internal funding sources compared to external funding. This order of priority is influenced by several factors, especially the problem of asymmetric information that exists between managers and shareholders. Another factor is because internal sources of funds are considered more profitable both in terms of cost and risk compared to external sources of funds (Romel & Ekadjaja, 2023). Based on theory, the optimal level of cash does not exist because the cash held by the company serves as a reserve that allows the company to delay the use of external funding until it is really needed (Saputri & Kuswardono, 2019).

Agency Theory

Agency theory relates to the relationship between the principal (company owner) and the agent (manager or party authorized to manage the company). Agency Theory focuses on problems that arise due to conflicts of interest and asymmetric information between the parties involved in the relationship (Supriyono, 2016). Shareholders as principal want the company to manage cash efficiently to generate optimal returns and avoid misuse of funds. However, managers (agents) may have an incentive to hold large amounts of cash for their personal interests, which can lead to conflicts.

Firm Size and Cash Holdings

Based on research conducted by Dewi & Setiyono (2021) found that the firm size variable has a significant positive effect on cash holding in manufacturing companies in the consumer goods industry sector listed on the IDX for the 2014-2018 period. the increase in company size will affect the level of cash holding of a company. The larger the size of the company, the more cash is stored or the more cash holding. This is because large company sizes tend to have large obligations and needs than small companies, so that to meet these needs the company needs more cash or cash. Large companies tend to be more diversified in their operational businesses and are more difficult to experience financial distress so that they typically perform better than small companies and have more cash to manage their investments.

In the context of Pecking Order Theory first coined by Myers & Majluf (1984), large companies tend to have more internal resources and easier access to debt than small companies. Large companies tend to have large cash because they have greater needs than small companies (Romel & Ekadjaja, 2023). Therefore, they are more likely to prioritize the use of internal funds first, avoiding taking debt or issuing shares except in very necessary conditions (Liestyasih & Wiagustini, 2017; Saputri & Kuswardono, 2019). Large companies tend to have more internal cash and rely less on external funding sources such as debt or equity. They follow a funding sequence that prioritizes internal cash flow and have fewer barriers to obtaining external funds if needed. Therefore hypothesis 1 is outlined as follows:

H₁: Company size has a significant positive effect on cash ownership

Woman Directors, Firm Size and Cash Holdings

President Director is a position that has the main responsibility in leading and managing the company's operations. In the context of Financial Services Authority (OJK) Regulation Number 33/POJK.04/2014, the Director's responsibility is to manage the day-to-day operations of the company and ensure that the company runs in accordance with its vision, mission and objectives. Directors are also responsible for strategic decision-making in various aspects of the company. One of the Director's roles in managing the company's cash is to ensure the continuity of operations, growth and sustainability of the company.

Research linking woman directors and cash holdings can be explained by Dwijayanti & Wijaya (2024) which examines non-financial companies listed on the Indonesia Stock Exchange between 2015 and 2019 proves that women on the board of directors can minimize agency conflicts in line with agency theory. Gender diversity in the board of directors can influence the company's strategic decisions, including in terms

of cash management. The presence of woman directors on the board of directors is often associated with a more cautious decision-making style and tends to be more conservative, especially in terms of risk management and cash utilization. Woman directors may be more inclined to maintain the financial stability of the company, as they are more concerned with the need to maintain sufficient liquidity and deal with market uncertainty. In line with research conducted by García & Herrero (2021) that a high ratio of woman directors reduces the likelihood of financial distress. When the ratio of woman directors is high in the board of directors, supervision of managers tends to be stronger. This means that managers will be more monitored in their decisions regarding cash holding. With closer supervision, firms are more likely to have more efficient cash holding, i.e. the amount of cash that is sufficient for the firm's operations without being trapped in excessive cash accumulation that does not add value to shareholders.

It is different in the context of Woman Directors on the Company's influence on cash holdings. Research conducted by Gulamhussen & Santa (2015) on banks with large sizes operating around the world collected from various sources to provide empirical evidence that women (boards, supervisory boards, and audit committees) have a positive influence on accounting and market performance and risk taking. Based on the literature found, a woman board of directors helps to make better decisions regarding the display of financial decisions in this case, namely the amount of cash in the company. In accordance with the findings of Prameswari et al. (2024) which examines manufacturing companies listed on the Indonesia Stock Exchange with the results showing that gender diversity is proven to have a positive and significant effect on cash holding. These results are reinforced by La Rocca et al. (2019) which states that the number of women in the executive has a positive impact on the company's cash holding. The presence of women on the board of directors is also able to improve the ability of other boards.

The presence of women in decision making is more cautious than men (Dwijayanti & Wijaya, 2024; Huang & Kisgen, 2013) and has risk averse characteristics. The characteristics associated with risk aversion also show that women prefer to maintain more liquidity to protect themselves from the impact of their decisions and overcome all the possibilities that prevent the company from seizing its growth opportunities (Cambrea et al., 2020; La Rocca et al., 2019). This causes companies to have a larger cash holding. They tend to be more cautious in taking risks, and this may cause them to prefer holding larger amounts of cash to deal with uncertainty.

Based on Agency Theory, the relationship between large firms, women directors, and cash holdings is likely that in large firms, women directors may tend to hold large amounts of cash to reduce financial risk or to avoid reliance on external debt. Women directors, with their more cautious tendencies, may be more supportive of this policy, but will also ensure that retained cash is used for clear and productive purposes, not just to create unproductive financial "buffers". Hypothesis 2 is therefore outlined as follows:

H₂: Women directors moderate the relationship between company size and cash holdings effectively

RESEARCH METHOD

This study aims to address research questions concerning empirical evidence on the relationship between firm size and cash holdings. Additionally, it seeks to explore whether the presence of female directors in a company moderates the relationship between firm size and cash holdings. The study utilizes data sourced from financial

statements and annual reports of companies listed in the LQ45 index from 2021 to 2023, accessed through the official websites of the Indonesia Stock Exchange and the respective companies. From all companies consistently included in the LQ45 index during the 2021-2023 period that provided the required financial indicators and annual reports, an initial sample of 31 companies was obtained. After excluding outliers, the final dataset comprised 69 observations for analysis.

Dependent variable in this study is Cash Holdings. Cash Holdings enable companies to support smooth daily operations and take advantage of investment opportunities that have the potential to increase the company's value. This study defines Cash Holdings as the ratio of cash and cash equivalents to total assets as an indicator of a company's level of cash holdings. This measurement follows the operational definition that has been implemented by Ezeani et al. (2023) and Pan & Lei (2023).

The independent variable in this study is firm size (SIZE), which is one of the important characteristics in accounting and corporate governance studies. This study defines firm size as the natural logarithm of the firm's total assets, in accordance with the approach used in previous studies by Kamau (2023) and Gamaliel et al. (2023).

This study add the moderating variable, WDIR or represents the presence of female directors in the company. The presence of female directors is considered because it can influence managerial decisions related to the level of cash holdings, especially in the context of risk management and corporate financial policies. The WDIR variable is measured based on the number of female directors on the board of directors. This measurement follows that which has been applied by Alves (2023) and Kanojia & Khanna (2019).

This study utilizes panel data to test the relationship between variables that are the focus of the study. The data obtained are processed, grouped, and analyzed using STATA statistical software. To test the moderation effect in the study, the Moderated Regression Analysis (MRA) method is used, which is the basis for developing the following research model:

$$CASH_HOLDINGS_{it} = \beta_0 + \beta_1 SIZE_{it} + \varepsilon_{it} \quad (1)$$

$$CASH_HOLDINGS_{it} = \beta_0 + \beta_1 SIZE_{it} + \beta_2 WDIR_{it} + \beta_1 SIZE_{it} * WDIR_{it} + \varepsilon_{it} \quad (2)$$

The estimation model in this study consists of two linear regression equations. Equation (1) tests the direct effect of the independent variable SIZE, which represents firm size, on CASH_HOLDINGS, which indicates the level of firm cash holdings at time t for firm i. Equation (2) introduces the moderating variable WDIR, which represents the presence of female directors in the firm, and its interaction with SIZE. The objective is to evaluate whether the presence of female directors moderates the relationship between firm size and cash holdings. The coefficient β_0 is a constant, β_1 and β_2 are regression coefficients, while ε_{it} represents the error component that includes variables that are not included in the model but have the potential to affect CASH_HOLDINGS.

Before conducting the main test, this study first conducted a descriptive statistical analysis to understand the distribution of the data used. In addition, a series of classical assumption tests were also carried out, including normality, multicollinearity, and heteroscedasticity tests. This test aims to verify the validity of the model by identifying

potential violations of assumptions that can affect the accuracy and reliability of parameter estimates, thus ensuring that the analysis results are robust. Regarding the use of panel data, this study also conducted several testing procedures to determine the most appropriate estimation model. These procedures include the Chow Test, Hausman Test, and Lagrange Multiplier (LM) Test. This test helps in choosing the optimal estimation model between Ordinary Least Squares (OLS), Fixed Effects Model (FEM), and Random Effects Model (REM).

Table.1 Summary of Variable Definition

Variable Name	Abbreviation	Measurement
Dependent Variable		
Cash Holdings	CASH_HOLDINGS	ratio of cash and cash equivalents to total assets
Independent Variable		
Firm Size	SIZE	natural logarithm of the firm's total assets
Moderating Variable		
Women Directors	WDIR	number of female directors on the board of directors

Source: Authors' compilation (2024)

RESULT AND DISCUSSION

a. Descriptive statistics

Table.2 Descriptive Statistics

	N	Mean	Median	SD	Min	Max
CASH HOLDINGS	69	0.133	0.144	0.077	0.005	0.296
SIZE	69	325.594	331.649	70.739	152.116	462.247
WDIR	69	1.29	1	1.189	0	6

Source: Processed by STATA (2024)

Based on the descriptive analysis presented in Table 1, the research variables include Cash Holdings, firm size (SIZE), and the presence of female directors (WDIR) for 69 companies listed in the LQ45 index on the Indonesia Stock Exchange (IDX). Descriptive statistics include the number of observations, mean, median, standard deviation, minimum, and maximum values of each variable.

Cash Holdings ranges from 0.5% to 29.6%, with a mean value of 13.3% (Std. Dev. 7.7%). This indicates that the average company in the sample holds approximately 13.3% of their total assets in cash or cash equivalents. The SIZE variable, which represents the size of the company in certain units, ranges from 152.116 to 462.247, with a mean value of 325.594 (Std. Dev. 70.739). This indicates that most of the companies in the sample are relatively large in size. Meanwhile, WDIR, which reflects the presence of female directors on a company's board, ranges from 0 to 6, with a mean value of 1.29 (Std. Dev. 1.189). This indicates that companies in the sample have an average of about one to two female directors on their boards. These results suggest that companies in the sample have characteristics that reflect natural variations in terms of leadership structure or corporate governance and cash liquidity, which have the potential to influence financial decision-making and corporate strategy.

b. Classical Assumption Testing

To overcome the limitations in the application of panel data estimators, this study conducted various tests to verify whether the data distribution is normal or not and

whether there is multicollinearity and heteroscedasticity. This test is important to ensure that the resulting parameter estimates are accurate and the model interpretation is not biased. The following test results can be seen in Table 3.

Table.3 Summary of Classical Assumption Tests Result

Assumption Test	Test Method	Statistic / Value	Decision Rule	Interpretation
Test of Normality	Skewness-Kurtosis Test	p-value = 0.1255	$p > 0.05$	Data follows a normal distribution
Multicollinearity Assessment	Variance Inflation Factor	VIF = 1.02	$VIF < 10$	No multicollinearity detected
Heteroscedasticity Test	Breusch-Pagan Test	p-value = 0.5449	$p > 0.05$	No heteroscedasticity

Source: Processed by STATA (2024)

The normality test was carried out using the Skewness-Kurtosis analysis, producing a p-value of 0.1255. Because this value is greater than the significance threshold of 0.05, it can be concluded that the residual data is normally distributed. This condition indicates that the model meets one of the important prerequisites in linear regression analysis, so that the parameter estimation results can be considered reliable. The multicollinearity test was carried out using the Variance Inflation Factor (VIF) method, which showed a value of 1.02. Because this value is far below the tolerance limit of 10, there is no indication of multicollinearity among the independent variables. Thus, each independent variable in the model makes a unique contribution without significantly influencing each other. Furthermore, the heteroscedasticity test was carried out using the Breusch-Pagan Test, with a p-value of 0.5449. Since the p-value is greater than 0.05, it can be concluded that the model does not experience heteroscedasticity problems. Stable residual variance ensures that the model has consistent and unbiased estimates. The results of this test indicate that the model meets all the required classical assumptions. This strengthens the validity of the regression model used and allows for a more accurate and reliable interpretation of the analysis results.

c. Choice of Model Estimation Procedures

Tabel.4 Summary of Choice of Model Estimation Procedures

Classical Assumption Test	Statistic / Test Value	Test Criteria	Decision
Chow Test	p-value = 0.1236	$p < 0.05$: Reject H0	Accept H0
Hausman Test	p-value = 0.1903	$p < 0.05$: Reject H0	Accept H0
Lagrange Multiplier Test	p-value = 0.0548	$p < 0.05$: Reject H0	Accept H0
Conclusion: Ordinary Least Squares (OLS) is selected			

Source: Processed by STATA (2024)

Choice of model estimation procedures summary can be seen at Table 4. In the process of selecting the estimation model three statistical tests are conducted to determine the most appropriate model, namely the Chow Test, the Hausman Test, and the Lagrange Multiplier Test (LM Test). Each test has different objectives and testing criteria, which aim to ensure that the selected model meets the required assumptions and provides the most valid results. The Chow Test is used to check whether the model used is better using pooled data or data with separation based on groups (such as fixed effect or random effect models). The Chow Test results show a p-value of 0.1236, which is greater than the

significance threshold of 0.05. In this case, the decision taken is to accept H0, which means there is no significant difference between the pooled model and the separated model based on groups. This indicates that a simpler model, namely the pooled model, is more appropriate to use in this analysis. The Hausman Test aims to determine whether the fixed effect or random effect model is more appropriate for the data used. With a p-value of 0.1903, which is also greater than 0.05, the decision taken is to accept H0. This shows that there is no strong evidence to choose the fixed effect model, so the random effect model cannot be rejected as the appropriate model. The Lagrange Multiplier (LM) Test shows a p-value of 0.0548, which is slightly greater than 0.05. Although this result is close to the significance threshold, the decision to accept H0 is still taken, which means that the random effect model is not better than the OLS model. Overall, the test results show that the OLS model is the best choice, considering that there is no sufficient evidence to reject this model. OLS was chosen because of its simplicity, efficiency, and ability to provide consistent and unbiased estimates.

d. Main Results

The Effect of Firm Size and Cash Holdings

The regression results from this analysis can be found in Table 5 below.

Tabel.5 Regression Results

	(1) Model	(2) Model
Intercept	0.005 (0.127)	0.292** (2.013)
SIZE	0.000*** (3.166)	-0.000 (-0.977)
WDIR		-0.255** (-2.148)
SIZE*WDIR		0.001* (1.966)
Adj.R2	0.12	0.17
N	69	69
F-Stat	10.022	5.685

t statistics in parentheses

* p<0.10, ** p<0.05, *** p<0.01

Source: *Processed by STATA (2024)*

In Model 1, the regression results show that SIZE has a significant positive effect on cash holdings, with a coefficient of 0.000 and a t-statistic of 3.166 (*p<0.01) or significant at the 1% level. This figure shows that every one unit increase in company size (SIZE) will increase cash holdings by 0.000, which although it seems small, is still statistically significant. This result means that hypothesis 1 is accepted or company size is able to affect the company's cash holdings. This shows that company size plays an important role in determining the amount of cash held by the company. In practice, this means that larger companies tend to have higher cash reserves.

The results of this study are in line with previous findings showing that large companies tend to have higher cash holdings. This is likely due to the greater stability of earnings and the ability of large companies to access external funding sources more

easily, allowing them to retain more cash to reduce uncertainty and operational risk. Studies by Dalwai et al. (2024), Farooq et al. (2024), and Guizani (2017) support this finding, showing that large companies prefer to hold cash as a reserve to face market fluctuations or take advantage of large investment opportunities.

In addition, this finding also supports the pecking order theory proposed by Myers and Majluf (1984), which states that companies tend to prefer to use internal resources, such as cash, for financing before seeking external financing (Shahar et al., 2015). In this context, large companies that have higher cash holdings can be considered as implementing this theory, where they choose to retain cash as an internal resource to avoid the costs associated with issuing new debt or equity. With greater cash flow stability and easier access to capital markets, large firms are more likely to raise cash to meet future financing needs without having to rely on more expensive or risky external sources.

The Effect of the Presence of Female Directors on the Board on the Relationship between Company Size and Cash Holding

In Model 2, the interaction between company size (SIZE) and the presence of female directors (SIZE*WDIR) shows a positive coefficient of 0.001 with a t-statistic of 1.966 ($p < 0.10$). This indicates that in larger companies, the presence of female directors significantly increases the amount of cash holdings. This result means that hypothesis 2 is accepted or the presence of female directors in the company is able to moderate the effect of company size on the cash holdings owned by the company.

Meanwhile, the WDIR variable has a negative coefficient of -0.255 with a t-statistic of -2.148 ($p < 0.05$) or significant at the 5% level, indicating that the presence of female directors (WDIR) significantly decreases the level of cash holdings of the company. This finding is in accordance with a study conducted by Bona-Sánchez et al. (2023) and Tosun et al. (2022) which found that companies with women on the board of directors tend to have more conservative financial policies, including more prudent cash management. This may be due to the nature of decision-making that is more risk-averse among women directors.

Therefore, the negative coefficient on WDIR may reflect the reduction of excess cash to avoid wasting company resources. On the other hand, research by Ahmed & Hussain (2024) shows that gender diversity or represented by the presence of women on the board of directors can improve the company's monitoring and strategic decision-making process. The positive coefficient on the moderating variable or SIZE*WDIR supports this view, indicating that in large companies, the presence of female directors encourages more optimal cash management or have larger cash holdings. Women directors tend to avoid the risks associated with using external capital while preparing the company to face possible uncertainties that may force the sale of assets to obtain funds (Cambrea et al., 2020; Elamer & Utham, 2024).

This allows large companies to utilize cash for strategic investments while maintaining financial stability. From the perspective of agency theory, proposed by Jensen & Meckling (1976), the presence of female directors can strengthen the monitoring function in controlling opportunistic actions of managers. Female directors are often associated with tighter supervision, thus reducing the possibility of unproductive cash hoarding. In large companies, the positive interaction between SIZE*WDIR indicates that the presence of female directors can ensure that cash is managed optimally, maintaining a balance between adequate cash reserves and productive investments to maximize

company value. Therefore, considering the presence of women on the board of directors, especially in the context of company size, needs to be considered to realize effective and efficient cash management.

CONCLUSION

The results of this study show that the size of a company has a positive effect on cash holdings, it is confirming that company size significantly affects the level of cash holdings.

This study also find that women directors moderate the relationship between company size and cash holdings effectively. It is suggesting that women directors reduce excess cash holdings, aligning with prior research indicating that women directors promote conservative financial policies and prudent cash management.

The findings of this study have several key implications, the study confirms the role of company size in shaping cash management decisions. For practitioners, the results highlight the importance of firm size in cash management policies. Larger firms may need to balance maintaining high cash reserves for operational stability with ensuring productive use of idle cash to maximize value. This insight is valuable for financial managers in determining optimal cash-holding strategies. the presence of women on the board contributes to optimal cash management by balancing cash reserves and strategic investments. This can improve financial stability and enhance firm value. Companies should consider increasing gender diversity in leadership roles to leverage these benefits.

Despite its contributions, this study has several limitations such as the sample is limited to a specific geographic region or industry, which may affect the generalizability of the results, this study relies on secondary data, which may not fully reflect the qualitative aspects of board decision-making processes.

Building on these findings, future research could Investigate the relationship between gender diversity and cash management in different industries or international settings to assess the generalizability of the results, incorporate qualitative methods, such as interviews or case studies, to better understand how female directors influence financial decision-making and the organizational dynamics involved.

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