Impact of Cash Holding On Value of Firm Evidence from Cement Sector of Pakistan

BY

Amber Amin Jiwani

57546

A thesis submitted to the Business Studies Department, Bahria Business School, Bahria University Karachi Campus, in partial fulfillment of the requirements for MBA Degree

FALL, 2021

BUSINESS STUDIES DEPARTMENT

BAHRIA BUSINESS SCHOOL

Bahria University Karachi Campus

Bahria University, Karachi
Campus

MBA Thesis 2nd Half-Semester Progress Report& Thesis Approval Statement

Supervisor – Student Meeting Record

S#	Date	Place of Meeting	Topic Discussed	Signature of Student
1	21-02-2021	Campus	Thesis Topic Discussion	
2	5-04-2021	Campus	Literature review	
3	20-06-2021	Campus	Analysis of data	
4	20-01-2022	Campus	Results and Interpretation	

APPROVAL FOR EXAMINATION

Candidate's Name:	Amber Amin Jiwani	Registration No.:	57546
Thesis Title:	IMPACT OF CASH HOLDING ON VALUE OF THE FIRM EVIDENCE FROM CEMENT SECTOR OF PAKISTAN		

I hereby certify that the above candidate's thesis has been completed to my satisfaction and, to my belief, its standard is appropriate for submission for examination. I have also conducted plagiarism test of this thesis using HEC prescribed software and found similarity index at___ that is within the permissible limit set by the HEC for the MBA thesis. I have also found the thesis in a format recognized by the Department of Business Studies.

Supervisor's Signature:_____ Date: 10/3/2022
Supervisor's Name: Dr. Mubashir Ali Khan

HoD's Signature: _____ Date: -

Acknowledgement

st & Most, I would like to thank the Almighty God for all the blessings in my life, without Him, I would have come this far. My deepest gratitude and sincere appreciation goes to my advisor Dr. Mubashir Ali an for his advice and constructive comments from the very beginning of proposal development to the d of this thesis work. I am very much grateful. Special appreciation goes to Zain, Naima, Ehsan, Ali lman and Komal for their unreserved support in collecting data from various website and sources. Last t not least I would like to thank my Parents for their understanding, encouragement, support & prayers roughout my graduate program and this study.

Abstract

The purpose of this study is to examine the impact of cash holding on the value of the firm. For which purpose penal data was gather from the listed companies of cement sector from the year 2013-2021 and E views test were performed and based on that the results were made secondary data was collected from the sample of total 17 listed companies on stock exchanges and their annual financial statement and financial reports were gathered and were analyze to conclude the final results.

The factors that were considered for this study are Tobin's Q (Dependent variable) and Cash, Cash square, Leverage, Intangible Asset, Firm Size are considered as (Independent variable). Thus this thesis examine that how the company should hold and manage their cash availability for their firm and what decisions should be taken by the manager so that company can manage their cash holdings and how to invest them in order to make an financial decision.

Thus this thesis will give a better understanding regarding the behavior of the firm of cement sector keeping in mind their financial structure decision.

TABLE OF CONTENTS

CHAPTER 1 12
INTRODUCTION... 12
1.1 Background Of Study 13
1.2 About Cement Sector 14
1.3 Problem Statement 14
1.4 Research Objectives 15
1.5 Research Questions 15
1.6 Scope Of Study 15
1.7 Significance Of The Study 16
1.8 Organization Of The Thesis 16
CHAPTER 2 18
LITERATURE REVIEW 18
2.1. Introduction 18
2.2. Firm Value 19
2.2.1Trade off theory 20
2.2.2Financing and Hierarchy view 20
2.3. Cash Holding 20
2.4. Intangible Asset 21
2.5. Size 22
2.6 Leverage 23
2.7 Summary of Literature Review 24
2.8 Hypothesis Development 25
2.9 Conceptual Framework 25
CHAPTER 3 26
RESEARCH METHODOLOGY 27
3.1. Research Approach & Type 28
3.2.Research Design 28
3.3. Research Population 28

3.4. Sample Size And Sampling Technique... 28
3.5. Research Instrument 28
3.6. Data Collection Method... 29
3.7. Data Analysis Method... 29
CHAPTER 4 30
RESULTS 30
4.1 Introduction 30
4.2 Descriptive Analysis 30
4.3 Correlation Matrix 32
4.4 Penal Least Square Method 33
4.5 Penal Random Effect Method 34
4.6 Selection between Fixed and Random Effect 35
4.7 Hypothesis Testing 36
4.8 Summary of Hypothesis Testing 37
4.8 Summary of Literature Review 38
CHAPTER 5 39
5.1 Discussion of Hypothesis 1 39
5.2 Discussion of Hypothesis 2 39
5.3 Discussion of Hypothesis 3 39
5.4 Discussion of Hypothesis 4 39
5.5 Discussion of Hypothesis 5 39
CHAPTER 6 42
6.1 Recommendation 42
6.2 Research Limitation 43
6.3 Future Research 44
6.4 Conclusion 45
REFERENCES 45