ABSTRACT

The value of the company is the price that prospective buyers are willing to pay if the

company is sold, the higher the value of the company, the more interested investors will be

to invest in the company. Variables that are thought to influence firm value in this study are

cash holding, investment opportunity set and leverage.

This study aims to determine the effect of cash holding, investment opportunity set and

leverage on firm value in manufacturing companies in the goods and consumption sector

listed on the Indonesia Stock Exchange in 2015 – 2019.

The data analysis technique used in this study is panel data regression, using the

common effect model to determine the simultaneous and partial effect of the independent

variable on the dependent variable.

The results showed that simultaneously cash holding, investment opportunity set and

leverage had an effect on firm value, and partially investment opportunity set had an effect

on firm value, while cash holding and leverage had no effect on firm value.

Based on the results of this study, companies need to pay attention to the investment

opportunity set because the higher the investment opportunity set, the value of the company

will also increase due to the level of investment opportunities in the future.

Keywords: Cash Holding, Firm Value Investment Opportunity Set and Leverage

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