

**THE DETERMINANTS OF CORPORATE CASH
HOLDING IN MANUFACTURING SECTOR IN
MALAYSIA**

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Bachelor of Business Administration
(Hons) Finance**

**FACULTY OF BUSINESS MANAGEMENT
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LETTER OF SUBMISSION

22 OCTOBER 2007

The Programme Coordinator
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Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "THE DETERMINANTS OF CASH HOLDING IN MANUFACTURING SECTOR IN MALAYSIA" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA

Thank you

Yours sincerely

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"DECLARATION OF ORIGINAL WORK"

**BACHELOR OF BUSINESS ADMINISTRATION
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I, Nor Zaidah binti Kamis, (I/C Number: 841210-01-6278)

Hereby, declare that,

- This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees
- This project paper is the result of my independent work and investigation, except where otherwise stated
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: _____

Date: _____

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ABSTRACT

This study presents and the determinants optimum corporate cash holding in manufacturing sector in Malaysia. It is important to hold appropriate cash because (1) Cash holdings reduce the likelihood of financial distress (2) cash holdings allow the pursuance of the optimal investment policy even when financial constraints are met. And (3) cash holdings contribute to minimize the transaction costs of raising external funds or do not have to liquidate existing assets to make payments.

Secondary data being used for this study are cash to total assets, total leverage, market to book value and cash flow to assets as a proxy to cash holding, total debt to the company, opportunities growth and profitability. This study concentrated on the 50 manufacturing sector companies listed in Main Board of Bursa Malaysia.

This study is conducted by using SPSS in order to find the data is significant or not through regression. Based on the analysis, growth opportunities and leverage is significant. There findings obtained have indicated that there is a positive relationship between cash holding and growth opportunities. This is because when firm high growth opportunities, they tend to accumulates more cash. While, cash holding and leverage has negative relationship.