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## Investment Sensitivity to Free Cash flows of financially constrained US Restaurant firms

Arun Upneja

Amit Sharma

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**Investment Sensitivity to Free Cash flows of financially constrained  
US Restaurant firms**

Arun Upneja, Ph.D.  
Associate Professor  
E-Mail: [aupneja@psu.edu](mailto:aupneja@psu.edu)

And

Amit Sharma, Ph.D.  
Assistant Professor  
E-Mail: [asharma@psu.edu](mailto:asharma@psu.edu)

The Pennsylvania State University  
School of Hotel, Restaurant and Recreation Management  
201 Mateer Building  
University Park, PA. 16802  
Telephone: (814) 865-0126

## **Investment Sensitivity to Free Cash flows of financially constrained US Restaurant firms**

### **Abstract**

The purpose of this paper is to investigate the relationship between investment in fixed assets and free cash flows of financially constrained US restaurant firms given their future investment opportunities. We investigate how restaurant firms invest in fixed capital given their internal liquidity and access to external sources of capital. While the debate over sensitivity of investments to cash flows remains unresolved, it has not been explored widely in industry contexts, especially in the restaurant industry. Our paper will not only add to this continued discussion through an industry perspective, but will also provide insights into the investment behavior of restaurant firms.