Cash Flows and Corporate Investment Decisions of Quoted Small and Medium Size Enterprise in Nigeria

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An examination of how cash flow influences the investment decision-making process of quoted small and medium-scale firms in Nigeria inspired this study. Operating cash flow, cash flow from financing operations, and cash flow from investing activities were used to simulate portfolio investment and real investment. The data was gathered from the financial statements of manufacturing enterprises from 2015 to 2024. Panel data was analyzed using the ordinary least squares approach. According to the first model, the cash flow of the cited SMEs accounted for 61.7% of the variance in their portfolio investments. There is a positive but insignificant relationship between operating cash flow and portfolio investment for the cited SMEs, and a negative but insignificant relationship between cash flow from investment and financing operations and portfolio investment. Cash flow described, according to Model 2. There is a 64% range in the real investment of the cited SMEs; operational cash flow has a positive and statistically significant effect on real investment, cash flow from investment activities has a negative and statistically insignificant effect, and financing cash flow has a negative and statistically insignificant effect on real investment. The research found that listed small and medium-sized businesses in Nigeria base their investment decisions on cash flow. To improve the investment decision-making process for publicly traded companies, it is recommended that operating cash flows be regulated and monitored. To do this, regulatory organizations like the Nigeria Exchange Group should implement standardized reporting standards. Investment policies should encourage long-term, profitable endeavors, and management should work to develop policies that boost investment cash flows. Firms can make better strategic decisions about allocating capital with the help of government subsidies, tax reliefs, or matching funds, as well as market recommendations for long-term investment planning.

Keywords: *Cash Flows, Corporate Investment Decisions, Small and Medium Size Enterprise, Nigeria.*

INTRODUCTION

The decision-making process for corporate investments is intricate and involves multiple criteria. Financing strategies vary from one business to another, and the individual criteria frequently work against one another. Companies often receive more capital through the continental system of corporate financing, which is based on long-term borrowing. When a company spends or invests a certain amount of money, the goal is to earn a return or increase its value in the future. This is called corporate investment.

Spending on expanding a company's overall assets is what it's called. In order to increase output, new investments often involve enhancing an organization's current assets. These investments could be funded through internal means, like depreciation provision or accumulated profits in various forms, or external means, such borrowed money or newly obtained capital. Three primary decisions—investment, finance, and profit allocation—define private corporation behavior at the micro level. Companies must

prioritize competing demands with limited resources. So, private companies need to figure out how to invest their money and how to distribute their resources. Even companies that can get money from outside sources will depend on cash flows more than they do on those sources.

The use of external financing is not without its direct costs, such as underwriting and administrative fees, and its indirect costs, such as the possibility of financial hardship. A company's financing decisions could be affected by factors such as taxes, shareholder dilution, information control, the requirement to remain flexible, and liquidity (Eriotis, 2007). According to Lewellen (2016), there are three possible explanations for the positive impact of cash flow on investment: first, that internal funds are cheaper than external funds; second, that managers might spend all of the available internal funds; and third, that there is a correlation between cash flow and investment opportunities. That is why the investment-cash flow sensitivity could be due to budgetary restraints (Gatchev, 2010) or to managers' risk aversion to taking on too much debt, their lack of discretion, or both (Degryse, 2006). A company's cash flow is an important component that improves its operations. Corporate organizations must create and implement an appropriate cash flow mix to maximize shareholder values because cash flows are crucial to the operations and performance of the company. Investments in a company's fixed assets, inventory, accounts receivable, and marketable securities generate cash flows, which in turn generate profits (Uremadu, 2004). The capacity of a business to select suitable funding sources to support its operations is what distinguishes well-managed cash flows from those that are not (Efobi, 2008). A company's ability to develop strategies for picking the greatest components of its cash flows in order to achieve performance is crucial for well-structured and effectively utilized cash flows, as pointed out by Adelegan (2013). Operations and investments were the focus of cash flows. Costs associated with running the business cannot be guaranteed a steady stream of revenue. On the flip side, investment ensures a steady stream of income. What matters most is how these investment activities may have been assessed using cash flow analysis to gauge the company's success.

Using cash flow information in financial statements helps customers get relevant details about how all of a company's money was spent over a specific time frame (Ross, et al 2007). To better understand the company's performance, prospective issues, and future prospects, financial statements reduce the enterprise's financial activities to a more or less objective collection of figures (Turcas, 2001). Cash flows are crucial because those who rely on financial statements to make informed decisions are eager to see how much money a company has coming in (Narkabtee 2000). The present financial status of the firm (performance and problem), ongoing issues, and control functions are all things that managers need to be aware of internally, according to Bodie et al. (2004). If operational cash flow planning is inadequate, the financial performance would suffer as a result of lower cash inflow and higher cash outflow. Cash flow that is available from a company's core operations, or the cash created from day-to-day operations, is known as operating cash flow in financial accounting (Uwuigbe, Uwalonwa and Egbide, 2012). To calculate operating profit, one must first determine the change in cash and cash equivalents as a result of the operations reported in the income statement. This change can be positive or negative. This change is known as net cash flow from operating activities. Numerous studies have examined the impact of cash flows; one such study by Gatchev (2010) used a multi-equation model in which companies make investment and finance decisions together, with the restriction that cash sources must equal cash uses. A study conducted by Daisy and Julius (2025) examined the correlation between non-financial companies' financial performance and their cash flow management strategies. The impact of investment cash flow management on the performance of listed corporations in Nigeria was investigated by Bamisaye et al. (2024) for firms listed at the Nairobi Security Exchange. The effect of cash management on the financial performance of small and medium-sized enterprises (SMEs) was investigated by Nasimiyu (2024). Kuria, Memba, and Oluoch (2024) looked at how the volatility of operational cash flow correlated with the stock market value of NSE-listed companies, whereas Rahman and Sharma (2020) concentrated on the connections between company liquidity and operating, investing, and financing cash flow. Small and medium-sized businesses in Nigeria that are publicly traded were the focus of this research, which looked at how cash flow influences investment decisions.

LITERATURE REVIEW

Cash Flow Analysis

Analyzing the money that is coming into and going out of your business is called cash flow analysis. You can use this information to foretell the future availability of capital for your company. You can use it to figure out how much money you'll need to pay bills and employees. Changes in a company's available cash from one period to another are known as cash flow (Adelegan, 2017). Monitoring and analyzing changes to this flow is known as cash flow analysis. Insights on patterns, future planning, and issues with cash flow can be achieved in this way. Doing cash flow analysis on a regular basis will help you keep your firm afloat.

The difference between the cash on hand at the start of a period (the "opening balance") and the cash on hand at the end of that period (the "closing balance") is the cash flow. In the late 1950s, the term "cash flow" was first used (Mason, 1961). A company's financial well-being is directly related to its cash flow. Even if they are losing money, many companies may keep trading for the near to medium term. If they are able to put off paying their creditorsand/or have sufficient funds to cover their variable costs, this could be feasible. But short-term funding is essential for any company's survival. Cash inflows are the monetary resources that enter the company. Sales of products and services are the primary means by which this occurs. Cash outflows are the amounts of money that leave the company. Raw resources, transportation, labor, and power all contribute to this. The term "net cash flow" describes the disparity between the two. This can go in two directions: up or down.

When a company's revenue exceeds its expenses, it is said to have positive cash flow. Because of this, it is able to pay its bills punctually. When a company's cash receipts are lower than its cash outlays, the result is a negative cash flow. Borrowing money to fill the difference can be necessary if it struggles to meet immediate bills. Any investment decision must take a company's cash flow generation capacity into consideration. Because they represent the anticipated return on investment (ROI) and are thus an essential component of financial valuation models, future cash flows have a direct impact on security values (Gilchrist & Himmelberg, 1995).

Cash flows are crucial because those who rely on financial statements to make informed decisions are eager to see how much money a company has coming in (Narkabtee 2000). The present financial status of the firm (performance and problem), ongoing issues, and control functions are all things that managers need to be aware of internally, according to Bodie et al. (2004). Because suppliers' rights are often on a short period, and liquidity indicators best indicate the company's ability to pay, suppliers are interested in the firm's liquidity (Fabozzi and Markomits 2006). Investors in bounds, who often lend the firm money on medium or long terms for compensation (Bragg, 2002), are more concerned with the company's capacity to create cash flow to meet debt service on medium and long terms.

Cash Flow from Operating Activities

The portion of a company's cash flow statement that shows the amount of money that comes in (or goes out) from running the business over a certain time period is called cash flow from operations. Earning money, paying bills, and putting money into the bank are all part of operating activities. First, it's derived from net income; second, it accounts for changes in working capital; and third, it takes

into consideration adjustments for non-cash items. To determine operating cash flow, one must first find net income at the bottom of the income statement. The inclusion of expenses that have not yet been paid for is a consequence of the income statement using accrual based accounting (Enow, 2015). Therefore, all non-cash expenses, like as depreciation and stock-based compensation, must be added back to the net income.

Once all non-cash expenses have been subtracted from net income, it is necessary to further adjust for changes in working capital balances. Accounting revenue is recognized when a product or service is given, not when payment is actually received. This means that there is a possibility that some of the revenue will go unpaid, resulting in an accounting receivables balance. A similar logic applies to costs that have been deducted from revenue but not yet paid for (Chikashi, 2013). One of the most often cited financial measures is earnings before interest, taxes, depreciation, and amortization. In comparison to the all-too-common EV/EBITDA ratio, it is a common tool in financial analysis. Some people use EBITDA as a stand-in for cash flow because it does not account for depreciation expense. Operating cash flow and EBITDA are not the same thing because EBITDA does not include interest and taxes. The two might also fluctuate depending on how changes in working capital and other non-cash items affect EBITDA.

Net Cash Flow

A company's net cash flow is the sum of its cash inflows less its cash outflows for a specific time period. A company's cash balance change as shown on its cash flow statement is the most literal definition of net cash flow. A company's ability to grow, innovate, reinvest, distribute, and pay down debt is directly correlated to its net cash flow. For businesses, it's essential to their day-to-day operations. This is why, for some investors, net cash flow is more important than EPS or any other financial metric. According to Gyebi and Quain (2013), net cash flow is heavily influenced by revenues and expenses.

Keep in mind that negative net cash flow in the short term is not necessarily a negative thing. Investing in a second manufacturing plant may be costly, but it will be worthwhile in the long run if the cash flow from the factory exceeds the initial expenditure. Companies with low share prices and high or rising net cash flow are generally sought after by investors. In most cases, a widening gap indicates that the share price is about to rise. There are several positive and negative components that make up net cash flow from investments. For instance, it is necessary to include both operational and capital expenditures when calculating profitability. The usual periods for calculating net cash flow are quarterly or semiannually. Revenue minus

expenses is the basic formula for profit or net cash flow (Gheshlaghi, Ahmadzadeh and Faal, 2014). Due to its incorporation of the time value of money, the net cash flow model is the most popular model utilized by organizations to ascertain profit. Net cash flow is another name for profit in the cash flow model. Time zero is the one distinctive aspect of the net cash flow model that was already stated. On the day that contractors are paid, the clock starts ticking. The net cash flow model positions capital expenditure at time zero. The cash-flow model takes the time worth of money into account, making it a crucial tool for economic analysis.

Cash Flow from Investing Activities

One component of the cash flow statement is the cash flow from investing operations. This component details the overall shift in a business's cash position as a consequence of investment gains or losses as well as changes caused by investments in capital assets, like plant and equipment. It is vital to examine all of the parts of a company's cash flow statement that affect the overall change in its cash position while examining the statement. A negative cash flow does not necessarily mean that performance is bad. Heavy investment expenditures often cause enterprises to experience negative overall cash flows for a period (Kroes & Manikas, 2014). The income statement, balance sheet, and statement of cash flows are the three most important financial documents. The assets, liabilities, and owner's equity of a firm are summarized in the balance sheet, which is prepared at the end of each accounting period. A summary of a company's income and expenditures for a certain time period is given by the income statement. Financial analysts can fill in the blanks between the income statement and the balance sheet by looking at the cash inflow and outflow for a given time period as a result of operating, investing, and financing activities.

Working capital, borrowing, and investing are all components of operational cash that are detailed in the cash flow statement. The term "cash flow from financing" refers to the money that goes into paying dividends, buying back stocks, or offering bonds. Investment cash flow is a record of the money that goes into buying long-term, non-current assets (Kwode, 2015). Investment cash flow is a key component of capital and growth. This section accounts for changes to capital expenditure, a significant line item on the balance sheet. Analysts can find the sources and uses of funds in the investment section of the cash flow statement when they want to discover how much a company spends on PPE.

Cash Flow from Financing Activities

A company's cash flow statement includes a section that details the cash flows utilized for financing activities. This section indicates the net flows of cash that are used to fund the company. The use of debt, stock, and dividends are all components of financing activities. Investors can learn a lot about a company's financial health and management of its capital structure from its cash flow from financing activities. One of the three primary financial statements that reveal the health of a firm is the cash flow statement. The other two are the income statement and the balance sheet. A company's cash inflows and outflows during a specified time period are shown in the cash flow statement (Nwanyanwu, 2015).

A company's ability to pay its owners, investors, and creditors is a key performance indicator (KPI) in its financial activities. It shows the ways in which a business gets money to keep running or expand. Both debt and equity can be used to fund a business. Companies usually issue bonds or take out bank loans when they want to take on debt. No matter what happens, it will have to pay interest to its creditors and bondholders. Investors acquire a stake in a company when a business chooses the equity option and issues shares to them. A cost of equity for the firm is the dividend payments made by some corporations to their shareholders. Cash flow from financing reflects both equity and debt financing, which might vary depending on a company's capital structure, dividend policy, or debt conditions. If the cash flow from financing activities is positive, then more money is going into the company than is going out, which suggests that the company's assets are growing (Ojode, 2014). A negative CFF can indicate that a firm is paying interest on its debt, but it could also indicate that it is paying dividends or buying back its own shares, both of which would be good news for investors. Cash flow from financing operations information is also available to investors in the equity and long-term debt parts of the balance sheet, as well as in the footnotes, if applicable.

Positive cash flow from financing activities may be seen by a company that regularly raises capital through new debt or equity. Having said that, it could indicate that the business is not making enough money. The cost of paying off debt increases in tandem with interest rate hikes. A strong cash flow may not be beneficial for a company that is already heavily indebted, so investors should carefully examine the figures. However, it could be a red flag if a corporation is repurchasing shares and paying dividends even while its earnings aren't meeting expectations (Onuoha, 2012). The company's leadership may be trying to appease investors by boosting the stock price, but this strategy might not be sustainable in the long run. When investors see a big shift in the cash flow from financing operations, it's a good clue that something is up. It is vital to examine all of the parts of a company's cash flow statement that affect the overall change in its cash position while examining the statement.

Investment Decisions

Investment decisions are both financially and strategically significant. Since most strategic decisions involve allocating resources, it's fair to say that they are investment decisions or at least suggest investment decisions. Investments and strategies can have a mutually beneficial relationship; for example, new opportunities presented by an investment can have an impact on the development of a strategy. Identifying a potential investment opportunity is often the first step in formulating a new strategic direction. Consequently, it seems that investment initiatives and decisions necessitate a strategic strategy. There is a lack of integration between finance and strategy, the two primary languages of top management, despite the fact that investment decision-making requires a multidisciplinary approach (Papadakis and Barwise, 1998; Shank, 1996).

Cyert and March were the first to postulate that deciding to invest is an ongoing activity (1963). The majority of research on capital investment decisions, however, has focused on capital budgeting methods and tools for financial evaluation of investments (Bennouna et al., 2010; Graham and Harvey, 2001; Lefley, 1996; Sandahl and Sjögren, 2003; Qiu et al., 2015). Corporate investment behavior defies description by the simplistic net present value (NPV) model (DeCanio and Watkins, 1998), and financial appraisal is but one stage in the investment decision-making process (King, 1975). Because capital investments can be both simple and complicated, with tangible and intangible advantages being possible outcomes, this complexity could be due to the nature of the investment itself.

Benefits at the strategic level are more typically intangible and non-financial in character, in contrast to the more tangible and monetary benefits at the tactical and operational levels, according to Irani and Love (2002). Intangible advantages may become apparent with a long-term view for large investments, according to Grundy and Johnson (1993). Although these advantages are challenging to evaluate using conventional methods, a study on investments in new technology argues that they should be considered during the investment appraisal (Ashford et al. 1988). Making a decision is best understood as an iterative process, according to Mintzberg et al. (1976). A fundamental model was established by analyzing twenty-five different strategic decision processes. This model has three distinct steps: identification, development, and selection. According to mintzberg et al. (1976), after an investment is chosen, it may be necessary to obtain approval from upper management. Crucial steps in the investment process include seeking consensus and selling the project to senior management, including the internal board (Emmanuel et al., 2010; Lumijärvi, 1991).

On the other hand, senior management's responsibility varies among investment kinds (Maritan, 2001) and may only serve as a coordinator. According to Van Cauwenbergh et al. (1996), investment analysis has the potential to serve as a tool for both decision-making and communication. Thus, there are a lot of moving parts in the decision-making process, which is impacted by factors like the various individuals involved (Xue et al., 2008) and the stages themselves (Maritan, 2001; Mintzberg, et al., 1976). So, as pointed out by King (1975), researching just one stage will not reveal enough information about how capital investment decisions are formed. For instance, if we just look at the evaluation step, we won't know anything about the processes that came before it. This provides support for the idea that the decision-making process is a suitable analytical unit for examining the decision-making process surrounding capital investment.

In addition, the procedures and processes involved in evaluating potential choices are part of the decision-making process. Decisions by investors are grounded in intricate models associated with conventional finance. Like the capital asset pricing model (CAPM) (Bodie, Kane, & Marcus, 2008), these financial models are based on investment risk analysis and projected return. Decisions may not be based solely on complicated financial models, though, since these models often fail to take into account the unique circumstances that investors encounter. All of the challenges and obstacles encountered by investors and decision-makers, as well as the overall context, including the environment in which the investor must make a decision, are considered situational considerations. Hence, it is important to include cognitive psychology when making decisions (Kengatharan & Kengatharan, 2014).

Because investing entails committing capital and other assets with the expectation of future return, investment decisions carry a great deal of weight for investors (Bodie et al., 2008). A lack of financial knowledge, myopic thinking, and an absence of self-regulation are among the several reasons why investors struggle to make judgments (Winchester, Huston, &Fink, 2011). Market decision-making gets increasingly complex due to the fact that knowledge is subject to change and loses value over time (Formlet, 2001).

When making decisions, investors typically favor local companies' equities over those of national or international companies, according to Huberman (2011). Grinblatt and Keloharju (2001) found, however, that agents' stock holdings in adjacent enterprises were associated with a higher level of risk. People who are more sociable tend to be the kind of investors that put their money into the stock market, according to research by Hong, Kubik, and Stein (2004). According to Cohen (2005), some investors just

look at earnings per share, ignoring other crucial metrics like a company's revenue and cash flow. When investors have access to a lot of data, they tend to prioritize the data that seems most relevant to them.

Most of the data is left unprocessed and inaccurately adjusted by individuals (Hirshleifer 2011). Although there are many factors that influence investors' selections, a study of the relevant literature reveals that behavioral factors have the greatest impact on investors' choices because they shape investors' views of risk. Concerning stock performance, some behavioral finance researchers contend that irrational investors' underwhelming stock performance could lead to their expulsion from the market, while other researchers contend that overconfident traders with strong trading behaviors can achieve good results (Anderson, Henker, & Owen, 2005). Due to their high subjective probability, overconfident people trade more than logical investors, anticipate larger returns from their assets, and hold out hope that their investments would do well (Kyle & Wang, 1997).

Portfolio Investment Decision

Bank restructuring during general banking crises and the restructuring of state banks for privatization are both financed through bond issuance by the government or an agency of the government, such as a deposit insurance fund or a specially created asset management company (AMC). In bank restructuring, bonds are issued for two generic purposes: to finance the state and to pay off existing debt. However, there are already many variations on this theme. For the purpose of buying distressed assets from banks and investing in bank shares.

This reorganization may have succeeded or failed depending on the quality of the bonds issued for these purposes, which in turn determined the restructured banks' long-term monetary performance (Smith, 2012).This study focuses on issues connected to bond style, however there are a number of concerns with bank restructuring in general that need to be handled independently. While it is acknowledged that fiscal and debt management issues provide a broader context for the consideration of technical concerns pertaining to bank restructuring, these issues are not thoroughly addressed in this research. There is also a lack of investigation into how the costs of bank restructuring affect debt property, as sovereign default is only addressed in relation to bank restructuring. To show how different bond styles could affect sure-fire bank restructuring is the main goal. To solve particular problems, compromises are necessary. However, a foolproof plan requires that bonds issued to banks for restructuring purposes generate sufficient interest income to turn the banks profitable, without making it difficult to manage exposures to interest rate, maturity, or purchasing share risks. Typically, this will necessitate the utilization of bonds

that are subject to terms and circumstances relating to the market. The loss of the general public funds used for recapitalization and the subsequent need for intervention and more costly restructuring might occur if a restructured bank is not profitable enough or has an inherent risk exposure from its bond holdings (Nyaoma, 2012). The next question is how to pay for the cost after the decision to restructure the banks with public cash has been made.

Things are somewhat different when it comes to banks that are owned by the government. While bond design is still important for a bank's financial success, the trend toward recapitalization indicates that the government has already suffered losses as the bank's owner, rather than a desire to use public funds to mask some of those losses suffered by privately held banks (Morris & Hough, 2010). Financing bank restructuring with half of a larger pool of typically stable government debt has obvious advantages, such as the presence of deeper and broader secondary markets. In times of crisis, however, direct bond placement with the recapitalized banks is also the only viable option. It is possible that a developing or transitioning nation lacks the depth and breadth of its long-term government debt market. If this kind of market is already in place, it's possible that few local institutions will be able or willing to purchase the additional bonds required to fund bank recapitalization, and foreign interest may be severely limited or extremely expensive after a financial crisis.

There is at least one big drawback to issuing treasury bills as a means of funding bank restructuring. The government found itself in a Janus-like situation when it needed to refinance this short loan frequently. Delaying the need for refinancing and allowing for the repayment of part of the debt to be funded through future sales of government-purchased bank equity or recoveries on those assets are two benefits of using longer-term debt (Lawal, 2010). Recapitalized banks backed by bonds rather than cash could be interesting for reasons that are detailed below, even if the cost can be covered by general government revenues and finance activities. You may generally categorize special recapitalization bonds into three types. The most prevalent kind are government bonds. However, recapitalization bonds are different from the regular supply of government bonds since they are placed directly with the banks that need to be recapitalized. This is typically done to pay for an equity investment or to buy distressed assets. Both other options have the government holding the bonds and investing in banks through a central entity, such as the deposit insurer, AMC, or bank restructuring authority (Bentler, 2014).

Capital Budgeting Decision or Long Term Investment Decision

Investment in capital is under-discussed despite its significance to the economy. Micro and macroeconomic theories (Guerrien, 2002) and empirical research both give investment decision-making a minuscule amount of attention. (Jensen, 1993) pointed out. Little systematic research on the actual process of making capital investment decisions has diverted the attention of the finance profession from the ideal way to make these decisions. The investment is seen by financiers via a purely mechanical lens: assessment, then decision. It is practically never brought up by strategy researchers. When it comes to discussing their investment philosophy, companies are hesitant. Although there are a number of different approaches or definitions, the term investment is not often defined in the literature. The most popular view in financial economics holds that an investment should only be made with the intention of raising a company's worth and economic potential.

It is common practice to discuss the PB technique and other capital budgeting tools like internal rate of return (IRR) and net present value (NPV) when discussing investment requirements. The use of PB persists in practice despite its flaws (Lefley, 1996). PB is the most popular tool among Swedish groups, particularly in the basic, engineering, and chemical and pharmaceutical industries (Sandahl and Sjögren 2003), and it ranks third in the US and Canada for evaluation methods after NPV and IRR (Graham and Harvey 2001).

Investment strategies often make use of capital budgeting methods like the net present value (NPV) and internal rate of return (IRR). According to Colemans (2012) and Sandahl and Sjögren (2003), a mix of capital budgeting tools could be employed, with PB serving as a supplementary metric (Lefley 1996). Some academics have argued that PB is flawed because it ignores returns that happen beyond the PB period or returns that happen at a specific time (e.g. Armerin and Song 2014; Lefley 1996). Investments using short PB criteria, which favor sure bets and anticipate the worst-case scenario, necessitate a higher necessary rate of return owing to risk avoidance (Jackson 2010). There is some evidence in the literature to suggest that companies view investments aimed at increasing energy efficiency as more risky than average. One example is that, according to research (Qiu et al. 2015), both large and small industrial enterprises are more stringent with their PB and other investment criteria when it comes to initiatives that improve energy efficiency.

Free Cash flow Theory

According to Jensen (1986), agency difficulties are worse for companies whose cash flow is more than what is needed to fund initiatives with positive Net Present Value (NPV). This is because the conflict of interest between shareholders and management is worsened by this free cash flow. Companies that have a lot of free cash flow, according to Jensen's free cash flow hypothesis, are more prone to undertake value-decreasing acquisitions. A company's free cash flow is the amount of money it makes after deducting the cost of capital from all of its projects with positive net present values. If a company wants to be efficient and maximize shareholder value, it has to pay out its free cash flow. Giving shareholders their money lessens managers' control over the company's resources, which in turn weakens their power and makes them more vulnerable to scrutiny from the capital markets whenever the company needs more funding.

Internal project financing sidesteps this oversight and the risk of inaccessible or exorbitantly priced finance. Even above the level at which shareholder wealth is maximized, managers are incentivized to grow their organizations. Managers gain more influence as a result of growth since they have more resources to work with. Growth is also strongly correlated with changes in managerial compensation. To meet the demand for new roles necessitated by promotion-based compensation systems, organizations often favor growth over annual bonuses for middle managers (Baker 1986). Product and factor market rivalry tends to bring prices toward minimum average cost in an activity, limiting managers' temptation to overinvest resources. Therefore, in order to increase the likelihood of survival, managers should encourage their businesses to become more efficient.

The Risk –Return Trade-Off Theory

The focus of this theory is on the ways in which businesses will not take on more risk unless they are guaranteed higher profits. The risk-reward aspect of financial decision-making is exemplified by working capital decisions. The likelihood of a company being in default on its payments decreases as its net working capital increases. Net working capital is defined as current assets minus current liabilities. Concurrently, this lowers the firm's total profitability. In managing working capital, one must weigh the potential benefits against the potential costs, or risk, and decide whether to take on more risk or not (Akinlo, 2011). If management can't keep the company's working capital under control, the business will fail (Barine, 2012). He went on to say that as part of working capital management, the company's investments in inventory and accounts receivable are transformed into cash that can be used to pay its 68 operational bills. He continued by saying that working capital management is fundamental to the day-to-day operations of the business and to increasing the company's profitability.

Corporate Liquidity Preference Theory

In his book The General Theory of Employment, Interest and Money (1936), Keynes was the first to describe how the supply and demand for money determine the interest rate. He did this by developing the notion of corporate liquidity. "Liquidity preference" is the term used to describe the demand for money by corporations. Investors would rather keep their money in the bank, which is safer, thus the concept that they would demand a premium for assets with extended maturities is risky. The greater an investment's liquidity, the more quickly and easily it can be sold for its full value. There will be a larger premium on short-term securities compared to medium-term ones, and vice versa, due to the fact that short-term interest rates are more unpredictable. You may expect to earn 1% interest on a three-year Treasury note, 3% interest on a ten-year note, and 4% interest on a thirty-year bond, for instance. Baumol's paradigm Businesses can use the inventory management model that Baumol (1952) created to help them decide how much cash to keep on hand. In a manner analogous to that of inventory-related expenditures, he detailed the ordering and keeping expenses of cash. The reasonable person, he reasoned, will seek cash at a rate proportional to the square root of the value of these transactions, given the current price level.

It was in 1966 that Miller and Orr Model created a money demand model. Based on the model, the company waits to buy or sell marketable securities until the cash balance reaches either the upper or lower control limit, allowing it to vary between the two. There will be a standard deviation and a mean of zero for the net cash flows, assumd to follow a normal distribution. This model has a return point, two control limits (upper and lower) and a control point. When an organization's cash balance reaches an unpredictably high level, it purchases enough marketable securities to bring it back down to a normal level, which it calls the return point. In a similar vein, when a company's cash flows stray below a certain threshold, it sells off enough marketable securities to replenish its cash balance to its typical level, which it calls the return point.

Empirical Review

Analyzing non-financial companies listed on the Nairobi Security Exchange, Daisy and Julius (2025) determined the correlation between cash flow management methods and financial performance. Financial Performance of Non-Financial Companies Listed at Nairobi Security Exchange: An Evaluation of Participating Cash Flows, Operating Cash Flows, Financing Cash Flows, and Cash Flow Analysis was the Primary Focus of the Research. Three theoretical frameworks—free cash flow, agency costs, and Keynesianism—formed the basis of the research. The methodology consisted of using a cross-sectional study strategy to collect data from all 44 companies listed at NSE between 2017 and 2023. Secondary data was sourced from several financial statements and annual reports covering the years 2017–2023. The STATA software was used for data analysis. The data analysis made use of descriptive and inferential statistics. Results: Operating cash flows have a positive impact on financial performance, however investing and financing cash flows have a negative effect. This suggests that investment decisions are not as efficient and that there is an over-reliance on external funding. Firm performance is improved through efficient management of operating cash flows, according to the study, while financial stability may be jeopardized by bad investment and finance decisions. The results may have important implications for financial policymakers, the government in assessing the tax performance of businesses, and, finally, the academic community in need of literature on the topic. Enhancing liquidity and profitability can be achieved by enterprises through the implementation of solid working capital policies, optimization of capital investment plans, and maintenance of an optimal finance structure. The function of financial technology in managing cash flow and the dynamics of cash flow within specific industries might be the subject of future studies.

Bamisaye et al. (2024) looked at three important measures of investment cash flow—the investment policy ratio, the reinvestment ratio, and the discretionary cash index ratio—to see how investment cash flow management affected the performance of listed enterprises in Nigeria. We looked at these in light of efficiency ratios, turnover-asset ratios, return on equity (ROE), return on assets (ROA), and return on assets (TAR). Over the course of 10 years (2012–2021), fifty publicly traded companies in Nigeria were surveyed using a longitudinal research approach that allowed for the collection of time-series data across cross-sectional units. On December 31, 2021, there were 177 companies listed on the Nigeria Exchange Group. These companies belonged to several sectors, including manufacturing, services, and consumer and industrial goods. After sorting businesses into production-and service-based strata using stratified sampling, 25 businesses were randomly selected from each group in the second stage. Using both descriptive and inferential methods of analysis, secondary data was culled from the chosen firms' financial statements and annual reports. The results showed that cash flow management investments greatly affect performance, especially for companies that provide both products and services. Companies that reinvest a larger share of their asset depletion into capital investment see better returns on investment (ROI), as the reinvestment ratio was positively correlated with ROE. According to the research, listed companies in Nigeria can greatly improve their financial performance by better managing their investing cash flows.

In particular, improving returns and operational efficiency is greatly helped by reinvesting in lucrative ventures and managing discretionary cash flow prudently. The study's findings suggest that businesses should put their money back into productive projects as soon as they sell off their assets if they want to keep or increase their returns on equity and assets.

Nasimiyu (2024) looked into how SMEs' cash management affected their financial success. This review sheds light on financial management strategies by covering theories, practices, and empirical evidence. The consequences for the financial management strategies of SMEs are illuminated by theoretical viewpoints such as the Free Cash Flow Theory and the Dynamic Trade-Off Theory. Financial performance measures such as profitability, liquidity, and solvency, as well as cash policy, cash budgeting, and internal controls, are crucial, according to empirical research. For small and medium-sized enterprises (SMEs), stable finances, optimal investments, increased profitability, and growth are all possible outcomes of well-managed cash flow. If academics, practitioners, and policymakers are serious about improving the financial performance of SMEs by better cash management, this synthesis will provide them with useful insights.

A study conducted by Rahman and Sharma (2020) examined the connections between a company's liquidity and its operating, investment, and financing cash flows. According to the research, a company's capacity to stay in business and increase profits is closely related to how well it handles its investing cash flows, which includes making wise judgments about capital expenditures and allocating resources. Their research appears to indicate that listed companies' credibility is greatly affected by the accuracy of their cash flow reports.

Kuria, Memba, and Oluoch (2024) looked at how NSE-listed companies' operating cash flow volatility correlated with their stock market valuation. Nonetheless, the stock market value of firms—the dependent variable in this study—was measured using firm capitalization and capitalization ratio. The NSE-listed companies' financial performance was evaluated in this study using return on assets. There was also a quantitative causal descriptive approach to this investigation.

Literature Gap

Financial flow management and business success were the primary foci of the previous research. There is a dearth of research on the relationship between cash flow and investment by corporations. Nobody has really thought about how these things will affect Nigerian businesses' ability to manage their cash flow and invest. There may be a dearth of research in Nigeria that examines how various industries' cash flows affect corporate investment. Corporate investment and cash flow of listed Nigerian SMEs were the primary foci of this study.

METHODOLOGY

Data analysis in this study was conducted using a quasi-experimental research design approach. This takes into account both theoretical considerations (a prior criterion) and actual observation in order to get the most out of the data that is available. As a result, we can see how the independent factors affect the dependent ones. Ten SMEs listed on the Nigerian Exchanges Group (2024) make up the study's population and sample size.

Model Specification

PI= f (OPCF, FCF, ICF)   (1)
RI= f (OPCF, FCF, ICF)   (2)
It is empirically stated as

$$PI = \beta_0 + \beta_1 OPCF + \beta_2 FCF + \beta_3 ICF + \mu \quad (3)$$

$$RI = \lambda_0 + \lambda_1 OPCF + \lambda_2 FCF + \lambda_3 ICF + \mu \quad (4)$$

Where

PID	= Portfolio investment decisions
RID	= Real investment decisions
OPCF	= Operating Cash flow
FCF	= Cash flow from Financing activities
ICF	= Cash flow from investment activities
β_0	=Regression Intercept
β_1 - $\beta4$	=Coefficient of the independent variables to the Dependent variable
μ	= Error term

Data Analysis Method

Panel data multiple linear regressions utilizing the Ordinary Least Square (OLS) method were chosen as the data analysis method for this investigation. A quantitative method, this strategy makes use of tables and tests hypotheses with ordinary least square regression analysis performed at a significance threshold of 5%. This study used many levels of stationarity testing on the model variables to ensure that the results were not skewed by false regressions. In order to accomplish our study's aims and find answers to our research questions and hypotheses, we also tested the model with the Durbin-Watson test and with the test of model specification.

To conduct a statistical evaluation of our analytical model and ascertain the reliability of the outcomes, we utilized the coefficient of correlation (r), the coefficient of determination (r^2), the Student's t-test, and the F-test.

Coefficient of Determination (r^2) Test – This metric assesses how well the independent factors explain the dependent ones. In order to ascertain the relative

contribution of economic growth in our model, for instance, we employed the coefficient of determination. From zero to one and a half, that's the range of the coefficient of determination. When the coefficient of determination is 0.20, it indicates that the independent variable or variables explained 20% of the variance in the dependent variable.

F-Test: The overall significance is measured by this. Using the F-test, one may determine how significant the statistic of the coefficient of determination is. The probability estimate or the F-statistic can be used to conduct the F-test. The analysis was conducted using the F-statistic estimation.

Student T-test: evaluates the independence of the estimated variables at a significance level of 5%.

Durbin Watson Statistic: As a result, we can see how autocorrelation and collinearity affect the time series variables. A ratio exceeding 2.00 is considered to indicate the presence of autocorrelation, whereas a ratio near to 2.00 is supposed to indicate a lack of autocorrelation. When looking for first-order serial correlation, the Durbin-Watson statistic might be used. The DW statistic, in a more technical sense, is a measure of the linear relationship between nearby regression model residuals. The DW statistic was present if there was no serial correlation. In the most extreme scenario, the DW statistic would be close to zero if the serial correlation was positive. A value ranging from 2 to 4 indicates a negative connection. Dependence most often manifests as positive serial correlation. A DW value below around 1.5 strongly indicates positive first order serial correlation when there are 50 or more observations and few independent variables.

Regression coefficient: This tells us how much the predictor variables in the study affect the dependent variables.

Probability Ratio: It also shows how well the predictor factors can explain changes in the dependent variables at a certain level of significance.

To further mitigate the impact of the dataset's unobserved heterogeneity, researchers often use additional tests such as Fixed Effects and Random Effects model estimators. These tests allow the researcher to manage time contrast and time invariant factors. Using these methods of analysis, the researcher was able to get solid and reasonable findings. Here is the standard linear model for panel data from an econometric perspective:

$$Y_{it} = \beta_0 + X_{it}\beta + \varepsilon_{it} \tag{5}$$

In this specification, Y_{it} represents the dependent variable for firm i at time t; β_0 denotes the constant (intercept) term; X_{it} is a k-dimensional vector of explanatory variables; and ε_{it} is the stochastic error term. The error term varies across firms and over time and captures all unobserved influences that affect Y_{it}.

The **Fixed Effects Model (FEM)** considers the presence of each distinct impact of the data in a certain model. In other words, the FEM permits entities to be unique or heterogeneous by letting them have their own unique intercept values. Therefore, the individual impact remains if it is believed that different entities can have different intercepts in a given model. The following equation (Koop, 2008) is an econometric expression of the fixed effects model.

$$Y_{it} = ai + X_{it}\beta + \varepsilon_{it} \tag{6}$$

The specification above closely resembles the pooled regression model; however, the distinction lies in the inclusion of a_1, which represents an individual-specific fixed effect. Unlike the pooled model, this term differs across entities, thereby permitting each entity to possess its own unique intercept.

It is assumed that the relationships between the independent and dependent variables are the same both cross-sectionally and temporally in the Random Effects Model (REM), which, like the fixed effects model, proposes different intercept terms for each entity but keeps intercepts constant over time (Brooks, 2014). The counterargument, however, is that the random effects model assumes that, across all cross-sectional units and across time, a common intercept and a random variable that varies cross-sectionally constant are the sources of the intercepts for each cross-sectional unit. Another way to express the random effects model is as:

$$Y_{it} = \beta_0 + X_{it}\beta + ai + u_{it} \tag{7}$$

In this context, Y_{it} represents a k-dimensional vector of independent variables; however, in contrast to the Fixed Effects Model (FEM), no dummy variables are introduced to account for heterogeneity or cross-sectional variation across entities.

$= \varepsilon_{it} = ai + u_{it}$, , which means that the error term has two parts: one that stays the same over time and one that is supposed to be uncorrelated with the other (Brooks, 2014; Verbeek, 2012). Additionally, the study uses the Hausman-test to determine if the FEM or the REM should be adopted. If Ho (the individual effect is uncorrelated with any of the independent variables) is true, then both the FEM and REM estimators are consistent and yield relatively equal findings. This is the premise upon which the Hausnian-test is based, as stated by Koop (2008). When 'Ho' is not true, however, REM is not applicable, FEM is, and the two approaches may provide quite different outcomes.

ANALYSIS AND DISCUSSION OF FINDINGS

Table 1: Correlated Random Effects - Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cash Flow and Portfolio Investment Decision			
Cross-section random	34.605163	5	0.0000
Correlated Random Effects - Hausman Test			
Cash Flow and Real Investment Decision			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	33.449610	5	0.0000

Source: E-view 12.0

Determine if you want to use fixed or random effects regression. This is decided by looking at the likelihood of the Hausman test's Chi-sq statistics. The study uses the fixed effect model for all five models since the Hausman test demonstrates that the likelihood of the Chi-Sq. is less than 0.05.

Table 2: Regression Results on Cash Flow and Portfolio Investment Decision Quoted Small and Medium Scale Enterprises

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Pooled Effect Regression Results				
OPCF	2.938470	0.586453	3.849379	0.0000
ICF	1.193027	0.767710	3.118463	0.0000
FCF	-0.193047	0.545355	-1.212253	0.2383
C	8.938469	3.882329	2.540499	0.0012
R-squared	0.088293	Mean dependent var		22.72680
Adjusted R-squared	0.029481	S.D. dependent var		22.92713
S.E. of regression	17.93026	Akaike info criterion		9.029333
Sum squared resid	12.93063	Schwarz criterion		9.085676
Log likelihood	-1124.667	Hannan-Quinn criter.		9.052009
F-statistic	7.920368	Durbin-Watson stat		0.789165
Prob(F-statistic)	0.000000			
Fixed Effect Regression Results				
OPCF	0.532850	0.440803	1.174849	0.2418
ICF	-0.119602	0.576468	-0.542964	0.4530
FCF	-0.069484	0.417733	-1.238563	0.2219
C	30.11850	2.855687	7.774942	0.0000
	Effects Specification			
Cross-section fixed (dummy variables)				
R-squared	0.657854	Mean dependent var		22.72680
Adjusted R-squared	0.617005	S.D. dependent var		22.92713
S.E. of regression	14.17051	Akaike info criterion		8.245419
Sum squared resid	44578.34	Schwarz criterion		8.639823
Log likelihood	-1002.677	Hannan-Quinn criter.		8.404155
F-statistic	27.89215	Durbin-Watson stat		1.011070
Prob(F-statistic)	0.000000			
Random Effect Regression Results				
OPCF	0.722913	0.433790	1.666505	0.0969
ICF	-0.101818	0.567371	-0.179455	0.8577
FCF	-0.536244	0.410135	-1.307480	0.1923
C	19.63717	3.981038	4.932676	0.0000
	Effects Specification			
			S.D.	Rho
Cross-section random			14.06819	0.4964
Idiosyncratic random			14.17051	0.5036
	Weighted Statistics			

R-squared	0.023087	Mean dependent var	6.897652
Adjusted R-squared	0.011173	S.D. dependent var	14.64017
S.E. of regression	14.55815	Sum squared resid	52137.19
F-statistic	1.937851	Durbin-Watson stat	1.234204
Prob(F-statistic)	0.124020		
	Unweighted Statistics		
R-squared	0.040110	Mean dependent var	22.72680
Sum squared resid	125637.8	Durbin-Watson stat	0.662407

Source: E-view 12.0

Analysis of Results

F-Test: The F-statistic is 29.629798 with a probability of 0.000000, which is below the error margin of 0.05. The regression model is statistically significant regarding the impact of cash flow on the portfolio investment of the listed small and medium-sized firms during the study periods.

Coefficient of Multiple Determination (R^2): The R^2 value of 0.617005 means that the endogenous factors account for about 61.7% of the changes in the exogenous variable, which is the portfolio investment of the small and medium-sized businesses that were cited. This is higher than the permitted level, hence the model is considered to have a good fit.

Durbin Watson statistics (DW): With 100 observations and four explanatory variables, the computed DW is 1.011070, as shown in the fixed effect results at a 5% level of significance. Although it's less than 2, this figure is just below 2, which is acceptable. With all other factors held constant, the results show that the quoted SMEs' portfolio investments rise by 27.8 units, since the regression intercept is positive. Operating cash flow had a positive but insignificant effect on portfolio investment among the quoted SMEs throughout the study's time periods, whereas cash flow from investment and financing activities had a negative but insignificant effect. This agrees with Muraya's (2018) conclusions but contradicts those of Duru et al. (2015), Amah et al. (2016), Ubesie et al. (2016), and Mumanyi et al. (2017), which failed to account for management's dimension because they relied on absolute measures of investment cash flow.

Table 3: Regression Results on Cash Flow and Real Investment Decision Quoted Small and Medium Scale Enterprises

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Pooled Effect Regression Results				
OPCF	0.083927	0.003469	2.495691	0.0132
ICF	-0.093846	0.004541	-0.050373	0.9599
FCF	-0.018378	0.003226	-1.865620	0.0633
C	0.818374	0.022965	5.913041	0.0000
R-squared	0.051710	Mean dependent var		0.174040
Adjusted R-squared	0.040146	S.D. dependent var		0.132396
S.E. of regression	0.129711	Akaike info criterion		-1.231148
Sum squared resid	4.138923	Schwarz criterion		-1.174805
Log likelihood	157.8935	Hannan-Quinn criter.		-1.208472
F-statistic	4.471481	Durbin-Watson stat		1.061843
Prob(F-statistic)	0.004450			
Fixed Effect Regression Results				
OPCF	0.001208	0.003079	2.392258	0.0052
ICF	-0.002592	0.004027	-0.643601	0.5205
FCF	-0.004659	0.002918	-1.596547	0.0118
C	2.839173	0.019948	8.807909	0.0000
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.701610	Mean dependent var		0.174040
Adjusted R-squared	0.640995	S.D. dependent var		0.132396
S.E. of regression	0.098988	Akaike info criterion		-1.682426
Sum squared resid	2.175282	Schwarz criterion		-1.288022
Log likelihood	238.3032	Hannan-Quinn criter.		-1.523690

F-statistic	10.937483	Durbin-Watson stat		1.743385
Prob(F-statistic)	0.000000			

Random Effect Regression Results

OPCF	0.002380	0.003016	0.789240	0.4307
ICF	-0.002254	0.003944	-0.571486	0.5682
FCF	-0.004905	0.002849	-1.721688	0.0864
C	0.169492	0.025880	6.549249	0.0000

Effects Specification

	S.D.	Rho
Cross-section random	0.084545	0.4218
Idiosyncratic random	0.098988	0.5782

Weighted Statistics

R-squared	0.019336	Mean dependent var	0.060429
Adjusted R-squared	0.007377	S.D. dependent var	0.099588
S.E. of regression	0.099220	Sum squared resid	2.421768
F-statistic	1.616809	Durbin-Watson stat	1.587527
Prob(F-statistic)	0.186017		

Unweighted Statistics

R-squared	0.036124	Mean dependent var	0.174040
Sum squared resid	4.206953	Durbin-Watson stat	1.002052

Source: E-view 12.0

Analysis of Results

F-Test: The computed F-statistic of 10.937483, with an associated probability value of 0.000000, is lower than the 5 percent significance level. This result indicates that the regression model is statistically significant and appropriately explains the effect of cash flow on the real investment of quoted small and medium-scale enterprises.

Coefficient of Multiple Determination (R^2): The coefficient of determination (R^2) is estimated at 0.640995, suggesting that the explanatory variables account for approximately 64 percent of the variation in real investment. Since this value exceeds the acceptable benchmark, the model demonstrates a strong explanatory power and an adequate goodness of fit.

Durbin Watson statistics (DW): With four explanatory variables and one hundred observations, the computed DW is 1.743385 according to the fixed effect results, which indicate significance at the 5% level. Although it's less than 2, this figure is just below 2, which is acceptable. It is also observed that the model's constant is 2.8%, which means that real investment, an exogenous variable, has a periodic elevation of almost 2.8% if the endogenous variables remain constant or unchanged. Parameter or endogenous variable coefficients reveal that, for the cited SMEs, operational cash flow has a positive and statistically significant influence on real investment, whereas investment cash flow has a negative and statistically insignificant effect. Cash flows are defined by Motlagh (2013) as the sum of money a company invests in its long-term assets, short-term liabilities, shares, debt, and securities in order to generate profits. One important aspect that distinguishes an efficient cash flow management team from an inefficient one is the firm's ability to identify the right source of funding to support its activities. If you want to make the most of your cash flows, you need to pick the right components of your cash flows. If a company's financial manager is serious about the expansion of their business, they will give careful consideration to this procedure. The ratio of a company's cash inflows to its cash outflows during a specified time period is called cash flow (Petro and Gean, 2014). Depreciation and other factors that do not entail the transfer of funds are not considered. The width of an organization is its cash. Any company that doesn't have any cash on hand will eventually fail. A company is not necessarily liquid just because it shows a profit in its financial statements. Profit is not always expressed in monetary terms.

CONCLUSION AND RECOMMENDATIONS
Conclusion

The impact of cash flow on investment choices made by listed Nigerian SMEs was the focus of this research. We came up with two models. According to the first model, the cash flow of the cited SMEs accounted for 61.7% of the variance in their portfolio investments. There is a positive but insignificant relationship between operating cash flow and portfolio investment for the cited SMEs, and a negative but insignificant relationship between cash flow from investment and financing operations and portfolio investment. Cash flow described, according to Model 2. There is a 64% range in the real investment of the cited SMEs; operational cash flow has a positive and statistically significant effect on real investment, cash flow from

investment activities has a negative and statistically insignificant effect, and financing cash flow has a negative and statistically insignificant effect on real investment. The research found that listed small and medium-sized businesses in Nigeria base their investment decisions on cash flow.

Recommendations

i. Regulatory agencies like the Nigerian Exchange Group and the Capital Markets Authority should implement uniform reporting standards to make operational cash flows more transparent and comparable, which will help quoted companies' investors make better investment decisions.

ii. Investment policies ought to encourage long-term, high-return projects, and management ought to develop policies to boost investment cash flows. Firms can make better strategic decisions about allocating capital with the help of government subsidies, tax reliefs, or matching funds, as well as market recommendations for long-term investment planning.

iii. Appropriate debt-to-equity ratios should be established via regulatory frameworks in order to avoid excessive reliance on debt. Investment choices might be aided by a national credit rating system, equity financing, and retained earnings, all of which would encourage fiscal responsibility and long-term capital sustainability. With the help of internal training programs, businesses can improve their decision-making capabilities by integrating continuous cash flow analysis into strategic planning.

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