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SUBSIDIARY CASH HOLDINGS AND FIRM VALUES

Abstract:

In this study, we use Japanese listed firms' data to examine the determinants of subsidiary cash holdings and their values in the stock market. We find that the cash held by subsidiaries is highly valued in the market for firms with high managerial ability. This result shows the possibility that the internal capital market is effective for those firms.

Keywords:

Subsidiary Cash holdings, Firm Values, Managerial Ability, Internal Capital Markets

JEL Classification: G30, G32