



The Role of Finance Executives in Safeguarding Enterprise Liquidity: Case Studies from Large-Scale Investments across Emerging and Developed Markets

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Abstract

The article is dedicated to the conceptualization of the strategic role of the chief financial officer in ensuring corporate liquidity during the implementation of large-scale investment projects. The relevance of the study is driven by rising volatility in global markets, which requires leaders to adopt not reactive but proactive approaches to cash flow management. The scientific novelty lies in a comparative analysis of liquidity management strategies across contrasting institutional contexts — in emerging and developed markets — as well as in the proposal of a model for adaptive liquidity management. The paper sets out the theoretical foundations of liquidity as a determinant of corporate resilience and reviews advanced treasury management instruments. Particular attention is paid to case analyses from capital-intensive industries (energy, infrastructure) to identify key success factors. The purpose of the study is to determine how the strategic decisions of the financial leader affect the financial sustainability of projects. To this end, methods of systematic literature review, comparative analysis, and case study are employed. The conclusion formulates findings on the need to adapt liquidity management strategies and proposes a model oriented toward practical application. The material presented in the article will be of interest to chief financial officers, top managers, investors, and researchers in corporate finance.

Keywords: Corporate Liquidity, Treasury Management, Chief Financial Officer (CFO), Large-Scale Investments, Emerging Markets, Developed Markets, Financial Risk Management, Corporate Stability, Cash Flow, Strategic Finance.

INTRODUCTION

In the contemporary global economy, where the business environment is simultaneously pressured by geopolitical fractures, disruptions in logistics, and volatile monetary policy, corporate liquidity management is ceasing to be a purely operational function and is moving to the core of the company's strategic agenda. The relevance of the topic is due to the fact that even profitable and ostensibly resilient firms may find themselves on the brink of insolvency because they lose the ability to service short-term obligations promptly. The risk of cash gaps is most acute during the implementation of large-scale, capital-intensive investment projects, where the time interval between the outflow of funds and the formation of cash inflows can reach critical magnitudes. Under these conditions, the role of the chief financial officer (CFO) is being radically rethought: from the functions of accounting and control, it is shifting to the role of the strategic architect of the enterprise's financial resilience [1, 5].

The aim of the study is to determine how the strategic

decisions of the CFO influence the financial resilience of projects.

To achieve this aim, the following **objectives** are set. First, to systematize theoretical interpretations of liquidity as a fundamental determinant of corporate resilience, establishing its strategic nature. Second, to conduct a comparative analysis of treasury management instruments and techniques used to protect the liquidity position under the heightened risks of emerging markets and in the saturated competitive environment of developed economies. Third, based on case analyses from capital-intensive industries, to identify and synthesize the most effective practices of strategic liquidity management that demonstrate the direct dependence of project continuity on CFO decisions.

The scientific novelty lies in a holistic perspective that combines the agency role of the executive, the specifics of the investment project itself, and the macroeconomic context (with an emphasis on comparing emerging and developed markets). Unlike works that focus on individual treasury

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tools, liquidity is considered an integrated strategic function of the company.

The author hypothesizes that the long-term success and resilience of a large investment project are determined not so much by the volume of available liquid assets as by the strategic adaptability of the CFO, who is capable of designing customized frameworks for liquidity management, taking into account the unique profile of market risks — whether in an emerging or a developed market.

MATERIALS AND METHODS

A systematic analysis of scientific literature published in peer-reviewed journals from the Scopus and Web of Science databases, as well as analytical reports of leading consulting agencies, was conducted for the preparation of this article.

Hilmar [1] showed how right-wing populist actors morally encode economic changes. Discursive analysis demonstrates the influence of political rhetoric on regulatory priorities and the predictability of economic policy — an important contextual risk for the liquidity of large investment projects.

Alshouha et al. [2], examining a panel of Gulf Cooperation Council (GCC) banks examined the relationship between fintech innovation and liquidity risk with moderation by bank size. They described that large banks benefit (risk decreases), whereas for small banks the effect is ambiguous — an important hint for CFOs when choosing bank counterparties and limits.

Batrancea [3], on a sample of public healthcare companies, showed that liquidity/solvency indicators are statistically associated with operational and market performance. Nonlinearities are identified (there exists an optimum of liquidity), which is important for cash policy in capex-intensive projects.

Abdul-Rahim et al. [4] investigated how Foreign exchange (FX) exposure and Shari'ah status affect the probability/intensity of hedging. They demonstrated that compliance status and the degree of currency risk significantly change the use of derivatives — framework constraints for treasury in Islamic jurisdictions.

Yu and Xiao [5] developed a new approach to Environmental, Social, Governance (ESG) scoring of Chinese companies and showed that improvement in ESG is associated with an increase in firm value. The proposed method reduces measurement distortions — relevant for assessing sustainability premia and indirect liquidity buffers.

Al-Tit et al. [6] showed that employee development practices, through the mediator of knowledge management, build human and social capital.

Nguyen and Nguyen [7] established for Vietnamese firms established, better comparability of financial statements reduces precautionary cash holdings at the same level of risk.

Sun and Saat [8], using data on Chinese manufacturing firms showed that smart manufacturing improves ESG indicators.

Chouaibi et al. [9] found that social and ethical practices strengthen the link between environmental disclosures and financial performance.

Basiru et al. [10] conducted a review of theoretical models and practices of financial management in emerging markets.

The analysis demonstrated that, despite extensive research on individual aspects of liquidity management, there is a gap in the literature regarding a comprehensive analysis of the strategic role of the Chief Financial Officer as an integrator making decisions at the intersection of operational management [3, 7], project financing [5, 9], and macroeconomic risks [1]. Most studies consider either quantitative models [2] or individual instruments [4], while the synthesis of these approaches in the context of comparative market analysis has been insufficiently addressed [10].

The research methodology is based on qualitative analysis. For the preparation of the article, the comparative method (for comparing strategies in emerging and developed markets), the systems analysis method (for examining the interrelations between CFO decisions, treasury instruments, and project outcomes), and the case study (for illustrating theoretical propositions with practical examples aggregated from academic and analytical sources) were applied.

RESULTS

The analysis demonstrates that at the scale of large projects, liquidity ceases to be merely an operational metric and acquires the status of a strategic asset. This concerns not the formal ability to cover short-term liabilities, but a pre-structured protective contour that proactively amortizes external shocks—from supply chain disruptions and interest rate fluctuations to political turbulence. In response, financial executives of large corporations implement dynamic liquidity monitoring dashboards and establish minimum cash balances as an untouchable strategic reserve. Unlike static ratios (current and quick liquidity), the strategic regime involves stress-testing cash flows based on the simulation of crisis scenarios. Empirical observations of non-financial companies show that firms with more conservative liquidity policies and lower leverage proved to be significantly more resilient during the pandemic shock; this confirms that the presence of cash buffers provides stronger protection than formal access to credit lines, which may be frozen during a systemic crisis.

The effectiveness of liquidity management is directly determined by the quality and completeness of treasury instruments: the modern CFO acts as an architect of an integrated financial infrastructure rather than merely an executor [1, 3]. The key mechanisms are:

Centralized cash management: for multinational projects, consolidation in a single treasury center makes it possible to smooth account balances, reduce dependence on external funding, and lower transaction costs. AI-based cash flow forecasting: The implementation of AI-

driven models for assessing inflows and payments increases planning accuracy; recent analysis records a direct correlation between improved forecasting accuracy and reduced cost of borrowed capital due to lower perceived creditor risk.

Dynamic working capital management: the use of Supply Chain Finance (SCF) tools and dynamic discounting optimizes accounts receivable and payable cycles, releasing internal liquidity.

In emerging markets (EM), macro- and institutional uncertainties prevail: high currency volatility, political shifts, and enforcement gaps. Under these conditions, CFOs prioritize currency protection and the accumulation of liquidity reserves in hard currency. Practice shows that consistent use of derivatives — forwards, options, cross-currency swaps — smooths the aggregate turbulence of project cash flows and makes it possible to maintain target covenants even during sharp devaluations of national currencies.

In developed markets (DM), the risk profile shifts toward competitive pressure, expectations for capital return growth, and regulatory dynamics. Here, the management focus is on improving the efficiency of cash utilization while simultaneously reducing the cost of capital. Key techniques include optimizing the capital structure (including active management of the debt ladder and duration), investing temporarily available liquidity into short-term, highly liquid instruments with controlled counterparty risk, as well as reducing treasury costs through centralization of liquidity pools and standardization of settlement processes [2, 4].

Comparison of cases in energy and infrastructure reveals persistent patterns: advance assurance of access to backup financing sources, strict discipline in currency risk management, and linking financing to sustainability metrics, which expands the investor base and stabilizes cash inflows.

The liquefied natural gas (LNG) terminal construction project in Southeast Asia (EM) demonstrates the importance of preconfigured liquidity. Facing delays due to a change in political regime, the CFO promptly activated a contingent credit line from a multilateral development bank. At the same

time, a hedging program was deployed, protecting against depreciation of the local currency, preserving purchasing power in equipment imports, and preventing cash gaps that could have halted the project.

An infrastructure project in the European Union (DM) illustrates the role of sustainable financing instruments. For the construction of a high-speed railway, green bonds were issued, structured in accordance with ESG standards. This provided access to cheaper long-term funding and stabilized cash inflows through diversification of the investor base, increasing the predictability of cash flows and the level of confidence in the project. Empirical studies consistently record the link between high-quality ESG practices, lower cost of capital, and better operational and financial performance, which makes ESG integration a significant element of liquidity strategy in DM [5, 9].

Taken together, these observations confirm the absence of a universal optimal model. An effective liquidity management system is an adaptive toolkit: in EM, the priorities are dominated by currency protection and access to reserve funding; in DM, fine-tuning of capital structure, operational efficiency of the treasury function, and institutionalization of sustainable financing prevail.

DISCUSSION

The obtained results confirm that the functional role of the CFO has undergone a qualitative transformation: from a dominant focus on operational control to the position of a strategic risk manager. Formal maintenance of a positive liquidity position is no longer sufficient; what becomes decisive is the ability to identify risks of liquidity in advance, to rigorously assess them, and to proactively manage them in a rapidly changing and often adverse environment.

Comparative analysis of markets (Table 1) clearly demonstrates the necessity of a situational, context-dependent approach. A strategy that ensures stability in the institutional environment of a developed market may, under the conditions of high volatility in a developing market, turn into failure with potentially catastrophic consequences.

Table 1. Comparative analysis of liquidity risks and strategic responses of CFOs [1, 5, 7]

Parameter	Emerging Markets	Developed Markets
Key liquidity risks	Currency volatility, political instability, sudden stop of capital flows, and regulatory uncertainty.	Pressure on profitability, high competition for capital, complex financial regulations, and risk of interest rate changes.
Strategic focus of the CFO	Capital preservation, minimization of external shocks.	Capital efficiency, optimization of returns.
Main instruments	Hedging (forwards, options), creation of reserves in hard currency, structured financing with the participation of multilateral development banks (MDBs), and diversification of funding sources.	Centralized treasury (cash pooling), short-term investment instruments (MMF, CP), Supply Chain Finance programs, and optimization of capital structure.
Target indicator	Days of Liquidity, the level of foreign exchange risk coverage.	Return on Invested Capital (ROIC), cost of treasury operations, and Net Working Capital (NWC).

Based on the conducted analysis, the introduction of the author's concept is justified — the Adaptive Liquidity Stewardship Framework. As shown in Fig. 1, this model represents a closed cyclic process that requires continuous implementation by the financial manager.

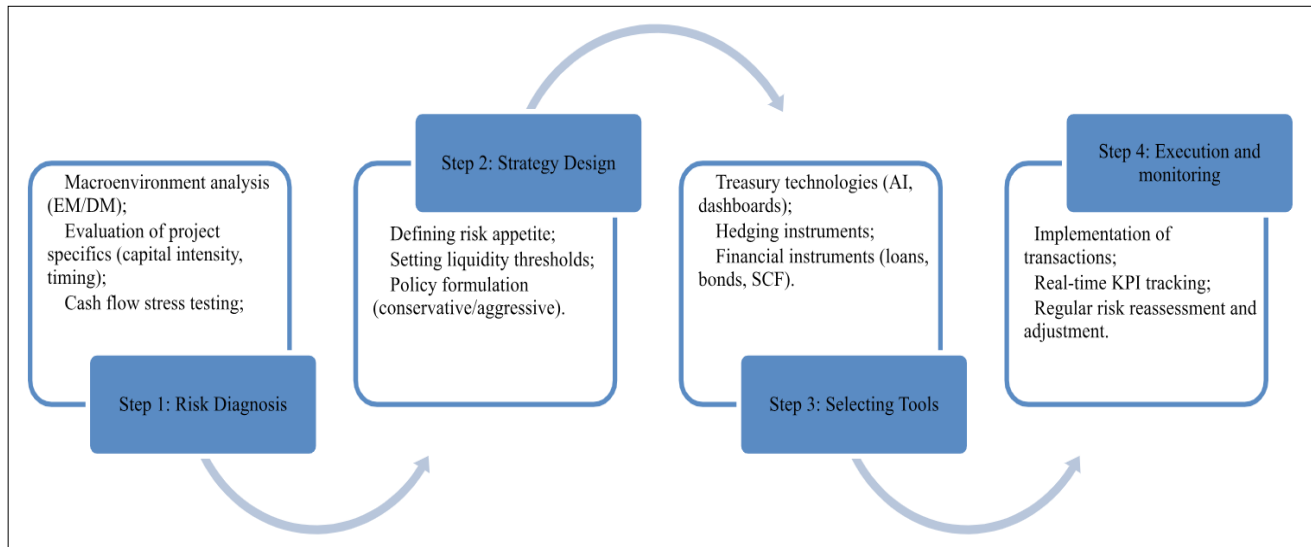


Fig. 1. Adaptive liquidity management model [2, 5, 6]

The proposed model proceeds from the premise that the CFO acts not as a consumer of a standard set of tools but as an architect of an individualized protection system constructed based on a multifactor assessment of liquidity risks. Effectiveness is determined not by the sophistication of the instruments applied but by the accuracy of diagnostics and the speed of adaptation. The implementation of this approach shifts practice toward the systemic provision of financial stability.

Further, Table 2 is presented, which reflects the advantages, limitations, and future trends of CFO liquidity management strategies in implementing large investment projects in emerging and developed economies.

Table 2. Advantages, limitations, and future trends of CFO liquidity management strategies in implementing large investment projects in emerging and developed economies [5, 8, 10].

Theme/ instrument	Advantages (liquidity/cost of capital)	Limitations/risks	Future trends	EM vs DM context	Illustrative case
Strategic liquidity regime: minimum balances, dashboards, stress tests	Early identification of cash gaps; resilient solvency under shocks; lower reliance on credit lines	Cost of holding cash, data quality requirements, and managerial workload	Always-on monitoring, scenario libraries (geopolitics/rates/logistics), board-level liquidity KPIs	EM: higher buffers and multi-currency balances; DM: fine-tuning of buffer level	—
Centralized treasury/cash pooling	Smoothing of balances; less external debt; lower transaction costs; better control	Regulatory/tax constraints, trapped cash, complexity of TMS/ERP implementation	Virtual pools, in-house bank, payment factory, ISO 20022	EM: repatriation constraints; DM: standard for mature corporations/SSC	—
AI-based cash flow forecasting	Higher planning accuracy → lower creditor risk and cost of capital	Model risk; black box; data dependency; change management	Explainable AI, probabilistic forecasts, integration of operational data/IoT	EM: noisy data, need for manual correction; DM: deep integration with ERP/APS	—
Working capital management (SCF, dynamic discounting)	Unlocking internal liquidity; improvement in DSO/DPO; supply chain resilience	Dependence on anchor credit quality, legal/accounting nuances, and platform concentration	Multi-lender platforms, ESG-SCF, mandatory e-invoicing	EM: supplier support and chain stabilization; DM: NWC optimization in mature markets	—

The Role of Finance Executives in Safeguarding Enterprise Liquidity: Case Studies from Large-Scale Investments across Emerging and Developed Markets

FX hedging (forwards, options, cross-currency swaps)	Smoothing FX cash flows; covenant compliance; protection of import value	Cost of premiums/ margins; basis-risk; counterparty limits; accounting requirements (IFRS 9)	Automation in TMS, a natural hedge via the localization of costs/ revenues	EM: priority No. 1 due to volatility; DM: selective application	LNG terminal in Southeast Asia: pivot of the FX hedging program to protect equipment imports
Reserves in hard currency/target minimum balances	Insurance against devaluation and sudden stop; payment continuity	Carry cost; FX control restrictions; risk of liquidity trap	Optimization of multi-currency balances; more flexible rules on FX positions	EM: priority to hold in hard currency; DM: minimal balances + short instruments	LNG terminal: maintaining reserves in hard currency for procurements
Contingent financing (RCF, MDB/ECA)	Backup source of liquidity during delays; positive signal to investors/rating	Commitment fees; covenants; documentation lead time	SLL/RCF, sustainability-linked covenants; diversification of backups (PP, ECA)	EM: reliance on MDB/ECA; DM: bank RCFs and CP-backup	Southeast Asia: activation of an IFI credit line during a political delay
Optimization of capital structure and debt ladder	Lower WACC; controlled duration; resilience to rate hikes	Market windows; refinancing risk; covenants	Liability management operations, hybrid capital, dynamic rate hedging	EM: capital availability is constrained; DM: deep bond/CP markets	—
Short-term investments (MMF, CP, repo)	Return on excess cash without loss of liquidity	Fund risks (gating), concentration, and regulatory changes	Money market reforms/VNAV funds, growth of tri-party repo, real-time risk monitoring	EM: limited instruments; DM: baseline practice	—
ESG / green instruments	Cheaper long-term funding; broader investor base; stability of inflows	Verification/reporting costs; greenwashing risk; policy dependence	Growth of KPI-linked bonds/loans; integration of ESG metrics into spreads; climate stress tests	EM: often coupled with MDB/ECA; DM: large green bond markets	EU: issuance of green bonds for HSR → cheaper long-term financing
Treasury operating standards (processes, settlement standardization)	Lower operating cost; reduced operational risk; transparency	Integration and training costs; vendor dependency	Treasury factory, API integrations with banks, and format unification	EM: heterogeneity of banks/regulation; DM: scalability and centralization	—
Adaptive Liquidity Stewardship Framework (adaptive model)	Tailoring to the risk profile; faster response; systematization of the diagnosis → act → monitor cycle	Requires a mature culture, data, and TMS; implementation and governance complexity	Liquidity control tower; inclusion of geopolitical/climate/ cyber modules in stress tests	EM: focus on FX and access to backup funding; DM: focus on capital efficiency and standardization	Both cases demonstrate the value of adaptability (rapid access to reserves; ESG structuring)

In summary, it can be noted that the Adaptive Liquidity Stewardship Framework, as a tool that systematizes the decision-making process of the CFO, fundamentally emphasizes the cyclic nature of the managerial loop and the necessity of targeted customization of strategies for a specific market type, thereby addressing the methodological gap identified in the literature.

CONCLUSION

The study has shown that in the context of the modern economy, the responsibility of the CFO for liquidity is not limited to the operational tasks of the treasury; it becomes a central strategic competence, directly determining both the

stability of the company and the effectiveness of large-scale investments.

All stated objectives were achieved during the work. First, the theoretical framework was systematized, confirming that liquidity is not merely a measurable financial indicator but a system of primary protection of the organization against external shocks. Second, the comparative analysis revealed fundamental differences in risk profiles and, consequently, in approaches to treasury management in emerging and developed markets: for the former, the priority is the neutralization of macroeconomic volatility, while for the latter, it is the maximization of capital use efficiency. Third,

the case analysis recorded best practices demonstrating the direct dependence between proactive CFO actions — the implementation of AI forecasting, the structuring of contingent financing, and the application of complex hedging instruments — and the ability of a project to navigate crisis phases.

The conclusion of the study fully corresponds to the proposed hypothesis: the critical success factor is the strategic adaptability of the financial leader — the ability to design context-sensitive liquidity management systems commensurate with the risk structure of a particular market. The proposed model of adaptive liquidity management may serve as a practical guideline for CFOs, organizing the process from risk diagnostics to continuous monitoring and timely strategy adjustment.

The prospect for further research is the quantitative verification of the impact of the proposed model on the financial performance of companies across various industries.

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