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MODELLING THE INFLUENCE OF TOBIN'S Q AND CASH FLOWS ON THE CAPITAL INVESTMENTS OF RUSSIAN FIRMS

Abstract:

The relationship between investment and cash flow has been extensively studied since the mid-20th century. The aim of our study is to assess the impact of Tobin's ratio and cash flows on the capital investments of Russian companies. For econometric estimation we use data on 206 Russian public companies traded on the Moscow Exchange from 2011 to 2020. We apply quantile regression to obtain more detailed results. The results of our study confirm the significance of the Tobin ratio and cash flow on capital investments. We observe these effects in all quantiles however their magnitude varies. This research is valuable and can be utilized by companies to maximize efficiency of their capital expenditures.

Keywords:

Tobin's Q, Russian firms, quantile regression, capital investments

JEL Classification: L25, M21