

UNIVERSITY OF ECONOMICS IN KATOWICE

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Subject: Cash flows in the financial strategy of capital companies

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SUMMARY

The subject of research was not so far subject to a broader assessments and analyzes in the literature, both in terms of theoretical and empirical. Modern economy subjected to the process of globalization dynamically creates new business processes and complicates the already existing. Fast access to information, reducing barriers to entry the markets is conducive to growing competition. In such circumstances, the modern enterprise must be optimally managed in order to survive and thrive. High volatility characteristic to the modern economic system requires a new approach to the financial management of enterprises. Cash is the blood of the body that is enterprise and without it, it is impossible to continue its operations. Research issues extend range of necessary information needed for making optimal decisions. It seeks to demonstrate the decision-making areas of enterprise affecting the level of cash, cash flow analysis related to the decision-making process, as well as to create new models for operational, financial and investment decision-making for the optimization of cash flow to maintain accounting liquidity, which lost is the most common cause of the bankruptcy of the business.

Accumulation of knowledge related to the category of cash flows relates primarily to the field of accounting. These studies will prove that the cash flows of the enterprises determine its position on the market and possibility of its development showing an innovative system approach to corporate finance having multi-faced analysis of the interrelationship. The results of a retrospective and prospective, will define the factors affecting cash flows and emphasize the importance of cash flow strategies and their impact, among others, on enterprise value, investment opportunities, access to capital and business risk.

The material gathered during the study will significantly enrich the processes of financial management with the new elements, which together create a modern information system as the base for making optimal decisions that shape economic and market value of the enterprise. In

context of the duality of the real and financial economic system and the desire to avoid a repetition of the modern financial crisis, this synthetic approach seems to be of key importance.

The main goal of the doctoral thesis is **assessment of the role and importance of the concept of cash flows in choosing the company's financial strategy**. To achieve the assumed goal, the following specific goals were adopted:

1. Analysis and evaluation of factors influencing cash flow in basic areas of activity.
2. Assessment of relationships and dependencies between the company's value and its financial strategy, taking into account cash flows.
3. Empirical verification of the factors of the selection of the company's financial strategy taking into account its relationship with cash flows.

The research process designed in this way was aimed at verifying five research hypotheses:

Main hypothesis

H0: The choice of the company's financial strategy requires taking into account its relationship and dependence with the level and structure of cash flows.

Auxiliary hypotheses

H1: The competitive position of the company and the level of risk acceptance play a decisive role in choosing the company's financial strategy in terms of cash flow.

H2: The decision-making process in a company is based mainly on cash flow analysis.

H3: Cash flow plays a decisive role in the choice of capital structure and the associated financial risk.

H4: Cash flow and its structure determine the value of an enterprise.

The theoretical considerations and the results of empirical research made it possible to achieve the objectives of the work, verify the research hypotheses and fill the gaps in the Polish-language socio-economic literature. The research results confirmed the correctness of looking at enterprise financial management from the perspective of cash flows.

The set goals and research hypotheses are reflected in the structure of the work, which refers to the theoretical and empirical nature of the research. The dissertation consists of four chapters, three of which are theoretical and one is empirical.

The first chapter shows the importance of cash flows in the decision-making process. In the first part, an analysis of the cognitive value of cash flows, sources of information on cash flows, the development of reporting standards and the demand for information on cash flows on the part of various groups of stakeholders was carried out. Then, the financial strategy was placed in the company's strategy, taking into account the special role of cash flows. The further part of the chapter focuses on the decision-making problem by assessing the rationale and consequences of selecting a financial strategy in relation to cash flows and pointing to the relationship between the company's choices and its cash flows. At the end, it presents relationship of cash flows with the value of the enterprise using the critical literature analysis, synthesis as well as deductive and inductive inference methods.

The second chapter of the dissertation was devoted to the definition of the role and place of operating cash flows in the company's financial strategy. In the course of the considerations, external and internal factors shaping the cash flow from operating activities and their use in the financial strategy of the enterprise were identified. Next, the problem of the optimal level of cash in the enterprise was analyzed, taking into account cash management and the financial strategy of the enterprise. The last part presents a prospective assessment of cash flows from operating activities and its key role in creating the company's financial strategy.

The third chapter considers the impact of financial market instruments and transactions on the level and structure of cash flows in an enterprise. In the course of theoretical studies, the risk of cash flows related to the company's operations on the financial market was identified and the influence of financial market instruments on the shaping of cash flows was examined. At this point, the relationship between the choice of capital structure, the scope of the company's investment activity, the dividend policy pursued and cash flows was highlighted.

The fourth chapter is an empirical assessment of financial strategies, taking into account the cash flows used by capital companies, which allowed for the verification of the research hypotheses. In the two-part qualitative and quantitative research which, was designed for the purpose of this dissertation, the use of cash flows in the decision-making process of the enterprise was assessed and their role and place in the financial strategy of the enterprise were verified. The first part of the study allowed for the assessment of the undertaken research problem from the perspective of the company's financial managers, and the second part from the perspective of external stakeholder groups. For this purpose, the diagnostic survey method was used using the survey technique, in particular CAPI (computer aided personal interview), along with the proprietary questionnaire, vertical and horizontal analysis of data, coefficients, descriptive statistics (mean, median, fashion, minimum, maximum, deviation standard and

coefficient of variation), correlation analysis (Spearman's ranks, Pearson's, Mann-Whitney's) and multiple linear regression analysis. The research allowed for a positive verification of the adopted research hypotheses and the achievement of the set goals.

The dissertation uses Polish and foreign scientific literature on individual areas of corporate finance management, scientific publications, reports, legal acts, financial statements of capital companies and the results of the conducted surveys.

The undertaken research problem still remains open and requires further research, especially in the context of dynamic changes in external conditions, the level of inflation, interest rates and exchange rates, which directly influences the change of financial strategies based on the analysis of present and future cash flows.

Key words: financial management, cash flows, financial strategy, enterprise value, capital structure, cash management, instruments of financial market.