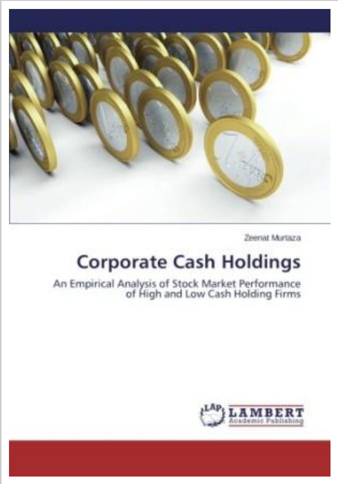

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Corporate Cash Holdings: An Empirical Analysis of Stock Market Performance of High and Low Cash Holding Firms

By Zeenat Murtaza

LAP LAMBERT Academic Publishing. Paperback. Condition: New. 96 pages. Dimensions: 8.7in. x 5.9in. x 0.2in.This study examines the market valuation of high and low cash holdings firms by analyzing a sample of KSE 100 Index non-financial firms. Based on the theoretical foundations of cash holdings, the study proposed two conflicting hypotheses; one backed by the foundations of signalling theory point of view while the other provides support in favor of free cash flow theory. In accordance with the signalling theory view of cash hoardings, organizations in charge of an increased level of cash stockpiles tend to reflect a positive effect on their firm value while the free cash flow point of view hypothesize that cash reserves are unfavorable for organizations due to the associated agency costs which led managers to extravagantly use the cash reserves under their control. Hence, this rationale suggests that high cash holding firms negatively influences the stock market performance of firms. A sample of non-financial firms listed on KSE 100 Index for the period ranging from 2005-2010 serve as the study setting. Data was analyzed using the Fama and Frenchs extended version of valuation model which unveiled that high cash holdings have a positive impact on...

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