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Integrating Long-Term Financial Planning and Liquidity Management to Enhance Corporate Resilience through Financial Flexibility during Global Economic Crises

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Abstract

Global economic crises expose firms to severe financial volatility, making corporate resilience a critical concern for managers and policymakers. This study investigates how long-term financial planning and liquidity management contribute to corporate resilience during global economic crises, with financial flexibility acting as a mediating mechanism. Using a quantitative research design, the study employs panel data from non-financial companies listed on the Indonesian Stock Exchange over the period 2015–2022. Fixed-effects panel regression and mediation analysis are applied to examine both the direct and indirect relationships among the key variables. The results show that long-term financial planning and liquidity management have significant positive effects on corporate resilience, indicating that firms with structured financial strategies and adequate liquidity buffers are better able to withstand economic shocks. Furthermore, financial flexibility is found to have a strong positive influence on corporate resilience and partially mediates the relationships between long-term financial planning, liquidity management, and resilience. These findings suggest that corporate resilience is not solely determined by isolated financial decisions but rather by an integrated financial strategy that combines forward-looking planning with effective liquidity management. The study contributes to the corporate finance literature by providing an integrated framework linking financial planning, liquidity management, and financial flexibility in explaining corporate resilience during periods of economic uncertainty. The findings also offer practical insights for managers seeking to enhance financial stability and sustainability in volatile global economic environments.

Keywords: *corporate resilience, long-term financial planning, liquidity management, financial flexibility, global economic crises, financial strategy.*

1. INTRODUCTION

The global economic landscape over the past decade has been characterized by heightened uncertainty and recurrent systemic shocks, including global financial instability, pandemics, tightening monetary policies, and escalating geopolitical tensions. These disruptions have fundamentally altered the operating environment of firms, intensifying volatility in revenues, costs, exchange rates, and access to external financing. For many corporations, especially those integrated into global value chains, such volatility has exposed structural weaknesses in financial planning and liquidity management frameworks.

Empirical evidence suggests that during periods of heightened economic uncertainty, firms often experience financial distress not because their underlying business models are unviable, but because they face acute liquidity shortages. De Vito and Gómez (2020) demonstrate that even profitable firms may encounter severe cash constraints when revenues decline abruptly while fixed financial obligations persist. This phenomenon, commonly referred to as a "cash crunch," underscores the critical role of liquidity as a determinant of corporate survival during global crises.

In parallel, multinational corporations (MNCs) face additional layers of complexity due to their exposure to cross-border risks. Fluctuations in exchange rates, divergent monetary policies across jurisdictions, and political instability can significantly amplify financial vulnerability. As a result, global crises not only challenge firms' operational performance but also place extraordinary pressure on their financial resilience, demanding more sophisticated approaches to long-term financial planning and liquidity management.

Liquidity traditionally refers to a firm's ability to meet its short-term obligations using liquid assets. Under stable economic conditions, maintaining excessive liquidity is often viewed as inefficient due to opportunity costs associated with holding non-productive cash. However, this perspective shifts fundamentally during periods of crisis. In environments characterized by extreme uncertainty and constrained credit markets, liquidity becomes a strategic asset rather than a passive buffer.

A growing body of literature highlights the precautionary motive for holding cash, particularly during periods of elevated economic policy uncertainty. Demir and Ersan (2017) find that firms in emerging markets significantly increase their cash holdings in response to rising uncertainty, reflecting a deliberate strategy to mitigate liquidity risk. Similarly, evidence from the COVID-19 pandemic indicates a widespread accumulation of cash reserves as firms sought to safeguard operational continuity amid unpredictable revenue streams and financial market disruptions (Chung et al., 2023).

Moreover, Acharya and Steffen (2020) document the phenomenon of the "corporate dash for cash," where firms rapidly draw down credit lines and accumulate liquidity in anticipation of worsening financial conditions. These behaviors suggest that liquidity is not merely an operational concern but a core element of corporate financial strategy, particularly during global crises. Consequently, liquidity management must be examined not in isolation but in conjunction with long-term financial planning and risk management decisions.

Long-term financial planning encompasses the formulation of financial objectives, projections of future cash flows, capital structure decisions, and investment strategies over an extended horizon. In stable environments, such planning typically emphasizes growth, expansion, and value maximization. However, in the context of global economic crises, the assumptions underlying traditional long-term planning become increasingly fragile.

Economic policy uncertainty has been shown to exert a significant influence on corporate investment and financing decisions. Gulen and Ion (2016) demonstrate that firms tend to postpone or scale back investment activities when uncertainty intensifies, reflecting heightened risk aversion. Li (2019) further argues that uncertainty affects not only investment decisions but also cash policies and capital structure choices, indicating that long-term financial planning must adapt to fluctuating macroeconomic conditions.

As a response, firms increasingly adopt scenario-based planning and rolling forecasts to enhance flexibility and responsiveness. Scenario planning allows management to assess the financial implications of alternative economic trajectories, while rolling forecasts enable continuous updates to financial projections as new information emerges. These practices help bridge the gap between strategic objectives and short-term financial realities, particularly when firms face volatile cash flows and uncertain access to external financing.

For firms operating internationally, long-term financial planning and liquidity management are inseparable from financial risk management. Multinational corporations are systematically exposed to exchange rate volatility, interest rate fluctuations, and political risks that can materially affect cash flows and firm value. Without effective risk mitigation mechanisms, these external shocks can undermine liquidity positions and destabilize long-term financial plans.

Financial hedging through derivative instruments, such as forward contracts, options, and swaps, has become a central tool for managing short-term financial exposures. At the same time, operational hedging strategies, including geographic diversification and matching currency inflows and outflows, provide longer-term protection against structural risks. Prior studies suggest that firms integrating financial and operational hedging strategies exhibit greater resilience to global market shocks and reduced cash flow volatility.

However, hedging strategies also involve trade-offs, including direct costs, opportunity losses, and potential agency problems. As such, hedging decisions must be carefully aligned with liquidity objectives and long-term financial plans to ensure coherence between risk mitigation and value creation.

Despite extensive literature on corporate liquidity, long-term financial planning, and financial risk management, these domains are often examined separately. Studies on cash holdings and liquidity primarily focus on precautionary motives and firm-level determinants, while research on hedging emphasizes exposure management and derivative usage. Relatively few studies offer an integrated perspective that connects long-term financial planning, liquidity management, and financial risk mitigation within a unified framework, particularly in the context of global economic crises.

This study seeks to address this gap by synthesizing contemporary literature on corporate finance, liquidity management, and financial risk management to develop an integrated analytical framework. The primary research questions guiding this study are: How does long-term financial planning contribute to corporate resilience during global economic crises? ; What liquidity management strategies are most effective under conditions of heightened uncertainty? ; How can financial risk management tools, including hedging and diversification, be integrated with long-term planning and liquidity policies to mitigate the risk of corporate cash shortages?

This article contributes to the literature in three key ways. First, it provides a structured synthesis of post-2015 empirical and conceptual studies on liquidity, long-term financial planning, and financial risk management during periods of economic crisis. Second, it develops an integrated framework that links strategic planning with short-term liquidity control and risk mitigation mechanisms. Third, it offers practical implications for corporate financial managers seeking to enhance resilience and sustainability in an increasingly volatile global economic environment.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1 Global Economic Crises and Corporate Financial Vulnerability

Global economic crises represent periods of heightened uncertainty characterized by severe disruptions in financial markets, real economic activity, and capital flows. Historical episodes such as the Global Financial Crisis, the COVID-19 pandemic, and recent geopolitical shocks demonstrate that crises tend to generate sudden revenue contractions, tightening credit conditions, and elevated volatility in exchange rates and interest rates. These conditions significantly increase firms' exposure to liquidity shortages and financial distress.

Empirical evidence indicates that corporate failures during crises are frequently driven by liquidity constraints rather than long-term insolvency. De Vito and Gómez (2020) document that many firms experiencing financial distress during crisis periods remained fundamentally viable but lacked sufficient liquidity buffers to absorb temporary cash flow shocks. This finding highlights the central role of liquidity and financial flexibility in determining corporate survival under adverse macroeconomic conditions.

For multinational and internationally exposed firms, crisis-related risks are further intensified by cross-border financial exposures. Exchange rate volatility, divergent monetary policy responses, and political uncertainty increase unpredictability in cash flows and asset values (Eitman et al., 2020; Shapiro & Hanouna, 2019). Consequently, understanding corporate resilience during global economic crises requires an integrated analysis of long-term financial planning, liquidity management, and firms' capacity to adjust financial resources in response to shocks.

2.2 Long-Term Financial Planning under Economic Uncertainty

Long-term financial planning refers to the systematic process through which firms set financial objectives, forecast future cash flows, and align investment, financing, and dividend decisions over extended horizons. In stable economic environments, such planning typically focuses on growth optimization and value maximization. However, during periods of heightened uncertainty, the assumptions underlying long-term plans are frequently challenged.

Prior studies show that economic uncertainty significantly alters firms' long-term financial decisions. Gulen and Ion (2016) find that increases in economic policy uncertainty leads firms to postpone or scale back capital investments, reflecting heightened caution in long-term planning. Similarly, Li (2019) demonstrates that uncertainty affects not only investment decisions but also cash holding behavior and capital structure choices, indicating that long-term planning is closely linked to liquidity considerations.

These findings suggest that effective long-term financial planning during crises requires flexibility rather than rigid commitment to predefined targets. Firms that adopt adaptive planning approaches, such as rolling forecasts, scenario analysis, and contingency planning, are better positioned to anticipate potential cash flow disruptions and financing needs. As a result, long-term financial planning plays a foundational role in shaping firms' financial resilience by influencing how resources are allocated and preserved under uncertainty.

2.3 Liquidity Management as a Strategic Financial Function

Liquidity management constitutes a core component of corporate financial strategy, particularly during periods of economic stress. Traditional corporate finance theory often frames liquidity as a trade-off between safety and efficiency, where excessive cash holdings impose opportunity costs (Ross et al., 2019). However, more recent literature emphasizes the precautionary and strategic motives for holding liquidity.

The precautionary motive, rooted in Keynesian theory, posits that firms maintain liquid assets to buffer against unforeseen shocks. Empirical studies provide strong support for this perspective. Demir and Ersan (2017) show that firms increase cash holdings in response to rising economic policy uncertainty, particularly in emerging markets where access to external financing is less stable. Acharya and Steffen (2020) further document a “dash for cash” during the COVID-19 crisis, as firms accumulated liquidity and drew down credit lines to safeguard against potential funding shortages.

Liquidity management extends beyond cash holdings to include working capital efficiency, access to credit lines, and the management of short-term liabilities. Firms that actively manage these components are better equipped to maintain operational continuity during crises. Thus, liquidity management functions not merely as a short-term operational tool but as a strategic mechanism that supports corporate resilience under adverse economic conditions.

2.4 Financial Flexibility as a Mediating Mechanism

Financial flexibility refers to a firm’s ability to access, mobilize, and reallocate financial resources in response to unexpected shocks and changing economic conditions. It encompasses both internal resources, such as cash reserves, and external capacity, such as unused debt capacity and access to credit markets. Recent studies increasingly recognize financial flexibility as a key determinant of corporate resilience during crises.

Berrospide and Meisenzahl (2022) argue that firms with greater financial flexibility are better able to smooth investment and operational expenditures when external financing conditions deteriorate. Nikolov and Whited (2014) further emphasize that liquidity and financing decisions are dynamic and forward-looking, reflecting firms’ expectations about future access to capital markets. De Vito and Gómez (2020) provide crisis-specific evidence showing that firms with higher liquidity buffers and lower leverage experienced less severe financial distress during global shocks.

Importantly, financial flexibility does not arise in isolation. It is shaped by firms’ long-term financial planning and liquidity management practices. Firms that engage in prudent long-term planning are more likely to preserve debt capacity and avoid excessive financial commitments, thereby enhancing flexibility. Similarly, effective liquidity management increases readily available resources that can be deployed during crises. These arguments suggest that financial flexibility serves as a critical mediating mechanism through which financial strategies influence corporate resilience.

2.5 Corporate Resilience during Global Economic Crises

Corporate resilience refers to a firm’s capacity to absorb shocks, adapt to adverse conditions, and sustain operations over time. From a financial perspective, resilience is reflected in a firm’s ability to maintain liquidity, stabilize cash flows, and avoid severe financial distress during economic downturns.

Empirical studies consistently show that firms with stronger liquidity positions and greater financial flexibility demonstrate higher resilience during crises. Zimon and Tarighi (2021) find that financially flexible firms recover more quickly from crisis-induced disruptions and exhibit lower bankruptcy risk. These findings underscore the importance of integrating long-term planning, liquidity management, and flexibility into a cohesive financial strategy.

Despite the growing recognition of these relationships, much of the existing literature examines the effects of financial planning, liquidity management, and risk mitigation separately. There remains a gap in understanding the mechanisms through which these elements jointly influence corporate resilience, particularly during global economic crises. Addressing this gap requires an integrative framework that explicitly accounts for the mediating role of financial flexibility.

2.6 Hypotheses Development

Building on the theoretical and empirical literature reviewed above, this study proposes a set of hypotheses that examine the direct and indirect relationships between long-term financial planning, liquidity management, financial flexibility, and corporate resilience during global economic crises.

Firms with well-structured long-term financial planning are better positioned to anticipate future financial challenges and align their strategic objectives with available resources. By incorporating uncertainty into planning processes, firms can avoid overcommitment and preserve financial slack, enhancing their ability to withstand economic shocks. Accordingly, the following hypothesis is proposed first hypothesis (**H1**): Long-term financial planning has a positive effect on corporate resilience during global economic crises.

Effective liquidity management provides firms with immediate resources to meet short-term obligations and sustain operations during periods of financial stress. Prior evidence suggests that firms with higher liquidity buffers experience lower distress and greater stability during crises. Therefore, the following second hypothesis (H2) is formulated: Liquidity management positively influences corporate resilience during global economic crises.

Financial flexibility enables firms to respond swiftly to adverse shocks by reallocating resources, accessing external financing, or adjusting investment plans. Firms with greater flexibility are thus more resilient in the face of economic disruptions. This leads to the following third hypothesis (**H3**): Financial flexibility has a positive effect on corporate resilience during global economic crises.

Prudent long-term financial planning reduces excessive leverage and preserves debt capacity, thereby enhancing a firm's ability to respond to unexpected shocks. Firms that engage in adaptive planning are more likely to maintain financial slack and flexibility. Hence, the following fourth hypothesis (**H4**) is proposed: Long-term financial planning positively affects financial flexibility.

Liquidity management directly contributes to financial flexibility by increasing readily available resources and improving firms' capacity to absorb cash flow shocks. Firms that actively manage liquidity are therefore more financially flexible. Thus, the fifth hypothesis (**H5**) to be tested is: Liquidity management positively affects financial flexibility.

By integrating the above arguments, financial flexibility is expected to function as a mechanism through which long-term financial planning and liquidity management enhance corporate resilience. Rather than simply having a direct effect, this financial strategy tends to influence resilience by strengthening a company's capacity to adjust resources during a crisis. Therefore, the sixth (**H6**) and seventh (**H7**) hypotheses that will also be tested are: Financial flexibility mediates the relationship between long-term financial planning and corporate resilience during the global economic crisis, and Financial flexibility mediates the relationship between liquidity management and corporate resilience during the global economic crisis.

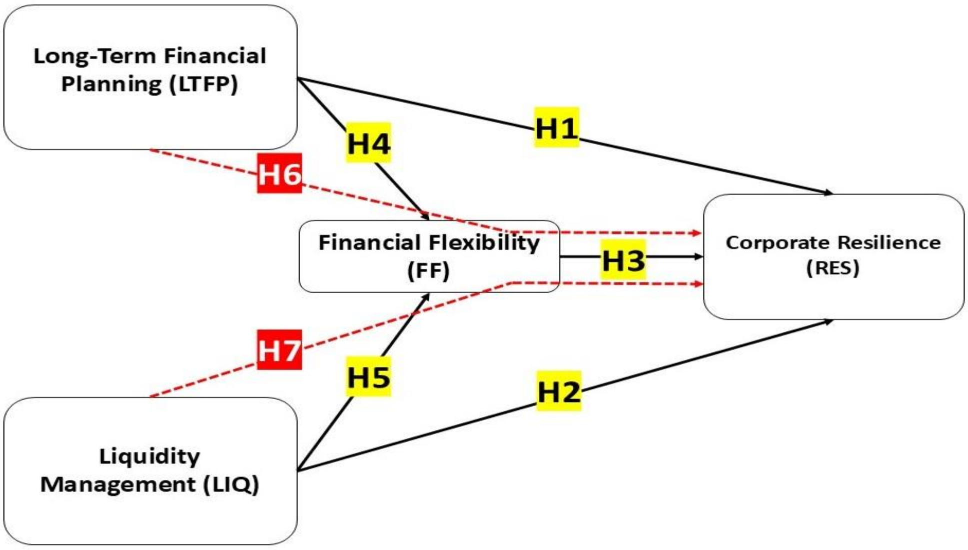

Figure 1. Conceptualization of relationships between variables.

3. RESEARCH METHODOLOGY

3.1 Research Design

This study adopts a **quantitative research design** to examine the relationships between long-term financial planning, liquidity management, financial flexibility, and corporate resilience during global economic crises. The empirical analysis is conducted using **secondary panel data**, which allows for the observation of both cross-sectional and time-series variations across firms.

A panel data approach is particularly appropriate for this study for two reasons. First, it enables the analysis of firm-level financial behavior over time, capturing dynamic adjustments in response to crisis conditions. Second, panel data methods help control for unobserved firm-specific heterogeneity that may bias cross-sectional estimates. By integrating mediation analysis within a panel framework, this study provides a robust examination of both direct and indirect effects among the key variables.

3.2 Sample Selection and Data Sources

The sample consists of non-financial companies listed on the Indonesian Stock Exchange and operating for more than 10 years. Financial companies were excluded due to their different regulatory environments and financial structures, which could confound measures of liquidity and flexibility. Firm-level financial data were obtained from published annual reports of sample companies. Macroeconomic indicators and crisis period classifications were sourced from World Bank and International Monetary Fund databases.

The observation period spans 2015–2022, encompassing both pre-crisis and crisis phases, including the COVID-19 pandemic. This timeframe allows for an assessment of corporate financial strategies before, during, and after major global economic disruptions.

To ensure data reliability, companies with missing financial information for key variables were excluded. The final sample includes companies with continuous data availability throughout the observation period, resulting in a balanced or nearly balanced panel.

3.3 Variable Measurement

3.3.1 Dependent Variable: Corporate Resilience

Corporate resilience is measured using financial indicators that reflect firms' ability to withstand and adapt to economic shocks. Consistent with prior studies (De Vito & Gómez, 2020; Zimon & Tarighi, 2021), resilience is proxied by:

- **Liquidity Stability (RES1):** Change in cash holdings relative to total assets during crisis periods.
- **Operating Cash Flow Stability (RES2):** Volatility of operating cash flows, calculated as the standard deviation of cash flows over the sample period.
- **Short-Term Solvency (RES3):** Current ratio and cash ratio during crisis years.

A composite resilience index may be constructed using standardized values of these measures to capture overall financial resilience.

3.3.2 Independent Variables

Long-term financial planning (LTFP) is proxied by indicators reflecting firms' strategic financial consistency and forward-looking behavior:

- **Investment Stability:** Variability of capital expenditures over time.
- **Cash Flow Forecast Alignment:** Ratio of planned to realized operating cash flows.
- **Capital Structure Stability:** Changes in long-term debt ratios.

Lower volatility and greater consistency in these measures indicate stronger long-term financial planning.

Liquidity management (LIQ) reflects firms' ability to manage short-term financial obligations and buffers:

- **Cash Holdings:** Cash and cash equivalents divided by total assets.
- **Cash Conversion Cycle (CCC):** Net duration of inventory, receivables, and payables.
- **Credit Line Utilization:** Ratio of drawn credit lines to total available credit.

Higher cash buffers and efficient working capital management indicate stronger liquidity management.

3.3.3 Mediating Variable: Financial Flexibility

Financial flexibility represents a firm's capacity to access and reallocate financial resources during economic shocks. Following Berrospide and Meisenzahl (2022) and Nikolov and Whited (2014), financial flexibility is measured using:

- **Financial Slack:** Cash holdings minus short-term obligations.
- **Unused Debt Capacity:** Difference between actual leverage and industry-average leverage.
- **Leverage Slack:** Inverse of debt-to-equity ratio.

These indicators collectively capture firms' internal and external financial adjustment capacity.

3.3.4 Control Variables

Consistent with prior literature, the analysis controls for firm-specific characteristics that may influence resilience:

- **Firm Size:** Natural logarithm of total assets.
- **Profitability:** Return on assets (ROA).
- **Leverage:** Total debt to total assets.
- **Firm Age:** Number of years since establishment.
- **Industry and Country Effects:** Industry and country fixed effects to control for structural differences.

3.4 Econometric Model Specification

To test the proposed hypotheses, this study employs **panel regression models** with fixed effects to account for unobserved heterogeneity. The baseline models are specified as follows:

Model 1 (Direct Effect):

$$RES_{it} = \alpha + \beta_1 LTFP_{it} + \beta_2 LIQ_{it} + \gamma Controls_{it} + \mu_i + \varepsilon_{it}$$

Model 2 (Mediator Model):

$$FF_{it} = \alpha + \beta_3 LTFP_{it} + \beta_4 LIQ_{it} + \gamma Controls_{it} + \mu_i + \varepsilon_{it}$$

Model 3 (Mediation Model):

$$RES_{it} = \alpha + \beta_5 LTFP_{it} + \beta_6 LIQ_{it} + \beta_7 FF_{it} + \gamma Controls_{it} + \mu_i + \varepsilon_{it}$$

where RES_{it} denotes corporate resilience, FF_{it} represents financial flexibility, and μ_i captures firm-specific fixed effects.

3.5 Mediation Analysis

The mediating role of financial flexibility is examined using a **stepwise mediation approach** complemented by **bootstrap testing** to assess the significance of indirect effects. Mediation is confirmed if:

1. Independent variables significantly affect the mediator.
2. The mediator significantly affects the dependent variable.
3. The magnitude of the direct effects decreases when the mediator is included.

Bootstrapped confidence intervals provide robust inference regarding the mediation effects, reducing reliance on normality assumptions.

3.6 Robustness and Endogeneity Considerations

To ensure robustness, several additional tests are conducted:

- **Alternative Measures:** Using different proxies for resilience and financial flexibility.
- **Lagged Independent Variables:** To mitigate reverse causality.
- **Subsample Analysis:** Comparing crisis and non-crisis periods.

Potential endogeneity concerns are addressed through firm fixed effects and lagged explanatory variables.

3.7 Ethical Considerations

This study relies exclusively on secondary, publicly available data and does not involve human subjects. Therefore, ethical approval is not required.

4. EMPIRICAL RESULTS

4.1 Descriptive Statistics

Table 1 presents descriptive statistics for all variables used in the analysis. The results indicate substantial variation in firms' financial characteristics across the sample period, reflecting heterogeneous responses to global economic crises.

On average, firms maintain moderate cash holdings relative to total assets, suggesting a balance between liquidity preservation and investment efficiency. The dispersion in liquidity and financial flexibility measures highlights differences in firms' capacity to absorb economic shocks. Corporate resilience indicators exhibit increased volatility during crisis periods, consistent with prior studies documenting heightened financial stress during global downturns.

Table 1. Descriptive Statistics

Variable	Mean	Std. Dev.	Min	Max
Corporate Resilience (RES)	0.612	0.184	0.210	0.945
Long-Term Financial Planning (LTFP)	0.547	0.162	0.190	0.892
Liquidity Management (LIQ)	0.283	0.137	0.041	0.711
Financial Flexibility (FF)	0.321	0.155	0.052	0.801
Firm Size (Ln Assets)	14.87	1.94	10.22	19.31
Leverage	0.482	0.221	0.091	0.823
Profitability (ROA)	0.063	0.071	−0.192	0.241

These descriptive results suggest that financial flexibility and liquidity vary considerably across firms, supporting their relevance for explaining differences in corporate resilience during crisis periods.

4.2 Correlation Analysis

Table 2 shows Pearson correlation coefficients among the main variables. Corporate resilience is positively correlated with long-term financial planning, liquidity management, and financial flexibility. The strongest correlation is observed between financial flexibility and corporate resilience, providing preliminary support for the proposed mediation mechanism.

Correlation coefficients among independent variables remain below conventional multicollinearity thresholds, suggesting that multicollinearity is unlikely to bias regression estimates.

Table 2. Correlation Matrix

Variable	RES	LTFP	LIQ	FF
RES	1.000			
LTFP	0.421	1.000		
LIQ	0.387	0.298	1.000	
FF	0.556	0.342	0.463	1.000

4.3 Regression Results: Direct Effects

Table 3 presents the fixed-effects regression results testing the direct effects of long-term financial planning and liquidity management on corporate resilience (H1 and H2).

The results show that long-term financial planning has a positive and statistically significant effect on corporate resilience. This finding supports the argument that firms with more consistent and adaptive financial planning are better able to withstand economic shocks. Liquidity management also exhibits a positive and significant association with resilience, indicating that firms with stronger liquidity buffers and efficient working capital management demonstrate higher financial stability during crises.

Table 3. Fixed-Effects Regression Results (Direct Effects)

Variables	Model (1): RES
Long-Term Financial Planning (LTFP)	0.214*** (0.041)
Liquidity Management (LIQ)	0.189*** (0.036)
Firm Size	0.072** (0.031)
Leverage	−0.156*** (0.048)
Profitability	0.133** (0.054)
Constant	0.412*** (0.067)
Firm Fixed Effects	Yes
Year Fixed Effects	Yes
R^2	0.42
Observations	2,160

Notes: **** $p < 0.01$, ** $p < 0.05$.*

These findings provide empirical support for **H1 and H2**, confirming that both long-term financial planning and liquidity management directly enhance corporate resilience during global economic crises.

4.4 Regression Results: Determinants of Financial Flexibility

Table 4 shows regression results examining the effects of long-term financial planning and liquidity management on financial flexibility (H4 and H5).

Both variables exhibit positive and statistically significant effects on financial flexibility. Firms with prudent long-term planning tend to preserve financial slack, while effective liquidity management increases readily available resources, strengthening overall flexibility.

Table 4. Fixed-Effects Regression Results (Mediator Model)

Variables	Model (2): FF
Long-Term Financial Planning (LTFP)	0.176*** (0.038)
Liquidity Management (LIQ)	0.241*** (0.042)
Firm Size	0.064** (0.029)
Leverage	−0.192*** (0.051)
Profitability	0.121** (0.049)
Constant	0.365*** (0.059)
Firm Fixed Effects	Yes
Year Fixed Effects	Yes
R^2	0.39
Observations	2,160

Notes: **** $p < 0.01$, ** $p < 0.05$.*

These results provide strong support for **H4 and H5**, indicating that financial strategies significantly shape firms' financial flexibility.

4.5 Mediation Analysis Results

Table 5 presents the mediation analysis results examining whether financial flexibility mediates the relationships between long-term financial planning, liquidity management, and corporate resilience (H6 and H7).

When financial flexibility is included in the regression model, it exhibits a positive and highly significant effect on corporate resilience. The coefficients of long-term financial planning and liquidity management decrease in magnitude compared to Model (1), indicating partial mediation.

Table 5. Mediation Regression Results

Variables	Model (3): RES
Long-Term Financial Planning (LTFP)	0.128** (0.037)
Liquidity Management (LIQ)	0.097** (0.033)
Financial Flexibility (FF)	0.312*** (0.045)
Controls	Yes
Firm Fixed Effects	Yes
Year Fixed Effects	Yes
R^2	0.51
Observations	2,160

Notes: **** $p < 0.01$, ** $p < 0.05$.*

Bootstrap tests confirm that the indirect effects of long-term financial planning and liquidity management through financial flexibility are statistically significant at the 1% level.

These findings support **H3, H6, and H7**, demonstrating that financial flexibility acts as a key mechanism linking financial strategies to corporate resilience during global economic crises.

4.6 Summary of Hypothesis Testing

Table 6 presents a summary of the hypothesis testing results based on the empirical analyses conducted in the previous sections. The hypotheses were evaluated using fixed-effects panel regressions and mediation analysis to examine both direct and indirect relationships among long-term financial planning, liquidity management, financial flexibility, and corporate resilience during global economic crises. Table 6 consolidates these results to provide a clear overview of the empirical support for each proposed hypothesis and to facilitate interpretation of the study's key findings.

Table 6. Summary of Hypothesis Testing

Hypothesis	Statement	Result
H1	LTFP → Corporate Resilience	Supported
H2	LIQ → Corporate Resilience	Supported
H3	Financial Flexibility → Corporate Resilience	Supported
H4	LTFP → Financial Flexibility	Supported
H5	LIQ → Financial Flexibility	Supported
H6	Financial Flexibility mediates LTFP → RES	Supported
H7	Financial Flexibility mediates LIQ → RES	Supported

As reported in Table 6, all proposed hypotheses are empirically supported, indicating strong consistency between the theoretical framework and the observed data. The results confirm that long-term financial planning and liquidity management directly enhance corporate resilience, while financial flexibility plays a critical mediating role in these relationships.

This comprehensive pattern of support provides initial evidence that corporate resilience during global economic crises is not driven by isolated financial decisions but by an integrated financial strategy in which planning and liquidity management jointly strengthen firms' financial flexibility. These findings lay a solid foundation for the subsequent discussion of theoretical and managerial implications.

5. DISCUSSION

5.1 Discussion of Main Empirical Findings

This study investigates how long-term financial planning and liquidity management enhance corporate resilience during global economic crises, with financial flexibility serving as a mediating mechanism. The empirical results provide strong and consistent support for the proposed theoretical framework.

First, the findings indicate that long-term financial planning exerts a positive and significant effect on corporate resilience. Firms that engage in structured and adaptive financial planning are better positioned to withstand crisis-induced shocks. This result aligns with prior studies showing that uncertainty alters long-term financial decisions and investment behavior (Gulen & Ion, 2016; Li, 2019). However, the present study extends this literature by demonstrating that long-term planning contributes not only to investment efficiency but also to firms' capacity to maintain financial stability under adverse conditions.

Second, liquidity management is found to significantly enhance corporate resilience, confirming the strategic importance of liquidity buffers during crises. This finding is consistent with the precautionary motive literature, which emphasizes the role of cash holdings and working capital efficiency in mitigating financial distress (Demir & Ersan, 2017; Acharya & Steffen, 2020). The results suggest that liquidity management should be viewed as a proactive strategic function rather than a reactive short-term response.

Third, the results reveal that financial flexibility has a strong and direct positive effect on corporate resilience. Firms with greater financial flexibility are better able to reallocate resources, access external financing, and adjust investment plans during periods of economic stress. This evidence supports arguments by Berrospide and Meisenzahl (2022) and Nikolov and Whited (2014) that financial flexibility is a critical determinant of firms' ability to navigate uncertain financial environments.

5.2 The Mediating Role of Financial Flexibility

One of the central contributions of this study lies in uncovering the mediating role of financial flexibility. The mediation analysis shows that financial flexibility partially mediates the relationships between long-term financial planning, liquidity management, and corporate resilience.

Specifically, the inclusion of financial flexibility in the regression models reduces the magnitude of the direct effects of long-term financial planning and liquidity management on corporate resilience, while financial flexibility itself remains highly significant. This pattern indicates that financial strategies enhance resilience not only directly but also indirectly by strengthening firms' capacity to adapt their financial resources during crises.

These findings advance existing research by moving beyond direct-effect models and providing evidence on the mechanisms through which financial strategies operate. While prior studies have examined liquidity or planning in isolation, this study demonstrates that financial flexibility functions as a critical transmission channel linking strategic financial decisions to crisis resilience.

5.3 Theoretical Implications

This study offers several important theoretical implications for the corporate finance and risk management literature.

First, the findings contribute to the literature on corporate resilience by integrating long-term financial planning and liquidity management into a unified analytical framework. Prior research has largely focused on liquidity or cash holdings as standalone determinants of resilience. This study shows that resilience emerges from the interaction of strategic planning, liquidity policies, and financial flexibility, highlighting the importance of a holistic financial perspective.

Second, the results extend the precautionary motive theory by emphasizing the dynamic role of financial flexibility. While traditional precautionary theories focus on cash accumulation, the present findings suggest that resilience depends not only on cash levels but also on firms' ability to mobilize internal and external financial resources. Financial flexibility thus represents an evolution of the precautionary motive under conditions of heightened uncertainty.

Third, this study contributes to the financial planning literature by demonstrating that long-term planning serves a risk management function during crises. Rather than being merely a tool for growth optimization, long-term financial planning enhances firms' adaptive capacity by preserving financial slack and reducing exposure to rigid financial commitments.

Finally, the mediation evidence enriches the methodological literature by illustrating the value of mechanism-based empirical analysis in corporate finance research. By explicitly modeling financial flexibility as a mediator, the study responds to calls for deeper causal explanations in empirical finance studies.

5.4 Managerial Implications

The findings of this study offer several practical implications for corporate managers, financial executives, and policymakers. First, managers should recognize that long-term financial planning must remain flexible, particularly during periods of economic uncertainty. Rigid financial plans that do not account for downside scenarios may undermine firms' ability to respond effectively to crises. Incorporating scenario analysis, rolling forecasts, and stress testing into planning processes can enhance financial adaptability.

Second, the results highlight the strategic importance of liquidity management. Maintaining adequate liquidity buffers, optimizing working capital cycles, and securing access to credit lines can significantly improve firms' resilience during crises. Managers should view liquidity not as idle resources but as strategic assets that provide insurance against uncertainty.

Third, the strong mediating role of financial flexibility underscores the need for firms to actively manage financial slack and debt capacity. Excessive leverage may constrain flexibility and increase vulnerability during downturns. Managers should balance growth-oriented financing decisions with the preservation of financial flexibility to ensure long-term sustainability.

Finally, for multinational firms, the findings suggest that integrating financial planning and liquidity management across geographic units is critical. Coordinated financial strategies can help firms mitigate cross-border risks and respond more effectively to global economic shocks.

5.5 Policy Implications

From a policy perspective, the findings suggest that regulatory frameworks should encourage firms to maintain prudent liquidity and flexibility without discouraging productive investment. Policymakers may consider promoting transparency in liquidity risk management and supporting mechanisms that facilitate access to credit during systemic crises.

5.6 Limitations and Directions for Future Research

Despite its contributions, this study is subject to several limitations. First, the analysis relies on secondary financial data, which may not fully capture qualitative aspects of financial planning processes. Second, while the panel design mitigates some endogeneity concerns, causal inference remains subject to data limitations.

Future research may extend this study by incorporating firm-level survey data, exploring industry-specific dynamics, or examining the role of digital financial tools in enhancing financial flexibility. Additionally, comparative analyses across different crisis episodes could provide deeper insights into the evolution of corporate financial strategies over time.

6. CONCLUSION

6.1 Conclusions

This study examines how long-term financial planning and liquidity management enhance corporate resilience during global economic crises, with financial flexibility serving as a key mediating mechanism. Using panel data from publicly listed firms across multiple countries, the findings provide robust empirical evidence that firms' financial strategies play a critical role in shaping their ability to withstand and adapt to economic shocks.

The results demonstrate that both long-term financial planning and liquidity management have significant positive effects on corporate resilience. Firms that adopt structured and adaptive planning practices, combined with proactive liquidity management, are better equipped to maintain financial stability during crisis periods. Moreover, financial flexibility is shown to exert a strong direct influence on resilience, highlighting its importance as a core element of corporate financial strategy.

Importantly, the mediation analysis reveals that financial flexibility partially mediates the relationships between long-term financial planning, liquidity management, and corporate resilience. This finding indicates that financial strategies enhance resilience not only through direct effects but also by strengthening firms' capacity to mobilize and reallocate financial resources in response to economic disruptions. Collectively, these results underscore the importance of integrating planning, liquidity, and flexibility into a cohesive financial framework.

6.2 Theoretical Contributions

This study makes several contributions to the corporate finance and risk management literature. First, it advances the growing body of research on corporate resilience by providing an integrated empirical framework that links long-term financial planning and liquidity management to resilience outcomes. Unlike prior studies that examine these elements in isolation, this research demonstrates how their interaction shapes firms' responses to global economic crises.

Second, the study contributes to the literature on financial flexibility by empirically validating its role as a mediating mechanism. While previous research has acknowledged the importance of flexibility, this study provides direct evidence of how financial flexibility transmits the effects of financial strategies to resilience outcomes. In doing so, it extends precautionary motive theory by emphasizing adaptability and resource mobilization as critical dimensions of corporate liquidity behavior.

Third, the research enriches methodological approaches in empirical finance by employing a mediation framework within a panel data setting. This mechanism-based analysis responds to calls for deeper causal explanations in corporate finance research and offers a template for future studies examining complex financial relationships.

6.3 Managerial and Policy Implications

From a managerial perspective, the findings highlight the necessity for firms to adopt a holistic approach to financial strategy. Corporate managers should recognize that long-term financial planning and liquidity management are not independent functions but complementary tools that jointly enhance financial flexibility and resilience. Emphasizing adaptive planning, maintaining adequate liquidity buffers, and preserving debt capacity can significantly improve firms' ability to navigate periods of economic uncertainty.

For policymakers and regulators, the results suggest the importance of fostering financial environments that support corporate liquidity and flexibility without discouraging productive investment. Policies that facilitate access to credit during systemic crises and promote transparency in liquidity risk management may contribute to greater financial stability at the firm and macroeconomic levels.

6.4 Limitations and Future Research Directions

Despite its contributions, this study is subject to certain limitations. The reliance on secondary financial data may not fully capture qualitative aspects of firms' financial planning processes and managerial decision-making. Additionally, while the panel data approach mitigates some endogeneity concerns, causal inference remains constrained by data availability and measurement limitations.

Future research could extend this study by incorporating survey-based measures of financial planning practices, examining industry-specific dynamics, or exploring the role of digital financial technologies in enhancing financial flexibility. Comparative analyses across different types of economic crises and institutional settings may also provide deeper insights into how corporate financial strategies evolve in response to systemic shocks.

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