



ISSN: 2230-9926

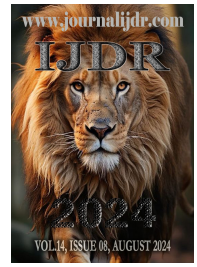
Available online at <http://www.journalijdr.com>

# IJDR

International Journal of Development Research

Vol. 14, Issue, 08, pp. 66334-66341, August, 2024

<https://doi.org/10.37118/ijdr.28450.08.2024>



RESEARCH ARTICLE

OPEN ACCESS

## THE EFFECT OF CASH FLOW STATEMENT ON INVESTMENT DECISION AT SALAAM SOMALI BANK IN MOGADISHU-SOMALIA

\*<sup>1</sup>Abdullahi Hassan Mudey and <sup>2</sup>Abdirahman Jimale Adan

<sup>1</sup>Senior Lecturer At Abrar University; <sup>2</sup>Head of human Resource Management At Abrar University

### ARTICLE INFO

#### Article History:

Received 03<sup>rd</sup> May, 2024  
Received in revised form  
17<sup>th</sup> June, 2024  
Accepted 11<sup>th</sup> July, 2024  
Published online 30<sup>th</sup> August, 2024

#### Key Words:

Cash flow Statement, Investment decision, Operating Activity, Investing Activity, financing Activity, Bank.

\*Corresponding author:  
Abdullahi Hassan Mudey

### ABSTRACT

The purpose of this study is to investigate the Effect of cash flow statement on Investment Decision at Salaam Somali Bank in Mogadishu- Somalia. This study conducted through Survey research design. The target population of this study was employee and managers of Salaam Somali Bank, and the sample size consisted of 80 respondents. The data was extracted from the Salaam Somali Bank Mogadishu-Somalia through questionnaire, and the data analyzed by using SPSS. The study found cash flow statement has impact on the Investment Decision; this means if there is good cash flow statement can take effective Investment decision. The study recommended that a professional accountant should be employed by the firms in order to provide valuable information and keep accurate record of the firms' account and effective management decision. The results of the study revealed that Operating and Financing cash-flows have significant positive effect on company's profitability in the Banking sector of Somalia. And also that there is need for Salaam Somali Bank to enhance its operating activities, investing activities and financing activities so as to improve its Investment Decision. Through operating activities, investing activities and financing activities the Salaam Somali bank managers may be able to know credit worth clients and thus reduce their non-performing loans and improve Investment Decision of the Bank. Further research is recommended on the effect of cash flow statement of salaam Somali bank and to see how the element of cash flow statement influences and explains the loan performance of salaam Somali bank.

Copyright©2024, Abdullahi Hassan Mudey and Abdirahman Jimale Adan. This is an open access article distributed under the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

Citation: Abdullahi Hassan Mudey and Abdirahman Jimale Adan. 2024. "The effect of cash flow statement on investment decision at salaam somali bank in Mogadishu-Somalia". International Journal of Development Research, 14, (08), 66334-66341.

## INTRODUCTION

Increasing in firm value is related to the cash flow statement. Some research show that if the net cash flow increases, the firm value will also increase, and vice versa, The cash flow statement is part of the financial statements of a company reported in an accounting period that shows the inflows and outflows of the company's cash. The company's operating cash flow report describes the company's operational activities including production activities, purchasing raw materials, sales receipts, payment of interest and taxes, and others (Dunakhir, 2023). The neo-classical theory of investment argues that firm's investment is determined by economic fundamentals, and not by financial variables such as cash flow and new developments of this theory show that, in the presence of financial frictions and asymmetry of information, investment is inter-alia a function of cash flow and neoclassical investment model. However, the interpretation of the investment cash flow nexus is controversial, this relationship is influenced on the one hand by financial constraints and, on the other hand, by investment opportunities (Tămășilă et al., 2018). The measure of money streams emerging from working exercises is a key marker of the degree to which the activities of the venture have

created adequate money streams to keep up the working capacity of the undertaking, pay profits, reimburse credits and make new speculations without plan of action to outside wellsprings of financing. Data about the explicit segments of recorded working money streams is valuable, related to other data, in determining future working money streams (Rafiee A, 2009). Money streams from working exercises are basically gotten from the primary income delivering exercises of the venture. Subsequently, they by and large outcome from the exchanges and different occasions that go into the assurance of net benefit or deficit. Instances of money streams from working exercises are: (a) money receipts from the offer of merchandise and the rendering of administrations; (b) money receipts from sovereignties, expenses, commissions and other income; (c) money installments to providers for products and ventures; (d) money installments to and in the interest of representatives; (e) money receipts and money installments of a protection endeavor for premiums and cases, annuities and other approach benefits; (f) money installments or discounts of pay charges except if they can be explicitly related to financing and contributing exercises; and (g) money receipts and installments identifying with fates contracts, forward contracts, choice contracts and swap contracts when the agreements are held for managing or exchanging purposes. (Carlin T. M, 2003).

**About Salam Somali Bank:** Salaam Somali bank was built up in October 2009 to answer the requirement for the network towards saving money. The keeping money area in Somalia is demonstrating a critical change in perspective far from customary methods for cash exchange. Salaam Somali Bank (SSB) bears the basic duty of driving the route forward in building up a steady and dynamic managing an account framework loaded with dynamic and bleeding edge items and administrations and Salaam Somali bank has confidence in increasing the value of the customers' lives and business through unique and focused items and administrations that satisfy their necessities while adjusting totally to the managers of universal models. Keep running by a group of devoted experts you can rest guaranteed that your funds are well dealt with.

**Problem statement:** The financial analysis helps in making decisions from the information provided in these financial statements. Thus, the proper financial statements analysis assists management in communicating information which is relevant and purposeful for decision makers to ensure the effectiveness of management and investment in the salaam Somalia bank. In Somalia, no study has been carried out on the effect of financial statement analysis thus we want to fill the gap by carrying out this study the basic duty of driving the route forward in building up a steady and dynamic managing an account framework loaded with dynamic and bleeding edge items and administrations and Salaam Somali bank has confidence in increasing the value of the customers' lives and business through unique and focused items and administrations that satisfy their necessities while adjusting totally to the managers of universal models. Keep running by a group of devoted experts you can rest guaranteed that your funds are well dealt with.

**Problem Statement:** The financial analysis helps in making decisions from the information provided in these financial statements. Thus, the proper financial statements analysis assists management in communicating information which is relevant and purposeful for decision makers to ensure the effectiveness of management and investment in the salaam Somalia bank. In Somalia, no study has been carried out on the effect of financial statement analysis thus we want to fill the gap by carrying out this study.

## OBJECTIVE OF THE STUDY

**General objective:** The objective of this study is to examine the effect of cash flow statement on investment decision at Salaam Somali Bank in Mogadishu-Somalia.

### Specific objectives

- i. To establish the effect of cash flow statement from operating activity on investment decision.
- ii. To determine the effect of cash flow statement from investing activity on investment decision.
- iii. To maintain the effect of cash flow statement from financing activity on investment decision.
- iv. To recommendation every bank should adhere to the demand of exposing their cash flow statement to legislative audit as a way of confirming their contents.

### Research Questions

- v. What is the effect of cash flow statement from operating activity on investment decision?
- vi. What is the effect of cash flow statement from investing activity on investment decision?
- vii. What is the effect of cash flow statement from financing activity on investment decision?

### HYPOTHESIS

There is no statistically significant effect of cash flow statement from operating activity on investment decision

- viii. There is no statistically significant effect of cash flow statement from investing activity on investment decision.
- ix. There is no statistically significant effect of cash flow statement from financing activity on investment decision.

### Scope of the study

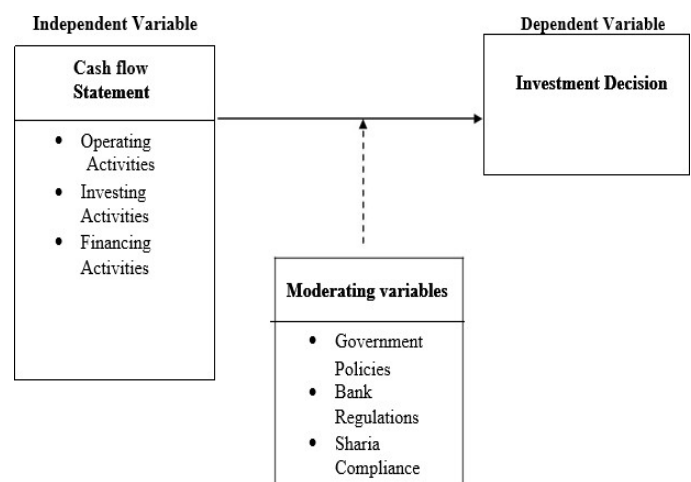
**Content scope:** The study investigated the effect of cash flow statement on investment decision at Salaam Somali Bank. Cash flow statement involved operating activity, investing activity and financing activity to find out how these elements relate and contribute the investment decision of Salaam Somali bank, Mogadishu-Somalia.

**Geographical scope:** The study was carried out in Mogadishu-Somalia and concerned the Salaam Somali bank to investigate effect of cash flow statement on investment decision at Salaam Somali Bank.

**Time scope:** The study was limited to the period September to December.

**Significance of the Study:** This study is important for both services companies and potential researchers. First this research will be helpful for both current and potential investors as the findings and the recommendations. This study will be of massive benefit to banks by improving the banking performance financial analysts, investors, companies and financial institutions. This is because the study intends to help these stockholders in decision making. The study was help in broadening knowledge cash flow statement in investment decision making, it will also make the organization to appreciate the importance of sound cash flow statement in the providing of information necessary for decision making. It will review the improvement in the Banks handling the cash flow statement and show equally the ways through which improvement could be accomplished finally this research will equally serve as a reference to students. It's important to the researchers those who want to know the cash flow statement and investment decision making, and those who want to make research can use this research as because the study intends to help these stockholders in decision making.

### Conceptual Framework



Source: Kurawa and Garba (2014) as we modified

## LITERATURE REVIEW

**Cash flow from Operating Activities:** Operating activities can be identified by classification in financial statements. Many companies report operating income or income from operations as a discrete line of the income statement. Operating income is calculated by subtracting cost of sales; research and development expenses; selling and marketing expenses; general and administrative expenses; and depreciation and amortization expenses. (Higgins, G. 2009).

**Cash flow from Investing Activities:** Cash flow from investing activities is an item on the cash flow statement that reports the aggregate change in a company's cash position resulting from any gains (or losses) from investments in the financial markets and operating subsidiaries and changes resulting from amounts spent on investments in capital assets such as plant and equipment. When analyzing a company's cash flow statement, it is important to consider each of the various sections which contribute to the overall change in cash position. In many cases, a firm may have negative overall cash flow for a given quarter, but if the company can generate positive cash flow from business operations, the negative overall cash flow may be a result of heavy investment expenditures, which is not necessarily a bad thing. (Tickell, G.2010).

**Cash flow from Financing Activities:** Financing activities are transactions that affect recognized assets or liabilities but do not result in actual cash receipts or disbursements. Examples include debt to equity conversions, asset acquisitions with liability assumptions, capital lease transactions and exchanges of non-cash assets or liabilities for other non-cash assets or liabilities (Abubakar, 2007). These are capital expenditures, but capital expenditures purchased with financing provided at the time of purchase either by the equipment vendor or by a financial institution who forwarded the financing proceeds directly to the equipment vendor. Because Green Mountain Coffee Roasters did not directly receive and disburse the funds, the financing proceeds are considered to be a noncash activity that is not reported on the statement of cash flows but is instead relegated to a supplemental disclosure (Kordestani, 2010).

**Investment Decision:** Future benefits of investment are difficult to measure and cannot be predicted with certainty. Risk in investment arises because of the uncertain returns. Investment proposals should therefore, be evaluated in terms of expected return and risk. Beside the decision to commit funds in new investment proposals, capital budgeting also involves replacement decisions that are decision of recommitting funds when an asset becomes less productive or non-profitable. The correct cut-off rate in investments is the opportunity cost of capital which is the expected rate of return that an investor could earn by investing in financial assets of equivalent risk. Investment decisions or investigation has to do with a capable allocation of capital. It includes decision to commit the banks funds to the long-term assets. Such decisions are of considerable importance to the banks since they tend to determine its value size by influencing its growths, profitability and risk (Pandeg, 2005).

**Research Design:** The researcher of this study was used the descriptive research design to schedule the phenomenon of variables. The study also used a quantitative and cross sectional research by using questionnaires. The descriptive research design is to describe an exact profile of persons, events, or situations, and quantitative research methods attempt to maximize objectivity, reliability of findings, and are typically interested in prediction. Integral to this approach is the expectation that a researcher will set aside his or her experiences, perceptions, and biases to ensure objectivity in the conduct of the study and the conclusions that are drawn. Key features of many quantitative studies are the use of instruments such as tests or surveys to collect data, and reliance on probability theory to test statistical hypotheses that correspond to research questions of interest.

**Research Population:** The target population of the researcher will be financial managers and accountants of the Salaam Somali Bank Mogadishu- Somalia. The characteristics of target population in this study will be commercial Banks however; we are electrifying in the some selected firms that use accounting packages. Particularly Salaam Somali bank, the research population limited to the head office in Bakara market. In addition we shall choose firms which existing more than three years in order to get further information about their practices in accounting.

**Sample Size:** A sample size of 80 respondents was determined from a total population of 100 individuals using the formula by Yamane (1967). Stratified random sampling technique was used to select the

respondents. Stratified random sampling technique ensures that different groups of a population are adequately represented in the sample. Purposive sampling technique was used in selecting the investors in Bank of Salam. In this section of sampling design, the researcher mainly strategies related to sampling techniques for easy access to right data from respondents.

$$n = \frac{N}{1 + N(e^2)}$$

$$= \frac{100}{1+100(0.05^2)} = \frac{100}{1+100(0.0025)}$$

$$= \frac{100}{1+0.25} = \frac{100}{1.25} = 80$$

Where n = the desired sample size e = probability of error (i.e., the desired precision, e.g., 0.05 for 95% confidence level) N = the estimate of the population size.

**Sample Frame:** Sampling frame is a list of all the population subjects that the researcher had targeted during the study. Using the Yamane's formula, the proportions of the sample size the computed sample sections are shown in Table 3.1. The sample size of four boards of directors, sixteen senior managers, twenty middle management and forty lower managers stationed at Bank of Somalia head office were used. The sample frame for this study is shown in the Table 1 out of Table 3.1 Sampling Frame Area of Operation, Population, and Proportions.

Table 3.1. Sampling Frame

Area of Operation	Population	Proportions
Board of Directors	5	4
Senior Managers	20	16
Middle Managers	25	20
BK HQ Staff	50	40
Total	100	80

**Sampling Procedure:** This study will use Probability Sampling. The sampling method that used in this study is Systematic sampling- sampling of probability sampling technique. Systematic sampling is a method of sampling which Ratio between sample size and population size to the researcher. The reason this study we shall use this technique is first the target population of this study is too large so it would be an able to reach all population because in Mogadishu are exist more services companies. Second, this technique saves time and cost, third using convenience sampling, it enables the researchers to decide whom to be included in the sample.

**Research Instrument:** The questionnaires are the most useful in terms of serving the purpose of this study as they enable the researcher to get specific information from the respondents.

**Data Gathering Procedure:** The first step when collecting data was requested from student affairs and registration office a letter helpful that was conducted academic research. In order to collect data from respondents the researchers were employed a questionnaire adapted from prior literature.

**Data Analysis:** The last step in the methods section is to describe how the data will be presented in the results section (e.g., mean vs. median), which statistical tests was used for the infer-

In this study descriptive statistics will use and also we shall use statistical package SPSS to analyze data. "Descriptive statistics is the use of measurement of central tendency such as means, medium, and mode and measures the dispersion such as range, quartile deviation, standard deviation and variance to describe a group of subject" (Oslo

and Omen 2008). Analyses were carried out with the aid of Package for Social Sciences, (SPSS Version 16.0).

**Table 3.2. Respondent & interpretations**

Range	Respondent mode	Interpretation
4.24-5.04	Strongly Agree	Excellent
3.43- 4.23	Agree	Very Good
2.62- 3.42	Undecided	Good
1.81 - 2.61	Disagree	Fair
1.00-1.80	Strongly Disagree	Poor

**Section A: Demographic Information:** This section presents information gathered using of the questionnaire.

**Profile of the respondents:** The researcher prepared questionnaires and interview guide appropriate for this study. The questionnaires were administered using both personal administrations with on the spot collection where the researcher delivered the questionnaire in person and waited for the respondents to fill them then went back with them. Personal administration with collection after time was employed to give the respondents ample time to answer the questionnaire and consult other sources resource material and other documents. The researcher distributed 80 questionnaires to Staff members and employee of Salaam Somali Bank Mogadishu Somalia. All the questionnaires were completed and returned back. This means that questionnaires which have been completed represented a good response rate which was considered sample for the objectives of the study. The researcher later purposively sampled and interviewed the entire community leader including the staff of bank.

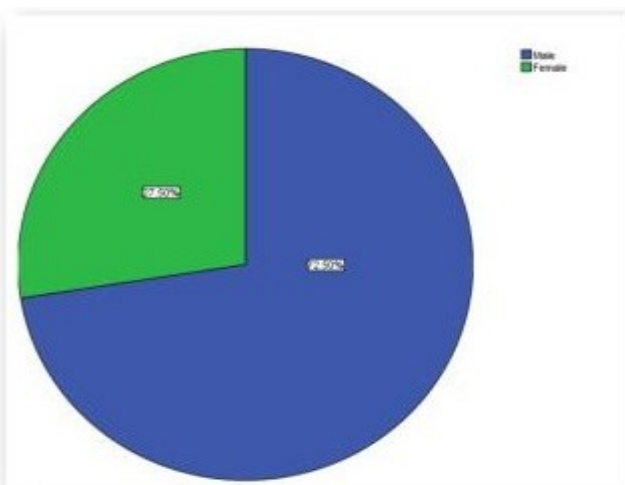
**Gender of Respondents**

**Table 4.1. Gender of respondents**

GENDER	FREQUENCY	PERCENTAGE
MALE	58	73%
FEMALE	22	27%
TOTAL	80	100%

Source: Primary data 2018

It is observed from table 4.1 and figure 4.1 that the majority of the respondents were males since they were 73% and their female counterparts were 27% of the respondents and 22 in number out of 80 respondents, Whereas the Somalia more highlighting on gender balance and equity in all Banks and country commission was found to have less women than men.



Source: Primary Data 2018

**Figure 1. Gender of Respondents**

During the interview with the heads of Salaam Somali Bank, it was verified that the girl is not deserted in some departments. But they are apparent to be weak and less strength to handle heavy

engineering chaos. Sometimes the community played a positive role towards encouraging the women or girl towards taking medicine and enforcement courses. If majority of the women or the girl take up medicine courses they can improve the productivity of skills and service delivery.

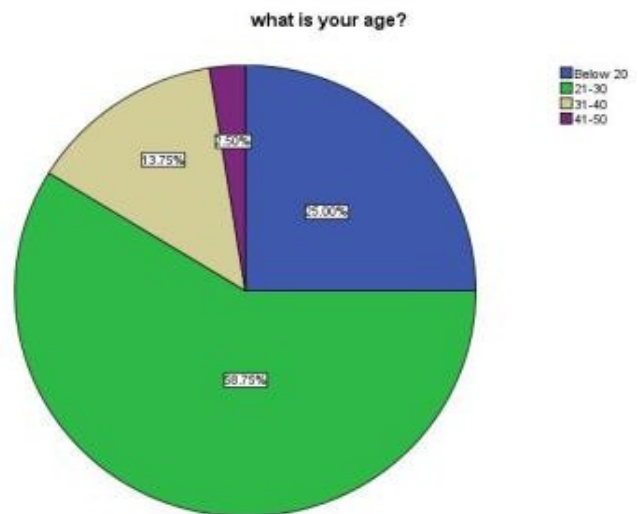
**Analysis Based on Respondent’s age**

**Table 4.2. Age of Respondents**

Characteristics	Frequency	Percent
Below 20	20	25%
21-30	47	59%
31-40	11	14%
41-50	2	2%
Total	80	100%

Source: Primary data, 2018

Referring to the table 4.2, the average age for this data set is 39 years old. Among to 80 respondents no one of the respondents omitted his/her age in the questionnaire. This table depict 25% are less than 20 years old, 59% are among 21 and 30 years old 14% are between 31 and 40 years old, 2% are between 41 and 50 years old These ages represent a people who can actively related cash flow statement and investment decision in Salaam Somali Bank by the modal age group of between 21 and 30 years. During the interviews with the Salaam Somali bank, it was realized the Bank paid strict attention to improve cash flow statement and investment decision, therefore referring to this table 4.2 and the interviews the most respondents were the age of an above 21 years and below 70, because most bank officers are always old people and businessmen were above 35 years.



Source: Primary Data 2018

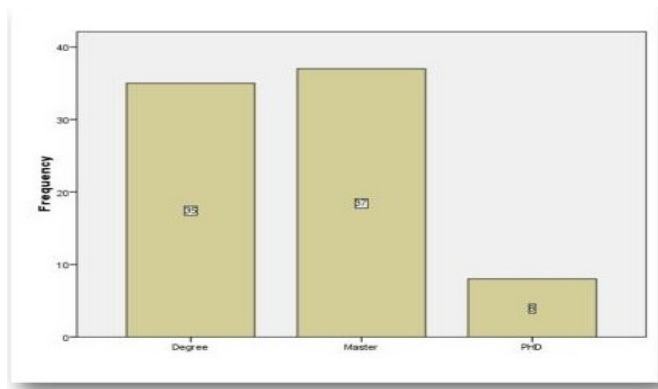
**Figure 4.2. Age of Respondents**

**Education Level of the Respondents**

**Table 4.3. Educational level of the respondents**

Educational Level	Frequency	Percentage
Bachelor’s degree	35	44%
Master degree	37	46%
PHD	8	10%
TOTAL	80	100%

It is observed from table 4.3 that 10% of the respondents had PHD, 46% of the respondents were master’s degree holders, 44% of the respondents were bachelor’s degree holders.



Source: Primary Data 2018

Figure 4.5. Educational level of the respondents

**Marital Status of the respondents:** It is observed in table 4.4 that 39% of the respondents are married while 61% are single of the total respondents in the sample. That shows the respondents are young age because 61% of respondents already not got married or single.

Table 4.4. Marital status of the respondents

MARITAL STATUS	FREQUENCY	PERCENTAGE
SINGLE	49	61%
MARRIED	31	39%
TOTAL	80	100%

Source: Primary data 2018

The respondents' confirmed. There are no recent reliable estimates of overall cash follow statement and investment but some comparative data from other states and from earlier punt land studies are useful for individual species and sex and age classes.

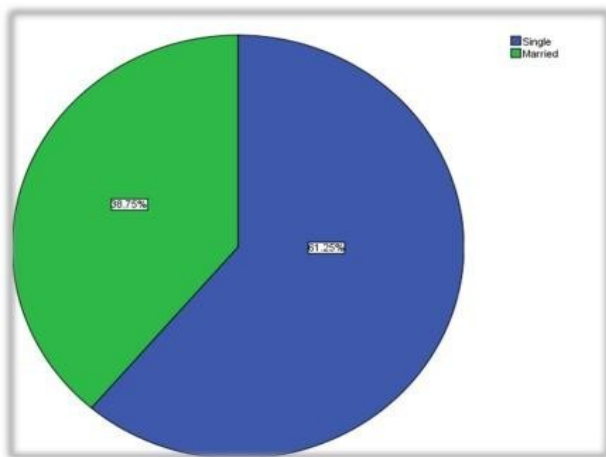


Figure 4.4. Marital Status of the Respondents

**Section B: The Role of Cash Flow Statement**

Table 4.5.1. Cash flow statement it will benefit to investors and other users offinancial statements

Cash flow statement it will benefit to investors and Other users of financial statements.	Frequence	Percentage
STRONG AGREE	50	63%
AGREE	23	29%
STRONG DISAGREE	2	2%
DISAGREE	4	5%
UNDECIDED	1	1%
TOTAL	80	100%

Source: Primary Data 2018

The mode question 4.5.1 is 50 which is 63% strong agree. In the above table the researcher present a question about the role of cash flow statement 63% of the respondents are strongly agree and accepted the cash flow statement it will benefit to investors and other users of financial statements, where 29% agreed cash flowstatement is Benefit to investors and other users of financial statements, on the other hand, 2% strongly disagree and5% of the respondents disagree. (See figure 4.5.1).

Table 4.5.2. The benefit of positive effects of cash follow statement are more than negative effects

The benefit of positive effects of cash follow statement are more than negative effects	Frequency	Percentage
STRONG AGREE	31	39%
AGREE	30	38%
UNDECIDED	3	3%
DISAGREE	15	19%
STRONG DISAGREE	1	1%
TOTAL	80	100%

Source: Primary Data 2018

The mode question 4.5.2 is 31 which is 39% strong agree. A total of 15 employees Disagree respond which was 19%, of the whole sampled responses returned and filled successfully, 30 were Agreed which was 38%, while 1 of responses 1% are totally strongly disagreed and 31 employee strong agree which was 39%. (See figure 4.5.2).

Table 4.5.3. It describes certain attributes of a bank that is considered to fairly represent itsfinancial activities

It describes certain attributes of a bank that is considered to fairly Represent its financial activities.	Frequence	Percentage
Strong agree	26	33%
Agree	28	34%
Undecided	10	13%
Disagree	15	19%
Strong disagree	1	1%
Total	80	100%

Source: primary data 2018

The mode question 4.5.3 is 28 which is 34% agree. A total of 28 employees Agree respond which was 34%, of the whole sampled responses returned and filled successfully, 15 were disagreed which was 19%, 10 were undecided which was 13%, 26 were strong agree which was 33% while 1 of responses 1% are totally strongly disagreed. , (See figure 4.5.3)

Table 4.5.4. It is a form easy to understand for managerial use for taking prompt andinformed decision making related to investment.

it is a form easy to understand for managerial use for taking prompt and informed decision making related to investment	Frequency	Percentage
Strong agree	30	37%
Agree	29	36%
Undecided	7	9%
Disagree	10	13%
Strong disagree	4	5%
Total	80	100%

Source: primary data 2018

The mode question 4.5.4 is 30 which is 37% strongly agree. A total of 30 employee Strongly agree which was 37%, of the whole sampled responses returned and filled successfully, where 29 agreed which was 36% in the other hand 7 of employee undecided which was 9% where 10 disagree which was 13% and 4 employee strong disagree which was 5%

**Table 4.5.5. Cash follow statement examines past and current financial data for the purpose of evaluating performance and estimating future risks**

cash follow statement examines past and current financial data for the purpose of Evaluating performance and estimating future risks.	Frequency	Percentage
STRONG AGREE	25	31%
AGREE	23	29%
UNDECIDED	18	22%
DISAGREE	8	10%
STRONG DISAGREE	6	8%
Total	80	100%

Source: Primary data 2018

The mode question 4.5.5 is 25 which is 31% strong agree. The results in the table above shows 31% are strong agree cash follow statement examine past and current financial data , 29% are agree and 22% undecided and 10% are disagree and 8% are strong disagree, that greater fraction of the respondents accept and admit that there is high level of evaluating performance and estimating future risk.

**Table 4.5.6. Cash follow statement participates to increase the quality of the information provided**

Cash follow statement participates to increase the Quality of the information provided.	Frequency	Percentage
Strong agree	33	41%
Agree	29	36%
Undecided	8	10%
Disagree	8	10%
Strong disagree	2	3%
Total	80	100%

Source: Primary data 2018

The mode question 4.5.6 is 33 which is 41% strong agree. The results in the figure and table show that most respondents answer admit more than 41% are strong agree of respondents in cash follow statement participate to increase the quality of the information provided and 29 where agree which was 36%, 8 were undecided which was 10% and 8 where disagree which was also 10% and 2 are strong disagree which was 3%.

**Table 4.5.7. It helps the management to make decisions that are necessary for the continuity of the business**

It helps the management to make decisions that are necessary for the continuity of the business	Frequency	Percentage
Strongly agree	29	36%
Agree	23	29%
Undecided	8	10%
Disagree	11	13%
Strong disagree	9	12%
Total	80	100%

Source: primary data 2018

The mode question 4.5.7 is 29 which is 36% strong agree. A total of 29 employees are Strongly agree respond which was 36%, of the whole sampled responses returned and 23 agree which was 29%, while 8 strongly disagree which was 10% and 11 of employee disagree which was 13% and 9 are strong disagree which was 12%.

### Section C: Investment Decision

**Table 4.6.1. Future benefits of investment are difficult to measure and cannot be predicted with certainty**

Future benefits of investment are difficult to measure and cannot be predicted with certainty.	Frequency	Percentage
Strong agree	33	41%
Agree	27	34%
Undecided	5	6%
Disagree	10	13%
Strong disagree	5	6%
Total	80	100%

Source: primary data 2018

The mode question 4.6.1 is 33 which is 41% strong agree. A total of 33 employees strong agree which was 41%, of the whole sampled responses returned and filled successfully saying yes, while 27 believed agree which was 34% and 5 saying undecided which was 6%, 10 saying disagree which was 13% and 5 believed strong disagree was 6%.

**Table 4.6.2. Risk in investment arises because of the uncertain returns**

Risk in investment arises Because of the uncertain returns.	Frequency	Percentage
Strong agree	29	36%
Agree	28	35%
Undecided	11	14%
Disagree	7	9%
Strong disagree	5	6%
Total	80	100%

Source: primary data 2018

The mode question 4.6.2 is 29 which is 36% strongly agree. A total of 29 employees, Strong Agree respond which was 36%, of the whole sampled responses returned and filled successfully, while 28 Agree which was 35%, 11 responded undecided which was 14% and 7 of respondent saying Disagree which was 9% and 5 employees Strong Disagree which was 6%.

**Table 4.6.3. Cash follow statement participate reduce the cost of investments**

Cash follow statement participate reduce The cost of investments.	Frequency	Percentage
Strong agree	32	40%
Agree	25	31%
Undecided	15	19%
Disagree	5	6%
Strong disagree	3	4%
Total	80	100%

Source: Primary data 2018

The mode question 4.6.3 is 32 which is 40% strong agree. The results in the figure and table show that most respondents answer admit more than 40% are strong agree of respondents in cash follow statement participate to Reduce the cost of investment and where 25 agree which was 31% and 3 respondents are strongly disagree which was 4%, 15 where saying undecided which was 19% and 5 disagree which was 6% In total research respondents.

**Table 4.6.4. Investment decisions making or analysis has to do with an efficient allocation of capital**

Investment decisions making or analysis has to do with an efficient allocation of capital	Frequency	Percentage
Strongly agree	26	33%
Agree	24	30%
Undecided	12	15%
Disagree	16	20%
Strong disagree	2	2%
Total	80	100%

Source: primary data 2018

**Table 4.6.5. The benefit of positive effects of investment decision are more than negative effects**

The benefit of positive effects of investment decision are More than negative effects.	Frequency	Percentage
Strongly agree	24	30%
Agree	26	33%
Undecided	7	8%
Disagree	16	20%
Strong disagree	7	9%
Total	80	100%

Source: Primary data 2018

The mode question 4.6.4 is 26 which is 33% Strong agree. A total of 26 employees Strong agree respond which was 33%, of the whole sampled responses returned and filled successfully, 24 were agreed which was 30%, while 16of responses 20% are totally disagreed and 2 employee Strong disagree which was 2%,12 responded undecided which was 15% out of respondents. The mode question 4.3.5 is 26 which is 33% agree. A total of 24 employees strongly agree which was 30%, of the whole sampled responses returned and filled successfully, where 26 agreed which was 33% and 16 respondents are disagree which was 20%, where 7 Strong disagree which was 9% and 7 responded undecided which was 8% total of respondents.

**Table 4.6.6. Decision-making is the key to financial managers' success and is very crucial for any banks**

Decision-making is the key to financial managers' success And is very crucial for any banks.	Frequency	Percentage
STRONG AGREE	24	30%
AGREE	26	33%
UNDECIDED	7	9%
DISAGREE	18	22%
STRONG DISAGREE	5	6%
TOTAL	80	100%

Source: Primary data 2018

The mode question 4.6.6 is 26 which is 33% agree. A total of 26 employees agree which was 33%, of the whole sampled responses returned and filled successfully, where 24 Strong agreed which was 30% and 18 respondents are disagree which was 22%, where 5 Strong disagree which was 6% and 7 undecided which was 9% about total respondents.

**Table 4.6.7. Cash follow statement influence the investors to buy shares from the company**

Cash follow statement influence the investors to buy shares from the company.	Frequency	Percentage
STRONG AGREE	25	31%
AGREE	30	37%
UNDECIDED	7	9%
DISAGREE	10	13%
STRONG DISAGREE	8	10%
TOTAL	80	100%

Source: Primary data 2018

The mode question 4.6.7 is 30 which are 37% Agree. A total of 25 employees Strong agree respond which was 31%, of the whole sampled responses returned and filled successfully, 10 were Disagreed which was 13%, while 8 of responses 10% are totally strongly disagreed and 7 employee are undecided which was 9% Out of total respondents.

**Recommendations:** Having gone through this study the researcher recommends the following as a way of incurring that cash flow statement plays a vital role in investment decisions. Some recommendations are formulated on the basis of the findings obtained.

1. Every Bank should ensure that all material fact is reflected in their cash flow statement.
2. These should be quick provision of the financial report of cash follow statement at the end of each financial year.
3. Investment decision should not be on blankness rather, the cash flow statement should be used as foundation.
4. Every bank should adhere to the demand of exposing their cash flow statement to legislative audit as a way of confirming their contents.
5. No investment decisions on a company should be taken without the consideration of a bank's cash flow statement.
6. There is the need to maintain adequate accounting records;
7. All the reporting regulations and standards in the preparation of

financial statement must be complied.

8. The accounting preparation must be consistent (that is, following the consistency concept).
9. Qualified and capable professionals should be employed for cash flow statement preparation and presentation.
10. Management should create conducive working environment and incentives that can encourage workers to put in their best.

## CONCLUSIONS

The researcher concludes by saying that cash flow statement plays a vital role in investment decision; for instance, where companies invest billions of Salaam Somali Bank. By their nature, these investment decisions have the potential to affect the bank's fortunes over several years. For a good decision can boost earning sharply and dramatically increase the value of the bank. This financial information can be subjected to various scrutinies and analysis depending on the investors before making their investment decisions. This is quickly appreciated in the banking sector as one of the major criteria's the demand from their borrowers at the cash flow statement of the concern for various years. This is subjected to their analysis and interpretations before they can go ahead in the loan negotiation concerning any company. Hence it is opined that companies should try as much as possible to posit cash flow statement that reflects a true and fair view of what is propose to represent as a way of appreciating their companies the more. The detailed analysis of the effect of cash flow statement on effective investment decision in Salaam Somali Bank and analyzing the survey collected data using descriptive, correlation coefficient and analysis of variance (ANOVA) techniques revealed that several considered factors of cash flow statement structure in this study like, operating activities, investing activities and financing activities, and cash flow statement transparency have significant influence on management investment returns as a proxy of effective managerial decision making process. Furthermore, a sound, effective and efficient cash flow statement system tends to improve performance in business operations. In the same view, an effectively applied planning and decision-making system contributes to the efficiency of managerial staff. These minimize the problems of insolvency and liquidity and thereby disallowing mismanagement of organizational resources. In the final analysis, it is clear that a deeper understanding of the importance of cash flow statement can lead to enhancement of organizational growth and achievement of corporate objectives. Therefore, financial disclosure promotes transparency and accountability of managements as overseers of shareholders. This also facilitates the building of public confidence on the Banks concerned.

## REFERENCES

Abubakar, Lawal (2007). Interpreting financial statement for decision making. *Business Accrual în Analele Universității din Oradea, Facultatea de Științe Economice Tom XIII*,

Carlin, T. M. (2003). "Accumulation bookkeeping and money related detailing in people in general segment: Refraining the discussion". *Budgetary Accountability and Management, Vol. 21, Issue. 3, pp.*

Dunakhir, S. (2023). Cash Flow Statements and Its Impact on Firms' Value. *Pinisi Business Administration Review, 5(1), 1-8.*

Higgins, G. (2009). "Government's move to accrual accounting". *Accountancy SA, Johannesburg, June, pp. 20-24.*

Karbasi Yazdi, H. and A. Tarighi (2010). "Assessing the benefits of accrual accounting systems in Medical Sciences and Health Services University of Tehran", *Journal of Auditing Knowledge, No. 30, Autumn, pp. 16-27.*

Kordestani, GH. and A. Iranshahy (2010). "Survey Factors Affecting of Accrual Accounting Adoption in the Public Sector", *Journal of Auditing Knowledge, No. 28, Spring, pp. 10-21.* Lawrence & ACITN , 2013 No.11, 2013). *Information Technology and Financial Reporting By Deposit Money Bank in Nigeria: An Empirical Study. Research Journal of Finance and Accounting, ISSN 2222-2847. 2004, pag. 114,*

- Tămășilă, M., Miclea, Ș., Vartolomei, M., Pascu, D., & Albulescu, C. T. (2018). Cash Flow and Investment Decision: An Application on the Romanian Agriculture Sector. *Procedia - Social and Behavioral Sciences*, 238, 704–713. <https://doi.org/10.1016/j.sbspro.2018.04.053>
- Rafiee, A. (2009). "The utilization of full gathering situated in legislative bookkeeping," *Journal of Auditor*, No. 40, Spring, pp. 86-91.
- Pandeg, I. M. (2005, 6 12). rore of investment decision in fianacial reporting. *investmentdecision making*, 4(2), 141.

\*\*\*\*\*