

The Impact Of Financial Management On Business Performance:.

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Abstract

Financial management is considered one of the most significant functional areas that affect the survival, competitiveness and future performance of business organizations. This paper reviews the theoretical and empirical studies that investigated the association between financial management practices (working capital management, capital structure decisions, financial planning and budgeting and financial risk management) and business performance (financial, operational, and growth based performance measures). Based on agency theory, pecking order theory, trade-off theory and the resource-based view, an integrative conceptual framework is developed in the paper, in which the financial management practices and the performance outcomes are related via the mediator role of managerial decision quality, and the moderator roles of firm-specific factors and contextual factors. The empirical evidence on the link between working capital efficiency, disciplined budgeting, prudent capital structure choices, and proactive risk management with superior profitability and operational performance is generally positive, but is contextual in nature with regard to industry, firm size and institutional environment. The paper also presents an operational measurement framework that can be tested empirically in the future and outlines implications for managers, theories, and policies. It concludes that the management of money is not a peripheral administrative function but a strategic ability, which, if properly managed and used in the context of the business, has a positive impact on business performance....

INTRODUCTION**1.1 Background of the Study**

All business organizations, regardless of size, industry or ownership form, need to obtain, allocate and manage financial resources to meet its strategic goals. Thus, financial management – the component of management dealing with the planning, organizing, directing and controlling the financial operations of an organization, including acquisition of finance, investment of finance and dividend/profit distribution decisions – has always held a significant place in management theory and practice. In the last twenty years, there has been a considerable

amount of empirical work looking at the relationship between business performance and financial management practices and the conditions under which this relationship is positive and negative.

The issue is not an academic one. Companies that mismanage working capital, use unsound financing strategies, don't take the time to budget and plan systematically, and don't plan for financial risk exposure often find themselves in a liquidity crisis, with declining profitability and sometimes even insolvency, despite a viable product or service. On the other hand, integrated financial control is often linked in the literature with improved profitability, more resilient operations and growth. Financial management's impact on performance is therefore a direct concern to actual managers, investors, policy makers, and corporate finance and strategic management scholars.

1.2 Statement of the Problem

While the notion that good financial management has a positive effect on business performance is intuitively appealing, the empirical research literature is not unanimous. For example, the literature regarding the relationship between working capital management and profitability mentions positive, negative, curvilinear, and statistically insignificant links, depending on the sample used, the industry studied and the time period analyzed. Likewise, the results regarding the performance implications of different capital structure decisions are still mixed and indicate that the theoretical discussion on the relationship between capital structure theory and performance has not been fully resolved. The financial management–performance relationship is not always consistent, but rather depends on certain moderating factors that vary from firm to firm and situation to situation, consistent with this heterogeneity. Thus, an integrative review that synthesizes a number of findings into a manageable conceptual framework that can inform future empirical testing and guide managerial practice is needed.

1.3 Objectives of the Study

This paper aims at the following:

To critically analyse and summarise theories that explain the link between financial management practices and business performance.

To analyse empirical evidence relating to the impact of working capital management, capital structure, capital planning and budgeting and financial risk management decision on firm performance critically.

3. To build an integrative conceptual framework by showing the mediating and moderating mechanisms between financial management and business performance.

4. To suggest an operating measurement plan and research agenda for future empirical research.

1.4 Research Questions

What theoretical mechanisms explain the relationship between financial management practices and business performance? (i), (ii): What theoretical mechanisms explain how financial management practices influence business performance? (iii) What is the empirical evidence for the direction and strength of these relationships in the different contexts? (iii) What are the moderating effects of firm-specific and environmental factors on financial management–performance relationship? (iv) What could be done differently for future empirical studies in terms of the more focused operationalization of these relationships?

1.5 Significance of the Study

The study fills the corporate finance and strategic management literature with the synthesis of the scattered empirical results in one package and provides a framework for future hypothesis generation by academics. The paper offers guidance for practicing managers and financial officers that summarizes a set of evidence to provide guidance on which practices are associated with performance improvements most consistently. The review is of value to business-development institutions, in addition to the policy makers, especially those working with small and medium enterprises (SMEs) as it points to capacity in financial management and financial-literacy training as drivers to enhance the survival and development of enterprises.

The scope and organization of the paper is explained.

The paper is organized as follows. The theoretical background and empirical research is reviewed in Section 2. The conceptual framework and propositions are included in Section 3. In Section 4 a methodological approach for empirical testing of the framework is outlined. Section 5 summarizes the results and offers examples of analytical tools. The managerial, theoretical and policy implications are presented in Section 6. Limitations and directions for future research are discussed in Section 7, and Section 8 concludes the paper.

2. Literature Review

2.1 Theoretical Foundations

2.1.1 Agency Theory

The agency theory (first stated by Jensen and Meckling 1976) presents the firm as a set of contracts between principals (owners/shareholders) and agents (managers) with conflicting interests. Capital structure, dividend policy, financial monitoring and reporting systems, etc. are considered in this tradition to be financial management practices that can help reconcile managerial incentives with the goal of shareholder wealth maximization, and can help reduce agency costs stemming from information asymmetry and separation of ownership and control. It is hypothesized that firms with poor financial governance and monitoring mechanisms have higher agency costs and consequently lower performance.

2.1.2 Capital Structure Theories: Trade-Off and Pecking Order

The trade-off theory builds on the initial capital structure irrelevance theory of Modigliani and Miller (1958, 1963) and subsequent work by Miller and Modigliani (1963) that introduced taxes and financial distress costs, arguing that firms choose an optimal combination of debt and equity capital that helps to balance the tax benefits of debt with the costs of financial distress. The pecking order theory by Myers (1984) and Myers & Majluf (1984) however suggests that firms have a hierarchy of financing preferences (internal sources of funding first, followed by debt, followed by equity) which are based on information asymmetry between the firm's managers and outside investors. These conflicting views form the basis of empirical predictions on the expected relationship between capital structure and firm performance and provide an explanation for the 'no consensus' results in the empirical capital structure-performance literature.

2.1.3 Resource-Based View

The concept of sustained competitive advantage as derived from the resource-based view (RBV) of Barney (1991) sees that it is based on valuable, rare, inimitable and non-substitutable organizational resources and capabilities. In this context, the capability of financial management, such as budgeting discipline, working capital efficiency and risk-management capability, can be regarded as a strategic capability that can set a firm apart from its competitors, especially in resource-limited industry environments like SMEs, where financial management capabilities vary.

2.1.4 Working Capital and Liquidity Theory

The working capital theory is related to the compromise between liquidity and profitability. Increased current assets levels improve liquidity and lessen the risk of stock out and sales lost, but also represent resources which could be used for productive investment and increase the opportunity cost of capital. This trade-off is at the core of the popular cash conversion cycle framework, which combines the days inventory is held, days receivables is outstanding, and days payables is deferred, into a single metric that measures a firm's efficiency in converting its resource inputs into cash flows.

2.2 Empirical Review

2.2.1 Working Capital Management and Performance

Working capital management, the dimension of financial management studied most with regard to firm performance. Deloof (2003) investigated a large sample of non-financial firms in Belgium and reported that a decrease in the number of days accounts receivable and inventory held was correlated with increased firm profitability, and thus with an increase in firm value, indicating that working capital could be managed more efficiently by the managers. Lazaridis and Tryfonidis (2006) also found that the cash conversion cycle is statistically significantly related to corporate profitability for companies on the Athens Stock Exchange. In the study of a large sample of SMEs in Spain, García-Teruel and Martínez-Solano (2007) determined that reducing days of inventory and days of receivables increased return on assets.

These early findings have been revised by more recent research. Tauringana and Afrifa (2013) discovered that the relative significance of the various working capital components to SME profitability is different – in some cases, payables management can have the greatest impact. However, Tsuruta (2018) investigated more than 100,000 Japanese small firms and found that in the short run, working capital negatively affects performance while in the long run it is positively related to performance. This shows that the time window of analysis can have a significant impact on the results. Peng and Zhou (2019) suggested that the varying results of working capital–profitability relationships in different studies could be caused by varying firm-level discount rates. A study comparing the

results of the Polish listed companies also revealed a curvilinear relationship in the form of an inverted U: profitability is increasing as working capital investment increases – as long as the value of the investment is maintained at the point of a possible break-even – after that point, however, it decreases due to the increased rate of financing and opportunity costs. The inverted-U pattern shown below in Figure 2 is a possible explanation for the positive and negative results reported in the literature.

The conclusions about emerging markets that can be drawn from studies are quite concordant. A shorter cash conversion cycle (CCC) has been shown to be related to better financial performance on a general level in the SME sector, both in Kenya and in other countries (Singapore, Vietnam, etc.), although this correlation has been found stronger in manufacturing and trading companies than in service companies.

2.2.2 Capital Structure and Performance

The business of capital structure and firm performance is one of the most controversial topics in corporate finance literature. In line with trade-off theory, some research has reported that firms that are too highly leveraged suffer a decline in performance as leverage increases because of the increased likelihood and costs associated with financial distress. However, other studies, more consistent with predictions of the pecking order theory, reveal that firms with greater profitability tend to have a lower leverage ratio since they can finance the business with internally generated funds, suggesting that profitability is negatively correlated with leverage, which is actually caused by profitability. Results from a dividend policy perspective are also mixed: some reports find that dividend payments are positively related to financial performance, in line with signaling theory that posits that dividend payments communicate management confidence in future performance to the market.

2.2.3 Financial Planning, Budgeting, and Performance

The implementation of financial planning and budgeting processes such as budget preparation, variance analysis and the application of financial forecasts in strategic decision making have also been consistently associated with better performance. A study of manufacturing companies in Indonesia revealed that disciplined, measurable budgeting processes were instrumental in boosting profits—while regular financial analysis enabled companies to detect trends in performance and assess efficiency in operations. This is in accordance with other studies on the SMEs that often highlight that a lack of formal budgeting and financial planning is also one of the main reasons for failing and underperforming the enterprises especially for micro and small enterprises having weak managerial capacity.

2.2.4 Financial Risk Management and Performance

The performance issues of financial risk management strategies such as credit risk management, liquidity risk management and the incorporation of instruments to manage foreign exchange and interest rate exposures have increasingly gained the interest of the academic community. The results of this study, published in the *Revista de Gestão e Secretariado* (2023), showed that financial risk management had a significant positive relationship with the financial performance indicators of the companies, and this trend was found to be different in the various industry sectors, a finding also supported by studies on financial risk management in banks, where regulatory capital requirements give it even greater importance in the context of performance indicators. Overall, the literature provides evidence that proactive risk-management efforts help stabilize cash flows, increase the profitability of firms, and help them withstand adverse market shifts, which in turn leads to firm stability, profitability, and long-term growth.

2.2.5 Financial Literacy and Managerial Capability

The other parallel line of research focuses on the fact that the financial management practices are only effective when they are performed by financially literate and competent managers. Despite the availability of sound financial management tools, a study conducted in Zimbabwe's Masvingo revealed that shortcomings in staff financial literacy, in budgeting and debt management, identified at the enterprise level, hampered enterprise growth. Likewise, the study on co-operative enterprises in Malaysia revealed that there is a moderating influence between financial management practices and organizational performance, which implies that the development of a financial management system is not enough, the ability to understand and use the financial information is also important. This is further reinforced by a study on knowledge-management practices for internationally oriented start-ups, which shows that the acquisition, documentation and use of financial and operational knowledge had a positive impact on the financial performance of the company, highlighting the importance of the capability to learn from as well as the formal financial management systems.

2.3 Synthesis of the Literature

Selected empirical studies reviewed in this paper are summarized in table 1 by financial management dimension. There are several patterns that emerge out of this synthesis. First, the direction of the relationship between financial management practices and business performance is positive in most studies reviewed, and this relationship is significantly moderated by the context of the study, which includes firm size, industry, ownership structure and macroeconomic environment. Second, the relationship between working capital management and profitability was strongest and is best replicated, although it is possible that the relationships might be curvilinear, rather than linear, and should be examined more carefully in further research. Third, the impact of capital structure is the most theoretically and empirically debated, and the debate surrounding it is between the trade-off and pecking order models. Fourth, financial planning/budgeting and financial risk management are less researched than working capital management, and are consistently positively related to performance especially for SMEs. Last but not least, financial literacy and managerial capacity are consistently identified as enabling and/or moderating factors, but not as financial management practices.

Table 1

Summary of Selected Empirical Studies on Financial Management and Firm Performance

Study	Context / Sample	Key Finding	Financial Management Dimension
Deloof (2003)	1,009 large Belgian non-financial firms, 1992–1996	Shorter accounts-receivable and inventory periods were associated with higher firm profitability.	Working capital management
Lazaridis & Tryfonidis (2006)	Firms listed on the Athens Stock Exchange	A statistically significant relationship was found between the cash conversion cycle and corporate profitability.	Working capital management
García-Teruel & Martínez-Solano (2007)	8,872 Spanish SMEs, 1996–2002	Reducing days of inventory and receivables improved return on assets.	Working capital management
Tauringana & Afrifa (2013)	SMEs on the UK Alternative Investment Market	Working capital components differed in their relative importance to SME profitability, with payables management most influential.	Working capital management
Tsuruta (2018)	Over 100,000 Japanese small businesses	Working capital had a negative short-run effect on performance but a positive long-run effect.	Working capital management
Le (2019); Vietnam study (2024/2025)	Listed Vietnamese enterprises	Efficient working capital management, reflected in a shorter cash conversion cycle, was linked to stronger financial performance.	Working capital management
Novak / Sensini et al. (Ijbmer, 2021)	105 SMEs, panel data	A broadly linear relationship was found between working capital intensity and profitability.	Working capital management
Widyastuti et al. (Indonesia, manufacturing sector)	Manufacturing firms, Indonesia	Disciplined budgeting and regular financial analysis were linked to higher profitability and better efficiency tracking.	Financial planning & budgeting

Study	Context / Sample	Key Finding	Financial Management Dimension
Revista de Gestão e Secretariado study (2023)	Cross-industry survey	Effective financial risk management practices were positively and significantly associated with performance indicators ($p = 0.025$).	Financial risk management
VILAKSHAN–XIMB Journal study (SMEs)	Small and medium enterprises	Working-capital and capital-budgeting practices significantly influenced organizational performance; asset management showed a weaker effect.	Capital budgeting & working capital
Masvingo SME financial literacy study	SMEs, Masvingo, Zimbabwe	Gaps in staff financial literacy — particularly in budgeting and debt management — constrained SME growth.	Financial literacy / human capital
Malaysian co-operatives study	Co-operative enterprises, Malaysia	Sound financial management practices correlated positively with co-operative performance; financial literacy moderated the relationship.	Financial literacy as moderator

3. Conceptual Framework and Propositions

Based on the above theoretical framework and empirical patterns, this paper suggests an integrative conceptual framework (Figure 1) that indicates that financial management practices (working capital management, capital structure decisions, financial planning and budgeting, and financial risk management) directly affect on business performance and indirectly affect on business performance through their effects on the quality of managerial financial decision making. This relationship is also constrained by some factors, such as firm size, industry type, financial literacy and market conditions, as described in the following sections of the empirical literature.

Figure 1. Conceptual Framework Linking Financial Management Practices to Business Performance

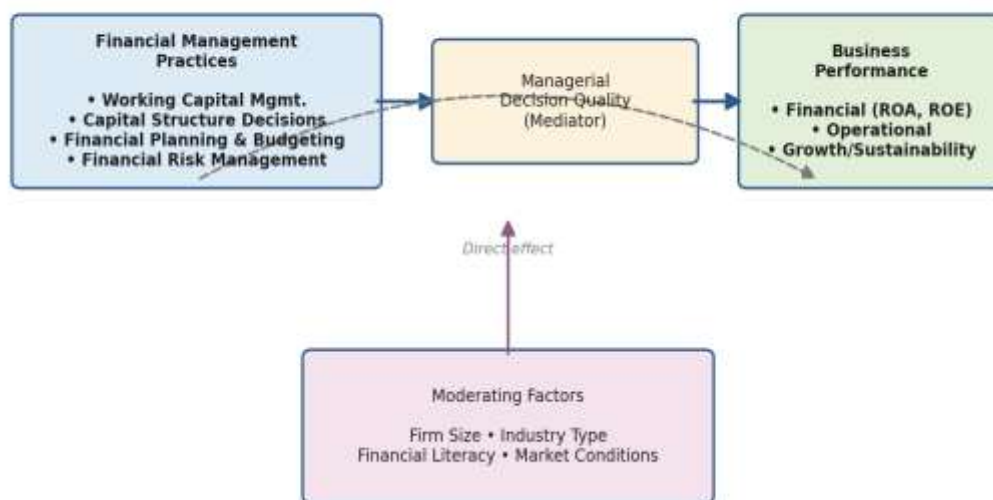


Figure 1. Conceptual framework linking financial management practices to business performance, via managerial decision quality and subject to firm-level and environmental moderators.

3.1 Research Propositions

Guiding future empirical testing, the following propositions are advanced based on the synthesized literature:

Proposition 1: The positive association between the efficiency of working capital management and the profitability of a firm exists up to a threshold and beyond it, additional investment in working capital yields a negative return or even a lower return.

Proposition 2: The leverage (debt to equity ratio) and firm performance relationship is non-monotonic, with positive relationship at moderate levels of leverage that are consistent with tax-shield benefits, and negative relationship at high levels of leverage that are consistent with financial distress costs.

Hypothesis 3: There is a positive relationship between formal financial planning and budgeting and business performance, and this relationship is more pronounced for SMEs than large firms that already have financial infrastructure in place.

Proactive financial risk management has a positive relationship with performance stability (less earnings volatility) and secondly with profitability.

There is a moderating effect because the positive relationship between financial management practices and business performance is stronger as financial literacy of the manager and staff is higher.

4. Proposed Research Methodology

This paper is an integrative literature review, but this section outlines a methodological approach whereby the propositions advanced in Section 3 may be empirically tested in future research, and identifies how the key constructs would be operationalized.

4.1 Research Design

Based on the empirical literature reviewed above, the use of a quantitative, correlational design using panel data analysis is recommended because of its common usage and demonstrated appropriateness in the literature. Several previous studies (e.g., Tsuruta, 2018) reported conflicting results on the short-run versus the long-run impacts of ISF, which is addressed with a panel design.

4.2 Population and Sampling

The intended population to be sampled would be registered business enterprises (micro, small, medium and large) within a specific jurisdiction or industry. Secondary financial-statement data (for listed companies) and primary survey data (for unlisted SMEs, where financial statements are not audited as readily) would allow triangulation between the archival measure and the perceptual measure of performance.

4.3 Operationalization of Constructs

Table 2 outlines proposed operationalization of the constructs in the conceptual framework, which were validated by previous empirical studies.

Table 2

Operationalization of Constructs in the Proposed Conceptual Framework

Construct	Dimensions / Indicators	Typical Measures Used in the Literature
Financial Management Practices (Independent variable)	Working capital management; capital structure decisions; financial planning and budgeting; financial risk management	Cash conversion cycle; days receivable/payable/inventory; debt-to-equity ratio; existence and use of formal budgets; risk-management policy adoption
Managerial Decision Quality (Mediator)	Timeliness and accuracy of financial decisions; use of financial information in strategic choices	Frequency of financial reporting used in decisions; manager financial-literacy scores; decision-lag indicators

Construct	Dimensions / Indicators	Typical Measures Used in the Literature
Business Performance (Dependent variable)	Financial performance; operational performance; growth and sustainability	Return on assets (ROA); return on equity (ROE); sales growth; profit margin; survival/continuity indicators
Moderating Factors	Firm size; industry sector; ownership structure; external market conditions	Total assets/employees (size); sector classification; listed vs. unlisted; macroeconomic indicators (e.g., interest rates, inflation)

4.4 Analytical Technique

Based on the Hausman specification test, fixed-effects and random-effects panel regression models are suggested as the main analytic method used to analyze the data, which follows the working capital management literature reviewed in Section 2.2.1. If there is a hypothesized curvilinear relationship (Proposition 1), then it is appropriate to include a quadratic term in the regression specification to test for an inverted U-shaped relationship. Structural equation modeling (Propositions 3–5) or the bootstrapped indirect-effects approach popularised by Hayes (2013) can be applied to testing the multi-path framework shown in Figure 1.

The validity and reliability of the measures are discussed. The validity and reliability of the measures are discussed. What was missing from the literature on working capital was the endogeneity concerns that have been raised over and over again in the working capital literature; that is, profitable firms may be able to generate extra cash to invest in their working capital, and not the other way around. To ward off such concerns, instrumental-variable methods, lagged explanatory variables, and dynamic panel (system-GMM) estimators are recommended.

5. Discussion and Synthesis

The results reported in this paper confirm the conclusion reported by the literature, i.e. that financial management is a factor affecting the performance of business, but the exact functional form, magnitude, and boundary condition of this relationship varies greatly. Three cross-cutting themes arise from the synthesis: The non-linearity of certain relationships, the role of context, and the role of managerial capability.

5.1 Non-Linearity in the Financial Management–Performance Relationship

An investigation was conducted to determine the level of non-linearity in the relationship between Financial Management and Performance. The study examined the level of non-linearity in the FM-P relationship.

A common finding in the working capital and capital structure literature is that financial management intensity-performance relationship is not necessarily linear. The benefit of working capital investment is that it seems to increase profitability up to a certain point, after which further investment increases the financing and opportunity costs, resulting in a decline in profitability. A similar pattern exists in the capital structure literature, with "moderate" leverage tending to have a positive effect on performance because of tax savings and the disciplining effect on management, and "excessive" leverage having a negative effect because of an increase in the likelihood and cost of financial distress. This non-linearity has implications for theory and practice: the correlation is, in fact, curvilinear and company-specific, and therefore, it is incorrect to make a prescriptive statement such as: lower working capital is always better or lower leverage is always better.

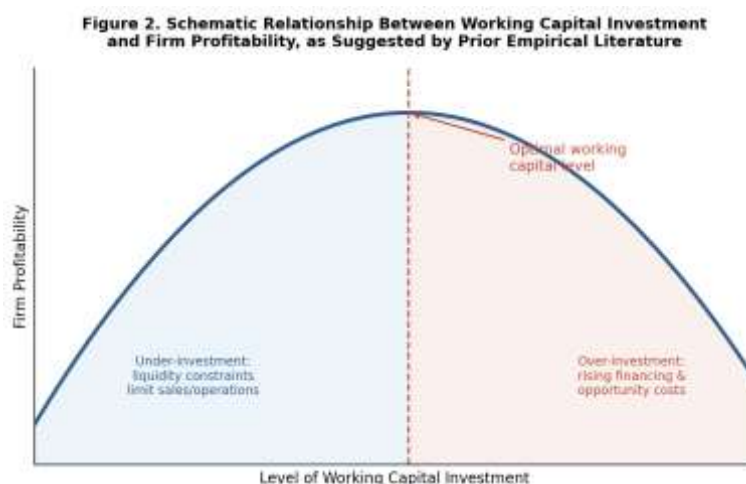


Figure 2. Schematic (conceptual) illustration of the inverted-U relationship between working capital investment and firm profitability, synthesizing patterns reported across the empirical literature reviewed in Section 2.2.1. This figure is illustrative rather than derived from a specific dataset.

5.2 The Centrality of Context

It is not just methodological inadequacies that account for the variation of findings across the studies reviewed, but real contextual differences as well. For instance, working capital needs can vary significantly between firms in different industries and sectors, such as those in the manufacturing industry that rely heavily on capital-intensive processes and those in the service industry that require little inventory. Likewise, certain financial management practices are determined by the institutional environment (the credit market is shallow or deep, contracts are easily or hard to enforce, the banking sector is mature or not). But working capital constraints faced by emerging-market SMEs are not only due to limitations in formal credit access but may also reflect managerial decisions, which are not as important for larger listed firms in developed countries. It indicates that there is probably no single universal model of the financial management–performance relationship, but that contextual moderators are part of the financial management–performance relationship, not refinements.

5.3 Financial Management as an Enabled, Not Automatic, Capability

Another theme is that the use of financial management tools and systems does not necessarily lead to performance gains – the benefits of financial management seem to depend on the financial literacy and interpretation skills of the financial management users. This mirrors the focus of the resource-based view on capabilities not resources, since a budgeting system or a risk-management policy or a working-capital monitoring dashboard is a resource, but what really creates the drive to performance is the ability to interpret and act upon the information it provides. This distinction is relevant to policy and management education as outlined in Section 6.

6. Implications

6.1 Theoretical Implications

This paper is a theoretical contribution that brings together agency theory, capital structure theory, the resource-based view and working capital/liquidity theory within a single conceptual framework. It also explicitly includes managerial decision quality as a mediating mechanism, which was seen as implicit in previous empirical studies but often not explicitly modeled, and explicitly emphasizes the moderating role of financial literacy rather than its additive role — which has implications on how future studies should specify their statistical models.

6.2 Managerial and Practical Implications

The review has several implications for practicing managers or financial officers. First, the working capital should be closely watched and not be reduced indiscriminately because of the literature finding of the curvilinear relationship. Second, the composition of a firm's capital structure should be reviewed periodically to reflect variations in market conditions and the risk profile of the firm and not viewed as fixed. Thirdly, the benefit from investing in formal budgeting and financial planning processes seems to be higher for smaller companies, indicating that this is a high priority investment area for resource constrained companies. Fourth, financial risk

management should be a pro-active, continuous process and not a reaction to losses that have already occurred. Last but not least, and this is perhaps most relevant, financial management training of managers and employees seems to be in the periphery and not a prerequisite to obtain financial management systems benefits on performance.

6.3 Policy Implications

The review reinforces the need for financial literacy programmes to complement the strategy of access to finance, especially within the SME sector, for policy makers and business-development institutions. Where SMEs face persistent constraints on growth, due to financial illiteracy, such as is the case in emerging economies (Section 2.2.5), programmes that can offer access to capital or credit without investing in financial management skills may achieve less than integrated programmes that can provide both types of support.

7. Limitations and Directions for Future Research

There are some limitations to this paper. It is an integrative review and not a primary empirical study, so the conclusions drawn will be limited by the scope and quality of the studies reviewed, and the relationship between financial management and performance may be stronger than reflected by the results of the review due to publication bias for studies with significant positive results. The propositions outlined in Section 3 are theoretically and empirically based, but have not yet been tested with primary data here and may be considered as a research agenda. Finally, the review relies on research that employs diverse forms of performance measurement (accounting, market, and perceptual). This reduces the ease of making direct comparisons between studies.

Future research should focus on three directions: (i) empirical tests of the mediator role of managerial decision quality and the moderator role of financial literacy with the operationalization provided in Table 2, with a view to distinguishing between short-run and long-run effects, which are known to differ in sign; (ii) comparative cross-country and cross-sectoral research to help understand what is context-specific and what is generalisable; and (iii) longitudinal and dynamic panel research designs to differentiate between short-run and long-run effects, with a view to understanding whether these differ in sign.

8. Conclusion

This paper aimed to achieve two objectives: synthesizing the theoretical and empirical knowledge about the financial management practices and business performance relationship and to create an integrated conceptual framework that can guide further research and practice. Results suggest that working capital management, capital structure, financial planning and budgeting, and financial risk management are each linked with business performance, though the significance and even the direction of the relationships are partly dependent on firm size, industry, institutional environment, and importantly financial literacy of the managers who implement these. However, financial management is not something of a sideline administrative task but rather a strategic function that, although context-specific, can still make a real difference to profitability, operational efficiency, and growth. The conceptual structure, and propositions that emerge from this paper are provided as a structured framework for the primary empirical research required to better test these relationships, and as a practical reference for managers who wish to enhance the financial management underpinning of their organization.

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