

**EFFECT OF CASHFLOW ON CORPORATE PERFORMANCE IN
CONSUMER GOODS SECTOR IN NIGERIA:**

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**A LONG ESSAY SUBMITTED TO THE DEPARTMENT OF ACCOUNTING &
FINANCE, COLLEGE OF HUMANITIES, MANAGEMENT, AND SOCIAL
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NIGERIA.**

**IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE
OF BACHELOR OF SCIENCE (B.Sc. HONS) IN ACCOUNTING OF
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DECLARATION

I, Silver-Agbowuro Boluwatife declare that this project was written by me and to the best of my knowledge, that the data contained in this project work are from my original research work and have not been submitted to any other university or institution for examination. Information derived from various sources has been duly acknowledged in the text and a list of references is provided.

SILVER-AGBOWURO BOLUWATIFE

Signature & Date

CERTIFICATION

This is to certify that this research project titled: **“EFFECT OF CASHFLOW ON CORPORATE PERFORMANCE IN CONSUMER GOODS SECTOR IN NIGERIA”** was carried out by **SILVER-AGBOWURO, BOLUWATIFE** with matriculation number is 18020101007 at the department of Accounting and Finance, Mountain Top University Ogun State, Nigeria under my supervision. This project report meets the requirements governing the award of Bachelor of Science (B.Sc.) Degree and is approved for its contribution to knowledge and literacy presentation.

Dr. E.O. OLURIN

Project Supervisor

Signature & Date

DR. J.O. OMOKEHINDE

Head of Department

Signature & Date

DEDICATION

This project is dedicated to God Almighty, the Author and Finisher of my faith and the source of all my knowledge and for seeing me through the completion of this project. I also want to dedicate this project to my sponsor, parents, guardians, and siblings for their endless support.

ACKNOWLEDGEMENT

I ascribe all Glory and Honor to God Almighty who has made all things well.

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ABSTRACT

This study investigated the effects of cash flow on corporate performance of the consumer goods sector in Nigeria for the period 2011 to 2020. The work was anchored on the Agency's Theory. The study employed an ex-post facto research design. The population of the study consists of all the listed firms in the consumer goods sector which have a total of thirty-four companies and the non-probability sampling technique of purposive sampling was adopted for this study. The data for the study was collected from the audited financial statement of the eleven selected companies from the Nigerian Stock Exchange. The data were analyzed using multiple regression. The result from the data analysis revealed a positive and significant relationship between operating cash flow and return on assets of the listed consumer goods sector in Nigeria while investing cash flow and financing cash flow revealed a negative and insignificant relationship. Based on the findings, the study concludes that negative net cash flows generated from investing activities are associated with weak corporate performance and are capable of decreasing consumer goods sector performance. Hence the study recommended that the consumer goods sector should adopt what is called backward integration and firms in the consumer goods sector should give due relevance and attention to operating cash flow to improve their corporate financial performance.

Keywords: *Cash flow, operating cash flow, financing cash flow, investing cash flow, corporate performance, return on asset.*

CHAPTER ONE

INTRODUCTION

1.1 Background of the study:

The effect of cash flow or availability of cash is the core of corporate organizations. Cash has an overbearing position in the corporate performance of any entity and the cash flow of an entity is an important factor that enhances its operation. A cash flow statement offers a way for a business to release itself from responsibility for financial inflows and outflows made during the reporting period. According to Appah (2018), stated that “cash is the lifeblood of any corporate entity because it is needed to acquire assets used in the generation of goods and services provided by the entity for determination of profit to maximize the wealth of shareholders”.

When combined with other financial statements, a cash flow statement offers data that enables users to assess changes in an entity's net assets or equity, its financial structure (including its liquidity and solvency), and its capacity to alter the amounts and timing of cash flows to respond to shifting conditions and opportunities. Because it eliminates the consequences of applying various accounting procedures to the same transactions and other events, it also improves the comparability of the reporting of operating performance by various companies. The amount, timing, and predictability of future cash flows are frequently predicted using data on historical cash flows. It can also be used to verify the accuracy of earlier predictions of future cash flows.

A corporation must be able to come up with a variety of methods for choosing the best cash flow components that would be employed in the business' operations to increase productivity or achieve positive performance for the cash flows to be well structured and successfully utilized. After meticulous financial planning and control of the organization, the finance manager should have developed well-defined standards on which to base this approach (Uremadu, 2004). According to Uremadu (2004), an organization's cash flows are the "pools of money that it invests in its fixed assets, inventories, account receivables, and marketable securities to generate corporate profit. Therefore, it is impossible to overstate the significance of financial flows to an organization.

The consumer goods sector is a class of stocks and businesses that deal with goods consumers buy rather than manufacturers and industries. Businesses in this industry are engaged in the manufacture of food, packaged goods, apparel, beverages, cars, and electronics. Consumer behavior has a significant impact on the performance of the consumer goods sector.

Higher-end goods will be in more demand as the economy expands in this sector. On the other hand, demand for the value product declines as the economy contracts. Although some product categories, like food, are necessities, others, like automobiles, are seen as luxury goods. With the diminishing economy being experienced recently in Nigeria, the consumer goods industry is most likely going to face low corporate performance due to the reduced purchasing power of consumers.

Corporate performance, often measured in terms of financial, market, and shareholder performance is a comprehensive evaluation of how successfully a company achieves its key goals. It also has an interest in the organization's wellbeing, which is typically gauged by how well it performs financially. The idea of corporate performance has, nevertheless, expanded in recent years. The current consensus is that it also takes into account other aspects, including social responsibility and reputation, innovation, staff morale, and productivity, in addition to financial considerations. As a result, key performance indicators (KPI) like revenue, return on investment (ROI), return on total assets (ROA), and overhead and operational costs are no longer the only metrics used to assess performance.

Therefore, the focus of this study would be to explore how cash flow affects listed companies in Nigeria's consumer goods sector in terms of corporate performance.

1.2 Statement of the Problem:

Information regarding an entity's cash flow is helpful to the stakeholders, investors, and creditors such as the bank in predicting the future performance of the corporation, its capacity to create future cash flows, and to pay for adjustments to the size and kind of its operations. Extant studies on cash flow focus on the industrial and non-industrial quoted firms in widely known and industrialized economies. The findings of other studies revealed diverse results. The overall forecast for the consumer products industry in Nigeria is not very optimistic, according to company performance in

general. In addition to the current difficulties, the Nigeria goods sector update states that the sector's risk rating is quite high. The Dec. 19 Target Price (TP), which was determined using both absolute and relative valuations, suggests that Nestle is still the best choice for the sector.

The previous studies on the relationship between cashflow and corporate performance include cash flow management and financial performance of quoted oil and gas firms in Nigeria, cash flow management and industrial firms' performance in Nigeria, a study on the relationship between cash flow and financial performance of insurance companies, cashflow and organizational performance in Nigeria: hospitality and print media industries perspectives and effects of cash flow Management on Financial Performance of Small and medium enterprise in Mogadishu Somalia.

These studies have been carried out in diverse economic sectors employing various business performance, methodology, variable, study site, and time frame criteria. Empirical research frequently produces contradictory findings. These contradictory findings show that the relationship between cash flow and company performance is not fully understood. The study's focus has expanded to include cash flow and business financial performance because of the ambiguous results.

Therefore, to close the geographic and study site gaps noted in the previous research, this study will examine the effect of cash flow on corporate performance among listed companies in Nigeria's consumer products sector.

1.3 Objectives of the study:

The general objective of the study is to investigate the effect of cash flow on corporate performance among listed companies in the consumer goods sector in Nigeria. However, the specific objectives are;

- To appraise the effect of operating cash flow on the corporate performance of listed companies in the consumer goods sector in Nigeria.
- To examine the effect of investing cash flow on the corporate performance of listed companies in the consumer goods sector in Nigeria.
- To evaluate the effect of financing cash flow on the corporate performance of listed companies in the consumer goods sector in Nigeria.

1.4 Research Questions:

The research questions of these study are;

- To what extent does operating cash flow affect the corporate performance of listed companies in the consumer goods sector in Nigeria?
- To what extent does investing cash flow affect the corporate performance of listed companies in the consumer goods sector in Nigeria?
- To what extent does financing cash flow affect the corporate performance of listed companies in the consumer goods sector in Nigeria?

1.5 Research hypothesis:

- **H₀₁:** Operating cash flow has no significant effect on the corporate performance of listed companies in the consumer goods sector in Nigeria.
- **H₀₂:** Investing cash flow has no significant effect on the corporate performance of listed companies in the consumer goods sector in Nigeria.
- **H₀₃:** Financing cash flow has no significant effect on the corporate performance of listed companies in the consumer goods sector in Nigeria.

1.6 Scope of the study:

This research is based on the effect of cash flow on corporate performance. The study is restricted only to the consumer goods sector in Nigeria. Only selected listed companies in that sector will be involved in this study. Data will further be limited to secondary data which are obtainable from the published annual reports of the selected companies. Hence, the geographical scope of this study is Nigeria while the selected listed companies in the consumer goods sector constitute the study location.

1.7 Significance of Study:

The importance of this research cannot be overemphasized as this study can make the management of the firms see the need to improve their profitability. It can be foreseen that this research will provide useful insight to improve corporate performance. The result of the study will assist the management and other stakeholders of the firms. The other stakeholders include the creditors, joint venture partners, employees, customers, suppliers, and the host community.

The outcomes of this study will also help the investors that put their resources into the company, to make a sound investment decision, and the creditors that give the firm loan would be assured to get paid back with interests. To the shareholders, their return on investment would be greatly affected if the organization's corporate finance performance is low. The investors are also going to be affected, before they purchase new equipment or invest in high-end systems, they would decide if it's worth investing if an organization's corporate finance has a negative effect. The corporation would not be able to raise equity through the stock market.

This research would also contribute to the existing body of knowledge because it provides additional empirical data on the effect of cash flow on corporate performance in Nigeria's consumer goods industry. Future researchers can build on this research by conducting similar studies in other developing nations and other economic sectors of Nigeria.

1.8 Limitation of the Study:

There is no doubt a study of this nature would have its limitations which are the challenges faced while on the field. Some of the limitations that were encountered among others are time constraints and difficulty associated with the collection of secondary data from the published accounts of the selected companies. This research study is limited to the period of 201-2020 as well as a sample of 11 companies as a result of the unavailability of financial data of some companies. The study was carried out using a sample of 11 consumer goods sectors that were listed on the Nigeria Stock Exchange because these companies' financial data were easily accessed on the Nigeria Stock Exchange fact book.

1.9 Operational definitions of terms:

The variables that will be defined in this study are;

- **Cash flow:** This is made up of financing cash flow (FINCF), investing cash flow (INVCF), and operating cash flow (OPCF).
- **Corporate Performance:** It is assessed using the term return on total assets (ROA), which is calculated as profits after tax divided by total assets.
- **Financing Cash Flow:** This metric assesses the net cash flow from financing activities.
- **Investing Cash Flow:** This is the net cash flow generated by investing activities.
- **Operating Cash Flow:** This metric assesses the net cash flow from operating activities.

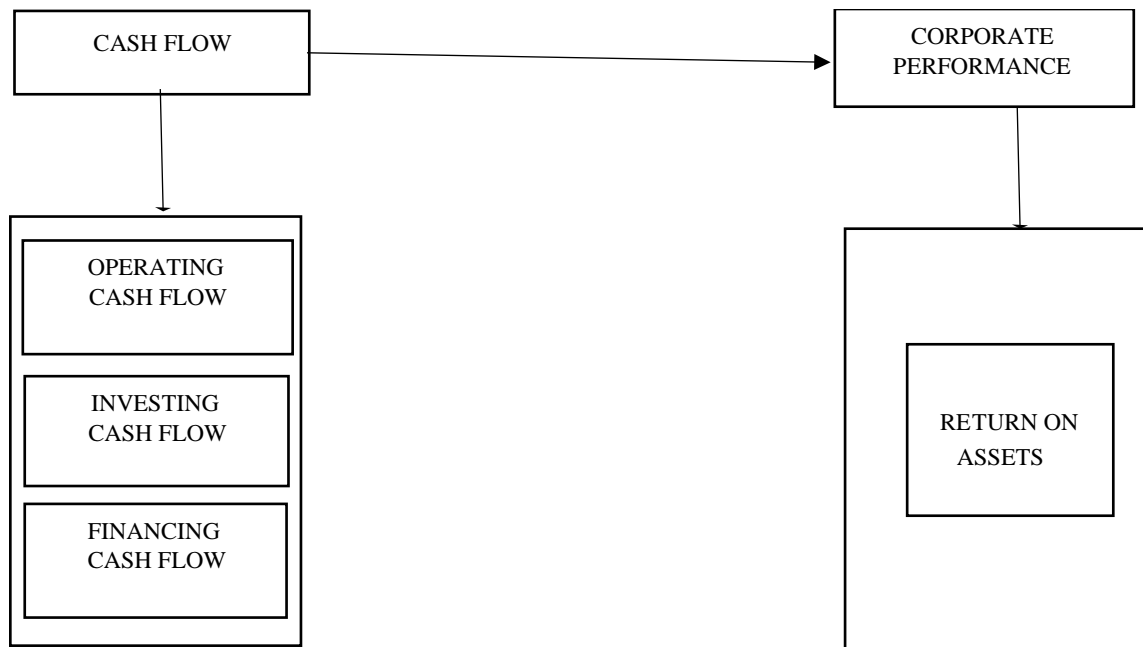
CHAPTER TWO LITERATURE REVIEW

2.0 Preamble:

Literature review is very important as it explains the body of knowledge in the field to be studied. This chapter identifies the gap in the literature, expand the frontier of knowledge, and the view of important, well known and noticed writers, scholars, academics, intellectual and other researchers in their contribution to the literature on the effect of cash flow on corporate performance in consumer goods sector in Nigeria.

2.1 Conceptual Review

The variables of the study would be discussed in the conceptual review, which includes the following;



Conceptual Framework

2.1.1 Cash Flow:

A cash flow is a financial report that gives total information about all cash inflows a business makes from current activities and outside investment sources. It also includes any cash outflows made

within a specific period to cover investments and business expenses. The financial statements of a firm give investors and analysts a picture of all the business transactions that take place, where each transaction helps the company succeed. The cash created by the business is tracked in the cash flow statement in three primary ways: operating, investing, and financing. This makes the cash flow statement the most illuminating of all the financial statements. These three components are added together to form net cash flow. Investors may use these three elements of the cash flow statement to estimate the value of a firm's stock or the company overall.

a) Operating Cash Flow Activities:

This component of cash flow involves activities leading to the determination of profit. They are the normal activities arising from the ordinary course of the business of an enterprise and transactions arising therefrom are usually included in the profit and loss account in arriving at operating profit (FAMS 2). According to IPSAS 2, the main cash-generating activities of the entity are where the majority of the cash flows from operating activities come from. Cash payments made to suppliers and employees, cash receipts from the sale of products and services, cash receipts from fees, commissions, and other services, cash payments for income taxes, firm income taxes paid, and more are a few examples.

Another indicator of a company's ability to earn cash from its activities is operating cash flow. All cash outflows for other operations, such as paying loan interest, dividends, and other expenses, must ultimately be covered by these operating cash flows (Appah, 2018; Appah, 2019). Operating activities, according to Bingilar and Oyadonghan (2014), involved costs that did not provide a constant inflow of cash and cash equivalents. Operating cash flow, according to Liman and Mohammed (2018), is the money that a company generates from its regular financial operations. The net income of the firm is determined by the cash flow from operating operations, which includes cash received from the sale of goods and services, cash paid to the suppliers of such items, cash paid to the employees, etc.

b) Investing Cash Flow Activities:

As per AS-3, investing activities include the purchase and sale of long-term assets as well as other investments that aren't cash equivalents. These deal with the purchase and sale of equipment, real estate investments, money, and other assets utilized in the production of goods and services (FAMS

2). Loans from the reporting entity, payments to buy debt instruments from other entities, and payments to buy land, plant, and equipment are examples of investing cash flows. These examples exclude payments for the purchase or sale of an asset or a change in liquid resources.

Investing cash flow statement demonstrates the potential for future profits and cash flow from new asset investments to support business growth and expansion (Appah, 2018; Appah, 2019). Nangih, Ofor, and Onuorah (2020) define investing as those activities that involve the purchase and sale of real estate, equipment, and stock. Cash receipts from the sale of non-current assets, cash payments to purchase non-current assets, etc. are more illustrations of investing activities.

c) Financing Cash Flow Activities:

As the name suggests, financing activities refer to an organization's long-term capital or money, such as cash received as a result of the issuance of equity shares, debentures, long-term bank loans, loan repayments, etc. According to AS-3, financing operations are actions that alter the amount and makeup of owners' capital (including preferred share capital in the case of a corporation) and enterprise borrowings. Examples are receipts from the issue of shares and debentures, interest paid, dividends paid, receipts from loans obtained, finance lease repayments, the drawdown on loans and overdraft facilities, and payments to redeem preference shares and debentures.

The portion of the cash that the entity's capital providers have used throughout the period is also displayed in the financing cash flow statement. This is a sign of potential interest and dividend payments in the future (Appah, 2018; Appah, 2019). According to Nangih et al. (2020), financing operations relate to actions that alter the entity's share capital and long-term debt structure.

2.1.2 Corporate Performance:

Corporate performance is the factor and metric used to determine and quantify the monetary outcomes of a company's activities and policies. Lack of consensus, the choice of indicators based on practicality, and a lack of attention to the dimensionality of the phenomenon are just a few of the issues that plague research on organizational performance (Crook et al., 2008; Richard et al., 2009). Accounting ratios that indicate the relationship between the numbers in the financial statement are a major indicator of corporate success, especially financial performance. Depending on the business

nature of the activity, multiple lists can be used to measure it at different periods by different companies.

This study would measure the corporate performance of firms by the return of total assets. The accounting concept of profit after tax is the difference between profits after interest less the corporate tax. The operating profits of firms are the reward from many activities carried out within the company. Performance, which varies from organization to organization depending on the nature of the activity, is a notion used to evaluate the degree to which an organization has succeeded in its line of business. (Mike Bourne et al, 2014) According to Appah et al. (2020), the calculation of accounting ratios that indicate the relationship between figures in the financial statement is the primary way that company financial performance is displayed. They added that market-based They added that market-based (investor returns) and accounting-based (accounting returns) measurements can both capture corporate financial success.

2.1.2.1 Return on Asset (ROA):

Return on Asset (ROA) is a type of Return-on-investment ratio. These ratios take into account the investment needed for the profit. It indicates the management ability of the firm to earn an efficient return on the company's assets. ROA connote that a firm it a larger number or amount of assets should be able to earn higher returns on them. Return on Assets is the total income available to a company as a percentage of the total assets available for utilization by that company. (Owolabi & Obida, 2012). ROA uses the Net profit before the deduction of interest expenses because interest is the return to the creditors for the stake they have in the firms. Return on Assets can be measured mathematically as thus:

$$\text{ROA} = \frac{\text{Net profit before interest and tax}}{\text{Total Assets}} \times 100\%$$

2.1.3 Operating Cash Flow Activities and Corporate Financial Performance:

Previous studies on the connection between operating cash flow and corporate financial performance have found both positive and negative correlations. The research was conducted by Bingilar and Oyadonghan in 2014; Nwanyanwu in 2015; Nwakaego, et al. in 2015; Nwaiwu and

Oluka in 2017; Soet, et al (2018); Liman and Mohammed (2018); Musah and Kong (2019) showed a significant positive link between cash flow from operating activities and financial success. While research by Guda (2013) and Gheshlaghi, et al. (2014) suggested otherwise, Nangih, et al. (2020) found a markedly negative correlation between cash flow from operating activities and financial success.

2.1.4 Investing Cash Flow Activities and Corporate Financial Performance:

Previous studies on the connection between investing cash flow and business financial performance have found both positive and negative correlations. While studies by Bingilar and Oyadonghan (2014), Gheshlaghi, et al (2014), Nwakaego, et al (2015), and Nangih, et al (2020) revealed a negative association between investing cash flow activities and corporate financial performance, the study by Guda (2013) found a significant relationship between cash flow from investing activities and financial performance.

2.1.5 Financing Cash Flow and Corporate Financial Performance:

Previous studies on the connection between financing cash flow and corporate financial performance have found both positive and negative correlations. A favorable correlation between financing cash flow and company financial performance was found in studies by Guda (2013), Bingilar and Oyadonghan (2014), Nwakaego et al (2015), and Nangih et al (2020), however, a negative correlation was found in studies by Micheal and Ihendinihu (2016).

2.2 Theoretical review:

Theoretical review is very important as it explains the theoretical background behind cash flow and corporate performance.

2.2.1 Agency theory:

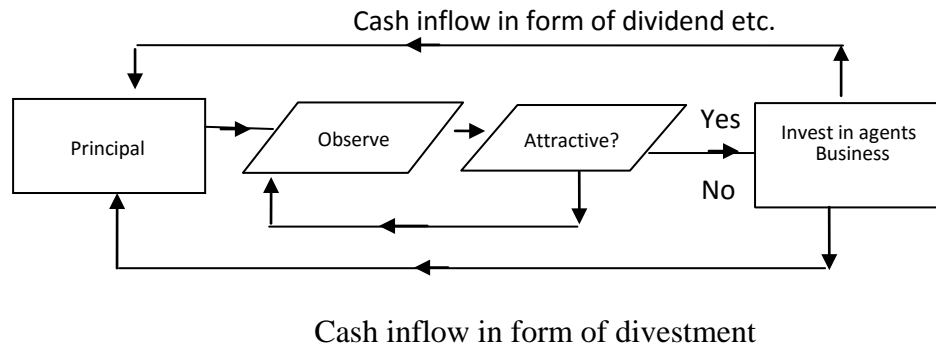
According to Wasserman, 2006; Madison 2014 agency theory is one of the most widely used management theories. It was propounded by Jensen and Meckling (1976) and Fama and Jensen (1983). Jensen and Meckling defined the agency relationship as a form of contract between a company's owners and its managers, where the owners (as principal) appoint an agent (the managers) to manage the company on their behalf. It suggested a theory of how the governance of a

company is based on the conflicts of interest between the company's owners (shareholders), its managers, and major providers of debt finance.

The study is secured on the theoretical framework that cash flows corporate performance and that the extent or degree of that effect, depends on the profit or loss, over-investment in capacity, availability of stock, etc., adopted by the company. The agency theory is concerned with resolving two problems that occur in the agency relationship. It is a principle that is used to explain and resolve issues in the relationship between business principles (owner) and their agents (steward) to perform a service on their behalf. Most commonly, that relationship is the one between shareholders, as principals, and company executives, as agents.

An agency, in broad terms, is any arrangement whereby one party, the agent, represents the other, the principle, in regular business. The primary or principals have appointed the agent to carry out a task on their behalf, and they have given the agent the ability to make decisions. A productive and efficient economy is aided by the principal's delegation of responsibility and the resultant division of labor. A principle must, however, put their trust in an agent to act in their best interests because of this delegating. What happens when concerns arise over the motives of agents and cause principals to question the trust, they place in them?

Since the agent makes many financial decisions that influence the principal, disagreements of opinion and even priorities and interests can occur. According to agency theory, a principal's and an agent's interests aren't necessarily congruent. Sometimes, this is referred to as the issue. An agent is by nature utilizing a principal's resources. Although the principal has been given money, he or she has little to no daily control. Although the agent makes the decisions, there is little to no risk involved because the principal will be responsible for any losses. According to a basic agency model, principals lack trust in their agents because of information asymmetries and self-interest. To address these concerns, principals will put in place mechanisms that will align agents' and principals' interests and limit the potential for information asymmetries and opportunistic behavior.



(Adopted from Chukwunwike et al, 2018)

“The above flow shows the relationship between the principal, cash flow, and agent (business). The principal provides the cash after observing the business through the flow of cash and cash equivalent. The cash provided is handed over to the agent and in turn, the agent provides back cash in form of a dividend to the principal. The level of dividend provided by the agent will aid the principal in having an understanding of how the agent manages the resources/cash.”

2.2.2 Stakeholders theory:

This theory was developed by Freeman in 1984. A stakeholder is someone who has a direct or indirect interest in or is associated with an entity. They are a group of people who are affected by the exercises of the organization or who straightforwardly or by implication impact the organization. In essence, an organization's long-term success depends on the cooperation and support of its constituents. An organization must adapt to its demands when additional stakeholders have an impact on it to maintain sponsorship and support. The basic idea behind stakeholder theory is that a company's performance is the ability to efficiently manage its relationships with its stakeholders.

The theory also states that the importance of running a company benefits not only shareholders and management but all other stakeholders. This means that proper management of stakeholders can adversely affect a company's performance. Therefore, the stakeholder model is committed to raising environmental awareness on the part of stakeholders regarding stakeholder concerns. “It is believed that this will require companies to expand their organization plans to include non-regular

stakeholders such as regulatory hostile groups to adapt to the changing demands of the business environment” (Trotman 1999).

Stakeholder significance to research that companies need to consider when making decisions, as stakeholder impacts can adversely affect or otherwise impact an organization's performance. This has traditionally been that the success of a company depends on maximizing the wealth of its shareholders, as the company is now perceived as an explicit and implicit contractual bond between the company and its various stakeholders.

2.2.3 Shiftability theory:

Moulton created this theory in 1918 and presented it in a paper titled “Commercial banking and capital formation”. According to the theory, a bank should set up a portfolio so that it can have the liquidity it desires. The majority of risk is taken with secondary money market assets so that liquidity can be attained with little to no value loss. Treasury bills, commercial paper, and securities from reputable companies are examples of investment money market securities in this context.

By effectively maintaining the instruments as security, banks can also obtain funds from the national bank in the event of difficulties. The need to keep a large quantity of idle cash balance in reserve has decreased due to shiftability. It has offered an alternative approach to the real bill doctrine or theory if there is a chance of risk due to an economic downturn while buying and selling manufactured goods and raw materials. The chance of income can be raised and the probability of danger can be decreased with the use of the shiftability hypothesis.

The notion of anticipated revenue was added to the Shiftability theory of liquidity, which took the place of the commercial loan theory. According to the shiftability idea, banks might defend themselves from large deposit withdrawals most effectively by keeping credit with a ready secondary market as a sort of liquidity reserve. Commercial paper, prime bankers' acceptances, and, as it proved out, Treasury bills were all part of this liquidity reserve.

All of these instruments passed the requirements of marketability and capital certainty under typical circumstances due to their short durations to maturity. According to (Casu, Girardone, and Molyneux, 2006) “A major defect in the Shiftability theory was discovered similar to the one that

led to the abandonment of the commercial loan theory of credit, namely that in times of general crisis the effectiveness of secondary reserve assets as a source of liquidity vanishes for lack of a market”

In the end, liquidity was believed to reside outside the banking system, giving the central bank's function as lender of last resort new importance. Due to the direct impact that business conditions had on cash flows and, consequently, the ability of bank borrowers to make repayments, the soundness of the banking system also came to be more directly associated with the health of the rest of the economy.

“The Shiftability theory survived these realizations under a modified form that included the idea of ultimate liquidity in bank loans resting with Shiftability to the Federal Reserve Banks. Under this institutional scheme, the liquidity concerns of banks were partially returned to the loan portfolio, where maintenance of quality assets that could meet the test of intrinsic soundness was paramount” (Allen and Gale, 2004).

2.2.4 Trade-off theory:

The trade-off theory postulates that to maximize shareholders' wealth, a firm must maintain an ideal liquidity level at the breakeven point where the marginal cost and benefit of cash handling are equal. A firm's cash liquidity position and profitability status are two economic expressions with unidirectional movement to one point inevitably implying a departure from the other. By implication liquidity and profitability are diametrically opposing ends, the pursuit of one will entail a trade-off of the other. A firm can target liquidity and profitability due to its unwavering linkage. The equilibrium trade-off stance puts a firm in a position where it is both liquid and viable.

The liquidity trade-off hypothesis contends that to create cost and benefit symmetry in handling cash, a corporation must strive for an optimal degree of liquidity. The opportunity cost characterized by low liquidity return can be accredited to liquidity premium and possible tax obligations as a cost element of handling cash. The advantages include acting as a buffer against unexpected losses, minimizing the costs of obtaining external capital, and lessening the risk tie nexus with selling the firms' assets to sustain investment policy in the case of a financial crisis.

Aside from the pros of dealing with cash, there are several cons allied with it as well. Cash handling agency cost. Firms with higher leverage incur high costs in meeting their obligation and are not required to seek financing from the capital due to the impact on their financial viability. To maintain a balance liquid-profitability nexus, an appropriate level of liquid resources is required.

According to trade-off theory, businesses will favor debt financing over equity if it means they will make more money. Three forces are responsible for this position. (Raheman, et al 2007).

1. "If a firm has a low profit, there exist greater chances of bankruptcy. So, if the firm has taken more debts there are chances that it is bankrupt and as a result of this, investors cannot trust it. On the other hand, if a firm has more profits, then exists fewer chances of bankruptcy so the investor's trust rises and the firm tends to ease more profits".

2. "The agency cost which has to be borne by investors is a cost in from of interest rate because creditors always check the position of the company and monitor the management. So, if a firm has a good image that it can get the loan at a lower cost because creditors are not worried about bankruptcy and their agency cost is very low, it can acquire more debts".

3. "More debt in a firm's financing activities allows for more tax benefits as their tax liabilities become lower and even in some cases, it is waved off. Some firms having more profits go for more debts rather than equity".

2.2.5 The Cash Conversion Cycle (CCC) Theory:

Richards and Laughlin (1980) propounded the CCC theory. In their study, they saw that although a substantial portion of financial managers' time is often spent on a decision relating to short-term assets and liabilities, little attention has been given by most researchers to this direction. Concurrently, they describe receivables, inventories, and payables as the constituents of the cash conversion cycle model.

The cash conversion cycle (CCC) theory explains the cycle or the difference in the length of time between when inventory purchased is paid for and when cash is collected for sales made. The theory measures the number of days the firm paid for the inventory acquired from suppliers and when revenue is collected from sales of finished products. It should be noted that each process of the cash conversion cycle takes a discrete time. "Financial managers and all other financial analysts

appreciate at the slightest intuitive level that all working capital components do not have the same life span, and their exchange rate to usable flows of liquidity is never at the same speed” (Richard & Laughlin, 1980).

The CCC is calculated as Days of Sales Outstanding + Days of Inventory Outstanding - Days of Payables Outstanding. The days of sales outstanding and days of inventory outstanding correlate with the firm’s cash inflow “inventory and account receivables consider as short-term assets and positive figures” while days of payables outstanding correlate with the firm’s cash outflow “accounts payable consider as a liability” and a negative figure in the calculation. The theory is based on networking capital that captures both current assets and current liabilities. The Current Ratio (CR) and its associates are most commonly adopted in measuring a firm’s liquidity.

These measures ignore the time element. The incorporation of CCC into traditional indicators leads to more thorough scrutiny of the firm’s liquidity status. Other tactics of liquidity that rely on the segregation of working capital are considered inferior to CCC theory.

2.2.6 Theoretical Framework:

From the above theories reviewed in the theoretical review, this study will be anchored on the Agency theory.

Agency Theory:

This study utilizes this theory because it is theory that explains how businesses with higher cash flows enhance their cash holdings. Therefore, agency theory investigates how management's actions may be focused on the owner's interests by reducing agency expenses to enhance corporate performance. The agency theory contends that agency conflicts can result from a potential conflict of interest between a firm's shareholders (principals) and management (agents). The primary responsibility of managers is to manage the company so that it generates returns for investors, hence increasing the profitable numbers and cash flows.

2.3 Empirical review:

Evidence-based studies have been carried out in the past to investigate the relationship between cash flow and corporate performance of the consumer goods sector. Thus, we shall examine studies carried out on the relationship between cash flow and corporate performance.

Chibuike and Celestine (2022) examined the effect of cash flow management on financial performance: Evidence from the pharmaceutical industry in Nigeria. The study used an ex post facto research design using ten (10) pharmaceutical businesses that were listed on the Nigerian Exchange Group in 2021 as its population. Data for the years 2011 to 2020 were taken from the annual reports of the chosen listed pharmaceutical businesses. Data collected with the use of EViews10 statistical software were analyzed using multiple regression analysis and the Pairwise Granger Causality tests. The analysis showed that operating activities have a little favorable impact on liquidity. Additionally, it showed that investing activities had a small but positive impact on liquidity. Finally, it showed that financing operations have a negative but considerable impact on the liquidity of Nigerian pharmaceutical businesses that are publicly traded.

Ogbeide and Akanji (2017) examined the relationship between cash flow and the financial performance of insurance companies in Nigeria. The study used time series data for the years 2009 to 2014, a sample size of 27 listed insurance companies in Nigeria was used. The association between the variables was determined by the study using both descriptive and inferential statistics. Additionally, several diagnostic tests are employed to make sure the time series being used are stable and that the model satisfies the assumption of an ordinary list square. The results show that cash flow was monitored to assess the financial performance of insurance firms and is statistically significant. In the period under study, insurance businesses' financial performance was seen to dramatically improve thanks to cash flow from operating activities. Although not statistically significant, cash flow from financing activities was found to improve the financial performance of the sampled insurance firms. The financial performance of the insurance companies was not improved by the size of the insurance company, and it was also not statistically significant.

Idamoyibo, Abner, Akpan, Orugun, Emmanuel, and Udo (2021) identified the link between liquidity and viability in Nigeria's listed non-financial enterprises. The study primarily used the regression model and disregarded the frequently used pre- and post-diagnostic test procedures in econometric analysis. This study focuses on 13 non-financial sectors listed by Nigerian companies

between 1999 and 2020. The purpose of the preliminary test was to identify the model with the best match. When measured by the current ratio, liquidity has a considerable impact on ROE, but not when measured by the cash flow ratio. Additionally, findings revealed a non-causal relationship between other variables and a bidirectional relationship between the current ratio, cash flow ratio, and ROE.

Victor and Karen (2021) studied the statement of cash flow's applicability in gauging business performance. First Bank share prices from 2012 through 2021 were reviewed for relevant and existing literature, and a conclusion was reached as a result. Due to some shortcomings in the creation of cash flow statements, experts have been debating the statement of cash flow. It was discovered that First Bank's share prices did not accurately reflect the company's intrinsic value, as evidenced by the fact that they increased from all-time lows in 2015 and 2016 to a sharp increase in 2018. The financial statement's information was insufficient to serve as a reference for the many stakeholders. A share price bubble resulted from First Bank's failure to disclose forbearances from the Central Bank of Nigeria, which constituted a substantial misrepresentation. Some investors' belief in the share price bubble can be seen by the fast increase in share prices following the firing of the FBN management.

Daniela, Delia, and Dorel (2020) examined how the current liquidity ratio and operating cash flow affect profitability in the context of construction enterprises. On cross-section financial data for a single reporting year gathered from construction firms in western Romania, they created a linear regression model. The results obtained did not demonstrate statistical significance for the exogenous variables employed in the model. However, they thought it important to address the problem of cash flows and the ability of construction enterprises to satisfy their short-term obligations in the context of keeping performance guarantees. Additional analysis of this topic using panel data from various financial times may yield useful findings.

Fatima, Sultan, and Zia-ur-Rehman (2019) studied how corporate governance affected bank performance in industrialized and emerging nations, as well as how capital flows acted as a mediating factor. The study used the bank, time (year), and country fixed effects regression analysis to identify the direct effects of corporate governance and cash flows on bank performance. The study collected data from 30 commercial banks operating in five countries (Bangladesh, Malaysia, Pakistan, Australia, and the USA) from 2006 to 2015. The investigation of the bridging function of

cash flows between corporate governance and bank performance using structural equation modeling. The findings imply that industrialized countries experience a greater impact of corporate governance on bank performance than developing nations. The findings also demonstrate that operating cash flows mediate the relationship between bank performance and corporate governance only in developing countries, while investment cash flows mediate the relationship between corporate governance and bank performance in both developed and developing countries.

Liman and Mohammed (2018) evaluated over ten years the relationship between Operating Cash Flow and Corporate Financial Performance of Listed Conglomerate Companies in Nigeria (2005 to 2014). Six total companies were analyzed, out of which five listed conglomerate companies were examined. Secondary data was gathered for the study from the Annual Reports and Accounts of the sampled companies throughout that time. To ascertain the variance in financial performance caused by the variation in operating cash flow, the data were analyzed using descriptive statistics, correlation analysis, and regression approaches. Given that the data comprises both time series and cross-sectional features, a panel data regression technique was used. To estimate the study models, OLS and random effects regressions were used. According to the results, there is a positive but negligible correlation between Cash Flow from Operating Activities (CFO) and financial performance as measured by ROA, but there is a positive and significant correlation when measuring financial performance using the ROE of the Nigerian listed conglomerate companies. Size, a control variable, and financial leverage, a control variable, have a positive and negative substantial impact on ROA, respectively, but a positive and minor impact on ROE.

Appah, Awuji, and Anuogwo (2021) investigated the effects of cash flow accounting on the corporate financial performance of listed consumer goods firms in Nigeria in the years 2015 through 2019. The Taro Yamane formula was used to determine the sample size of twenty-three firms from the study's population of twenty-six firms. Descriptive, bivariate, and multivariate analyses were used for the study's data analysis. The annual reports of a sample of companies listed on the Nigerian Stock Exchange were the source of the data. The study found a substantial positive association between operational and financing cash flow and business performance, but a large negative relationship between investing activities and financial leverage.

Nwakaego, D.A., Ikechukwu, O. & Ifunanya, L.C. (2015) examines the effect of cash flow on the performance of companies in the Food and Beverages sub-sector of Nigeria. Six food and beverage

companies listed on the Nigerian Stock Exchange were surveyed for the study. Data were taken from the selected companies' annual reports and financial statements for the study. Multiple regression approaches were employed to analyze the pertinent data. The study's findings also showed that while investing cash flow has a substantial negative association with corporate performance, operating and financing cash flows have a strong positive relationship with corporate performance in Nigeria's food and beverage industry.

Bingilar and Oyadonghan (2014) examine the relationship between cash flow and corporate performance in the Food and beverage sector of Nigeria. The study involved six (6) Food and Beverage companies listed on the Nigerian Stock Exchange were surveyed. Multiple regression techniques were used in the statistical analysis of the data. The researchers suggested that regulatory bodies like the IFRSB, FRCN, CBN, NSE, SEC, NDIC, and others should encourage external auditors of these listed food and beverage companies to use cash flow ratios in assessing a company's performance before forming an independent opinion on the financial statement.

Nwanyanwu, L. A (2015) examines the relationship between cash flow and organization performance from the perspective of the hospitality and print media industrial sectors of the economy. Forty-five small and medium-sized businesses (SMEs) in various industries were sampled from pilot research. A questionnaire was used to gather the information. Using the statistical package for social sciences, analyses were carried out using descriptive statistics and Pearson's product moment coefficient of correlation (SPSS). Results show a highly substantial positive link between net profit and cash flow position. As a result, the cash flow situation dictates how well firms in the hospitality and print media perform in terms of net profits.

Chukwunwike, Ofoegbu, Okoroiwu, and Kemdi (2018) analyzed the influence of cash flow statements and declared a profit (performance) while utilizing the equation they had developed to forecast future performance. For this study, a panel of data from the annual reports of banks quoted on the Nigerian Stock Exchange for a period of ten (10) years was used in a quasi-experimental research design (2007 -2016). Using STATA econometrics software, panel multiple regression techniques were used to analyze the study's data. The results showed that, although the impact was small, cash flows (CF) had a beneficial impact on reported profits (RP). Additionally, the corresponding cash flow variable (CFFOA, CFFIA, and CFFA) showed a favorable impact, albeit one that was modest relative to the rating.

Nwakaego, D.A., Ikechukwu, O. & Ifunanya, L.C. (2015) investigated the effects of cash flow statements on the profitability of Nigerian enterprises. Three banks were surveyed for the study: First City Monument Bank Plc, Fidelity Bank of Nig Plc, and The First Bank of Nig Plc. The cash flow statements from these banks' annual reports for the years 2009 to 2013 were used to gather the data. The analytical tool for testing the hypotheses was multiple regression. According to the study's findings, operating and financing cash flow significantly increases a company's profitability in Nigeria's banking industry. Additionally, it was empirically proven that investing cash flow significantly reduces these organizations' profitability.

Nangih, Ofor, T. N. Ph.D. & Ven. J. K. J Ph.D. (2020) analyzed the relationship between cash flow management and the financial performance of some selected oil and gas firms listed on the Nigerian Stock Exchange. The study was anchored on the Stakeholders' Theory. The research design used in the study was the judgmental research design. Correlation and multiple regression techniques were used to evaluate data that was taken from the annual reports of five selected listed companies for the five years 2013–2018. According to the findings, cash flow from financing activities had a positive and significant impact on company performance in the oil and gas sector, while cash flow from operating and investing activities had a negative and insignificant link with profitability. To operate more profitably and produce cash flows large enough to cover their daily cash needs as they become due, it was advised that businesses re-examine their cash flow management techniques.

Abdul Rahman & Raj Bahadur Sharma (2020) analyzed the effect of cash flow from operations (CFOs) on the financial performance of insurance and manufacturing companies in Saudi Arabia. The information was taken from annual reports of the corporations, with Return on Assets (ROA) and Return on Equity (ROE) serving as dependent variables, CFOs serving as an explanatory variable, firm size (SIZE), leverage (LEV) serving as a control variable, and an industry dummy serving as a control. The findings show a significant and positive relationship between financial performance (ROA and ROE) and operating cash flows (CFOs), but a negative relationship between SIZE and LEV. The study concludes that financial performance in Saudi Arabia's manufacturing and insurance industries is influenced by enterprises' operating cash flows.

Grace N. Ofoegbn & Eric Chinedu Okoro (2020) examined the effect of cash flow on the performance of listed Deposit Money Banks (DMBs) in Nigeria. From a total population of fifteen

(15) Deposit Money Banks (DMBs) listed on the Nigerian Stock Exchange, twelve (12) banks were sampled for investigation over ten years beginning in 2006 and ending in 2015 using the multi-stage sampling technique, which uses both pure random and eliminating methods. From a total of 150 observations, this represents 120 of them. The data came from published financial statements of the studied banking firms. Three different hypotheses were developed from the study's objectives and assessed at a 5% level of significance. The EViews statistical software tool was used to do a simple regression statistical analysis of the data that had been collected. According to the results, cash flows from operating, investing, and financing operations do not statistically significantly affect the returns on investment, returns on equity, or earnings per share of the Deposit Money Banks (DMBs) under study.

Abdirahman & Aaron L. (2016) investigated the effect of cash flow management on the financial performance of SMEs in Mogadishu –Somalia. In this study, a descriptive research design was used. 360 people who were owners or managers of particularly small and medium-sized businesses in Mogadishu, Somalia, make up the research population. The methods the researcher and sampler employed to choose responders from the intended audience were described by the sampling procedure. To measure the variable(s), characteristic(s), or information of interest, frequently a behavioural or psychological feature, the instrument is a survey, questionnaire, or tool. To assess the association between the dependent variable (Small Media Enterprise's Financial Performance) and the independent variable (Cash Flow Management) and to test the research, multiple regression analysis was used.

CHAPTER THREE

METHODOLOGY

3.0 Preamble:

This chapter describes the research method and design of the study. Research methodology is the plan, design, structure, blueprint, and strategy, an outline that is chosen to integrate the different components of the study coherently and logically. It explained a detailed method and procedures for collecting, measuring, and analyzing data to identify or obtain answers to research problems/questions. It is a blueprint that contains the methods and procedures for the collection, measurement, and analysis of data. It, therefore, describes the following;

3.1 Research Design:

This study was designed to investigate the effect of cash flow on corporate performance in the consumer goods sector in Nigeria. Therefore, the design for this study is the ex-post research design. It is based on time series historical/secondary data. Ex post facto research, often known as after-the-fact research, is a type of research design where the investigation begins after the fact, independently of the researcher. It usually gives similar results when tested by different researchers using the same data for the same period and using the same analysis methods. This is because it deals with occurrences that have already happened.

3.2 Population of the study:

A population is comprised of all potential components, individuals, or observations connected to a specific phenomenon that the researcher is interested in. Individual components that make up the population are known as subjects or elements. They could be counted physically or only observed. The target population of this study consists of all the listed firms in the consumer goods sector which have a total of thirty-four companies.

3.3 Sources of data:

The data relating to both the dependent and independent variables of this study will be derived from the audited financial statement of the listed companies in the Nigerian Stock Exchange selected and also from the annual reports of these selected companies.

3.4 Sampling techniques and sample size:

The non-probability sampling technique of purposive sampling will be adopted for this study. It is usually based on discretion and unavailability of data. In this method, the researcher selects the sample based on discretion on some criteria. The company must be listed on the Nigeria Stock Exchange's trading floor and must maintain accurate records of all the necessary data for assessing the research variables from 2011 to 2020.

The selected 11 consumer goods sector are presented in the table below:

Table 3.1

1. CADBURY NIGERIA PLC
2. DANGOTE SALT PLC
3. DANGOTE SUGAR PLC
4. FLOURMILLS OF NIG PLC
5. GUINNESS NIG PLC
6. HONEYWELL NIG PLC
7. NESTLE NIG PLC
8. NIGERIAN BREWERIES PLC
9. PZ CUSSONS PLC
10. UNILEVER NIGERIA PLC
11. VITAFOAM NIG PLC

3.5 Method of data collection:

The study sourced its data using a secondary data collection method. Annual financial statements of listed consumer goods sector companies were downloaded from the Nigeria stock exchange website. The data on operating cash flow, investing cash flow, and financing cash flow were extracted from the annual statement of the selected companies to test the independent variable while the dependent variable which is corporate performance will be tested by Return on Total Asset (ROA). The Return on Assets (ROA) was calculated from the annual financial statement of the listed consumer goods companies using Microsoft excel after extracting relevant data.

3.6 Model Specification:

The model in the study of Bingilar and Oyadonghan (2014) will be adopted for this study. They develop a regression model of the following form to illustrate the relationship between cash flows and corporate performance which is shown below:

$$ROA = F(OPCF, INVCF, FINCF)$$

To make the equation easy for empirical verification, they transform it into a multiple linear regression equation. $ROA_{it} = b_{it} + b_1 OPCF + b_{it} INVCF + b_{it} FINCF + e_{it} \dots \dots \dots (1)$

Where:

b = Parameter to be estimated

ROA_{it} = Return on total assets, an index for corporate performance

$OPCF_{it}$ = Operating cashflow

$INVCF_{it}$ = Investing cashflow

$FINCF_{it}$ = Financing cashflow

3.7 Method of data analysis:

The data were analyzed using multiple regression. Multiple regressions have the advantage of allowing researchers to estimate the dependent variable using more of the available data. Additionally, it has the distinctive traits of impartiality, stability, and effectiveness. The variables' regression equation, the coefficients of correlation (R), and determination (R²), the student t-test, and the analysis of variance (ANOVA) F-test Statistics are among the statistics that were put to the test. SPSS version 26 was utilized to analyze the statistical software.

3.8 Measurement of Variables: Corporate performance is the explained or dependent variable. It was measured by the return on assets (ROA)

- Return on Total Asset (ROA): Is a profitability ratio that measures how a firm can realize return or profit by utilizing the resources provided by the total assets employed by the company. It is calculated by dividing profits after tax by capital employed or total assets employed by the firm.

Three independent variables were employed in the study.

- Operating Cash Flow (OPCF): This gauges the net cash flow from the operating activities.
- Investing Cash Flow (INVCF): This is described as the net cash flow from investing activities.
- Financing Cash Flow (FINCF): This gauges the net cash flow from financing activities.

Table 3.3

MEASUREMENT OF VARIABLES

S/N	VARIABLES	DEFINITION	TYPE	MEASUREMENT
1	ROA	Return On Total Assets	Dependent	<u>Profit after tax</u> Total Assets
2	OPCF	Operating Cashflow	Independent	Cash flow from operating activities
3	INVCF	Investing Cashflow	Independent	Cash flow from investing activities
4	FINCF	Financing Cashflow	Independent	Cash flow from financing activities

CHAPTER FOUR

DATA PRESENTATION, DATA ANALYSIS, AND RESULT INTERPRETATION

4.0 Preamble

This chapter presents the result of the analysis performed on the data to achieve the objectives of the study.

4.1 Method of Data Analysis

Multiple regression analysis was adopted as the data analysis method and was carried out through the use of SPSS version 26. The independent variables were regressed against the dependent variable to give the regression results for each of the hypotheses.

4.1.1 Coefficient of Correlation (R)

This is one of the measures of the quality of the prediction of the dependent variable. It is also used to test the quality of the relationship that existed between a dependent and an independent variable. The result of this is provided in the model summary table.

4.1.2 Coefficient of determination (R^2).

This is used to correct the defect in the coefficient. It is also used to determine the percentage of the total variation of the dependent variable that can be explained by the explanatory or independent variables.

4.1.3 The student t-test

It is used to test for the statistical significance of each of the estimated parameters. In an attempt to use this tool, the null and alternative hypothesis is defined at a significance level of 5 % of 95% confidence level.

4.1.4 The Analysis of Variance (F-test)

It is used to test the overall significance of the regression. In other words, it is used to test for the joint statistical significance of all the estimated parameters. This also helps to determine the joint

influence of explanatory variables on the explained variable(s). This is often shown in the ANOVA table.

4.1.5 Coefficient table

This provides the necessary information to predict the dependent variable from the independent variable, as well as determine whether the independent variable contributes statistically significantly to the model. The values in the ‘unstandardized coefficients’ is made use of.

4.2 Results

Hypothesis 1

Effect of operating cash flow on return on assets (Corporate performance)

Table 4.1 (a): Model Summary

Model	R	R-Squared	Adjusted R-Squared	Std. Error of Estimate
1	.300 ^a	.090	.081	55.75754

a. Predictors: Constant: Operating Cash Flow

Table 4.1 (b): Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t-stat.	Sig.
	B	Std. Error			
(Constant)	7.713	6.816		1.131	.261
OPERATING CASH FLOW	7.335E-7	.000	.300	3.119	.002

a. Dependent Variable: ROA

From the regression tables Table 4.1 (a) and 4.2 (b) above, the model summary reveals a low correlation between return on assets and operating cash flow of consumer sector industries in

Nigeria. This is reflected in the value of the coefficient of correlation (R) which is 0.300. This value indicates that the strength of the relationship between the two variables under consideration is 30 %. The coefficient of determination (R^2) shows a value of 0.090. This implies that on average, about 9% variations in return on assets within the period under review can be explained by changes in operating cash flow. The t-stat. value (3.119) depicted a positive impact of operating cash flow on the return on assets. This positive impact is statistically significant at a p-value of 0.002 which is less than the benchmark significance level of 0.05 (5%). We, therefore, reject the null hypothesis of no significant impact and accept the alternative hypothesis of positive and significant effect of operating cash flow on the return of assets of consumer sector industries in Nigeria.

Hypothesis 2

Effect of investing cash flow on return on assets (Corporate performance)

Table 4.2 (a): Model Summary

Model	R	R-Squared	Adjusted R-Squared	Std. Error of Estimate
1	.496 ^a	.246	.239	50.74697

a. Predictors: Constant, Investing Cash Flow

Table 4.2 (b): Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t-stat.	Sig.
	B	Std. Error			
1. (Constant)	6.705	5.587		1.200	.233
INVESTING CASH FLOW	-1.954E-6	.000	-.496	-5.661	.000

a. Dependent Variable: ROA

From the regression tables Table 4.2 (a) and 4.2 (b) above, the model summary reveals a mildly

strong correlation between return on assets and investment cash flow of consumer sector industries in Nigeria. This is reflected in the value of the coefficient of correlation (R) which is 0.496. This value indicates that the strength of the relationship between the two variables under consideration is 49.6%. The coefficient of determination (R^2) shows a value of 0.246. This implies that on average, about 24.6% variations in return on assets within the period under review can be explained by changes in investment cash flow. The t-stat. value (-5.661) depicted a negative impact of investing cash flow on the return on assets. This negative impact is statistically significant at a p-value of 0.000 which is less than the benchmark significance level of 0.05 (5%). We, therefore, reject the null hypothesis of no significant impact and accept the alternative hypothesis of significant effect.

Hypothesis 3

Effect of financing cash flow on return on assets (Corporate performance)

Table 4.3 (b): Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t-stat.	Sig.
	B	Std. Error			
(Constant)	18.954	6.522		2.906	.005
FINANCING CASH FLOW	-1.197E-7	.000	-.034	-.341	.734

a. Dependent Variable: ROA

Table 4.3 (a): Model Summary

Model	R	R-Squared	Adjusted R-Squared	Std. Error of Estimate
1	.034 ^a	.001	-.009	58.42411

a. Predictors: Constant, Finance Cash Flow

From the regression tables Table 4.3 (a) and 4.3 (b) above, the model summary reveals a very low correlation between return on assets and finance cash flow of consumer sector industries in Nigeria. This is reflected in the value of the coefficient of correlation (R) which is 0.034. This value indicates that the strength of the relationship between the two variables under consideration is 3.4 %. The coefficient of determination (R^2) shows a value of 0.001. This implies that on average, about 1% variations in return on assets within the period under review can be explained by changes in finance cash flow. The t-stat. value (-0.341) depicted a negative impact of financing cash flow on the return on assets. This negative impact is not statistically significant at a p-value of 0.734 which is more than the benchmark significance level of 0.05 (5%). We, therefore, fail to reject the null hypothesis of no significant impact but reject the alternative hypothesis of significant effect.

Overall regression of dependent variable (return on assets) and independent variables (Investing cash flow, financing cash flow, and operating cash flow)

Table 4.4 (a): Model Summary

Model	R	R-Squared	Adjusted R-Squared	Std. Error of Estimate
1	.497 ^a	.247	.224	51.24262

a. Predictors: (Constant) Investing Cash Flow, Financing Cash Flow, and Operating Cash Flow

Table 4.4 (b): ANOVA Table

Model	Sum of Squares	Df	Mean Square	F-stat	Sig
Regression	82829.451	3	27609.817	10.515	.000 ^b
Residual	252077.388	96	2625.806		
Total	334906.839	99			

a. Dependent Variable: Return on Assets

b. Predictors: (Constant): Investing cash flow, financing cash flow, and operating cash flow

Table 4.4 (c): Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t-stat.	Sig.
	B	Std. Error			
(Constant)	6.049	6.302		.960	.340
INVESTMENT CASH FLOW	-1.997E-6	.000	-.507	-3.821	.000
FINANCE CASH FLOW	-1.408E-7	.000	-.040	-.287	.775
OPERATION CASH FLOW	-4.753E-8	.000	-.019	-.113	.911

a. Dependent Variable: ROA

From the overall regression tables above (Table 4.4 (a) – 4.4 (b)), the model summary result

indicated a strong correlation between the return on assets and the cash flows of the consumer sector industries in Nigeria. This is reflected in the value of the coefficient of correlation (R) which is 0.497. This value indicates that the strength of the relationship between the dependent variable (return on assets) and the independent variables under study is 49.7%. The coefficient of determination (R^2) shows a value of 0.247 which indicates about 24.7%. This implies that on average about 24.7% variations in the return on assets are systematically explained by changes in all the independent variables.

In the overall regression, the interaction of the independent variables with the return on assets depicted a different relationship. Only investment cash flow shows a significant negative impact, but the F-stat. value of 10.515 and its corresponding p-value of 0.000 reveal that the independent variables jointly can significantly explain the variations in the dependent variables.

The overall regression model therefore can be stated as:

$$\text{ROA} = 6.049 - 1.997 (\text{INVCF}) - 1.408 (\text{FINCF}) - 4.753 (\text{OPCF}) + \varepsilon$$

4.3 Discussion of results

Hypothesis One:

Operating cash flow does not have a positive and significant relationship with the return on assets of the consumer goods sector in Nigeria. This is reflected in the value of the coefficient of correlation (R) which is 0.300. This value indicates that the strength of the relationship between the two variables under consideration is 30 %. The coefficient of determination (R^2) shows a value of 0.090. The regression revealed that there is a positive and significant effect between operating cash flow and return on assets of selected consumer goods sector in Nigeria, therefore rejecting the null hypothesis of no significant impact. This can be proven by the t-stat value (3.119) and p-value (0.002) which depicted a positive effect of operating cash flow on the return on assets although the relationship is low and statistical significance respectively.

This finding follows the theory that when operating cash flow increases, return on assets also increase. This result derived support from Appah et al (2021) who revealed that cash flow from operating activities and firm performance have a significant positive relationship. Abdul et al (2020), Nwakaego et al (2015), and Bingilar and Oyadonghan (2014) also reported a positive and significant association between financial performance (ROA and ROE) and Operating Cashflows (CFOs). However, on the contrary, the result contradicts the findings of Nangih et al (2020) and Grace et al (2020) and Abdirahman et al (2016) which revealed a significant negative effect on operating cash flow and return on assets and imply that the operating cash flow of organizations improves the level of financial performance.

Hypothesis Two:

Investing cash flow has a positive and significant relationship with the return on assets of the consumer goods sector in Nigeria. This is reflected in the value of the coefficient of correlation (R) which is 0.496. This value indicates that the strength of the relationship between the two variables under consideration is 49.6%. The coefficient of determination (R^2) shows a value of 0.246. The multiple regression revealed that there is a negative effect between operating cash flow and return on assets of selected consumer goods sector in Nigeria, therefore accepting the hypothesis of significant effect. This can be proven by the t-stat value (-5.661) and p-value (0.000) which depicted a negative effect of operating cash flow on the return on assets and statistical significance respectively.

This result conforms to the studies of Appah et al (2021), Bingilar and Oyadonghan (2014), Grace et al. (2016), and Nwakaego et al. (2015), Nangih et al. (2020), Abdirahman et al. (2016), and (2021). The relationship between investing cash flow activities and business financial performance is adverse and considerable. The analysis rejects Guda's (2013) conclusion that there is a positive and significant correlation between cash flow from investing activities and financial performance. The findings of this study imply that raising investing activity will lower financial performance in any given firm.

Hypothesis Three:

The result reveals a low relationship between the return on assets and the financing cash flow of the consumer goods sector in Nigeria. This is reflected in the value of the coefficient of correlation (R) which is 0.034. This value indicates that the strength of the relationship between the two variables under consideration is 3.4 %. The coefficient of determination (R^2) shows a value of 0.001. The t-stat. value (-0.341) depicted a negative effect of financing cash flow on the return on assets. This negative impact is not statistically significant at a p-value of 0.734 which is more than the benchmark significance level of 0.05 (5%).

This result is consistent with the findings of Grace et al (2020) that there is a negative effect of financing cash flow on corporate financial performance. On the other hand, the result disagrees with the findings of Bingilar and Oyadonghan (2014), Nwakaego, et al (2015), Nangih, et al (2020), Okpe and Alor (2015), Appah et al (2021), and Nangih and that there is a positive and significant relationship between financing activities and corporate financial performance of firms.

Furthermore, this research discovers that from variance analysis (ANOVA) the result indicated a strong correlation between the return on assets and the cash flows of the consumer goods sector in Nigeria. This is reflected in the value of the coefficient of correlation (R) which is 0.497. This value indicates that the strength of the relationship between the dependent variable (return on assets) and the independent variables under study is 49.7%. The coefficient of determination (R^2) shows a value of 0.247 which indicates about 24.7%. This implies that on average about 24.7% variations in the return on assets are systematically explained by changes in all the independent variables.

The overall finding regressed the independent variable i.e. all activities of cash flow against the dependent variable which is the Return on assets (Corporate Performance) illustrated a different correlation. Only investing cash flow shows a significant negative effect, but the F-stat. value of 10.515 and its corresponding p-value of 0.000 reveal that the independent variables jointly can significantly explain the variations in the dependent variables.

Table 4.5 Hypothesis Findings

S/N	HYPOTHESIS (NULL)	RESULT
1.	Operating cash flow has no significant effect on the corporate performance of listed companies in the consumer goods sector in Nigeria.	Reject
2.	Investing cash flow has no significant effect on the corporate performance of listed companies in the consumer goods sector in Nigeria.	Accept
3.	Financing cash flow has no significant effect on the corporate performance of listed companies in the consumer goods sector in Nigeria.	Accept

CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.0 Preamble

This chapter deals with the summary of the study, as well as the conclusions and recommendations to the variables therein to assess the effect of cash flow on corporate performance of the consumer goods sector with special attention to Nigerian companies. The study's contribution to knowledge and suggestions for further research would also be discussed in this chapter.

5.1 Summary

This study examined the effect that cash flow has on the financial performance of the consumer goods sector in Nigeria within the period of 2011-2020. The multiple regression model was adopted to explain the empirical impact of investing cash flow, operating cash flow, and financing cash flow on the financial performance, proxy by return on assets on the consumer goods sector in Nigeria.

The study employed secondary data obtained from the annual reports and accounts of eleven consumer goods sectors listed on the Nigerian Stock Exchange. The data for the cash flows (operating, investing, and financing) were regressed against the return on assets of the companies. The return on assets is the dependent variable, while cash flows were the independent variable. This is done to answer the research questions coupled with the hypotheses that were set at the beginning of the study.

This study was developed under five chapters ranging from chapter one which is the introduction, chapter two which is the literature review, chapter 3 which is the methodology, chapter four which is the data presentation, data analysis, and result interpretation and chapter five which is the summary, conclusion, and recommendation. However, these various chapters are adequately summarized in an orderly manner below.

Chapter one introduces the providing insight into the intricacies of cash flow and its importance of cash flow in an organization. This chapter also covers the study's statement of the problem, study objectives, research questions that were drawn to fit the objectives, the hypothesis to navigate the

investigation formulated, the scope of the study, the significance of the study, limitations of the study were discussed and operational definition of terms.

Chapter two was structured according to three components for this study. These components are conceptual reviews that reviewed major concepts of cash flow and corporate performance. The theoretical review was carried out by reviewing agency theory, stakeholders theory, shiftability theory, trade-off theory, and cash conversion cycle theory, of which the agency theory was adopted to anchor the study. Empirical review reviewed past research studies on cash flow components and corporate performance.

Chapter three presents the methodology for carrying out the study. Essentially, this chapter discusses the design, population, sources of data, sample techniques and size, method of data collection, model specification, method of data analysis, and measurement of variables. The appropriate sample size was determined and selected using judgmental sampling methods. The functional relationship between the dependent and independent variables is presented in the model specification. The data used was the ex-post research design and the data were analyzed using multiple regression analysis.

Chapter four reflects the data presentation, data analysis using SPSS version 26, and interpretation of the data collected. Chapter five gives a detailed summary of the research study with the appropriate findings and their implications, draws conclusions, and recommendations were made. This chapter also emphasized the contribution to knowledge made by the study and suggestions for further study to be carried out.

5.1.1 Summary of findings

The summary of the findings of the study is presented below:

The study discovered that there is a positive and significant relationship between operating cash flow and corporate performance measured by ROA. This is revealed by the coefficient of correlation (R) which is 30%. The coefficient of determination (R²) shows a value of 9%. This implies that on average, about 9% variations in return on assets within the period under review can be explained by changes in operating cash flow.

The study also showed that a negative significant relationship exists between investing cash flow and corporate performance of a listed consumer firm in Nigeria with an R of 49.6% and an R square of 24.6% which implies that on average, about 24.6% variations in return on assets within the period under review can be explained by changes in investment cash flow.

The study revealed that there is a very low correlation between return on assets and financing cash flow of consumer sector industries in Nigeria. This is reflected in the value of the coefficient of correlation (R) which is 3.4%. This value indicates that the strength of the relationship between the two variables under consideration is 3.4 %. The coefficient of determination (R²) shows a value of 1%

5.2 Conclusion

Based on the findings from this study, there exists a positive and significant relationship between cash flow and corporate performance of the listed consumer goods sector in Nigeria from 2011 to 2020 has been adequately explored using data collected from the audited financial statements of eleven (11) out of the thirty-four (34) listed Consumer goods sector companies in the Nigerian Stock Exchange. From the result obtained, It was discovered that only operating cash flow activities positively and significantly affected the corporate performance of the listed consumer goods sector in Nigeria.

On the other hand, investing cash flow activities and financing cash flow activities showed a negative and insignificant effect on the corporate performance of listed consumer goods in Nigeria. It was therefore concluded that negative net cash flows generated from investing activities are associated with weak corporate performance and are capable of decreasing consumer goods sector performance. Likewise, the organizations should reconsider their cash flow management techniques to empower their work more productive as well as create sufficient cash adequate to meet their everyday commitments as they fall due.

5.3 Recommendation

Consequently, based on the findings of this study, it is recommended that the consumer goods sector should adopt what is called backward integration i.e. have raw materials within the country rather than always importing to improve their investment, by doing these price are reduced thereby

increasing the investment cash flow of the firms. Most of their investment is usually in raw materials and most of these raw materials are not available in the country. These could improve both individual and business performance in Nigeria's consumer products industry, strengthening the country's economy as a whole.

Also, based on the findings of this study it has been discovered that operating cash flow has a significant effect on the corporate financial performance of listed consumer goods firms and it was recommended that firms in the consumer goods sector should give due relevance and attention to operating cash flow to improve their corporate financial performance. Furthermore, the top management of every consumer goods firm should make a prudent financing decisions to remain profitable and competitive

5.4 Contribution to Knowledge

This study contributed to knowledge by adding to what other prominent scholars have carried out in the past on cash flow and its effect on corporate performance by carrying out more recent work on this topic from the period of 2011-2020. The study will help add to consumer goods firms' management knowledge on how they can optimize their financial performance by adequately managing the cash flow components of the firm.

5.5 Suggestions for further studies

From the limitation of the study, it has been discovered that only the financial aspect of a firm's corporate performance has been covered by this study, however, a further research study can carry out to investigate the effect of other components of a firm's corporate performance. Also, further studies can be carried out in other sectors other than the consumer goods sector to test the effect of cash flow on the corporate performance of firms in Nigeria.

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APPENDIX 1: DATA EMPLOYED FOR THE STUDY

S/N	COMPANY	YEAR	OPCF('000)	INVCF('000)	FINCF('000)	PBT('000)	TA('000)	ROA =PBT/TA *100%
1	CADBURY NIGERIA PLC	2011	6827819	-1123333	-13962	5309043	32642612	16.26414884
		2012	6754335	-1446940	-9039	6438262	39811415	16.17189944
		2013	6513983	-2977964	-3028992	7421477	43172624	17.19023843
		2014	1419524	-1129439	-14354137	1467314	28820107	5.091285747
		2015	3781283	-787360	-1270811	1577412	28417005	5.55094388
		2016	-1848864	-221081	-478323	-562870	28392951	-1.982428667
		2017	-1471631	-950998	258655	350317	28432122	1.23211697
		2018	6695082	-722841	-2578012	1222831	27528040	4.442128826
		2019	2285899	-1515541	-431344	1538877	28801938	5.34296338
		2020	4254793	-845019	3246691	408065	33210684	1.228716036
2	DANGOTE SALT PLC	2011	3645645	-1002181	-1337889	3138599	10046942	31.23934626
		2012	3240019	-808805	-1862554	4036338	10689542	37.75969073
		2013	1881899	-2362290	-2392812	4038405	11431167	35.32802031
		2014	4209545	-2114952	-2399721	2856399	12555885	22.74948361
		2015	4007768	-1002042	-1344784	3017564	16294826	18.51854079
		2016	2238496	-475022	-1814862	3516331	24603267	14.29213039
		2017	13835753	-4924362	-1926720	7909488	30123247	26.25708975
		2018	986399	-3901005	-3974158	6449385	30270429	21.3058923
		2019	6090389	-5445382	427751	2769079	38668792	7.161017598
		2020	8020924	-3986916	-5094372	3906716	44308991	8.81698254
3	DANGOTE SUGAR PLC	2011	9104276	-2048494	-7200000	10921229	72814721	14.99865529
		2012	25057605	-2590202	-3600000	16331679	83051450	19.66453205
		2013	1076855	-12175509	-6000000	20099517	87112182	23.07314148
		2014	9047869	-5595695	-5199999	17472841	97287804	17.95995005
		2015	10655421	-3540091	-4300000	18144955	106671333	17.01015117
		2016	34548986	-2109157	-8500000	20759524	175936048	11.79947159
		2017	26455953	-5775417	-13200000	54882983	196064664	27.99228677
		2018	-7751583	3566734	-15000000	38455530	178523711	21.54085291
		2019	20225266	-3824613	-13905059	34829243	198129122	17.57906291
		2020	43818395	-9232795	-13854483	46038948	259280544	17.75642217
4	FLOURMILLS OF NIG. PLC	2011	5338226	-2593134	8474014	14264723	116730494	12.22021985
		2012	847747	-23027863	21068615	11377133	172508941	6.595097584
		2013	-518877	-9702315	19025249	11640693	223889728	27.99228677
		2014	9934540	-3308780	-34249281	12457034	220145555	5.658544412
		2015	-11230638	20716377	-14990590	910984	231529878	0.393462826
		2016	20924187	23900756	-1906428	6248497	233296607	2.678348854

		2017	-14328877	-27541357	21336537	10979579	343933157	3.192358392
		2018	-26409807	56124892	-24361059	14153983	322604582	4.387409166
		2019	3544753	34258841	-29077558	18536249	314058187	5.902170288
		2020	31939819	12175448	-38154460	17537685	314267060	5.580503728
5	GUINNESS NIGERIA PLC	2011	19530773	-9887540	-14267829	26176966	92175032	28.39919383
		2012	21224240	-12143523	-17318069	21074950	102534172	20.5540744
		2013	24298137	-14081901	-10617820	17008875	121060621	14.0498825
		2014	19157202	-13683695	-3304804	11681560	132328273	8.82771288
		2015	32538985	-8454576	-21361905	10795102	122246632	8.830592568
		2016	-1320097	-8532239	8425931	-2347241	136992444	-1.713409099
		2017	18045541	-7568324	-11294243	2662081	146038216	1.822866009
		2018	10589788	-15629117	13366905	9943164	153254968	6.487988044
		2019	13406042	-15827676	-6730383	7103630	160792627	4.417882917
		2020	15296313	-10415135	1719206	-17073641	144145581	-11.84472037
6	HONEYWELL NIGERIA PLC	2011	7702847	-5730347	-1978814	2412769	32983854	7.315000242
		2012	2156609	-15495227	13753709	2600712	49020984	5.305303541
		2013	-1794859	-6603263	7774043	3814599	55437478	6.880902843
		2014	6431524	-2261332	3166233	4237432	63830439	6.63857568
		2015	5602147	-14749582	2466019	1434828	67943444	2.111797571
		2016	10131641	-6046484	7521745	-2869342	76046576	-3.773137662
		2017	-2533081	-15856863	9746464	5469833	113151714	4.834069946
		2018	14725910	-5975524	-8506031	4872291	124835013	3.902984333
		2019	9413187	-5649275	-194141	607791	137505112	0.442013385
		2020	5417298	-2595247	-1317342	1270237	142261292	0.892890105
7	NESTLE NIGERIA PLC	2011	19999112	-17898268	-5773350	16496453	77728293	21.2232282
		2012	30243832	-11196970	-11349854	25050172	88963218	28.1578978
		2013	36209580	-8023376	-18283766	26047590	108207480	24.07189411
		2014	23495038	-7263538	-27481104	24445978	106062067	23.04874748
		2015	39877436	-7228711	-22491122	29322477	119215053	24.59628735
		2016	61484847	-2842594	-20070185	21548408	169585932	12.70648322
		2017	19235881	-2433312	-56574372	46828682	146804128	31.89875015
		2018	74618791	-10984275	-60690925	59750846	162334422	36.80725583
		2019	49945530	-12328813	-47743062	71123824	193374314	36.78038853
		2020	97196104	-15718617	-27018843	60638443	246184996	24.63125048
8	NIGERIAN BREWERIES PLC	2011	61212209	-80647422	27647138	215447123	57143228	377.0300183
		2012	55888588	-37216667	-30926001	253633629	55624366	455.9757661
		2013	95167850	-32514198	-62639009	62240317	252759633	24.62431056
		2014	60860045	-28591797	-36328397	61461821	349676784	17.57675196
		2015	72673843	-32360293	-59891524	54508368	356707123	15.28098669

		2016	70210871	-18808968	-26007985	39622914	367639915	10.77764203
		2017	72113517	-32065023	-35938291	46572313	382726540	12.16856114
		2018	30237808	-29764965	-2545411	29359828	388766316	7.552050368
		2019	38576653	-29784299	-15756026	23327090	382503815	6.098524795
		2020	82724967	-36582832	-22151127	11707745	444437374	2.634284533
9	PZ CUSSONS PLC	2011	-93646	-2155779	-2842252	4766551	54293398	8.779246051
		2012	3376187	-926262	-3366112	778912	48622703	1.601951253
		2013	5117598	-1157231	-2178267	3567621	50243854	7.100611748
		2014	10287781	-2343009	-8317978	4975262	51694166	9.624416806
		2015	3705398	-1978982	-3941990	3147400	48106661	6.542545117
		2016	9331347	-3104797	-3275295	776880	56261100	1.380847513
		2017	6576014	-4716888	-2401225	2817164	73039610	3.857035929
		2018	13245662	-2171014	-2897264	1736740	74576119	2.328815207
		2019	-4169880	-3380485	-2622670	1127391	64315676	1.752902356
		2020	7365761	489244	-1268813	-6392401	59486850	-10.74590603
10	UNILEVER NIGERIA PLC	2011	10622492	-5063362	-4563664	8018115	32249928	24.8624276
		2012	7164096	-6648227	-5959322	8185987	36497624	22.42882167
		2013	6294	-1161	-5390	7114	45513	15.63069892
	€ million	2014	5543	-341	-5190	7646	48027	15.92021155
		2015	7330	-3539	-3032	7220	52298	13.80549925
		2016	5990506	-3883493	12467556	4106422	72491309	5.664709407
		2017	5935307	-3250669	40334816	11207213	121084365	9.255706135
		2018	6893344	3216002	-3458759	12621908	131843373	9.57341102
		2019	-11524317	-4333894	-5825150	-9754273	103677519	-9.408281655
		2020	2112466	-531434	-428898	-4586276	91517538	-5.011362959
11	VITAFOAM NIGERIA PLC	2011	89459	-1470386	-259964	970248	9446106	10.27140708
		2012	975933	-657677	-913748	857894	10237378	8.380016836
		2013	1289816	-373437	-678657	614162	9376225	6.55020544
		2014	1635578	-123294	-1202695	926312	11032131	8.396492029
		2015	858923	-442487	-387000	810488	12079656	6.709528814
		2016	-1526147	-366079	1471132	522757	13022584	4.014234041
		2017	2090468	-62055	-1925303	290280	12974483	2.237314581
		2018	-167810	-60195	1512711	619233	15156727	4.08553245
		2019	4760983	-53072	3919476	2496008	12358342	20.19694875
		2020	4806873	-786167	1678498	4963946	19802249	25.06758702

APPENDIX 2: DATA ANALYSIS BY SPSS VERSION 26

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	INVESTMENT CASH FLOW ^b	.	Enter

- a. Dependent Variable: RETURN ON ASSET
 b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.496 ^a	.246	.239	50.74697

- a. Predictors: (Constant), INVESTMENT CASH FLOW

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	82531.873	1	82531.873	32.048	.000 ^b
	Residual	252374.966	98	2575.255		
	Total	334906.839	99			

- a. Dependent Variable: RETURN ON ASSET
 b. Predictors: (Constant), INVESTMENT CASH FLOW

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.705	5.587		1.200	.233
	INVESTMENT CASH FLOW	-1.954E-6	.000	-.496	-5.661	.000

- a. Dependent Variable: RETURN ON ASSET

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	FINANCE CASH FLOW ^b	.	Enter

- a. Dependent Variable: RETURN ON ASSET
 b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.034 ^a	.001	-.009	58.42411

- a. Predictors: (Constant), FINANCE CASH FLOW

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	395.921	1	395.921	.116	.734 ^b
	Residual	334510.918	98	3413.377		
	Total	334906.839	99			

a. Dependent Variable: RETURN ON ASSET

b. Predictors: (Constant), FINANCE CASH FLOW

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
1	(Constant)	18.954	6.522		2.906	.005
	FINANCE CASH FLOW	-1.197E-7	.000	-.034	-.341	.734

a. Dependent Variable: RETURN ON ASSET

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	OPERATION CASH FLOW ^b	.	Enter

a. Dependent Variable: RETURN ON ASSET

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.300 ^a	.090	.081	55.75754

a. Predictors: (Constant), OPERATION CASH FLOW

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30234.334	1	30234.334	9.725	.002 ^b
	Residual	304672.505	98	3108.903		
	Total	334906.839	99			

a. Dependent Variable: RETURN ON ASSET

b. Predictors: (Constant), OPERATION CASH FLOW

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
1	(Constant)	7.713	6.816		1.131	.261
	OPERATION CASH FLOW	7.335E-7	.000	.300	3.119	.002

a. Dependent Variable: RETURN ON ASSET

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	OPERATION CASH FLOW, INVESTMENT CASH FLOW, FINANCE CASH FLOW ^b		Enter

a. Dependent Variable: RETURN ON ASSET

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.497 ^a	.247	.224	51.24262

a. Predictors: (Constant), OPERATION CASH FLOW, INVESTMENT CASH FLOW, FINANCE CASH FLOW

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	82829.451	3	27609.817	10.515	.000 ^b
	Residual	252077.388	96	2625.806		
	Total	334906.839	99			

a. Dependent Variable: RETURN ON ASSET

b. Predictors: (Constant), OPERATION CASH FLOW, INVESTMENT CASH FLOW, FINANCE CASH FLOW

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
1	(Constant)	6.049	6.302		.960	.340
	INVESTMENT CASH FLOW	-1.997E-6	.000	-.507	-3.821	.000
	FINANCE CASH FLOW	-1.408E-7	.000	-.040	-.287	.775
	OPERATION CASH FLOW	-4.753E-8	.000	-.019	-.113	.911

a. Dependent Variable: RETURN ON ASSET

APPENDIX 3: GAP ANALYSIS/ SUMMARY OF EMPIRICAL REVIEW

S/N	Author(s) and Year	Title	Objective	Sample size/Period	Technique/Methodology	Findings	Gaps
1	Okpe Ikechukwu, Duru Anastesia Nwakaego and Alor Celestine. (2015)	The Effect of Cash Flow Statement on Companies Profitability (A Study of Some Selected Banks in Nigeria)	The general objective of this study is to ascertain the effect of cash flow statement on companies' profitability in Nigeria.	The data selected for 5 years (2010-2014) are used in this study.	Ex-post research design. Secondary data . Multiple regressions analysis.	The results of the study revealed that Operating and Financing cash-flows have significant positive effect on performance.	Time frame, variable, exclusion, and industrial exclusion.
2	Bingilar Paymaster Frank and Oyadonghan Kereotu James. (2014)	Cashflow And Corporate Performance: A Study of Selected Food and Beverages Companies In Nigeria	The broad objective of the study was to examine the relationship between cash flows and corporate performance in the Food and Beverages sector of Nigeria.	The data used was for period 2007 -2011 (i.e., Annual report and Accounts of the companies under study). Six companies in the Food and Beverage sector of Nigeria were selected.	The study develops regression model to capture the interrelationships between cash flows and corporate performance and transform it in a multiple linear regression equation.	The study revealed that operating and financing cash flows have significant positive relationship while investing cash have significant negative relationship.	Time frame, and industrial exclusion.
3	Chukwunwike, Onyekachi David, Ofoegbu, Grace N., Okoroiwu, Kemdi Lugard, Okafor, Regina G. (2018)	The Potency of Cash Flow in Predicting Corporate Performance.	The convergent objective of this study is to empirically examine the potency of cash flow statement in forecasting corporate performance.	The population investigated were Banks quoted on the Nigerian Stock Exchange between the periods of 2007 and 2016.	Ex-post facto research design. In analysing the data from this study, panel multiple regression technique was applied on STATA econometrics software.	The outcome revealed a positive impact of cash flows (CF) on the reported profits (RP), albeit the impact was insignificant.	Time frame, variable exclusion, and methodology exclusion.
4	Appah, Ebimobowei (Ph.D., FCA), Awuji, Charles Evans&Anuogwo, Kelvin	Cash Flow Accounting and Corporate Financial Performance of Listed	The objective of the study is to investigate the relationship between cash flow and profit after tax of listed companies	The population of the study comprised of twenty-six firm and Taro Yamene formula was utilized for the	The study employed ex-post facto and correlational research designs. The data for the study was collected from the	The result from the data analysis revealed a positive and significant relationship between operating	Variable exclusion, and methodology exclusion,

	Ngozi. (2021)	Consumer Goods Companies in Nigeria	in Nigeria:	determination of sample size of twenty-three firms.	annual reports of sampled companies listed on the Nigerian Stock Exchange and descriptive, bivariate and multivariate analysis was employed for the purpose of data analysis.	cashflow, financing cash flow while investing activities and financial leverage revealed a negative and significant relationship.	
5	Duru Anastesia Nwakaego, Okpe Ikechukwu and L. Chitor Ifunanya. (2015).	Effect of Cashflow Statement on Company's Performance of Food and Beverages Companies in Nigeria.	The main objective of the study was to examine the effect of cash flows on corporate performance of the Food and Beverage sub-sector in Nigeria.	The study involved a survey of Six companies of Food and Beverages companies quoted in the Nigerian Stock Exchange.	Data were obtained from the Annual reports and accounts of the selected companies under study. The relevant data were analysed using the multiple regression technique.	It was also observed that investing cash flow has significant negative relationship with corporate performance.	Time frame, and industrial exclusion.
6	Loveday A. Nwanyanwu; phd, FCA, FCTI. (2015)	Cashflow And Organizational Performance in Nigeria: Hospitality and Print Media Industries Perspectives.	The objective of the study is to examine the relationship between cashflow and organization performance from the perspective of the hospitality and print media industrial sectors of the economy.	From a pilot survey conducted, forty-five (45) organizations in the hospitality sector and print media were identified. This number constituted the sample for the study.	This study adopted a survey design. Primary data are collected using questionnaire drawn on a five-point scale. The test statistic is the Pearson's product moment coefficient of correlation.	Results indicate a significantly strong positive relationship between cashflow position and net profit.	Time frame, variable exclusion, industrial exclusion, and methodology exclusion.
7	Sunday Ogbeide and Babatunde Akanji. (2017)	A Study on the Relationship between Cash-flow and Financial Performance	The objective of the study is to examine the relationship between cashflow and financial performance of	The study used time series data for the period 2009-2014, twenty-seven listed insurance firms in Nigeria	The study uses both descriptive and inferential statistics to determine the relationship among the	The findings reveal that cash flow was observed to determine insurance firms' financial	Time frame, industrial exclusion and variable exclusion.

		of Insurance Companies: Evidence from a Developing Economy	insurance companies in a developing economy- Nigeria.	were selected as sample size.	variables. Panel data estimates of the multiple regression models was used.	performance and is statistically significant.	
8	Nangih, Efeeloo FCA, FCTI, ACFIA, Ofor, T. N. Ph.D. and Ven. Onuorah, J. K. J Ph.D. (2020)	Cash Flow Management and Financial Performance of Quoted Oil and Gas Firms in Nigeria.	This study examined, empirically, the relationship between cash flow management and the financial performance of some selected oil and gas firms listed on the Nigerian Stock Exchange.	The data employed in this study was generated from the financial reports of five (5) selected oil and gas companies in Nigeria for the period of five years from 2013 to 2018.	The work was anchored on the Stakeholders' Theory. It adopts the ex post facto research design and analysed with correlation and multiple regression techniques. The companies were chosen based on purposive sampling technique.	Established that cash flows from operating and investing cash flows had negative and insignificant whereas cash flow from financing activities had positive and significant influence.	Time frame, and industrial exclusion.
9	Idamoyibo Hwerien Rosemary, Abner Ishaku Prince, Akpan Ededem Jack, Orugun Ibidunni Fausat, Emmanuel Nwabueze Enoch, Udo Emmanuel Samuel. (2021)	Cash Flow Management and Industrial Firms Performance in Nigeria	The objective of this research was to establish the liquidity- viability link in quoted non- financial firms in Nigeria.	This study focuses on 13 quoted non- financial sectors in Nigeria firms from 1999-2020.	The study used the regression model predominantly and also ignore the widely accepted econometric process of a pre and post diagnostic test. The preliminary test was conducted to determine the best fit model.	Findings divulged a bidirectional nexus between current ratio, cash flow ratio, and ROE and a non- causal nexus with other variables. Policy recommendations are further discussed.	Time frame, and variable exclusion.
10	Yeko Martin. (2019)	Cash Flow Management and Financial Performance Of Tororo Cement, Eastern Uganda.	The objective was based on the research that included assessing the effect of accounts receivable management on	From the population of 57, a sample size is determined using Slovene's formula to come up with appropriate sample size to be used in the study.	It was based on quantitative and qualitative research approaches.		Time frame, industrial exclusion, geographical exclusion, and variable

			organizational performance, analyse the role of accounts payables management on organizational performance and examine the effect of credit management on organizational performance.				exclusion.
11	Mayowa Ebenezer Ariyibi, Olusola Enitan Olowofela and Olaiya Kehinde Isaig (2021)	Corporate Governance and Firm Performance of Listed Consumer Goods Companies in Nigeria	The objective is to examine the impact of corporate governance on the profitability status of the companies depending on cash flows and inflow from the income statement.	The data for this study was gathered from (15) listed Consumer goods sector firms quoted on the Nigeria Stock Exchange (NSE). The panel data was employed for the study between 2014-2018.	The study used the stratified and simple random technique. The study employed the panel regression analysis for the study using EVIEW 10 Statistical package for the study.	Study revealed Board size and board independence has positive significant effect on profit margin while board size and board independence negative significant effect on operating cash flow.	Time frame, variable exclusion, and methodology exclusion.
12	Fatima Faruqi, Tanveer Ahsan, Sultan Sikandar Mirza and Zia-ur-Rehman Rao. (2019)	Corporate Governance, Cash Flows, and Bank Performance: Developed and Developing Countries	The purpose of the study is to investigate the impact of corporate governance on bank performance and the mediating role of cash flows between corporate governance and bank performance in developed and developing countries.	The study collects data for 2006-2015 for 30 commercial banks operating in five countries and applies bank, time (year), and country fixed effects regression analysis to determine the direct impact of corporate governance and cash flows on bank performance.	Structural equation modelling is employed to investigate the mediating role of cash flows between corporate governance and bank performance.	The results also show that investment cash flows mediate the relationship between corporate governance and bank performance. while operating cash flows mediate the relationship between bank performance and corporate governance in developing countries only.	Time frame, variable exclusion, geographical exclusion and methodology exclusion.

13	Abdul Rahman and Raj Bahadur Sharma. (2020)	Cash flows and financial performance in the industrial sector of Saudi Arabia: With special reference to Insurance and Manufacturing Sectors.	The study investigates the effect of cash flow from operations (CFOs) on the financial performance of insurance and manufacturing companies in Saudi Arabia.	The study sample consists of five (5) companies from each sector totalling 10 during the period 2015–2018 for insurance companies, while it is 2014–2018 for manufacturing companies.	Descriptive statistics, correlation, pooled regression was adopted for empirical analysis and the study conducted diagnostic tests, such as the test of normality, heteroscedasticity, multicollinearity, etc. to examine the robustness of the results.	The results report a positive and significant association between financial performance (ROA and ROE) and operating cash flows (CFOs), and a negative association for SIZE and LEV.	Time frame, geographical exclusion, industrial exclusion, variable exclusion and methodology exclusion.
14	Ubesie Madubuko Cyril, Chitor Ifunanya Lawretta and Ejembi Emmanuel Adakole (2016)	Effect of Cash Flow Statement on Performance of Selected Food Beverage Companies in Nigeria.	The study examines the relationship between cash flow and performance in the Food and Beverages sector of Nigeria.	The study involved a survey of Six (6) Food and Beverages companies quoted in the Nigerian Stock Exchange. Data were obtained from the annual report and accounts of the selected companies under study.	The relevant data were subjected to statistical analysis using the multiple regression technique.	Study revealed that operating and financing cash flows have significant positive relationship with corporate performance in the Food and Beverage Sector of Nigeria.	Time frame, and industrial exclusion.
15	Grace N. Ofoegbn and Eric Chinedu Okoro (2020).	Effect Of Cash Flow on Performance of Listed Deposit Money Banks in Nigeria.	This study examines the impact of Operating Cash flow and Corporate financial performance of listed	Twelve (12) banks were sampled for investigation over ten years beginning from 2006 to 2015 from a total population of fifteen (15) Deposit Money Banks (DMBs) listed on the Nigerian Stock Exchange were selected.	Multi-stage sampling technique was used in sampling technique. Data gathered were subjected to statistical analysis through the simple regression technique, and the EVIEWS statistical software package was used to do the analysis.	The findings showed that cash flows from operating, investing and financing activities, have no statistically significant effect on the returns on investment, returns on equity and earnings per share of Deposit Money Banks (DMBs) studied.	Industrial exclusion and methodology exclusion.
16	Prof Muhammad	Operating Cash Flow	This study examines the	Five listed Conglomerate	The data were analyzed using	The result shows a positive and	Time frame, and

	Liman and Aminatu Sani Mohammed. (2018)	and Corporate Financial Performance of Listed Conglomerate Companies in Nigeria	impact of Operating Cash flow and Corporate financial performance of listed Conglomerate companies in Nigeria.	companies from the population of six companies were studied. Period was for 10 years (2005 to 2014). The study uses secondary data collected from the Annual Reports and Accounts of the sampled firms for the period of the study.	descriptive statistics, correlation analysis as well as regressions techniques to determine the variation in financial performance due to the variation in operating cash flow. A Panel Data Regression Technique was employed since the data has both time series and cross-sectional characteristics.	insignificant impact between Cash Flow from Operating activities (CFO) and financial performance positive and significant when financial performance was proxied by ROE of the listed conglomerate companies in Nigeria. The control variable Size and Financial Leverage have a positive and negative significant impact on ROA respectively, while their impact on ROE is positive and insignificant	variable exclusion.
17	Victor. A. Idehen and Karen I. Akhator (2021)	Examining the cash flow statement relevance for measuring the business performance in Nigeria.	This study examined the relevance of the statement of cashflow in the measurement of Business performance.	First bank share prices from 2012-2021. First bank share prices that rose from all-time low in 2015 and 2016 to a sudden upsurge in 2018 is a reflection that the share prices did not reflect the intrinsic value of the firm.	The methodology used is a review of relevant and extant literature.	The information in the financial statement was not adequate and failure of first bank to disclose Central Bank of Nigeria forbearances, amount to material misrepresentation and led to a bubble of the share prices.	Time frame, variable exclusion, industrial exclusion.
18	Abdirahman Tahlil Ali	Effects of cash flow	This study seeks to investigate	The research population is 360	Descriptive research design.	The result indicates there	Time frame,

	and Aaron L. Mukhongo (2016)	Management on Financial Performance of Small and Medium Enterprise in Mogadishu Somalia (A case study of bakara market)	the effect of cash flow management on the financial performance of SME 's in Mogadishu – Somalia.	The instrument is a survey, questionnaire or tool designed to measure the variable(s), characteristic(s), or information of interest, often a behavioural or psychological characteristic.	Linear Regression analysis model was used in the study.	was statistically positive relationship between cash control and cash planning on financial performance while the remaining variable was negative relationship.	industrial exclusion, variable exclusion, geographical exclusion and methodology exclusion.
19	Eyisi A. S. and Okpe I.I (2014)	The Impact of Cash Flow Ratio on Corporate Performance	This study ascertains the applications of cash flow ratio as a better tool for assessing corporate performance.		In this study, performances were measured using liquidity ratio and asset management ratio. The ratios of the organization were computed based on accrued and cash basis accounting.	Results obtained showed that liquidity ratios computed on accrued basis and liquidity ratios computed on cash basis showed negative liquidity position/inefficient asset management its financial obligation.	Variable exclusion and methodology exclusion.
20	Daniela Pordea, Delia David and Dorel Mates (2020)	The Impact of Operating Cash Flow and Current Ratio On the Profitability in Construction Industry	The purpose of this research is to analyse the influence of the operating cash flow and the current liquidity ratio on the profitability in the case of construction companies.	The study used a sample of 29 financial statements for the year 2017, which was obtained individually from small and medium-sized entities operating on the western construction market of Romania.	The study adopted linear regression model on cross-section financial data related to a single reporting year and obtained from construction companies in western Romania.	The results we have obtained did not reveal statistical significance for the exogenous variables used in the model.	Time frame, variable exclusion, industrial exclusion, and methodology exclusion.
21	Wasim K. AlShattarat, Kuwait	Working Capital management,	The paper investigates the relationship	The analysis used is based on a sample of 5802 U.	The relationship is examined using dynamic panel	The results suggest that managers can	Time frame, variable exclusion,

	Haitham Nobanee, Ayman E. Haddad and Maryam AlHajjar. (2010)	operating cashflow and corporate performance.	between working capital management, corporate performance and operating cash flow.	S. non-financial firms listed in the New York Exchange, American Stock Exchange covering the period of 1990-2004 (87030 firm-year observations).	data analysis.	increase profitability and operating cash flow of their firms by shortening the cash conversion cycle and the receivable collection period. It also shows that shortening the inventory conversion period and lengthening the payable deferral period reduces the firm's profitability and operating cashflow.	and methodology exclusion.
22	Chibuike Camillus Ugo and Celestine Anayo Egbuhuzor (2022)	Effect of cashflow management on financial performance: Evidence from the pharmaceutical industry in Nigeria	The study examined the effect of cash flow management on financial performance: Evidence from the pharmaceutical industry in Nigeria.	The ex post facto research design was adopted for the study with a population of ten (10) listed pharmaceutical companies in Nigeria as listed by the Nigerian Exchange Group in 2021.	Multiple regression analysis and the Pairwise Granger Causality tests were used to analyse the data gathered with the aid of EViews10 statistical software.	The study revealed a positive and insignificant effect of operating activities and also revealed a positive and insignificant effect of investing activities on liquidity. And finally, it revealed a negative but significant effect of financing activities.	Variable exclusion, industrial exclusion, and methodology exclusion.
23	Farzaneh	The cash	The objective of	The statistical	linear regression	The findings	Time

	Dalir Rezagholi Gheshlaghi, Yunes Ahmadzadeh, and Fahimeh Faal (2014)	flow statement's component effect on Management Performance in firms enlisted in Tehran Stock Exchange	the study was to answer the following question: Are cash flows resulting from the cash flow statement's component affective over return on assets which are among criteria to assess management performance?	society for the present research entail 138 firms enlisted in Tehran Stock Exchange that has been investigated during a time period of 5 years between 2008 and 2012.	model	showed that there is a negative and meaningful relationship between cash flows resulting from investment return and the interest paid to finance, and also between cash flows resulting from income tax and cash flows resulting from investment activities and return on assets.	frame, industrial exclusion, variable exclusion, and methodology exclusion.
24	Damian Okelo Guda (2011)	The relationship between cash flow and profitability Of small and medium enterprises in Nairobi County	The objective of this research was to establish the relationship between profitability and cash flow of small and medium enterprises in Nairobi County.	Fifty (50) firms were identified for study from the available population of the SMEs in Nairobi County. All the firms within this definition of SMEs had an equal chance of being studied. The study covered a period of five years between January 2008 and December 2012.	A descriptive study was applied in this study using primary data obtained from individual small and medium enterprise firms which were drawn to form a sample for the purpose of this study. Data was organized into a panel and analysed using a fixed effect regression model to obtain coefficient of the variables.	Findings of the study indicated that there was significant relationship between profitability and cash flow. of small and medium enterprises in Nairobi County. The findings indicated presence of other significant variables influencing profitability of SMEs and which did not form the subject of this study.	Time frame, industrial exclusion, geographical exclusion and methodology exclusion and variable exclusion.