



**THE EFFECT OF ACCOUNTING CONSERVATISM AND CASH FLOW ON
CASH HOLDING WITH INFORMATION ASYMMETRY AS A
MODERATING VARIABLE**

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Abstract

Cash is an asset that plays an important role in the running of a company's operational activities. Cash holding is the amount of cash and cash equivalents held by a company to meet operational needs, investments, and other sudden needs. Companies usually hold cash to meet obligations, manage risks, and take advantage of investment opportunities. Cash holding is cash held by a company to meet daily activities. The purpose of this study is to analyze the effect of accounting conservatism and cash flow on cash holding with information asymmetry as a moderating variable. The type of research used is quantitative research with a non-participant observation method. The sample used in this study was 162 energy sector companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2023 period. The sample was determined using the purposive sampling method. This study uses multiple linear regression analysis and is processed using MiniTab 19. The results of the study show that: (1) Accounting Conservatism does not have a significant effect on Cash Holding (2) Cash Flow does not have a significant effect on Cash Holding (3) Information Asymmetry has a significant effect on Cash Holding (4) Information Asymmetry does not strengthen or moderate Accounting Conservatism on Cash Holding (5) Information Asymmetry does not strengthen or moderate Cash Flow on Cash Holding.

Keywords: Accounting Conservatism, Cash Flow, Information Asymmetry, Cash Holding

Fadilah & Achyani



INTRODUCTION

Cash is an asset that plays an important role in the running of a company's operational activities. Among other current assets, cash is an asset for a company to be able to manage cash well. Cash is the most important part of compiling financial statements in a company. The Indonesian Accounting Association (IAI) explains that financial statements are the structure of the presentation of financial statements and financial performance owned by a company in a current period. To provide good and structured financial statements, companies need to pay attention to the importance of maximizing the use of cash in the company's financial management.

Cash holding is an important aspect of financial management for any company. Because in a company, effective cash management is very important for smooth operations and business growth. Cash holding is cash that a company has to meet its daily needs. Benefits of cash holding according to (Ferreira & Vilela, 2004) are: to reduce the possibility of financial distress, implementing investment policies when financial constraints are met, and as an effort to minimize the costs of raising external funds or liquidating existing assets.

In finance and economics, cash holding refers to the amount of cash and liquid assets held by companies and individuals. Therefore, cash holding is very important for companies and individuals to face economic shocks and uncertainties. In company operations, cash holding can help them finance operational goals, finance investments, and funding, and reduce the company's dependence on debt financing and interest rate fluctuations. In general, companies can manage available cash optimally, namely using cash according to the most urgent needs.



Cash holding calculation is the most important part of financial management in a company. Mistakes in this calculation can have a major impact on liquidity, financial health, and the decision-making process in a company. Miscalculation of cash holding can cause financial difficulties in the future and even potentially cause the company to go bankrupt. Mistakes in cash calculation can have a major impact on a company's liquidity, especially in the energy sector in Indonesia, which is heavily influenced by external factors such as fluctuations in energy commodity prices and government policies related to the regulation of the sector.

In the energy sector in Indonesia, several companies experience liquidity issues due to cash miscalculation. The case in Indonesia is the liquidity case experienced by PT Pertamina in 2016 towards 2017, which experienced a decrease in net profit and total assets. And PT PLN, which also experienced liquidity due to cash miscalculation. PT Pertamina and PT PLN need to immediately address the problem by ensuring financial stability and operational efficiency by taking several handling steps, namely: conducting a thorough analysis, correcting miscalculations, implementing internal controls, conducting cash flow forecasting, investing cash surpluses, seeking professional assistance, and conducting ongoing monitoring. By following these steps, PT Pertamina and PT PLN can significantly address the problem of cash retention caused by miscalculations and build good financial practices for sustainable operations.

In this study, the author reveals several factors that influence cash holding, such as accounting conservatism, cash flow, and factors moderated by information asymmetry.



The first factor that influences cash holding in decision making by a company is accounting conservatism. Accounting conservatism is an approach to preparing financial statements that tends to be more careful in recognizing income and assets than expenses and liabilities. Accounting conservatism is one of the principles of prudence used in preparing financial statements. This principle directs companies to anticipate losses but not recognize profits until they are fully realized. Accounting conservatism influences cash holding in companies because it encourages prudent financial risk management in storing cash to ensure short-term financial stability in a company in the future. Accounting conservatism can also directly influence cash holding decisions through company policies in managing dividends to maintain income stability in the company. There are two perspectives on the impact of conservatism on increasing cash because some researchers argue for the reasons for accounting reservations reduce information asymmetry, especially in developing countries, (Isnawati et al., 2018). The role of conservatism is to reduce information asymmetry and agency costs between managers and stakeholders to reduce the cost of capital, thereby eliminating conflicts between managers, debt holders, and shareholders due to the fact that the company does not have sufficient resources to pay (Lara et al., 2011). The results of the research conducted by (Shehata & Rashed, 2021) states that accounting conservatism has a negative effect on cash holdings. Meanwhile, the results of the research conducted by (Shakirani & Ghozali, 2021) states that conditional conservatism does not have a significant effect on cash holding.

The second factor that influences cash holding in decision making by a company is cash flow. Cash flow is another name for the cash flow statement that



refers to the cash inflow and outflow of a business entity. Companies with good cash flow tend to have better cash management strategies, allowing them to prioritize using internal funds rather than seeking other sources. This increases the company's ability to invest strategically in the future and helps maintain financial stability. Quoted from research conducted by (Suci & Susilowati, 2021). According to Sari & Ardian, it is explained that the amount of cash in a company can be seen from how much cash flow or cash flow. So, it can be concluded that if the cash flow or cash flow in the company increases, it will affect the increase in cash holding. Thus, it can be seen that when a company generates high cash flow, at that time the company does not depend on external funding. The results of the study conducted by (Maulana et al., 2022) state that cash flow has a positive and significant effect on cash holding. This result is reinforced by the pecking order theory, which states that an industry will always have cash holdings with a fairly large value if it has a large cash flow. While the results of the study conducted by (Siregar et al., 2022) state that leverage and cash flow do not affect cash holding and net working capital.

From the inconsistent explanation of the research above, it is necessary to include a moderating variable, namely, Information Asymmetry. Information asymmetry is a condition where one party in a transaction has more or better information than the other party. Thus, this is an imbalance related to the information obtained. And causes suboptimal investment decisions for investors, because one party does not have a clear view of the risks and potential benefits of the investment.

Thus, the third factor that influences cash holding in decision making by the company is a factor moderated by information asymmetry. In the context of



cash holding in business, information asymmetry can have a relationship with how companies manage their cash reserves by considering accounting conservatism and cash flow in the company. Information asymmetry can affect the company's prudential system in managing its finances, so that it can have an impact on the financial statements produced at the end of the period. The results of the study conducted by (Chung et al., 2015) state that asymmetric information has an important influence on cash holding, because it affects managerial behavior and the ability of outsiders to understand managerial actions.

This research is a development of previous research (Shehata & Rashed, 2021). The difference between this study and previous studies lies in the addition of cash flow as an independent variable. In addition, previous studies used companies in Egypt, while this study used companies in Indonesia.

This research is important to do because of the inconsistent results of previous studies, and the researcher also considers this research important to do because he wants to know the effect of information asymmetry in moderating accounting conservatism and cash flow on cash holding. That makes the author interested in doing further research. In addition, this research is considered very important to help company management in making decisions related to the company's cash.

The purpose of this study is to reveal the results that indicate whether accounting conservatism has an effect on cash holding, to find out whether cash flow affects cash holding, to find out whether asymmetric information affects cash holding, to find out whether there is an effect of asymmetric information on the relationship between accounting conservatism and cash holding, and to find



out whether there is an effect of asymmetric information on the relationship between cash flow and cash holding.

LITERATURE REVIEW

The pecking order theory was developed by Myers and Majluf, 1984 in (Ngoc et al., 2020) to explain why companies make investment and financing decisions based on asymmetric information because executives better understand the company's business and the profitability of future projects. According to this theory, companies prefer to obtain internal financing rather than external financing, and if external financing is necessary, companies prefer to acquire debt rather than buy new shares. From the explanation above, it can be concluded that the pecking order theory has their financing concept that is ordered based on the cost of capital and other factors, namely: internal financing, debt payments, and equity financing. So, although the pecking order theory offers a useful framework for understanding how businesses make financing decisions, it is important to understand the shortcomings and consider the real-world complexities that can affect actual practice.

According to concept No.2 (FASB, 1980), conservatism is defined as a cautious reaction to the uncertainty inherent in a company to try to ensure that the uncertainties and risks in the business environment are sufficiently taken into account. According to Achyani et al., (2017) defines accounting conservatism is defined as the difference in verification required to recognize income and loss. Watts also explains that accounting conservatism stems from incentives related to contracts, litigation, taxes, and political costs that favor companies. In accounting conservatism, there are two main principles, namely, caution and



prudence. Which means, if a business has a significant economic impact, conservatism encourages them to record the data in their financial statements.

In business finance, cash flow is a term often used to describe the amount of money coming in and going out of a company during a specific time period. Cash flow is very important because it shows the financial health of a company, the company's ability to pay debts, investments, and dividends, and how efficiently the company manages its financial resources. Cash flow is the actual flow of funds received or paid by a company over a specific period. Cash flow is divided into three main parts: operations, investments, and financing. Cash flow is also defined as the flow of money in and out that comes from the operational, investment, and financing activities of a company.

The definition of Information asymmetry, also known as information inequality, is when one party to a transaction has more or better information than the other party. Information asymmetry often occurs in economics and finance between producers and consumers, businesses and investors, or lenders and borrowers. The decisions made by the parties involved in a transaction can be affected by this information imbalance. In conclusion, information asymmetry is a complex phenomenon that can affect investment decisions, market efficiency, and the relationships between different parts of the economy.

Cash holding is an important part of financial management as it ensures that the business has the necessary liquidity to operate smoothly and profitably without relying on external financing. Companies can adopt several different strategies when it comes to cash holding based on factors such as industry norms, business cycles, risk tolerance, and growth opportunities. Some common cash holding strategies include: conservative approach, moderate approach, and



aggressive approach. There are several factors that influence a company's decision regarding cash holding policy. These factors include: operating cycle, business risk, profitability, interest rates, and regulatory environment. By understanding the various approaches and factors that influence cash holding decisions, they can efficiently manage their liquidity position to achieve their overall financial goals.

One of the references that will be used in this research is the results of research conducted by (Shehata & Rashed, 2021) conducted a study on accounting conservatism, information asymmetry, and cash holdings. The population in this study was all Egyptian companies listed on the EGX 100 during the period 2013-2018, with a sample size covering 11 sectors. The data analysis technique used in this study was regression analysis with hypothesis testing and path analysis. The results of this study indicate that: (1) conservatism does not have a significant effect on information asymmetry, (2) information asymmetry does not have a significant effect on cash holding, (3) there is no mediating effect of information asymmetry in the relationship between conservatism and cash holding, (4) accounting conservatism has a negative effect on cash holding.

RESEARCH METHOD

This study uses quantitative research methods. This study is causal in nature which aims to test and explain the causal relationship between variables and identify the influence of one variable on another through hypothesis testing. This study uses secondary data from which is based on the annual financial reports of energy sector companies listed on the Indonesia Stock Exchange (DEI) for the 2021-2023 period which can be accessed via the official website of the



Indonesian Stock Exchange, namely www.idx.co.id and from the official website of the related Company. The population in this study are Companies listed on the Indonesia Stock Exchange (IDX) in 2021-2023. The total population in this study is 162 samples. Sampling in this study used purposive sampling, namely a sampling method based on criteria relevant to the research objectives. Data collection techniques used in this study are: non-participant observation and also in the form of documentation. The data analysis technique in this study uses MiniTab 19. The variables studied in this study consist of independent variables, namely: accounting conservatism (X1) and cash flow (X2), dependent variables, namely: cash holding (Y), and moderating variables, namely: asymmetric information (M).

RESULTS AND DISCUSSION

Descriptive Statistical Test

The results of descriptive statistical tests on independent variables, dependent variables, moderating variables, and moderated independent variables can be seen in the table below:

Table 1.
Descriptive Analysis Results

Variable	N	Mean	StDev	Minimum	Median	Maximum
KA	162	0.0199	0.1745	-1,5017	0.0076	0.7887
CF	162	0.1941	0.3536	-0.6254	0.1254	3.6469
HE	162	3,857	3,179	0,000	3,061	18,519
IAK	162	0.1586	0.8071	-2,4551	0.0088	7,437
IACF	162	0.703	1,502	-3,447	0.380	12,595
CHt	162	0.0986	0.9898	-2,8200	0.1192	2,8200

Source: secondary data processed by MiniTab 19



The results of the table show the N sample value of 162 energy sector company data listed on the Indonesia Stock Exchange for the period 2021-2023. The interpretation is as follows:

1. The results of descriptive statistics show that the transformed cash holding (CHt) has a minimum value of -2.820 and a maximum value of 2.280, with an average value of 0.098 and a standard deviation of 0.9898 from 162 samples. CHt in this study is a transformation of the dependent variable, cash holding, using the Johnson transformation method on the MiniTab measuring instrument.
2. The results of descriptive statistics show that accounting conservatism (AC) has a minimum value of 1.501 and a maximum value of 0.788, with an average value of 0.019 and a standard deviation of 0.1745 from 162 samples. AC is an independent variable (accounting conservatism) that shows how important a company is in managing its finances.
3. The results of descriptive statistics show that cash flow (CF) has a minimum value of 0.625 and a maximum value of 3.646, with an average value of 0.194 and a standard deviation of 0.353 from 162 samples.
4. The results of descriptive statistics show that information asymmetry (IA) has a minimum value of 0 and a maximum value of 18.519, with an average value of 3.857 and a standard deviation of 3.179 from 162 samples. The measurement of information asymmetry in this study uses the SPREADit method.
5. The descriptive statistical results show that accounting conservatism, moderated by the asymmetric information variable, has a minimum value of

-2.455 and a maximum value of 7.437, with an average value of 0.158 and a standard deviation of 0.807 from 162 samples.

- The descriptive statistical results show that cash flow moderated by the asymmetric information variable has a minimum value of -3.447 and a maximum value of 12.595, with an average value of 0.703 and a standard deviation of 1.502 from 162 samples.

Classical Assumption Test

Normality Test

The results of the Normality Test in this study can be seen in the following graph:

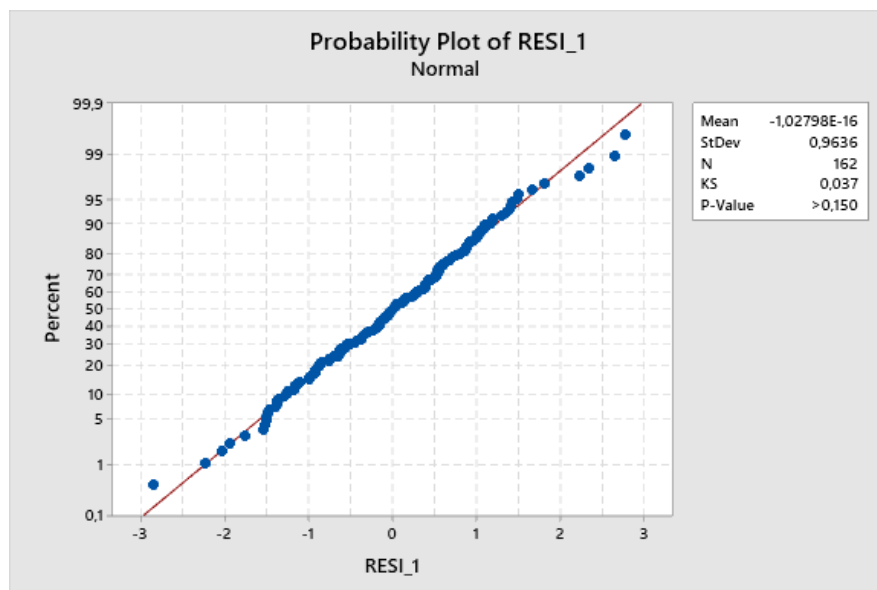


Figure 1.

Results of the Moderated Regression Normality Test Using Kolmogorov-Smirnov

Source: secondary data processed by MiniTab 19

Based on the graph above, it can be seen that the P-value is 0.150. After data transformation on the dependent variable, cash holding (Y). This means that the P-value > 0.05. So, it can be concluded that the data in this study is normally distributed.



Multicollinearity Test

The results of the multicollinearity test can be seen in the following table:

Table 2.
Multicollinearity Test Results

Terms	Coef	SE Coef	T-Value	P-Value	VIF
Constant	-0.137	0.140	-0.98	0.330	
KA	-0.792	0.656	-1.21	0.229	2.20
CF	0.356	0.395	0.90	0.369	3.28
HE	0.0687	0.0287	2.40	0.018	1.39
IAK	0.005	0.163	0.03	0.973	2.92
IACF	-0.120	0.106	-1.13	0.259	4.23

Table 2 of the five variables shows that the VIF value of all independent variables shows a value of ≤ 10 . So, it can be concluded that there is no multicollinearity between independent variables in the regression model. Accounting conservatism (KA) has a VIF value of 2.20 (<10), cash flow (CF) has a VIF value of 3.28 (<10), asymmetric information (IA) has a VIF value of 1.39 (<10), accounting conservatism moderated by asymmetric information (IACA) has a VIF value of 2.92 (<10), and cash flow moderated by asymmetric information (IACF) has a VIF value of 4.23 (<10).

Autocorrelation Test

The results of the autocorrelation test using Durbin-Watson (DW) on the MiniTab 19 measuring instrument can be seen as follows:

Durbin-Watson Statistics

Durbin-Watson Statistic = 1,76941

Information:

DU : 1,7809

dL : 1,7055



4-DU : 2,2191

4-dL : 2,2945

Based on the output results above, the Durbin-Watson value is 1.76941. Therefore, it can be stated that the value of $dL < DW < DU$ is $1.7055 < 1.76941 < 1.7809$, so it can be concluded that there is no definite decision regarding the autocorrelation test.

Heteroscedasticity Test

The results of the heteroscedasticity test using the Glejser test method in the study can be seen in the table below:

Table 3.
Heteroscedasticity Test Using the Glejser Test

Terms	Coef	SE Coef	T-Value	P-Value
Constant	0.7908	0.0845	9.35	0,000
KA	0.345	0.397	0.87	0.386
CF	-0.293	0.239	-1.22	0.223
HE	-0.007	0.0173	-0.41	0.684
IAK	-0.121	0.0988	-1.22	0.224
IACF	0.0947	0.0639	1.48	0.140

Based on the results of the heteroscedasticity test using the Glejser test method in the table above, it can be concluded that all variables do not contain heteroscedasticity because all variables tested show P-Value results above 0.05.



Multiple Linear Regression Model

Table 4.

Coefficients Table

Terms	Coef	SE Coef	T-Value	P-Value	VIF
Constant	-0.137	0.140	-0.98	0.330	
KA	-0.792	0.656	-1.21	0.229	2.20
CF	0.356	0.395	0.90	0.369	3.28
HE	0.0687	0.0287	2.40	0.018	1.39
IAK	0.005	0.163	0.03	0.973	2.92
IACF	-0.120	0.106	-1.13	0.259	4.23

Source: secondary data processed by MiniTab 19

Based on the moderated regression test in the table above, a regression equation model can be created as follows:

Regression model equation using the MRA method:

$$CH = -0.137 - 0.792 KA + 0.356 CF + 0.0687 IA + 0.005 IAKA - 0.120 IACF$$

From the results of the moderated regression above, it can be interpreted as follows:

1. The constant value of the analysis above is -0.137, which means that if the dependent variables, namely accounting conservatism (KA), cash flow (CF), asymmetric information (IA), accounting conservatism moderated by asymmetric information (IAKA), cash flow moderated by asymmetric information (IACF) increase by one unit on average, then the independent variable, namely cash holding, will also increase by -0.137.
2. The regression coefficient value of the accounting conservatism variable (KA) is negative (-) at -0.792, which means that if the variable (KA) increases, the cash holding variable will also decrease, and vice versa.



3. The regression coefficient value of the cash flow variable (CF) is positive (+) at 0.356, which means that if the variable (CF) increases, the Y cash holding variable will also increase, and vice versa.
4. The coefficient value of the variable (IA) asymmetric information is positive (+) at 0.0687, which means that if the variable (IA) asymmetric information increases, the cash holding variable will also increase, and vice versa.
5. The coefficient value of the regression interaction variable (IACA) of accounting conservatism with moderation is positive (+) at 0.005, which means that if the interaction variable (IACA) with moderation increases, the cash holding variable will increase, and vice versa.
6. The value of the interaction coefficient regression of the cash flow variable (IACF) with moderation is negative (-) at -0.120, which means that if the interaction of the variable (IACF) with moderation increases, the cash holding variable will decrease, and vice versa.

Hypothesis Testing

T-Test

The results of the t-test using a comparison of the t-table with the t-count can be seen in the table below:



Table 5.

t-test Using a Comparison of the T-Table with The T-Count

Terms	Coef	SE Coef	T-Value	P-Value	VIF
Constant	-0.137	0.140	-0.98	0.330	
KA	-0.792	0.656	-1.21	0.229	2.20
CF	0.356	0.395	0.90	0.369	3.28
HE	0.0687	0.0287	2.40	0.018	1.39
IAK	0.005	0.163	0.03	0.973	2.92
IACF	-0.120	0.106	-1.13	0.259	4.23

Source: secondary data processed by MiniTab 19

Information:

T table : $t (\alpha/2 ; nk-1)$

: $t (0.025 ; 162-5-1)$

: $t (0.025 ; 156)$

: 1.97

Interpretation:

1. The effect of KA on CH is known and the t value is $-1.21 < 1.97$. So it can be concluded that H1 is rejected, which means that there is no influence between the accounting conservatism variable and the cash holding variable partially.
2. The effect of CF on CH is known, and the t-value is $0.90 < 1.97$. So it can be concluded that H2 is rejected, which means there is no influence between the cash flow variable and the cash holding variable partially.
3. The effect of IA on CH is known as the t-value is $2.40 > 1.97$. So it can be concluded that H3 is accepted, which means there is an influence between the asymmetric information variable and the cash holding variable partially.



4. The effect of IAKA on CH is known, and the t-value is $0.03 < 1.97$. So it can be concluded that H4 is rejected, which means there is no effect between accounting conservatism and cash holding, which is moderated by the asymmetric information variable partially.
5. The influence of IACF on CH is known, and the t value is $-1.13 < 1.97$. So it can be concluded that H5 is rejected, which means there is no influence between the cash flow variable and the cash holding variable, which is moderated by the asymmetric information variable partially.

F Test

The results of the F test using the comparison of F-calculation with F-table and P-value can be seen in the table below:

Table 6.
F-test table ANOVA (Analysis of Variance)

Analysis of Variance					
Source	DF	Adj SS	Adj MS	F-Value	P-Value
Regression	5	8,249	1.64990	1.72	0.133
KA	1	1,396	1,39641	1.46	0.229
CF	1	0.776	0.77635	0.81	0.369
HE	1	5,511	5,51081	5.75	0.018
IAK	1	0.001	0.00106	0.00	0.973
IACF	1	1,231	1.23080	1.28	0.259
Error	156	149,477	0.95819		
Total	161	157,727			

Information:

F table : F (k ; nk)

: F (5 ; 162-5)

: F (5 ; 157)

: 3.14

**Interpretation:**

Table IV.7 shows that the F count in the regression is $1.72 < 3.14$ with a P-value of $0.133 > 0.05$. Because the F-count $< F$ table and the P-Value > 0.05 , the results of the study indicate that the five independent variables in the regression model do not have a significant effect on the cash holding variable simultaneously.

Synthesis of the Main Discussion**The Effect of Accounting Conservatism on Cash Holding**

The results of the accounting conservatism test show that the coefficient value that leads to a negative direction is -0.792 , and the P-value value is 0.229 , with a t-count value less than the t-table, and H_1 is rejected. This means that accounting conservatism has no effect on cash holding. The results of this study indicate that if a company does not encourage prudent financial risk management in storing cash in the future, it will not have an impact on increasing the cash holding of the company itself. This negative coefficient indicates that conservatism focuses more on some accounting reports by recognizing a lower book value in equity accounts. The results of this study are not in line with the research (Daryaei et al., 2020), which reveals that accounting conservatism has a positive effect on cash holding.

According to (Shehata & Rashed, 2021) which states that unconditional conservatism does not have a significant effect on cash holding. Quoting from research conducted by (Shehata & Rashed, 2021), stated that according to (Watts, 2003) that conservatism is not related to timely loss recognition. So, based on statements from previous studies, the author argues that this study does not show any effect of accounting conservatism on cash holding related to prudent financial



risk management in storing cash to ensure short-term financial stability in energy sector companies.

This study shows that although accounting conservatism can affect managers' decisions in revenue recognition and asset management, it does not always have a direct impact on increasing cash holdings. This is because dividend policy, investment strategy, and other operational needs can have a greater impact on cash holdings. For example, a company may choose to maintain a high level of cash holdings as a risk mitigation measure without considering the principle of accounting conservatism directly. Therefore, although accounting conservatism affects accounting decision making, the effect of accounting conservatism is not direct on the amount of cash held by a company. Instead, current financial conditions and liquidity management strategies have a greater influence on decisions about the amount of cash held.

The Effect of Cash Flow on Cash Holding

The results of the cash flow test show that the regression coefficient value is 0.356 and the P-value value is 0.369, with a t-count value less than the t-table, and H2 is rejected. This means that cash flow does not affect cash holding. Companies with poor cash flow tend not to have a good strategy in managing cash, so companies are less able to increase their ability to invest strategically in the future to help maintain the company's financial stability.

This research is not in line with research (Suci & Susilowati, 2021), which explains that cash flow has a unidirectional effect on cash holding. If a company has low cash flow, it does not have an impact on increasing cash holdings in the company. The amount of cash in a company can be seen from how much cash flow. If a company has unstable cash flow, the company may choose to retain



more cash to anticipate future uncertainty, so that cash holding remains high even though cash flow is low. The increase in cash holdings can be influenced by other factors such as net working capital and leverage. For example, high net working capital can indicate that the company has sufficient current assets to meet its short-term obligations without having to rely on cash reserves. So, it can be concluded that although cash flow is an important indicator of cash holding, various other internal and external factors also play a role in determining the amount of cash holding in a company. Therefore, the findings of this study state that low cash flow does not affect the increase in cash holding.

The Effect of Information Asymmetry on Cash Holding

The test results on asymmetric information obtained a regression coefficient value of 0.0687 with a P-value of 0.018, with a t-count value greater than the t-table, and H3 is accepted. This shows that asymmetric information affects cash holding. The results of this study support (Chung et al., 2015), Asymmetric information has an important influence on cash holding because it affects managerial behavior and the ability of outsiders to understand managerial actions in a company. Quoted from research conducted by (Cheryta et al., 2018), according to (Rahmani et al., 2015) states that there is a positive relationship between asymmetric information and cash availability or cash holding in a company. When asymmetric information in a company increases, the gap between owners and managers increases.

So, based on statements from previous researchers, researchers argue that information asymmetry can be related to how companies manage internal and external financial information to increase the company's cash holdings. Companies with high levels of information asymmetry often have difficulty



gaining access to external capital at a reasonable cost. Therefore, to avoid high capital costs, companies tend to hold more cash than invest or distribute dividends to shareholders. In a company's management strategy, cash holdings may be used as a measure to show financial stability and health to the market. In situations where information asymmetry exists, management may seek to strengthen investor confidence by maintaining high levels of cash holdings. Thus, information asymmetry affects cash holdings in a company because it creates uncertainty and additional risk for investors and motivates management to maintain liquidity to face potential financial problems in the future.

The Effect of Accounting Conservatism on Cash Holding through Information Asymmetry as a Moderating Variable

The test results on the effect of asymmetric information on the relationship between accounting conservatism and cash holding obtained a regression coefficient value of 0.005 with a P-Value of 0.973, with a t-count value less than the t-table, and H4 is rejected. This shows that the impact of accounting conservatism on cash holding is not significantly moderated by asymmetric information. The results of this study support (Shehata & Rashed, 2021), that there is no mediation of asymmetric information in the relationship between accounting conservatism and cash holding.

Accounting conservatism can affect cash holding because, by recognizing revenue conservatively, the company may have lower earnings estimates in its financial statements. In this context, information asymmetry can create additional uncertainty for investors about the financial health of the company. However, if management has implemented accounting conservatism, they may have taken steps to reduce the risks associated with such information asymmetry. Thus,



although information asymmetry can affect investors' perceptions of firm value, it is not strong enough to moderate the effect of accounting conservatism on cash holding because accounting conservatism itself functions as a risk-management mechanism that reduces the negative impact of information uncertainty.

The Effect of Cash Flow on Cash Holding through Information Asymmetry as a Moderating Variable

The test results on the effect of asymmetric information on the relationship between cash flow and cash holding obtained a negative regression coefficient value of -0.120 with a P-Value of 0.259, with a t-count value less than the t-table, and H5 is rejected. This shows that the impact of cash flow on cash holding is not significantly moderated by asymmetric information. Asymmetric information can have a negative effect on managerial decisions related to cash holding, because asymmetric information that affects the relationship between cash flow and cash holding can have a negative effect.

The results of this study indicate that asymmetric information does not affect the increase in cash flow with cash holding. If one party in a financial transaction has more or less information than the other party, it does not result in a gap in financial management in a company. When cash flow is positive, liquidity risk is reduced, so companies may not feel the need to change their cash holding strategy based on external perceptions of asymmetric information. In other words, if cash flow is stable and strong, companies will tend to maintain or even increase cash holdings as a risk prevention measure. Therefore, asymmetric information does not moderate the effect of cash flow on cash holding because managerial decisions are based on strong internal data and focus on mitigating liquidity risk and long-term performance.



CONCLUSION

Based on the test results of the research that has been conducted on energy sector companies listed on the Indonesia Stock Exchange from 2021 to 2023, it can be concluded that the accounting conservatism variable has no effect on cash holding, secondly the cash flow variable has no effect on cash holding, thirdly asymmetric information has an effect on cash holding, fourthly there is no significant effect on the relationship between accounting conservatism and cash holding which is moderated by asymmetric information, finally there is no significant effect on the relationship between cash flow which is moderated by asymmetric information.

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