
Firm value, Sustainable Innovation Activities, and Cash Holdings: A new Empirical Investigation of Moderating Effect from Saudi-Listed Firms

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Abstract:

This study investigates the moderation role of cash holdings on firm value considering its innovation for Saudi Arabia-listed firms. We build a dynamic regression with an unbalanced panel of yearly financial information from different Saudi companies, controlling for differences between innovation intensity and states of the economy. Our analysis indicates that innovation activities and cash holdings per firm are values increasing, which may lead to the higher valuation of a firm as they increase more by explicitly controlling for firm characteristics and industry sectors. These findings indicate that firms and policymakers should encourage transparency in financial strategies and a suitable environment for innovation, thus providing implications for improving firm performance and informing effective policy recommendations.

Keywords:

Firm Value, Innovations Activities, Cash Holdings, Saudi Listed firms, Emerging Markets.