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# STRATEGIC FINANCIAL PRACTICES FOR ENHANCING CORPORATE EFFICIENCY

***[1]Chinedu U. Nwankwo and [2]Amarachi T. Okorie***
[1]Business Department, C. S. S. Mgbuoshimini, Port Harcourt, Rivers State, Nigeria
[2]Department of Accounting, Ignatius Ajuru University of Education, Rumuolumini, Port Harcourt, Rivers State, Nigeria

***Abstract:*** *Appropriate execution of financial management practices (FMPs) is very important for companies to secure capital and take financial decisions necessary for growth, profitability and performance in general. As a result, this study critically evaluates financial management practices impact on corporate performance in business entities using investment, financing, and dividend decisions as dimensions of financial management practices. The research design chosen is the survey design. The population is considered infinite, hence the use of convenience sampling to select 170 respondents from the oil and gas, financial, manufacturing sectors, and MSMEs. Four-point Likert scale questionnaire was used. The PPMC and the multiple regression analysis served as tools for inferential analysis. The p-value of 0.000 across board showed that investment decisions, financing decisions, and dividend decisions have significant impact on corporate performance of business entities. The Pearson Correlation (r) values of 0.721, 0.785, and 0.857 indicate that business entity performance is strongly influenced by investment, financing, and dividend decisions. The combined predictor variables (investment decision, financing decision, and dividend decision) showed R Square ($R^2$) to be 0.768 and the P-value as 0.000.and the ANOVA results confirm the positive strong impact. The recommendations made are that business entities should enhance their investment decision framework by incorporating comprehensive financial analysis and strategic alignment; optimize their financing strategy by carefully evaluating the cost and benefits of different financing options; and also implement a balanced dividend policy that aligns with both shareholder expectations and the company's financial stability. The conclusion of the study is that financial management practices have strong positive significant impact on corporate performance.*

***Keywords:*** *Investment Decision, Financing Decisions, Dividend Decisions, Corporate Performance, Business Entities*

## 1. Introduction

According to Nyongesa et al. (2017), financial management (FM) is one of the most important aspects of management and a major factor in any organization's success. Financial management involves the financial decisions made and the tools and analyses employed in these decisions (Khalid & Muturi, 2021). Abdullahi and Gichinga (2018) see it is an essential component of overall management because it emphasizes the responsibilities of managers (financial managers) in a company. Proper financial management significantly affects a company's liquidity, profitability, and growth (Adesola et al., 2022). Financial management that is poor is a leading cause of issues across various economic sectors. Implementing appropriate financial management practices is crucial for service companies to secure capital necessary for growth and profitability (Khalid & Muturi, 2021). Modern businesses must adopt optimal financial management practices to maintain financial stability as it influences on financial performance is huge and heavy on business entities. These practices, executed by accountants as well as financial

officers include managing and controlling asset, budgeting, supporting the entity's policies and mission by ensuring accountability and providing necessary guidance. In Erambo, (2017) assertion, these practices enhance corporate performance as in boosting efficiency as well as success. The mechanisms by which FMPs affect performance remain largely unexplored, despite evidence linking them to positive organizational outcomes (Boisjoly et al., 2020).

In corporate finance, making effective decisions is crucial for sustainable growth, corporate goals and increasing shareholder value. Therefore, various studies have been undertaken on financial management practices and profitability in the banking industry (Olunuga & Akinrodoye, 2020), manufacturing (Rahmah & Peter, 2024; Lodikero & Soyinka, 2023; Abiola & Othman, 2022; Adesola, et al., 2022; Khalid & Muturi, 2021: Abbas & Abu, 2019), SMEs (Mang'ana et al., 2023; Mohammed & Suleiman, 2022; Anangwe & Malenya, 2020; Muneer, et al., 2017), and commercial and service segment (Sawe & Makori, 2022) using various dimensions such as debtto-equity (Adesola, et al., 2022), investment decisions and financing decisions (Khalid & Muturi, 2021), working capital management and capital budgeting (Yensu, et al., 2016), capital structure and corporate governance (Lodikero & Soyinka, 2023), accounting practices and capital budgeting management (Mang'ana, et al., 2023), assets management, financial reporting, and dividend payout (Ongosi & Otinga, 2020) and measure such as retained earnings (Adesola, et al, 2022), profit margin and return on sales (Yensu, et al., 2016), ROE (Lodikero & Soyinka, 2023). The results from different studies using financial management practices and performance with various dimensions and measures showed contracting results with more showing significant impact (Adesola, et al., 2022; Khalid & Muturi, 2021; Ongosi & Otinga, 2020: Lodikero & Soyinka, 2023); negative significance (Yensu, et al, 2016) no significance/insignificant impact (Mebrahtu, 2017; Mang'ana et al., 2023).

The purpose of this study is to investigate how FMPs (investment, financing, and dividend decisions) impact corporate performance using the financial sector, manufacturing sector, oil and gas sector and MSMEs in Nigeria.

## 2. Research Hypotheses

In other to achieve the goal of the study, three hypotheses were formulated as follows:

$Ho_1$. There is no significant impact of investment decision on corporate performance

$Ho_2$. There is no significant impact of financing decision on corporate performance

$Ho_3$. There is no significant impact of dividend decision on corporate performance.

## 3. Financial Management Practices (FMPs)

Recently, financial management practices have received considerable attention, particularly following numerous scandals and crises in many companies, especially in developing countries. Financial management helps financial managers ensure that a firm's assets (current) and liabilities (current) are optimally balanced (Adesola, et al., 2022). It involves future planning to maintain positive cash flow (Ramzi et al., 2023) and structuring in order to fund development of product and business growth on the long-term. It comprises of analysis of financial data, forecast of performance in the future, and making decisions that are informed to attain the business entity's objectives financially (Solank, 2024). Financial management practices include the policies, strategies, and procedures that an organization implements for effective management of its financial resources as well as operations. These practices aim to reduce inefficiencies in company operations and are believed to improve organizational performance. In today's business environment, these practices are essential for all enterprises and

include standardized procedures for budgeting, financial reporting, accounting, and other financial activities. Effective FMPs significantly add to the survival and performance of corporate entities, providing a competitive edge and being regarded as a valuable resource (Sooriyakumaran et al., 2022). They ensure financial stability and profitability, maintain the generation of cash flow adequate (Deakins et al., 2018), and also boost growth in performance and economy of the organization (Dwangu & Mahlangu, 2022). These practices ensure efficient resource utilization and business profitability. In an organization, effective financial management practices ensure sustainable growth, improved resource management, informed strategic decision-making, a stronger financial position, increased profitability, risk mitigation, and enhanced operational efficiency. Solank (2024) puts it that effective FMPs targets to optimize resources allocation, minimize costs, maximizing profitability, and ensure that sustainability and growth maintained for a long-term."

## 4. Dimensions of FMPs

FMPs involve making informed decisions, including investment decisions, financing decisions, dividend decisions, working capital management, risk management, financial planning and forecasting, assets management, capital structure management, mergers and acquisitions, international financial management, and financial reporting and analysis. FMPs also comprises of relationships management (with creditors, stakeholders, and regulatory authorities), ensuring that laws and regulations that are relevant are complied with, and transparency and accountability are maintained in financial reporting (Solank, 2024). These decisions aim to maximize shareholder value, ensure financial sustainability, and drive business growth. This study selected investment, financing, and dividend decisions as dimensions of FMPs.

### 4.1 Investment Decisions

Edori and Egileoniso (2024) argue that the primary reason for investment is to earn returns, suggesting that if future returns were guaranteed, all investors would only choose such investments. This highlights the importance of potential returns in investment decisions. The investment decision, or capital budgeting, involves selecting projects or investments that will maximize a firm's value. According to Ramzi et al. (2023), investment decisions entail plan and management of long-term investments of an entity, including deciding how to allocate resources to various projects, assets, or investments. This process involves evaluating investment opportunities, assessing their risks and returns, and choosing the most profitable or strategic options. These decisions are crucial as they determine the strategic direction and growth potential of a company. Khalid and Muturi (2021) state that investment decisions encompass determining which new projects to pursue, the amount to invest in selected projects, and whether to acquire other firms.

In evaluating whether investing in assets that are classified as non-current (new property, plants, machinery, products, research and development or projects are worthwhile, capital budgeting is used for the evaluation. The target is to maximize returns and manage risks while aligning with the company's goals and objectives. Enterprises are increasingly directing investments towards advancing innovation and operational efficiency through technology. Notably, substantial investments have been allocated to fields like artificial intelligence and blockchain technology (Kumar, 2020). Concurrently, there is a rising emphasis on sustainable investments guided by environmental, social, and governance (ESG) standards (Friede et al., 2018). Financial managers are tasked with keeping abreast of these evolving trends to make informed and prudent investment decisions.

### 4.2 Financing Decisions

The financing decisions centre on identifying the company's optimal capital structure, specifically the balance between debt and equity financing. It involves determining how to raise capital to support a company's operations, investments, and other activities, which includes selecting the appropriate mix of debt and equity financing and choosing specific funding sources such as loans, bonds, stocks, or retained earnings. It is aimed at optimizing the company's capital structure, minimize costs, and maximizes shareholder value, as this decision influences the business entity's cost of capital and financial risk. When making financing decisions, companies need to consider their cost of capital, leverage, and market conditions. The cost of capital is crucial because companies must balance the costs of debt and equity to minimize their overall cost of capital. Also, leverage is important since using debt financing can enhance returns on equity but also increases financial risk, as noted by Brealey et al. (2019). Furthermore, market conditions, according to Rauh and Sufi (2020), affect the availability and cost of financing options.

### 4.3. Dividend Decisions

Dividend decisions involve determining the distribution of net profit, which includes both dividend payments to shareholders and retained earnings (Ramzi et al., 2023). This aspect focuses on deciding how much profit should be given to shareholders versus reinvesting in the business, reflecting the company's earnings distribution policy. Decisions include the amount, timing, and frequency of dividend payments, as well as the overall dividend policy. The aim is to balance shareholder returns with the need to retain earnings for growth and investment. Dividend decisions have pivotal role it plays that is crucial role in a company's valuation, impacting share prices and ultimately contributing to shareholder wealth (Egbeonu et al., 2016). Effective dividend decisions significantly affect company valuation, leading to changes in share prices and influencing overall shareholder wealth. Key measures of a firm's dividend policy include the Dividend Payout Ratio, which is the ratio of dividends paid to net income, and the retention ratio, which indicates the portion of net income retained for reinvestment. Changes in dividends can also signal management's confidence in future earnings, known as the signaling effect.

## 5 Corporate Performance

Corporate performance is primarily measured by a business entity's profitability (Ohaka et al., 2020). It assesses the achievement of desired aims, goals, outcomes, or objectives over a specific period. Profit remains a critical measure of corporate or organizational performance (Ohaka et al., 2020; Major & Edori, 2020). Corporate performance encompasses the operating efficiency and effectiveness of a company, reflecting its ability to achieve strategic objectives and create value for stakeholders. It includes a range of aspects such as operational efficiency, innovation, financial performance, customer satisfaction, and social responsibility. Influencing factors include leadership, human capital, strategy, corporate governance, and innovation. The overall health and success of a company are often measured using financial metrics. Financial metrics includes earnings per share (EPS), return on investment (ROI), return on equity, and return on assets (ROA). Additionally, social metrics such as environmental impact and employee engagement, as well as customer metrics like loyalty and satisfaction, are important. Integrating ESG (Environmental, Social, and Governance) metrics alongside traditional financial metrics offers a broader perspective on corporate performance. The adoption of digital

technologies has also significantly enhanced corporate performance by improving operational efficiency and customer engagement.

## 6 Empirical Review

Rahmah and Peter (2024) examined the impact of FMPs on the performance. Indonesia manufacturing firms was the focus of the study. Their study collected data from various manufacturing companies, analyzing the relationship between FMPs practices and performance indicators (like profitability, liquidity, and solvency). Findings highlighted that disciplined budgeting practices and efficient working capital management positively influenced profitability and liquidity, contributing to better financial performance.

Lodikero and Soyinka (2023) x-rayed the influence of FMPs on the success of manufacturing companies listed in Nigeria. Their correlational research design utilized corporate annual reports and website data from 40 listed companies over 2017-2021, analyzed through panel estimation techniques. The study highlighted a correlation that strong between effective working capital management (WCM), capital structure (CS), corporate governance (CG), and business performance (BP) estimated using Return on Equity (ROE).

Mang'ana et al. (2023) investigated the impact of financial management practices on the performance of agricultural SMEs in Tanzania. Their study, involving 427 SMEs, utilized Structural Equation Modeling (SEM) to analyze hypotheses. Findings indicated significant positive influences of working capital and financing management practices on performance (financial and organizational). Also, both accounting practices as well as capital budgeting management had impacts that are insignificant.

Sawe and Makori (2022) investigated the how FPMs affects financial performance of companies in the Securities Exchange of Nairobi under the commercial and services segment. Employing an explanatory research design, the study focused on eight companies operational from 2009 to 2020, using panel data analysis. Results indicated that management of working capital, management of non-current assets, and cash budgeting positively impacted financial performance, whereas capital structure had a negligible effect.

Eton, et al. (2022) study used descriptive as well as the correlational were the research designs. It Analysis was done using multi-regression analysis in estimating how FMPs impact small business profitability. The results showed a big effect of financial management strategies on profitability. And again, cash management as well as management of working capital had correlation that is considerable with profitability.

Abiola and Othman (2022) used Nigerian manufacturing firms that are quoted as a sample to conduct an empirical investigation of FMPs and the relationship between financial performance for the observed year 2015 to 2018. It performed multivariate regression analysis. Results documented that solvency and firm's profitability is related positively and significantly but liquidity and firm's profitability is related insignificantly.

Adesola et al. (2022) research on companies into manufacturing and are quoted in Nigeria between 2010 to 2020) randomly selected five samples from the broader population over a decade (20102020), analyzing data sourced from annual financial reports. Findings were interpreted using "Ordinary Least Square (OLS)" regression analysis. It revealed a significant positive association between FMPs and retained earnings as well as profit after tax (PAT). However, the study found that absence of "debt-to-equity ratios" significance

Mohammed and Suleiman (2022) investigated financial management techniques effect on Nigeria MSEs performance The research was executed in Keffi, Nasarawa State. The model was evaluated through multiple regression analysis. Findings emphasized the positive impact, underscoring its role in enhancing profitability through efficient financial resource utilization.

Khalid and Muturi (2021) investigated the influence of FMPs on the financial performance in respect of manufacturing firms in Bosaso. Their study targeted 64 registered manufacturing firms, utilizing a well-thought-out questionnaire based on a four-point Likert scale to gauge respondents' perceptions. Data analysis was conducted using SPSS, presenting results through pie charts, distribution graphs, and diagrams. The study highlighted that while working capital management did not significantly impact financial outcomes, both investment and financing decisions had substantial effects on the firms' financial performance.

Ongosi and Otinga (2020) study done in Kenya explore to unveil if FMPs impacts on Micro Finance Institutions (MFIs). Using a descriptive research design and data from 48 MFIs, the study revealed that WCM (working capital management), dividend payout, financial reporting, as well as assets management significantly and positively influenced the financial performance of MFIs.

Olunuga and Akinrodoye (2020) study was done for the determination of the impact of FMPs on performance of Nigerian deposit money banks (DMBs). Panel data were collected and analyzed using statistical method. The study concluded that FMPs have effect on bank performance in Nigeria. Also, given the competition in the industry that is of high level and the need to financially perform, there is the need of creating financial management strategy that is strong and effective that ensures utmost return, increase share value of firms, and shareholder return maximization.

Anangwe and Malenya (2020) research on MSEs performance is affected by some FMPs selected. The study was done in Kenya and in Bungoma Town in particular. A target population of 712 small scale traders, and 256 randomly selected. Questionnaire was the data collection instrument and analyzes was done using descriptive and inferential. According to the analysis, MSE performance was significantly impacted by each and every FMP employed (liquidity management practices, asset management practices, financial reporting practices and working capital management).

Financial control mechanisms were measured by Abbas and Abu (2019) in respect to how it relates to profitability performance. The research was done using Nigerian business entities in manufacturing sector, with a sample of 125 firms selected via simple random sampling from a population of 275. Analysis from questionnaires respondents revealed a correlation that is significant as well as positive between them, highlighting the importance of effective financial oversight.

Mebrahtu (2017) looked into how certain private Mekelle City's manufacturing business entities' FMPs affected profitability. Utilizing survey (cross-sectional) method and qualitative data originated from directors and officers, it inferred that, among the business entities studied,

"Current working capital management" fundamentally influences insignificantly on profitability.

Muneer, et al (2017) study empirically checked the relationships of FMPs and SMEs profitability. Agency cost impact of the relationship was also examined. Data analysis on primary data was done on 200 Faisalabad Pakistan SMEs. Findings indicate the existence of a positive relationship between variables. Also, agency cost (moderator) has no effect on the relationship.

Yensu et al. (2016) utilized ninety-eight enterprises that are in Ghana (Obuasi Municipality) to explore how business profitability is affected by FMPs. FMPs was dimensioned by the management of working

capital and that of capital budgeting. Profitability (profit margin, return on sales) was positively impacted by working capital management but impacted negatively by capital budgeting management.
From the empirical review, it is clear that many studies have been undertaken on FMPs and corporate (organizational) performance and profitability. Majority of the studies reviewed showed positive impact while few indicated negative impact. This study combined oil and gas companies, financial entities, manufacturing companies, and MSMEs. Noting that none of the reviewed study covered the oil and gas industry

## 7 Relationship between Variables and Formulation of Study Hypotheses

The interaction between investment, financing, and dividend decisions is crucial for corporate financial management. Through informed and strategic choices in these areas, companies can boost their performance, ensure sustainable growth, and enhance shareholder value. The changing financial landscape highlights the necessity for companies to adapt to evolving market conditions, technological advancements, and sustainability concerns in their financial strategies. A firm's future growth depends on effective FMPs, strategic planning, and the control of financial resources to avoid the risk of failing to meet obligations and prevent excessive investments. Senior management plays a vital role in making decisions that impact efficient financial management practices. The financial management decisions include investing in long-term projects to boost future benefits and the firm's wealth, financing needs through the issuance of equity or debt securities, and distributing net earnings to owners. Financial management practices provide top management with essential tools to monitor and enhance profit margins while minimizing operational costs.
FMPs effectiveness and efficiency rely on its alignment with the business's goals, which are continuously compared and evaluated. Effective FMPs can lead to business expansion, business success, and profitability for business entities. Investment decisions that are sound can foster long-term growth and profitability, enhancing ROA and ROE. Financing decisions such as optimal capital structure minimizes the cost of capital, thereby increasing profitability and shareholder value Dividend decisions with a balanced dividend policy can indicate strong financial health, attracting investors and positively affecting stock prices. On the whole, sound financial management practices are indispensable for enhancing business entities short and long term overall financial success, health, growth and stability. By increasing the financial management practices according to Muguchia (2018), institutions are able to experience improved growth in respect to market share as well as asset base as increased sales will invariably lead to increased profitability. Proper financial management significantly affects a company's liquidity, profitability, and growth (Adesola et al., 2022).
We study, after surveying the relationships formed the three hypotheses below in order to actualize the study's main goal:
$H_{O1}$. There is no significant impact of investment decision on corporate performance
$H_{O2}$. There is no significant impact of financing decision on corporate performance
$H_{O3}$. There is no significant impact of dividend decision on corporate performance.

## 8 Methodology

According to Egwanwor and Edori (2024), a research methodology must be crystal clear, reproducible, and also be comprehensive so that the results of the study are understandable and dependable for readers, reviewers, as well as other researchers. Edori and Edori (2022) defined research design as framework that is "conceptualized within which social phenomena investigations are performed". The

research design chosen for this study is the survey design, which is crucial for collecting first-hand information without manipulation. Kiabel (2020) described the survey design as a method for gathering factual information using the most suitable pattern for collecting primary data. Given that the population is considered infinite, the study employed the convenience sampling method to select 170 respondents as the sample size. A Likert scale (4-point) questionnaire was used for data collection to avoid any respondent being neutral on any statement of question. The Cronbach's Alpha was used to test the reliability of the set of items in the survey. The result is shown in table 7.1. The PPMC and Linear regression analysis served as the tools for the inferential analysis.

**Table 8.1: Result of Reliability Test**

Reliability Statistics

| Cronbach's Alpha | N of Items |
|---|---|
| .930 | 4 |

A Cronbach's Alpha value of 0.930 is considered very high, indicating excellent internal consistency. This suggests that the items in the set are very closely related and measure the same underlying construct. With only 4 items, having such a high Cronbach's Alpha is impressive and suggests that the items are well-designed and effectively measure the intended construct.

General Guidelines for Cronbach's Alpha: When Alpha is

≥ 0.9 = Excellent

≥ 0.8 < 0.9 = Good

≥ 0.7 < 0.8 = Acceptable

≥ 0.6 < 0.7 = Questionable

< 0.6 = Poor

Looking at this, a value of 0.930 is indicates that the reliability of the items is excellent, making the measurement tool highly reliable for assessing the construct in question.

**9 Data Presentation**

The study used the drop and pick method to distribute the questionnaire. The analysis of the respondents is presented as in table 9.1 below.

**Table 9.1: Presentation of Questionnaires Distribution and Returned**

| **Description** | **No. of Respondents** | **%** |
|---|---|---|
| Questionnaires Distributed | 170 | 100 |
| Questionnaires Returned | 162 | 95.29 |
| Questionnaires not Returned | 8 | 4.71 |
| Returned Questionnaires Usable | 158 | 97.53 |
| Returned Questionnaire not Usable | 4 | 2.47 |

170 questionnaires were distributed but 162 were returned and 8 were not returned representing 100%, 95.29% and 4.71% respectively. Out of the 162 returned, 158 were usable while 4 were not usable representing 97.53 and 2.47% respectively

**Table 9.2: Presentation of Analysis on Responses to Questionnaire on Investment Decision**

| QN | Number of Respondents | | | | Total |
|---|---|---|---|---|---|
| | SA (4) | A (3) | D (2) | SD (1) | |
| 1 | 51 | 95 | 9 | 3 | 158 |
| 2 | 43 | 77 | 29 | 9 | 158 |
| 3 | 28 | 54 | 50 | 26 | 158 |
| 4 | 13 | 59 | 61 | 25 | 158 |
| 5 | 45 | 89 | 24 | 0 | 158 |

**Table 9.3: Presentation of Analysis on Responses to Questionnaire on Financing Decision RQ Number of Respondents Total**

| | SA (4) | A (3) | D (2) | SD (1) | |
|---|---|---|---|---|---|
| 6 | 56 | 102 | 0 | 0 | 158 |
| 7 | 81 | 77 | 0 | 0 | 158 |
| 8 | 31 | 49 | 58 | 20 | 158 |
| 9 | 78 | 54 | 19 | 7 | 158 |
| 10 | 51 | 89 | 17 | 1 | 158 |

**Table 9.4: Presentation of Analysis on Responses to Questionnaire on Dividend Decision**

| RQ | Number of Respondents | | | | Total |
|---|---|---|---|---|---|
| | SA (4) | A (3) | D (2) | SD (1) | |
| 11 | 73 | 82 | 3 | 0 | 158 |
| 12 | 78 | 73 | 5 | 2 | 158 |
| 13 | 66 | 91 | 1 | 0 | 158 |
| 14 | 87 | 49 | 17 | 5 | 158 |
| 15 | 85 | 73 | 0 | 0 | 158 |

**Table 9.5: Presentation of Analysis on Responses to Questionnaire on Corporate Performance**

| RQ | Number of Respondents | | | | Total |
|---|---|---|---|---|---|
| | SA (4) | A (3) | D (2) | SD (1) | |
| 16 | 76 | 79 | 2 | 1 | 158 |
| 17 | 101 | 57 | 0 | 0 | 158 |
| 18 | 91 | 65 | 2 | 0 | 158 |

| | | | | | |
|---|---|---|---|---|---|
| 19 | 39 | 119 | 0 | 0 | 158 |
| 20 | 68 | 77 | 8 | 5 | 158 |

**Table 9.6: Data for Analysis**

| Investment Decision | Financing Decision | Dividend Performance | Corporate Decision |
|---|---|---|---|
| 204 | 224 | 292 | 304 |
| 285 | 306 | 246 | 237 |
| 18 | 0 | 6 | 4 |
| 3 | 0 | 0 | 1 |
| 172 | 324 | 312 | 404 |
| 231 | 231 | 219 | 171 |
| 58 | 0 | 10 | 0 |
| 9 | 0 | 2 | 0 |
| 112 | 124 | 264 | 364 |
| 162 | 147 | 273 | 195 |
| 100 | 116 | 2 | 4 |
| 26 | 20 | 0 | 0 |
| 52 | 312 | 348 | 156 |
| 177 | 162 | 147 | 357 |
| 122 | 38 | 34 | 0 |
| 25 | 7 | 5 | 0 |
| 180 | 204 | 340 | 272 |
| 267 | 267 | 219 | 231 |
| 48 | 34 | 0 | 16 |
| 0 | 1 | 0 | 5 |

The data presented for analysis were arrived at by multiplying the number of respondents by the Likert scale.

## 10 Data Analysis

### 10.1: Using Pearson Product Moment Correlation

**$Ho_1$. There is no significant impact of investment decision (InvDec) on corporate performance (CorPer)**

**Correlations**

| | | InvDec | CorPer |
|---|---|---|---|
| InvDec | Pearson Correlation | 1 | .721** |
| | Sig. (2-tailed) | | .000 |
| | N | 20 | 20 |

| | | | |
|---|---|---|---|
| CorPer | Pearson Correlation | .721** | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 20 | 20 |

The correlation statistics provided shows the impact of "Investment Decision" on "Corporate Performance." The Pearson Correlation (r) between the two variables is 0.721. This portrays a correlation and impact that is strong and equally positive between the variables "Investment decision" and "corporate performance". A correlation coefficient of 0.721 suggests that as "Investment decision" improves "corporate performance" tends to improve as well. The significance (p-value) is 0.000. This value of the significance falls below the standard significance level of 0.05, an indication of the presence of impact that is significant. This means there is a less than 5% chance that this correlation is due to random variation.

Based on the result shown above, the student rejected the hypothesis of no significant impact and restated that investment decision has significant impact on corporate performance.

**$Ho_2$. There is no significant impact of financing decision on corporate performance**

**Correlations**

| | | FinDec | CorPer |
|---|---|---|---|
| FinDec | Pearson Correlation Sig. (2-tailed) | 1 | .785** .000 |
| | N | 20 | 20 |
| CorPer | Pearson Correlation Sig. (2-tailed) | .785** .000 | 1 |
| | N | 20 | 20 |

The Pearson Correlation (r) on the impact of financing decision on corporate performance is 0.785. This portrays a correlation strong and positive present between financial decisions and corporate performance. The value of the correlation coefficient is 0.785 hence a suggestion that as financial decisions improves or become more favorable, corporate performance tends to improve as well. Also, the result showed that the significant (p) value is equal to 0.000, less than 0.05 standards, meaning that the correlation is significant. This indicates that the observed relationship is improbable to be due to random chance. Succinctly put, the strong and significant positive correlation between financial decisions and corporate performance indicates that improving financial decision can lead to better corporate performance.

From the result of the analysis above, the student rejected the hypothesis of no significant impact and restated that financing decisions has significant impact on corporate performance.

**$Ho_3$. There is no significant impact of dividend decision on corporate performance.**

**Correlations**

| | | DivDec | CorPer |
|---|---|---|---|
| DivDec | Pearson Correlation Sig. (2-tailed) | 1 | .857** .000 |
| | N | 20 | 20 |

| | | | | |
|---|---|---|---|---|
| CorPer | Pearson Correlation | .857** | .000 | 1 |
| | Sig. (2-tailed) | | | |
| | N | 20 | | 20 |

The Pearson Correlation from above table has its value as 0.857, showing an correlation that can be explained to be very strong and also positive as well between dividend decisions ("DivDec") and corporate performance ("CorPer"). A correlation coefficient of 0.857 suggests that as dividend decisions become more favourable or strategically aligned, corporate performance tends to improve significantly. The 0.000 significance (p) value is not equal to or greater than the acceptance level (0.05), signifying a correlation that is significant. This means that the correlation observed is incredibly not likely to be due to chance that is random. The strong as well as the significant correlation between dividend decisions and corporate performance signifies that effective dividend policies can significantly enhance performance.

Based on the outcome of the analysis, the study rejected the hypothesis of no significant impact and restated that dividend decision has significant impact on corporate performance.

**10.2 Using "Multiple Regression Analysis" to test the FMPs dimensions combine combined Impact on Corporate Performance**

**Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics R Square Change | F Change | df 1 | df 2 | Sig. F Change | Durbin-Watson |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | .876[a] | .768 | .7259 | 78.0838 | .768 | 17.673 | 3 | 16 | .000 | 2.889 |

a. Predictors: (Constant), InvDec, FinDec, DivDec

b. Dependent Variable: CorPer

This table represents the results of a regression analysis, with Corporate Performance as the dependent variable and Investment Decisions and, Financing, Decisions Dividend Decisions as the predictors. The 0.876 R-value is the correlation Coefficient. This signifies a strong positive correlation between the predicted values of corporate performance and the actual values. The closer this value is to 1, the stronger the linear relationship.

R Square ($R^2$) = 0.768. This shows that approximately 76.8% of the changeability in corporate performance can be explained by the three predictors combined. This is a high $R^2$ value, symptomatic that the model explains a sizeable proportion of corporate performance variation. Adjusted R Square (Adjusted $R^2$) = 0.725. An Adjusted $R^2$ of 0.725 means that after the number of predictors are accounted for, the model still explains about 72.5% of the variance in corporate performance. This value is lower than $R^2$ but provides a more accurate measure of model fit. The Change Statistics (R Square Change) = 0.768. This demonstrates the variance amount in corporate performance that adding the predictors to the model explains. Since this value matches the $R^2$, it indicates that the predictors together explain 76.8% of the variance.

The F Change = 17.673. The F statistic is used in testing the regression model's overall significance. A value of 17.673 indicates that the model significantly improves the prediction of corporate performance compared to a model with no predictors.
The Sig. F Change = 0.000 less than 0.05 signifying a significant model and the predictors collectively provide a "good fit" for the data.
The Durbin-Watson = 2.889. This statistic tests to find if autocorrelation is present in the residuals. A value close to 2 suggests no autocorrelation, hence 2.889 value confirms absence of autocorrelation in the residuals.

**ANOVA**[a]

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 323261.436 | 3 | 107753.812 | 17.673 | .000[b] |
| | Residual | 97553.514 | 16 | 6097.095 | | |
| | Total | 420814.950 | 19 | | | |

a. Dependent Variable: CorPer
b. Predictors: (Constant) InvDec, FinDec, DivDec

The ANOVA results as captured above, evaluates if the predictors combined an impact that is significant on the dependent variable, corporate performance. The 0.000 confirms significant impact. This means that the predictors together have a significant effect on corporate performance, and the model is likely not due to random chance. The regression model is significant since Statistics js 17.673 and associated 0.000 p-value. The predictors (Investment Decisions, Financing Decisions and Dividend Decisions,) collectively provide a good fit for the data and significantly explain the variance in corporate performance.
Model Fit: The regression model explains a substantial portion of the variability in corporate performance, as evidenced by the high $R^2$ value (0.768) from the earlier summary.
The ANOVA results confirm that the regression model significantly improves the prediction of corporate performance and is a useful tool for understanding the effects of dividend decisions, financing decisions, and investment decisions on corporate performance.

## 11 Discussion of findings

Investment Decision and Corporate Performance. The correlation statistics showed impact. The correlation coefficient of 0.721 with p-value of < 0.05. This indicates a positive, strong and significant impact, suggesting that effective investment decisions are associated with improved corporate performance.
Financing Decision and Corporate Performance. The Pearson correlation coefficient (r) for "financing decisions" and "corporate performance" is 0.785, with p-value < 0.05. This shows a substantial and significant positive correlation, highlighting that well-managed financing decisions positively influence corporate performance. It means that financing decision impacts significantly, positively and strongly on corporate performance. In summary, the strong and significant positive correlation between financial decisions and corporate performance indicates that improving financial decision can lead to better corporate performance.

Dividend Decision and Corporate Performance. The Pearson correlation coefficient between dividend decisions and corporate performance is r = 0.857, with a p-value of < 0.05. This very strong and significant positive correlation indicates that dividend decisions have a major impact on corporate performance. This means the observed correlation is very unlikely to be due to random chance. The strong and statistically significant correlation between dividend decisions and corporate performance indicates that effective dividend policies can significantly enhance performance.

The combined predictor variables (investment decision, financing decision, and dividend decision) showed R Square ($R^2$) to be 0.768 and the P-value as 0.000. The $R^2$ shows that about 76.80% of the changeability in corporate performance can be explained by or traced to the three predictors combined. This is a high $R^2$ value, suggesting that the model provides explanations that considerable proportion of the variance (changes) in corporate performance. The 0.000 p-value which is lower than 0.05, indicating that the regression model is statistically significant. This means that the predictors together have an impact that is significant on corporate performance, and the model is likely not due to random chance. The ANOVA results confirm that the regression model significantly improves the prediction of corporate performance and is a useful tool for understanding the effects of dividend decisions, financing decisions, and investment decisions on corporate performance.

## 12 Summary

The findings underscore the serious role of financial decisions in shaping corporate performance. Each financial decision—investment, financing, and dividend—demonstrates a significant and positive relationship with corporate performance. Specifically:

Investment Decisions: The strong correlation suggests that enhancing the investment decision framework through rigorous analysis and strategic alignment can lead to substantial improvements in corporate performance.

Financing Decisions: The significant correlation highlights the importance of optimizing financing strategies to balance debt and equity effectively, which can enhance overall performance outcomes.

Dividend Decisions: The very strong correlation emphasizes the need for a balanced dividend policy that aligns with financial stability and shareholder expectations to support and boost corporate performance.

Overall, these results advocate for a strategic approach to financial management, where well-informed decisions in investments, financing, and dividends contribute positively to corporate success. Implementing the recommended strategies based on these findings can help organizations leverage financial decisions to achieve better performance outcomes and drive long-term growth.

## 13 Conclusion

The results of the individual analysis and the combined analysis showed significantly strong and positive impact of the dimensions of FMPs financial management practices on corporate performance. From the findings of the study, it concluded that FMPs has impact on corporate performance and the impact is significant. Also the impact is strong and positive, meaning that increase in effective financial management practices will increase corporate performances.

## 14 Recommendations

These recommendations integrate the strength of the correlations with their statistical significance, providing actionable strategies to leverage financial decisions for improved corporate performance.

Combining the correlation coefficients and their significant values, here are tailored recommendations for each financial decision:

1. Investment Decision and Corporate Performance. Enhance Investment Decision Framework. The strong positive correlation and significant value indicate that investment decisions have a substantial impact on corporate performance. To leverage this relationship, enhance the investment decision framework by incorporating comprehensive financial analysis and strategic alignment. Implement advanced decision-making tools and methodologies, such as discounted cash flow (DCF) analysis and scenario planning, to ensure that investments are strategically sound and have a high likelihood of improving corporate performance.
2. Financing Decision and Corporate Performance. Optimize Financing Strategy. The significant positive correlation between them suggests that financing strategies significantly impact performance outcomes. Optimize the financing strategy by carefully evaluating the cost and benefits of different financing options. Capital structure adjusting should be considered in order to balance debt and equity in such an approach that cost of capital is minimized while supporting growth initiatives. Regularly review and refine financing decisions to align with changing market conditions and performance goals.
3. Dividend Decision and Corporate Performance. Implement a Balanced Dividend Policy. The very strong positive correlation and significant value highlight the critical role of dividend decisions in corporate performance. Implement a balanced dividend policy that aligns with both shareholder expectations and the company's financial stability. Ensure that dividend payouts are sustainable and reflective of the company's profitability and cash flow. A well-balanced dividend policy can enhance investor satisfaction and support overall corporate performance, contributing positively to long-term success.

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