Management (Montevideo). 2025; 3:173
doi: 10.62486/agma2025173
ISSN: 3046-4048

ORIGINAL

The Effect of Working Capital and Investment Decisions on Small Firm Financial Sustainability and Growth

El efecto del capital circulante y las decisiones de inversión en la sostenibilidad financiera y el crecimiento de las pequeñas empresas

Krishna Reddy[1], Tarun Kapoor[2], Vishweshwar Mensumane[3], Saroj Kanta Biswal[4], Richa Garg[5], Preeti Khatri[6], Rani J[7], Hemal Thakker[8]

[1]Department of Management, Jain (Deemed to be University). Bangalore, Karnataka, India.
[2]Centre of Research Impact and Outcome, Chitkara University. Rajpura- 140417, Punjab, India.
[3]Presidency Business School, Presidency Collge. Bengaluru, India.
[4]Department of Management, Institute of Business and Computer Studies, Siksha 'O' Anusandhan (Deemed to be University). Bhubaneswar, Odisha, India.
[5]Department of Management, Arka Jain University. Jamshedpur, Jharkhand, India.
[6]School Of Commerce, Presidency University. Bangalore, India.
[7]Master Of Business Administration, Sathyabama Institute of Science and Technology. Chennai, India.
[8]Department of ISME, ATLAS SkillTech University. Mumbai, India.

Cite as: Reddy K, Kapoor T, Mensumane V, Kanta Biswal S, Garg R, Khatri P, et al. The Effect of Working Capital and Investment Decisions on Small Firm Financial Sustainability and Growth. Management (Montevideo). 2025; 3:173. https://doi.org/10.62486/agma2025173

Submitted: 02-03-2024 **Revised:** 01-07-2024 **Accepted:** 13-01-2025 **Published:** 14-01-2025

Editor: Ing. Misael Ron

Corresponding Author: Krishna Reddy

ABSTRACT

Introduction: the industry of small and medium-sized enterprises (SMEs) has a key impact on the economy by creating jobs, encouraging innovation, and facilitating expansion. Many SMEs have issues with stability because their working capital is not utilized properly, and investment approaches are not well-structured. This research aims to analyze the effects of working capital components and investment decisions on the ability of small firms to grow and remain sustainable.
Method: data for analysis were obtained from 230 SMEs in the manufacturing, services, and retail sectors. Financial practices and characteristics of the firms were summarized using descriptive statistics.
Results: using multiple linear regression analysis, it was found that accounts receivable, inventory, and investment decisions were key factors in determining if a corporate entity can remain sustainable and achieve growth in revenue and assets.
Conclusions: the results highlight that managing finances and planning investments for the short to medium term are important for the stability and results of SMEs. The research supports introducing financial literacy and strengthening the capacity to assist small business owners when making decisions.

Keywords: Small and Medium-Sized Enterprises (SMEs); Financial Planning; Working Capital Management; Regression Analysis.

RESUMEN

Introducción: el sector de las pequeñas y medianas empresas (pymes) tiene un impacto clave en la economía, ya que crea puestos de trabajo, fomenta la innovación y facilita la expansión. Muchas pymes tienen problemas de estabilidad porque su capital circulante no se utiliza adecuadamente y sus estrategias de inversión no están bien estructuradas. El objetivo de esta investigación es analizar los efectos de los componentes del

capital circulante y las decisiones de inversión en la capacidad de las pequeñas empresas para crecer y mantenerse sostenibles.
Método: los datos para el análisis se obtuvieron de 230 pymes de los sectores manufacturero, de servicios y minorista. Las prácticas y características financieras de las empresas se resumieron mediante estadísticas descriptivas.
Resultados: mediante un análisis de regresión lineal múltiple, se descubrió que las cuentas por cobrar, el inventario y las decisiones de inversión eran factores clave para determinar si una entidad corporativa podía mantenerse sostenible y lograr un crecimiento en sus ingresos y activos.
Conclusiones: los resultados ponen de relieve que la gestión de las finanzas y la planificación de las inversiones a corto y medio plazo son importantes para la estabilidad y los resultados de las pymes. La investigación respalda la introducción de la educación financiera y el fortalecimiento de la capacidad para ayudar a los propietarios de pequeñas empresas a la hora de tomar decisiones.

Palabras clave: Pequeñas y Medianas Empresas (pymes); Planificación Financiera; Gestión del Capital Circulante; Análisis de Regresión.

INTRODUCTION

In global marketplace that is always evolving, small and medium enterprises (SMEs) help create opportunities for business, new ideas, work, and healthy communities.[1,2,3] Although SMEs help make industries stronger and able to compete, they usually work with fewer resources and become more vulnerable when markets fluctuate.[2] SMEs are often regarded as the primary drivers of various economies worldwide.[4,5,6] They support the local economy, create new opportunities, and promote inventive solutions that help the environment become more diverse and reduce poverty.[3,7,8,9] Many SMEs operate in various sectors, promoting entrepreneurship and equal growth in sectors such as manufacturing, services, and retail.[4] Even though many small businesses are vital, they still encounter serious issues in staying financially sound and expanding sustainably.[5,10,11,12] Inadequate management of short-term obligations and assets is a major obstacle for companies.[13,14,15] A company facing liquidity troubles may have trouble paying immediate bills and investing in opportunities if it lacks solid control over its accounts receivable, inventory, or accounts payable.[6,16] Additionally, making investment choices without careful planning tends to make financial problems worse by misusing limited resources and preventing the business from thriving in the future.[7,17,18] A challenge facing small firms, identified by this research, is their inability to effectively manage their working capital and invest, which reduces their chances of growing and staying financially secure.[8,19,20] If financial management is overlooked, small companies face difficulties with money and fail to take advantage of main growth opportunities.

Earlier analyses have looked into the effects of working capital and financial choices on the longevity and progress of SMEs. They focus on how managing working capital effectively helps a company achieve better financial results and growth.

Research evaluated how effective the use of financial assets and productive capital supports the expansion of Iraqi industrial groups.[9] When a fixed effect model was applied to six listed firms' data, It was discovered that the liquidity proportion was operational turnover of assets significantly influenced a firm's sustainable growth gap.[21,22] The purpose of the research is to understand how different economic risks and CDSs relate to working capital and how this affects a firm's overall performance in the four economies.[10] Applying firm data (2006–2020) and a two-step system GMM model, the research reveals that CDSs boost both WCM confidence and profit, and firms modify their WC strategies according to macroeconomic risks and their country's actions. Research examined how choices about working capital and financing impact the sales growth of European fish processors.[11] The analysis based on 1050 firms (over 2013–2020) showed that sales were enhanced when trade credit was used and kept within limits. However, rising inventory levels slowed growth, while positive working capital contributed to increased sales.[23,24] The relationship among managing financial resources and fostering long-term development is explored in research.[12] It determined that while it cannot ensure continuous growth, it helps the company earn more profit in the long run. Short cash conversion periods, greater cash inflow, and less debt to assets make profits and growth stronger.[25,26] From 2006 to 2021, the research examined the effect of UK political instability on the connection among revenue and productive capital oversight in 199 manufacturing businesses in the country.[13] Using Fixed Effect, Random Effect, and two-stage GMM methods, the research found that higher uncertainty in EPU led to a drop in CCC's working capital, highlighting the importance of effective working capital management during economic uncertainty.

Hypothesis Development

H1: Accounts Receivable Management (ARM) → Financial Sustainability (FS)

- Improved receivable management enhances the financial health of a company.

H2: Inventory Management (IM) → Financial Sustainability (FS)
- Financial viability is optimized through sound inventory practices.

H3: Accounts Payable Management (APM) → Financial Sustainability (FS)
- Proactive payables management enhances financial stability.

H4: Investment Decisions (ID) → Firm Growth (FG)
- Strategic investment choices improve revenues, and well-planned investments promote asset growth.

H5: Investment Decisions (ID) → Financial Sustainability (FS)
- Effective investment planning enhances a firm's long-term financial stability.

The research aims to analyze how working capital and investment decisions can ensure small firms remain financially sustainable and capable of growing, with particular attention to which strategies alleviate risks and promote lasting growth.

The analysis is organized as follows: The Method section details data analysis from 230 businesses; the Results present regression outcomes; The outcome is discussed in the discussion and the Conclusion emphasizes the importance of improved financial and investment strategies for SME stability.

METHOD

Research Design

A cross-sectional, quantitative survey approach is used in this investigation to assess the effects of working capital elements, investment choices, and the monetary development and viability of small businesses. This design enables numerical data collection from a large sample of small businesses at one point in time.

Sampling Selection and Population Coverage

The target group consists of SMEs from the manufacturing, services, and retail industries. Stratified random sampling was used to provide coverage for all of the sectors. A total of 230 SMEs were surveyed under the inclusion criteria and provided sector-wise diversity and quality datasets for analysis.

Data Collection and Research Instrument

The questionnaire used to collect primary data was created using literature and tested for quality. The tool consisted of four sections: (i) demographic and firm profile shown in table 1, (ii) composition of working capital, (iii) models of investment decision, and (iv) indicators of FS and FG. A five-point Likert scale was used to measure the responses, and it went from "(1) Strongly Disagree" to "(5) Agree", and the suitable scores are presented in the annexe.

Table 1. Demographics and Firm Profile of Respondents

Variable	Category	Frequency (n=230)	Percentage (%)
Respondent	Male	148	64,3
	Female	82	35,7
Age of Respondent	20–30 years	42	18,3
	31–40 years	98	42,6
	41–50 years	63	27,4
	Above 50 years	27	11,7
Educational Qualification	Secondary School	18	7,8
	Diploma/Certificate	49	21,3
	Bachelor's Degree	108	47,0
	Postgraduate Degree	55	23,9
Business Sector	Manufacturing	76	33,0
	Services	81	35,2
	Retail	73	31,7
Years in Operation	3 years	28	12,2

	3–5 years	67	29,1
	6–10 years	91	39,6
	10 years	44	19,1
Number of Employees	10	94	40,9
	10–49	101	43,9
	50–99	35	15,2
Annual Revenue (INR)	₹40 lakh	61	26,5
	₹40 lakh – ₹1 crore	87	37,8
	₹1 – ₹5 crore	59	25,7
	Above ₹5 crore	23	10,0

Inclusion Criteria

- Properly enrolled small businesses with less than 50 employees.
- Operational for at least 2 years.
- Based on the given geographic region (e.g., urban or semi-urban industrial estates).
- Willing to be involved and capable of submitting credible financial information (e.g., revenue and asset growth).
- With regular financial activity (not seasonal or dormant).

Exclusion Criteria

- Firms that have been active for less than 2 years.
- Small enterprises with fewer than 5 staff members and poorly organized financial arrangements.
- Firms are reluctant or incapable of furnishing financial or operational information.
- Firms in liquidation, judicial reorganization, or bankruptcy procedures.

Variables

The research investigates the effect of managing finances on SME performance, focusing on working capital, accounts receivable, inventory management, and accounts payable as independent variables, with finance sustainability and firm growth as dependent variables. Figure 1 represents the conceptual framework of SME.

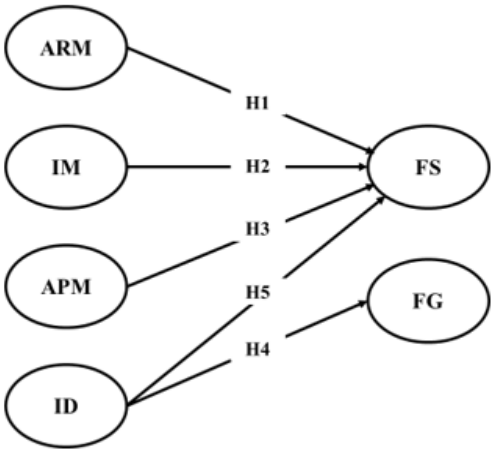


Figure 1. Conceptual Framework of SME

Independent Variables (Predictors)

These are the variables the analysis investigates for their impact on firm performance:

- ARM: assessing cash flow and liquidity depends on a company's ability to collect payments for goods or services bought on credit.
- IM: it introduced a modified method to represent monetary amounts for sold products or services on account which reflects a company's ability to gather payments, affect cash flow and determine its liquidity.
- APM: short-term debts and managing working capital are closely checked by looking at the vendors' unpaid invoices.
- ID: business decisions often require making plans for long-term investments and estimating how those decisions will affect the company's profit levels and growth.

Dependent Variables (Outcomes)

These are the performance results or measures impacted by the independent variables:

- FS: the ability of a business to sustain its resources and obligations over a long period is evaluated by its financial health and asset management.
- FG: improvement in a company's market share and sales is measured by looking at how much its revenues increase over time.

Statistical Analysis

To analyze the data, IBM SPSS Statistics version 29.0 was used to determine the links between working capital, small firms' investments, and their ability to remain financially healthy and expand. The analytical instruments used were:

- Descriptive Statistics: to summarize the basic characteristics of the fundamental features of the firms, such as elements of working capital, investment choices, and financial results.
- Multiple Linear Regression Analysis: to identify which working capital and investment variables support FS and FG, and to show their impact. All statistical tests were carried out at a confidence level (α = 0,05) to confirm the validity of the findings.

RESULTS

This section provides statistical analysis and multiple linear regression for small business finances focusing on the effects of working capital, investments and financial record on company growth.

Descriptive Statistics

The financial management activities and performance measures of 230 small businesses focus on working capital elements, decisions about investments, and financial stability indicators. Each variable's and were calculated with the following equation (1).

$$\underline{X} = \frac{1}{N}\sum_{i=1}^{N} \quad X_i \quad \text{and} \quad SD = \sqrt{\frac{1}{N}\sum_{i=1}^{N} \quad (X_i - \underline{X})^2} \qquad (1)$$

Where Xi refers to a particular value that is observed, X is the average across all observations, N is how many observations there are, and SD is a measure of the scatter or difference between values and the mean.

Table 2. Descriptive Statistics for Key Financial Management Factors Among Small Firms

Variable	Mean	Standard Deviation (SD)	Max	Min
ARM	3,42	0,71	4,13	2,71
IM	3,28	0,65	3,93	2,63
APM	3,15	0,69	3,84	2,46
ID	3,68	0,74	4,42	2,94
FS	3,33	0,61	3,94	2,72
FG	3,48	0,78	4,26	2,64

Table 2 shows the average ratings and measures of variation for the key variables. Stronger financial planning among firms is suggested by the highest mean (M = 3,68) found in ID using a Likert scale. It was found that the management of APM showed the lowest mean (3,15), indicating some inconsistency in handling immediate obligations. Different standard deviations reflect that firms have varying levels of dependable financial methods.

Multiple Linear Regression

The regression analysis was applied to discover the link among ARM and ID, FS, and FG in SMEs. The multiple linear regression is generally expressed through the equation (2 to 4):

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \qquad (2)$$

Where equation (3) shows that Y is the dependent variable (it can be FS or FG), β_0 stands for the intercept, β_1 to β_4 are the coefficients for X_1 to X_4 are likely to be the predicted variables, and the error term is ε.

Estimating FS: initially, the main goal of the model was to determine how ARM and ID impact FS.

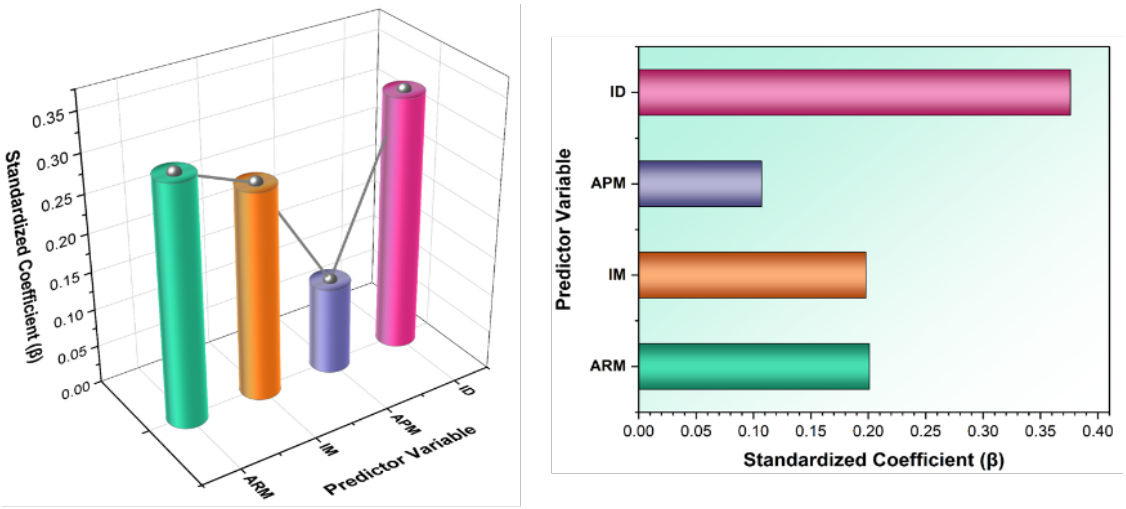
$$FS = \beta_0 + \beta_1(ARM) + \beta_2(IM) + \beta_3(APM) + \beta_4(ID) + \varepsilon \qquad (3)$$

Estimating FG: a second regression model studied how the same four independent variables affect the growth of firms.

$$FG = \beta_0 + \beta_1(ARM) + \beta_2(IM) + \beta_3(APM) + \beta_4(ID) + \varepsilon \quad (4)$$

Table 3. Coefficients of Regression Forecasting SMEs' FS and FG

Predictor Variable	Unstandardized Coefficient (B)	Std. Error	t-value	Standardized Coefficient (ß)	Sig. (p-value)
Financial Sustainability (FS)					
ARM	0,245	0,071	3,456	0,312	0,001**
IM	0,198	0,065	3,046	0,271	0,003**
APM	0,082	0,059	1,390	0,114	0,166
ID	0,267	0,078	3,423	0,329	0,001**
Financial Growth (FG)					
ARM	0,164	0,067	2,448	0,201	0,015*
IM	0,143	0,061	2,344	0,198	0,020*
APM	0,071	0,055	1,291	0,107	0,198
ID	0,319	0,073	4,370	0,376	<0,001***



(a) (b)

Figure 2. Regression of (a) Financial Sustainability and (b) Financial Growth

Regression models shown in table 3 and figure 2 (a-b) reveal that ARM, IM, and ID significantly influence FS and FG, while APM is insignificant. FS explains 48,0 % of variance (Adjusted R^2 = 0,469) with ARM, IM, and ID as key contributors ($p < 0,01$). FG accounts for 44,7 % of variance (Adjusted R^2 = 0,446), with ID having the strongest impact ($p < 0,001$), followed by ARM and IM ($p < 0,05$). The findings highlight the strategic importance of ARM and ID in enhancing company performance and driving economic growth.

DISCUSSION

Previous research, such as the research concurs that improved financial awareness and productive capital administration contribute to improving the sustainability of MSMEs.[9,27] Likewise, the research showed that the effective management of working capital leads to sustainable growth.[10] Unlike other analyses, this analysis includes a wider range of sectors and uses various statistical methods to better show the factors affecting how small businesses perform. Small businesses' financial strength and development mainly depend on how they adjust working capital and invest, and ID score future plan (M = 3,68).[28] According to regression analysis, FS and FG are strongly influenced by ID (ß = 0,329 and ß = 0,376, respectively).[29] Although ARM and IM made a difference in firm performance, APM had a smaller effect. Overall, these results underline that successful small firms depend on proper cash management and smart investments.

CONCLUSIONS

The analysis reveals that properly handling accounts receivable, and inventory and making good investment choices improves an SME's development and security. Analyses revealed that ID is the most significant factor that impacts both FS (β = 0,329, p = 0,001) and FG (β = 0,376, p < 0,001). It shows that financial management is important for SMEs, and such businesses should consider specific financial literacy classes. Future work can analyze areas such as production, services, and retail using historical data and examine detailed models, recurring data, and the effects of fintech on the investment and cash flow of small and medium businesses.

BIBLIOGRAPHIC REFERENCES

1. Osano HM. Global scaling by SMEs: Role of innovation and technology. Journal of the International Council for Small Business. 2023 Jul 3;4(3):258-81.

2. Naughton S, Golgeci I, Arslan A. Supply chain agility as an acclimatisation process to environmental uncertainty and organisational vulnerabilities: insights from British SMEs. Production Planning & Control. 2020 Oct 25;31(14):1164-77.

3. Gherghina ȘC, Botezatu MA, Hosszu A, Simionescu LN. Small and medium-sized enterprises (SMEs): The engine of economic growth through investments and innovation. Sustainability. 2020 Jan 1;12(1):347.

4. Martínez Azcuy G, Otero Martínez A, Marín Álvarez P, Otero Rosales JR, Morejon Carmona L. The bronchial asthma and its association with the changes in the weather. eVitroKhem. 2023; 2:48.

5. Andrés Culetto L, Peña Álvarez E. Open innovation to accelerate the adoption of artificial intelligence in the financial services industry. EthAIca. 2024; 3:138.

6. Estrada Meza RU, Carrillo Regalado S. Social and financial impact of urban mass transportation. Transport, Mobility & Society. 2022; 1:43. https://doi.org/10.56294/tms202243

7. Rodríguez-Portelles AC, Céspedes Rómulo AM. Infrared Thermography as a Diagnostic Tool in Podiatry: Advances, Applications, and Perspectives. Podiatry (Buenos Aires). 2025; 4:156.

8. Huynh PH. Enabling circular business models in the fashion industry: The role of digital innovation. International Journal of Productivity and Performance Management. 2022 Feb 15;71(3):870-95.

9. Skuratovych I, Lytvyn N, Panova I, Ovcharenko I, Hryhorevska O. Efficiency of using the potential of small business in ensuring sustainable economic growth. Entrepreneurship and sustainability issues. 2021 Jun 1;8(4):742.

10. Lefebvre V. Performance, working capital management, and the liability of smallness: a question of opportunity costs?. Journal of Small Business Management. 2022 May 4;60(3):704-33.

11. Federico Gauna H. Proposal for the implementation of a Hygiene, Safety, Environment and CSR plan in the company A.J. & J.A. Redolfi SRL. South Health and Policy. 2022; 1:17.

12. Castro Mejía PJ, Barranzuela Crisant JP, Cisneros Távara MA, Gómez Castillo FF, Manayalle Mera DN, Quintanilla Paico LA, et al. Renewable Energy and the Utilization of Agricultural Waste in Chiclayo. Environmental Research and Ecotoxicity. 2023; 2:53.

13. Angulo Rincón SO, Solarte Solarte CM. Green innovation and territorial development in cocoa-growing communities. Land and Architecture. 2024; 3:107.

14. Paz-Gañan C, González de Paz A, Tang M, Terán López I, Escalona E. Cancer care and its financial impact in Venezuela. A look from critical epidemiology. Nursing Depths Series. 2025; 4:164.

15. Muneeb FM, Karbassi Yazdi A, Hanne T, Mironko A. Small and medium-sized enterprises in emerging markets and foreign direct investment: an integrated multi-criteria decision-making approach. Applied Economics. 2024 Apr 18:1-8.

16. Durrani N, Raziq A, Mahmood T, Khan MR. Barriers to adaptation of environmental sustainability in SMEs: A qualitative study. Plos one. 2024 May 16;19(5):e0298580.

17. Abdulkareem AM, Chakrawal A, Mozan AR, Abbood WS. Impact of effective working capital management and financial flexibility on the sustainable growth gap: an applied study of industrial companies in Iraq. International Journal of Accounting Research. 2023 Jun 5;8(1):15-9.

18. Mandelman T, Navas C. The future lies in environmental sustainability and technological innovation: Investing in vegan-vegetarian diversity and a robot waiter for a restaurant. eVitroKhem. 2022; 1:6.

19. Juárez GE, Gambino N. Professionalization and Artificial Intelligence in Family Businesses. EthAlca. 2024; 3:139.

20. Estrada Meza RU, Carrillo Regalado S. Impact of the macrobus line on users' origin-destination travel times and costs, Guadalajara metropolitan area, 2012. Transport, Mobility & Society. 2022; 1:10. https://doi.org/10.56294/tms202210

21. Díaz Cruz SA, Batista Villar T, Valido-Valdes D, Núñez Núñez Y, Fernández González JL. Factors that impact in the answer of the ulcers from the diabetic foot to the Heberprot-P®. Podiatry (Buenos Aires). 2025; 4:151.

22. Rodeiro-Pazos D, Fernández-López S, Rios-Rodríguez R, Dios-Vicente A. Working capital management and firm sales growth: Evidence from fish processing industry. Agribusiness. 2023 Oct;39(4):1254-78.

23. Suntraruk P. The mediating effect of profitability on the relationship between working capital management and sustainable growth. Studies in Business and Economics. 2023;18(1):314-27.

24. Koroma S, Bein M. The moderating effect of economic policy uncertainty on the relationship between working capital management and profitability: evidence from UK non-financial firms. Sage Open. 2024 May;14(2):21582440241242552.

25. Choque Ccanchi CA, Quintana Dragichevich CO, Meneses Claudio BA, Zapana Ruiz JA. Health and safety at work in a financial company in 2023. South Health and Policy. 2023; 2:79.

26. Andrade Rondón GF, Ortiz Vega JA, Murcia Londoño A del P, Ospina Rocha JH. Integral optimization of the Quebrada La Honda water supply system: social and financial impacts in Villavicencio, Meta. Environmental Research and Ecotoxicity. 2024; 3:11.

27. Almirón Cuentas JA, Bernedo-Moreira DH. Ephemeral Architecture as a Solution in the Evolution of Public Spaces. Land and Architecture. 2023; 2:51.

28. Paz-Gañan C, González de Paz A, Villasana P, Escalona E. Financial toxicity of cancer in Latin America and the Caribbean A systematic review. Nursing Depths Series. 2025; 4:167.

29. Kasradze T, Gikorashvili P. The Impact of Working Capital Management on Profitability of Small and Medium Enterprises: The Case of Wine-Producing Companies of Georgia.

FINANCING

None.

CONFLICT OF INTEREST

None.

AUTHORSHIP CONTRIBUTION

Conceptualization: Krishna Reddy, Tarun Kapoor, Vishweshwar Mensumane, Saroj Kanta Biswal, Richa Garg, Preeti Khatri, Rani J, Hemal Thakker.

Data curation: Krishna Reddy, Tarun Kapoor, Vishweshwar Mensumane, Saroj Kanta Biswal, Richa Garg, Preeti Khatri, Rani J, Hemal Thakker.

Formal analysis: Krishna Reddy, Tarun Kapoor, Vishweshwar Mensumane, Saroj Kanta Biswal, Richa Garg, Preeti Khatri, Rani J, Hemal Thakker.

Research: Krishna Reddy, Tarun Kapoor, Vishweshwar Mensumane, Saroj Kanta Biswal, Richa Garg, Preeti Khatri, Rani J, Hemal Thakker.

Methodology: Krishna Reddy, Tarun Kapoor, Vishweshwar Mensumane, Saroj Kanta Biswal, Richa Garg, Preeti Khatri, Rani J, Hemal Thakker.

Project management: Krishna Reddy, Tarun Kapoor, Vishweshwar Mensumane, Saroj Kanta Biswal, Richa Garg, Preeti Khatri, Rani J, Hemal Thakker.

Resources: Krishna Reddy, Tarun Kapoor, Vishweshwar Mensumane, Saroj Kanta Biswal, Richa Garg, Preeti Khatri, Rani J, Hemal Thakker.

Software: Krishna Reddy, Tarun Kapoor, Vishweshwar Mensumane, Saroj Kanta Biswal, Richa Garg, Preeti Khatri, Rani J, Hemal Thakker.

Supervision: Krishna Reddy, Tarun Kapoor, Vishweshwar Mensumane, Saroj Kanta Biswal, Richa Garg, Preeti Khatri, Rani J, Hemal Thakker.

Validation: Krishna Reddy, Tarun Kapoor, Vishweshwar Mensumane, Saroj Kanta Biswal, Richa Garg, Preeti Khatri, Rani J, Hemal Thakker.

Display: Krishna Reddy, Tarun Kapoor, Vishweshwar Mensumane, Saroj Kanta Biswal, Richa Garg, Preeti Khatri, Rani J, Hemal Thakker.

Drafting - original draft: Krishna Reddy, Tarun Kapoor, Vishweshwar Mensumane, Saroj Kanta Biswal, Richa Garg, Preeti Khatri, Rani J, Hemal Thakker.

Writing - proofreading and editing: Krishna Reddy, Tarun Kapoor, Vishweshwar Mensumane, Saroj Kanta Biswal, Richa Garg, Preeti Khatri, Rani J, Hemal Thakker.

https://doi.org/10.62486/agma2025173 ISSN: 3046-4048

ANNEXES

Variables	Statement	Likert Scale (1–5)
Working Capital Management Practices		
ARM1	Accounts receivable is regularly monitored and controlled.	Strongly Disagree Disagree Neutral Agree Strongly Agree
ARM2	Clear credit policies are established for customers.	Strongly Disagree Disagree Neutral Agree Strongly Agree
IM1	Inventory levels are adjusted based on market demand.	Strongly Disagree Disagree Neutral Agree Strongly Agree
IM2	Supplier payment terms are managed through established relationships.	Strongly Disagree Disagree Neutral Agree Strongly Agree
Investment Decision-Making		
APM1	Investment decisions are based on financial analysis.	Strongly Disagree Disagree Neutral Agree Strongly Agree
APM2	Long-term returns are prioritized in investment decisions.	Strongly Disagree Disagree Neutral Agree Strongly Agree
ID1	Investment risk factors are evaluated before decision-making.	Strongly Disagree Disagree Neutral Agree Strongly Agree
ID2	A documented investment plan is in place and reviewed regularly.	Strongly Disagree Disagree Neutral Agree Strongly Agree
Financial Sustainability and Growth		
FS1	Positive cash flow is consistently maintained.	Strongly Disagree Disagree Neutral Agree Strongly Agree
FS2	Short-term financial obligations are met without difficulty.	Strongly Disagree Disagree Neutral Agree Strongly Agree
FG1	Business assets have increased steadily in recent years.	Strongly Disagree Disagree Neutral Agree Strongly Agree
FG2	Financial planning contributes to business sustainability and growth.	Strongly Disagree Disagree Neutral Agree Strongly Agree