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Cashflow Management and Financial Performance of Industrial Goods Sector in Nigeria

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Abstract
The primary objective of this research is to investigate the impact of cash flow management on the financial performance of the industrial goods sector in Nigeria. Specifically, the study focuses on assessing the influence of cash flows from operating activities, cash flows from investing activity, and cash flows from financing activities on return on equity of selected industrial good firms in Nigeria. Ex post facto research is a study that investigates possible cause-and-effect relationships by analyzing data from events that have already occurred, without manipulating any variables. The panel least squares regression techniques were employed to examine the implicit relationship between the variables. The study found a significant negative relationship between cash flow from investing activities and financial performance. Additionally, cash flow from financing activities does not show a statistically significant relationship with financial performance in this sector. These findings highlight important considerations regarding the role of cash flow management in driving financial outcomes. In conclusion, the research underscores the importance of a balanced approach to cash flow management across all activities, operating, investing, and financing to achieve sustainable financial performance in the industrial goods sector. Firms should prioritize investments that align with their strategic objectives while maintaining efficient operations to optimize financial outcomes. It is recommended that firms focus on selecting investment projects with higher potential returns and avoid inefficient or excessive investments that do not align with their strategic goals.

Keywords: Cashflow, Management, Activities, Financial, Investing, Performance.

1. Introduction

Smith (2019) considers cash flow management to be an important aspect of any business, as it helps to ensure that the business has enough money to cover its expenses and make a profit. In the industrial goods sector in Nigeria, cash flow management has been shown to have a significant impact on financial performance. According to Weston and Copeland (2018). Cash flow management is concerned with maximizing cash available, increasing interest received on non-required surplus money as soon as possible, and preventing losses caused by funds transfer delays. The opportunity cost of holding cash to meet short-term demands is equivalent to the returns that could have been achieved if the money had been saved or put to better use. Cash flow management represents a concept in accounting and finance that is used to describe the inflow and out-flow of cash within an organization inflow represent cash flow receipts while outflow relates to cash expenditures. A high inflow of cash when compared with the out-flow provides a company with sufficient cash balance for investment purposes. On the other hand, a low inflow leading to excess of out-flow over the in-flow of cash reduces organizational operation. In the view of Libby et al. (2001), cash flow permits a company to expand its operation, replace needed assets, take advantage of market opportunities and pay dividend to its owners.

Cash flow management is vital to the substance of a firm's liquidity and requires large capital outflow to effectively carry out their operations. A situation where the available capital properly managed will be detrimental to the financial health of the company proper cash flow management system in the business

helps the management to control spending with respect to the specified budget, minimize borrowing and maximize the opportunity cost of its company resources Bari et al, (2019).

Cash flow management financial in flow and out flow made during the reporting period. Appah (2018), stated that cash is the lifeblood of cooperate entity because it is needed to acquire assets used in the generation of goods and service provide by the entity for determine of profit to maximize wealth of shareholders. ‹When combined with other financial statements, a cash flow statement offers data that enables users to access changes in an entity's net asset or equity. Its financial structure includes its liquidity and solvency.

Financial performance remains, according to Lynch (2003) a fixed scale for the success of organizational, as well as their lack of the basic level they need in the continuity of their existence. This is a measure of how the central business of an organization, using its capital, generates income (Waweru, 2007 and alloyo, 2010). It is the enterprise overall health metric for a set of periods of time, and it is often used to access result results in a sector area. However, financial performance is an essential measure to assess the well-being of a company. This measures the ability of the company to utilize its resources efficiently and effectively to achieve the desired result.

It is also regarded as indicators that show the overall health of an entity it indicates the extent to which strategies and policies of managers have accomplished (Alshehat & Al-nimmer, 2017). Cash flow management can affect the financial performance of any organizations in the terms of the company ability to generate revenue if a company does not have a good system for managing its cash flow, it may not be able to collect payment from its customer's in a timely manner, or it may not be able to make timely payment to its suppliers and this can have a negative impact on the company's revenue and profit. Cash flow management can also affect the financial performance of a business, the company's ability to invest in growth and development.

Cash flow management is an area of business management that has been a priority on the policy agenda among corporates in both the developed and developing countries for over decade (Kros & Mankas, 2014). The lack of effective cash flow management in the industrial goods sector in Nigeria is having a negative impact on the sector's ability to cover its expense, invest in new opportunities and attract investor and customer. This is causing a significant financial risk and threatening the sector's future growth and sustainability and the industrial goods sector in Nigeria is a large and growing sector, this sector is very essential to the country's economic development and accounting for the country's growth domestic product (GDP) and employing millions of people and its performance has a significant impact on the overall economy.

Despite cash flow management being an integral part of the financial reporting of modern days business organization, existing empirical evidence presents a paradox with some studies reporting that increasing net cash from the operating, financing and investing activities of firms corresponds with increased financial performance (Alshehat & Al-nimor, 2017). while others reported decreased financial performance. (Hong et al, 2012; Korolo & Korolo, 2024; Obingilar & Oyadoghan, 2014). Locally, studies on the impact of performance of some industrial companies have established a favourable association between cash flow operating and investing activities but a negative relationship between cash flow from financing activities and performance. As a result of inconsistencies in findings of previous studies, this study intends to further investigate the relationship between cashflow management and financial performance of industries goods companies in Nigeria.

2. Literature Review and Hypotheses Development

Theoretical Framework

This research work is anchored on the pecking order theory which was developed by Donaldson in 1961 and later it was modified by Stewart Myers and Nicolas Majluf in 1984 (Al-Najjar, 2013). The pecking order theory, also known as the information asymmetry theory, provides a valuable framework for understanding the financing behavior of firms in the industrial goods sector in Nigeria. This theory posits that companies prioritize their sources of financing based on the principle of least effort or resistance, preferring internal funds over external options to avoid the costs and potential adverse signaling associated with external financing. The pecking order theory provides a useful framework for managing cash flows and financial performance in the industrial goods sector in Nigeria. By prioritizing internal financing, followed by debt, and finally equity, firms can minimize transaction costs, maintain control, and signal confidence in the market. However, careful planning and strategic decision-making are essential to navigate the complexities of the Nigerian economic environment and optimize financial performance.

Review of Empirical Literature

Idehen, et al (2025) examined the effect of cash flow management on asset growth among listed industrial goods firms in Nigeria. Specifically, it evaluates how cash flow from operating, investing, and financing activities and cash flow per share contributes to asset growth. The multi-level mixed effect (MLME) regression analysis estimator was used to test the hypotheses. Adopting an ex post facto research design, this study evaluates a sample of fifteen industrial goods firms listed on the Nigerian Exchange Group, selected based on their continuous listing from 2018 to 2023 and the availability of their annual reports, where data were sourced. The descriptive and inferential statistical methods were used, with preliminary tests of normality and multicollinearity checks to guide the regression analysis. The results indicated that cash flow per share does not significantly influence asset growth, but the cash flow from operating, investing, and financing activities has positive influences on asset growth during the period under investigation. This study concludes that effectively managing investing, financing, and operating cash flow activities is essential for asset growth. Based on the findings, this study recommends that stakeholders, including investors, management, and policymakers, should prioritize strategies that enhance cash flow management. Industrial goods firms in Nigeria should focus on optimizing operational cash flow through improved revenue generation and cost management while leveraging financing opportunities to support asset growth. Additionally, prudent investment in productive assets should be given priority, which will further strengthen asset growth opportunities.

Omaliko et al., (2023) effect of corporate governance mechanism on the relationship between cash flow management and performance of listed manufacturing firms in the era of disruption in Nigeria was empirically investigated in this study. Operating, financing, and investing activities were used as proxies for cash flow management. Net assets per share (NAPS) were used to measure firm performance while board independence was used as a proxy for the corporate governance mechanism (moderating variable). Panel least squares regression model operated with E-View 12 was utilized to perform the statistical test of parameter estimates, and six hypotheses were formulated to direct the investigation. Ex Post Facto design was used, and the data for the study was collected from the published annual financial reports and accounts of companies listed on the Nigerian Exchange Group (NGX) under the consumer goods sector, industrial goods sector, and oil and gas sector. The results of the study show that operating activities (OA) significantly affect firm performance (NAPS) at a significant 5% level. Furthermore, it was discovered that, at 1% significant level, financing activities (FA) has a positive and significant effect on

firm performance, whereas investing activities (FA) has the same effect on firm performance in Nigeria. Also, it was noted that, at 1-5% significant level, corporate governance mechanism (board independence) moderated the effect of cash flow management on firm performance in Nigeria.

Etim et al. (2022) examining the influence of cash flow management on financial performance of selected listed companies in Nigeria. This was premised on the conflicting results and assertions in the literature in respect to the influence of cash flow management and financial performance of entities. Ex-post facto research design was adopted for the study using secondary data of sixty-three (63) selected listed companies in the Nigerian Stock Exchange (NSE) for the period 2013 to 2019. The nature of data was panel data. The dependent variable for financial performance is Return on Asset (ROA), while independent variables was cash flow management decomposed into Operating Cash Flow Margin (OCFM), Operating Cash Flow Ratio (OCFR), Investing Cash Flow Ratio (ICFR), Financing Cash Flow Ratio (FCFR) and Net Cash Flow Ratio (NCFR). The descriptive and inferential statistics were used for data analyses. Results showed that OCFM, OCFR, ICFR and NCFR had positive and significant influence on Financial Performance (ROA) and FCFR had a negative and insignificant influence on financial performance (ROA) of selected listed companies in Nigeria.

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 was 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 in 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.

Silver-Agbowuro (2022) 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.

Dibie (2022) examined the impact of cash management on financial performance of quoted manufacturing firms in Nigeria. The cash management variables examined in the study include cash conversion cycle (CCC), Creditors payment period (CPP), and Cash flow margin (CFM). The Arellano

and Bond dynamic panel data estimation was employed in the analysis to address the potential effects of endogeneity in the relationship. The findings reveal that Cash conversion cycle has a positive and significant impact on financial performance, Creditors' payment Period (CPP) has a positive impact on the firm financial performance, which is significant at 5%. Furthermore, cash flow margin (CFM) positively impacts financial performance, which is also significant at 5%. The following policy recommendations are provided in light of the study's findings. Firstly, firms should not depend so much on debt, especially in the light of macroeconomic instability and rate volatility but instead should look at how to develop strategies to lower their cash conversion cycles. Secondly, firms should seek long-term financing arrangements with longer payback periods, enabling them to properly utilize these funds with convenient investment timelines. Thirdly, firms should maintain a high cash flow margin by designing effective sales and marketing systems on the one hand and on the other hand putting in place a mechanism to minimize credit sales where possible and ensure timely payment arrangements where credit sales are involved.

Ugo and Egbuhuzor (2022) 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. Data were retrieved from the annual reports of the selected listed pharmaceutical companies for the period 2011 to 2020. Multiple regression analysis and the Pairwise Granger Causality tests were used to analyze the data gathered with the aid of EViews10 statistical software. The study revealed a positive and insignificant effect of operating activities on liquidity. Also, it revealed a positive and insignificant effect of investing activities on liquidity. And finally, it revealed a negative but significant effect of financing activities on the liquidity of listed pharmaceutical companies in Nigeria. Therefore, it was recommended that listed pharmaceutical companies in Nigeria should be encouraged to build a reasonable cash flow control strategy that will bring efficiency to the firm, thereby enhancing the firm financial performance. Also, pharmaceutical companies should re-evaluate their cash flow management strategies in order to enable them to generate enough cash sufficient to meet their investing activities.

Olulu-Briggs and Orowhuo (2021) investigated the effect of cash flow, liquidity, and capital structure on the profitability of firms in Nigeria from 2010-2019. Secondary series were secured from the annual reports of twenty quoted firms; and is devoid of bias. The variables employed are returned on equity (ROE), cash conversion ratio (CCO), current assets-current liabilities ratio (CURA) and debt-equity ratio (DER). The Panel Unit root, Kao and Pedroni Cointegration, and Generalized Method of Moments (GMM) techniques were utilized for the study at the 95% confidence interval. The panel unit root test indicates that all the variables were integrated in order. Kao and Pedroni cointegration test revealed the absence of long-run form. The GMM outcome shows that cash conversion cycle is positive and significant with ROE; meaning that cash is tied up for longer periods. Liquidity ratio is negative and insignificant with return on equity, thus demonstrating the inability of firms to meet up with short-term obligations when they fall due. However, the debt-equity ratio is positive and significant and in line with appropriate expectations. This indicates that manufacturing firms consider an optimal policy in their capital structure decisions. The employment of debt capital is usually for expansionary purposes, which is considered highly profitable.

Idamoyibo et al., (2021) evaluate the effect of cash flow management on the non-financial sector to focus on the financial sector. Use the regression model predominantly and also ignore the widely accepted

econometric process of a pre and post diagnostic test. This study focuses on 13 quoted non-financial sectors in Nigeria firms from 1999-2020. The preliminary test was conducted to determine the best fit model. Liquidity proxy by the current ratio significantly influences ROE and non-significantly on ROE when proxy by the cash flow ratio. Findings also 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.

Odo and Theophilus (2021) investigate the effect of cash flow on financial performance of food and beverage firms in Nigeria. Specifically, the study examined; to examine the effect of cash from operating activities on profit for the year of food and beverage firms in Nigeria; to determine the extent to which cash from financing activities affect profit for the year of food and beverage firms in Nigeria and to examine how cash from investment activities affect profit for the year of food and beverage firms in Nigeria. Ex – post facto research design was adopted. The study used secondary sources of data and used listed food and beverage companies. While the analytical techniques used for the study were random panel regression model and descriptive statistics. It was revealed out that cash from operating activities significantly affect profit for the year of food and beverage firms in Nigeria. Cash from financing activities has significant effect on profit for the year of food and beverage firms in Nigeria and cash from investment activities significantly affect profit for the year of food and beverage firms in Nigeria. The study recommended that food and beverage firms in Nigeria should payout dividends as at when due and timely too as it was found out that dividend paid has significant effect on net profit margin.

Ebimobowei et al. (2021) investigated the effect of cash flow accounting on the corporate financial performance of listed consumer goods companies in Nigeria for the period 2015 to 2019. The ex-post facto and correlational research design was utilized for the study. A population of twenty-six and a sample size of twenty-three firms were used in the study while descriptive, correlational and panel ordinary least squares were used for data analysis. The study revealed a positive and significant relationship between operating cash flow, financing cash flow and firm size to profit after tax of listed consumer goods manufacturing companies while investing activities and financial leverage revealed a negative and significant relationship.

Egwu et al. (2021) investigated the exploration of cash flow management for enterprise's business performance in Nigeria. The survey research design was utilized for the study. Data gathered were analyzed using descriptive methods and regression analysis. The study revealed that cash flow management influences the fulfilment of financial obligations and that cash flow management strategies influence the performance of enterprises in Abuja. The study concluded that cash flow is critical to the success of enterprises.

Nangih et al. (2020) investigated the relationship between cash flow management and the financial performance of quoted oil and gas firms in Nigeria. The judgmental research design was utilized while data was obtained from the annual reports of five selected listed firms for the period 2013-2018. The data thus collected were analyzed with correlation and multiple regression techniques. The study revealed that cash flows from operating and investing cash flows had a negative and insignificant relationship with profitability while cash flow from financing activities had a positive and significant influence on firm performance in the oil and gas sector.

Stom and Wepukhulu (2019) determine the effect of cash flow management on financial performance of listed companies at the Nairobi Securities Exchange. The research designs that were employed were

casual and correlational research techniques. A census was done on 54 organizations that were listed at the Nairobi Securities Exchange during the period 2013-2017. Study data was obtained from the companies yearly audited financial statements for five years duration between 2013 and 2017. Data was analyzed using both descriptive and inferential statistics. Multiple linear regression analysis model was used to determine the association between the research variables. The results of the study indicated that there existed a positive and significant relationship between cash flow from operating activities and the financial performance of listed companies at the Nairobi Securities Exchange (β=0.621, p-value=0.006); a negative and significant relationship between cash flow from investing activities and financial performance of listed companies at the Nairobi Securities Exchange (β=-0.387, p-value=0.029) and a positive and significant relationship between cash flow from financing activities and financial performance of listed companies at the Nairobi Securities Exchange. To provide a focused, testable statement that predicts a possible outcome based on prior knowledge or observations, the following hypotheses were formulated:

H1: There is no significant relationship between cash flow from operating activities and the financial performance of the industrial goods sector in Nigeria.
H2: There is no significant relationship between cash flow from investing activities and the financial performance of the industrial goods sector in Nigeria.
H3: There is no significant relationship between cash flow from financing activities and the financial performance of the industrial goods sector.

3. Methodology

The research design adopted for this study is the ex-post factor research design because the researcher relies on historic accounting data also known as secondary data obtained from five years annual financial reports of quoted industrial good firms in Nigeria, 2019 to 2023. The population of the study comprises of a total of 13 industrial good firms in Nigeria that have 2019 – 2023 audited annual financial report. The study used judgmental sampling techniques, the reason behind this, is because the firms from which the data was collected are assumed to be the custodian for information which concerns them and at such, any data from them are expected to be effective in meeting the objectives of the study.

The judgmental sampling method was used to select 10 industrial good firms. The data used for the study was extracted from secondary source. The data was extracted from the audited financial reports of the selected industrial goods sector within the period of the study. The use of secondary source of data is due to the fact that information on the variables used for conducting the research can only be found in the financial statement of the industrial goods firms. This source of data also has the advantage of being relatively more reliable since the financial statements have been audited by an independent audit firm. Panel data regression analysis would be used in analyzing the data. The variables to be investigated in this study are the independent variable (cashflow management) and the dependent variable (financial performance). The proxies of cashflow management adopted include: cashflow from financing activities, cashflow from operating activities and cashflow from investing activities. On the other hand, financial performance will be measured as return on equity.

Table 1: Operationalization of Variables

S/N	Variables	Measurement	Author(s)
1	Financial performance (return on equity)	Net income divided by shareholders' equity multiplied by 100	Korolo & korolo, (2024); Etim et al, (2022)
2	Cash Flow Operating activities	Computed in percentages as net cash flow from operations divided by total assets	Etim et al, (2022)
3	Cash flow from investing activities	Computed in percentages as net cash flow from investing divided by total assets	Etim et al, (2022)
4	Cash flow from financing activities	Computed in percentages as net cash flow from financing divided by total assets	Etim et al, (2022)

Source: Author's compilation, 2025.

Model specification

On the basis of several literatures which were reviewed, the following relationships have been predicted to statistically test the hypothesis of the study.

$$ROE_{it} = a_0 + a_1COA_{it} + a_2CIA_{it} + a_3CFA_{it} + e_{it}$$

Where;
ROE = Return on Equity
COA = Cashflow from Operating Activities
CIA = Cashflow from Investing Activities
CFA = Cashflow from Financing Activities
α_0 = Constant Term
$\alpha_{1...}$ α_3 = Coefficient Terms
i = Number of firms
t = Time Period ranging from 2019-2023.

4. Results and Discussion

Table 2: Descriptive Statistic

	ROE	COP	CIA	CFA
Mean	0.425	44264226.000	28025088.000	39433184.000
Median	0.145	990962.000	-325431.500	-168464.000
Maximum	0.691	1.548	23353810.000	1.731
Minimum	-2.625	-7082137.000	-1.281	-1.571
Std. Dev.	0.111	21559875.000	-10147139.000	-3046679.000
Skewness	-5.380	2.119	-3.071	0.633
Kurtosis	35.757	6.157	11.729	14.031
Jarque-Bera	2476.673	57.005	237.338	256.835
Probability	0.000	0.000	0.000	0.000
Sum	5.551	1.061	-5.071	-1.521
Sum Sq. Dev.	8.867	9.402	3.852	7.622
Observations	50	50	50	50

Source: Authors Computation in Eviews 10.

Table 1 presents the descriptive statistics of all the variables. N represents the number of paired observations and therefore the number of paired observations for the study is 50. From the table above

Return on Equity (ROE) has a mean of 0.425 with a standard deviation of 0.111; Cash Flow from Operating Activities has a mean of 44264226.000 and a standard deviation of 21559875.000; the mean value of Cash Flow from Investing Activities is 28025088.000 which is greater than the standard deviation of -10147139.000. Finally, the study examines the mean of Cash Flow from Financing Activity to be 39433184.000 and a standard deviation of -3046679.000

Correlation Analysis

This section of the chapter presents in the table below the result of the correlation analysis between the independent variables.

Table 3: Correlation Analysis

Covariance Correlation	ROE	COP	CIA	CFA
ROE	0.181			
	1.000			
COP	796208.000	1.922		
	0.043	1.000		
CIA	-434439.400	-9.141	7.841	
	-0.036	-0.745	1.000	
CFA	-228981.000	-5.051	-2.881	1.551
	-0.014	-0.292	-0.261	1.000

Source: Authors Computation in Eviews 10.

Table 2 shows the correlation for all the variables. Correlations consider two variables at a time to determine how they relate to each other. These types of checks are necessary because high correlation causes problems about the relative contribution of each predictor to the success of the model (Guajariti, 2007). The correlation matrix above shows the absence of multicollinearity among the explanatory variables as all the variables are positively correlated and very low with the highest correlation estimated at 0.043. This is less than 0.05 which is considered acceptable for the purpose of analysis (Gujarati and Sangeeta, 2007, Berenson and Levine, 1999)

Table 4: OLS Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
COP	1.751	5.321	0.033	0.973
CIA	-8.701	5.851	-0.148	0.003
CFA	-4.051	2.631	-0.154	0.879
C	0.098	0.089	1.095	0.281
	Effects Specification			
Cross-section fixed (dummy variables)				
R-squared	0.681	Mean dependent var		0.112
Adjusted R-squared	0.574	S.D. dependent var		0.429
S.E. of regression	0.391	Akaike info criterion		1.179
Sum squared resid	5.490	Schwarz criterion		1.682
Log likelihood	-15.901	Hannan-Quinn criter.		1.370
F-statistic	1.844	Durbin-Watson stat		1.724
Prob(F-statistic)	0.001			

Source: Authors Computation in Eviews 10.

The test for the significance of regression on the effect of impact of cash flow management affect the financial performance of industrial goods sector in Nigeria, the regression coefficients (β), the intercept (α), and the significance of all coefficients in the model were subjected to OLS to test the null hypothesis that the coefficient is zero. The results obtained were used for testing the hypotheses: The result obtained shows a coefficient value of 1.751 and p-value of 0.973, which is greater than 0.05 significance level. This falls within the acceptance region of the null hypothesis. We therefore accept the null hypothesis.

The result obtained shows the coefficient value of -8.701 and p-value of 0.003, which is less than 0.05 significance level. This falls within the rejection region of the null hypothesis. We therefore accept the alternative hypothesis. The result obtained shows that the coefficient value of -4.051 and p-value of 0.879, which is greater than 0.05 significance level. This falls within the acceptance region of the null hypothesis. We therefore accept the null hypothesis. The F-statistics value and P-value at 1.844 and 0.001 shows a significant linear relationship exist between all independent variables (cash flow from operating activities, cash flow from investing actives and cash flow from financing activities) and Return on Equity. Furthermore, the 1.724 value for Durbin Watson shows that there is no autocorrelation. The outcomes showed all independent variables are not correlated which might otherwise have influenced the outcome of the analysis.

The findings of this study analysis on cash flow management's impact on the financial performance of the industrial goods sector in Nigeria. The p-value is greater than 0.05, indicating that the relationship between cash flow from operating activities and financial performance is not statistically significant. This means there is insufficient evidence to reject the null hypothesis, suggesting that cash flow from operating activities does not significantly affect the financial performance of the industrial goods sector. Studies like those by Nangih et al. (2020); Oziegbe et al, 2024 and (Stom & Wepukhulu, 2019) often find mixed results regarding operating cash flow. Some research shows a positive relationship with firm performance, while others, particularly in specific sectors or contexts, show negligibility or no effect. Your findings align with studies that indicate a weak or non-significant effect of operating cash flow on financial performance in some industrial contexts.

The p-value is less than 0.05, indicating a significant negative relationship between cash flow from investing activities and financial performance. This suggests that cash flow from investing activities does have a statistically significant effect on the financial performance, in this case, a negative one. Research by Nangih et al. (2020) and others have shown that cash flow from investing activities can significantly impact firm performance, with negative effects often associated with excessive investments or inefficient capital allocation. Your results aligned with studies suggest that poor investment decisions or high levels of capital expenditure can negatively impact financial performance. The p-value is greater than 0.05, indicating that cash flow from financing activities does not have a statistically significant relationship with financial performance. Thus, the null hypothesis is accepted. The impact of financing cash flow can be variable. Research such as that by Odo and Theophilus (2021) suggests that the effects of financing decisions on performance depend on the context, including the firm's capital structure and market conditions. Your findings are consistent with studies indicating that financing cash flow might not have a strong or direct impact on financial performance in certain cases.

5. Conclusion and Recommendations

The conclusion drawn from the analysis underscores several crucial aspects regarding the influence of cash flow management on the financial performance of the industrial goods sector in Nigeria. The

analysis reveals that cash flow from operating activities does not have a significant impact on financial performance. This finding suggests that while efficient management of operational cash flows is essential for maintaining overall business operations, its direct effect on financial outcomes may be less pronounced compared to other cash flow components. This lack of significant impact might be attributed to the unique financial dynamics of the industrial goods sector. Factors such as fluctuating market conditions, intense competition, or industry-specific challenges could overshadow the direct effects of operational cash flows. Additionally, operational cash flows might be absorbed by other significant financial activities or external pressures, reducing their apparent impact on financial performance. The significant negative relationship between cash flow from investing activities and financial performance highlights the critical role of investment decisions. Inefficient or poorly planned investments can significantly harm financial outcomes, emphasizing the need for strategic and well-informed investment planning. This negative effect might stem from instances of resource misallocation, where investments do not generate the anticipated returns or fail to align with the company's strategic objectives. Such missteps can lead to financial losses or reduced performance metrics, underscoring the importance of rigorous investment evaluation processes and ongoing monitoring to ensure that investments contribute positively to financial performance. The analysis indicates that cash flow from financing activities does not significantly affect financial performance in this context. This result suggests that, at least in the short term, financing decisions may not have a direct or immediately measurable impact on financial performance.

Although financing cash flows may not have a significant effect in this instance, it is crucial to recognize the broader implications of financing decisions. Maintaining an optimal capital structure and effectively managing financing costs remain important for long-term financial health and stability. Financing decisions, such as capital raising or debt management, can influence the company's financial flexibility and overall strategy, even if their immediate effects on performance are not evident in the current analysis. While operational efficiency is vital, its direct impact on financial performance may be limited in certain contexts. Investment decisions are shown to have a significant and negative impact, highlighting the need for careful planning and strategic alignment. The financing cash flow's non-significant effect suggests that, although it may not directly impact performance in the short term, maintaining a balanced capital structure is still essential for overall financial stability and long-term success. The following recommendations guide the study, given the significant negative relationship between cash flow from investing activities and financial performance, firms should carefully evaluate their investment strategies. Focus on projects with higher potential returns and avoid excessive or inefficient investments that do not align with the company's strategic goals. Although cash flow from operating activities was not found to have a significant effect, improving operational efficiency can still benefit overall financial health. Efficient management of operational cash flows can improve liquidity and support better.

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