

ABSTRACT

Cash flow management is a critical aspect of financial governance within subsidiaries, particularly in parent company structures characterized by diversified business portfolios. Variations in portfolio types—such as connectivity, digital, and service—result in differing working capital requirements, risk profiles, and cash flow dynamics, which in turn influence financial performance outcomes. This study investigates the impact of cash flows from operating, investing, and financing activities, along with the Quick Ratio, on the financial performance of subsidiaries, measured by Return on Assets (ROA). Furthermore, it examines whether business portfolio type moderates these relationships. Employing a quantitative approach, the study utilizes panel data regression and Moderated Regression Analysis (MRA) on secondary data derived from the financial statements of 40 subsidiaries within a single corporate group over the period 2014–2023. The findings reveal that, collectively, cash flow components and the Quick Ratio significantly affect ROA. However, in partial analysis, only the Quick Ratio demonstrates a statistically significant positive influence on subsidiary performance. Additionally, the type of business portfolio is found to moderate the relationship between the Quick Ratio and ROA. This research contributes original insights by integrating cash management principles with business portfolio theory to assess subsidiary performance within a parent company framework. The practical implication underscores the necessity for subsidiary management to tailor cash and liquidity strategies according to the specific characteristics of their respective business domains. Limitations of the study include the exclusion of other financial indicators such as the Average Collection Period (ACP) and structural interdependencies among entities within the group, which are recommended for future research to enhance the comprehensiveness of performance determinant analysis.

Keywords: *cash flow management, Quick Ratio, Return on Assets (ROA), subsidiaries, business portfolio type, moderation.*