

Influencing Factors in Enterprise Investment Decision Making Through Multiple Case Analysis

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Abstract. This study examines how expected return, investment risk, investment cost, and time horizon shape enterprise investment decisions. It integrates the literature review and methodology into a single analytical design and compares four investment episodes using academic research, company disclosures, and financial reporting: Alibaba's acquisition of UCWeb, Shanghai Wanye Enterprises' derivatives exposure, Taiwan Semiconductor Manufacturing Company's U.S. expansion, and Berkshire Hathaway's long-term holding of Coca-Cola. Secondary evidence shows marked differences in scale and outcome. UCWeb reported more than 500 million quarterly active users; Wanye recorded a RMB55.593 million derivative mark-to-market loss; TSMC's announced cumulative U.S. commitment increased from US\$12 billion in 2020 to US\$165 billion in 2025 as project scope expanded; and Berkshire's annual Coca-Cola dividend rose from US\$75 million to US\$704 million between 1994 and 2022. The comparison indicates that return, risk, cost, and time are interdependent rather than separately rankable. An integrated screen should combine discounted cash-flow analysis, financing capacity, downside and reversibility tests, life-cycle cost, and a holding period consistent with the value mechanism. The evidence is illustrative rather than causal, but it yields testable propositions for later quantitative research.

Keywords: enterprise investment, investment return, investment risk, investment cost, time horizon

1. Introduction

Enterprise investment commits current resources in expectation of future cash flow or strategic benefit. In corporate practice, discounted cash-flow techniques such as net present value and internal rate of return remain central, although managers also rely on earnings measures, payback, and judgment when choosing projects [1]. Investment is also conditioned by access to internal and external finance: when financing constraints bind, otherwise valuable projects may be delayed, reduced, or abandoned [2].

A projected return is therefore only one part of the decision. Irreversible expenditure made under uncertainty creates an option value of waiting [3], while loss aversion and reference dependence can change how managers frame the same probability distribution [4]. International projects add political and legal exposure [5]; illiquid assets can transform a temporary valuation decline into a

funding problem [6]; and restrictions on short-term reallocation alter both incentives and asset prices [7]. These findings point to four recurring dimensions: expected return, risk, total cost, and time horizon.

This paper asks how those dimensions interact in observable enterprise decisions. Four contrasting cases connect established theory with reported corporate outcomes. Return is treated as financial and strategic value; risk as downside exposure, complexity, and reversibility; cost as a life-cycle commitment rather than only an entry price; and time horizon as the period over which the value mechanism can operate.

2. Literature review and methodology

2.1. Integrated analytical framework

Capital-budgeting research provides the starting point. Graham and Harvey find that large firms commonly use NPV and IRR and adjust discount rates for risk [1]. These tools discipline forecasts by translating future cash flows into a present value, but their output depends on assumptions about growth, terminal value, financing, and integration. Financing-constraint research adds that investment sensitivity to cash flow is not merely an accounting matter: the availability and cost of funds can determine whether a positive-NPV opportunity is feasible [2]. Expected return must therefore be evaluated alongside funding capacity and the credibility of its operating assumptions.

Uncertainty makes timing and reversibility equally important. Real-options theory shows that a firm can preserve value by staging or delaying irreversible investment until information improves [3]. Behavioral research explains why decision makers may nevertheless overweight losses, anchor to prior prices, or treat economically equivalent outcomes differently [4]. Political intervention and investment-law uncertainty widen the set of possible losses in cross-border projects [5], while liquidity management determines whether the firm can absorb those losses without disrupting operations [6]. The holding period also changes the relevant evidence: short horizons privilege immediate liquidity and repricing, whereas long horizons allow recurring cash flows and compounding to dominate temporary price movements [7].

The resulting framework is deliberately integrated. Return covers forecast cash flow, asset appreciation, and strategic complementarity. Risk covers volatility, loss magnitude, concentration, product complexity, and exit constraints. Cost covers acquisition or construction, financing, compliance, delay, labor, and maintenance. Time covers the schedule of capital calls, the period to break even, and the intended holding period. A change in any one dimension can alter the others; for example, a subsidy lowers net cost but can add compliance conditions, and a longer horizon can improve compounding while increasing opportunity cost.

2.2. Case design, sources, and procedure

The study uses a qualitative multiple-case design. Cases were selected purposively for maximum variation in sector and investment form and because each foregrounds one dimension while retaining visible links to the remaining three. Comparative case research is useful for building and refining propositions when the phenomenon and its context cannot be cleanly separated [8]. The four cases comprise a technology acquisition, exposure to financial derivatives, overseas manufacturing capacity, and a long-term listed-equity holding.

Evidence was triangulated across peer-reviewed literature, company announcements or shareholder reporting, and reputable financial news. Following case-study pattern matching [9], each

episode was coded for the initial decision, expected value mechanism, principal downside, life-cycle cost, time profile, and observed indicator. Reported monetary figures remain in nominal currency. Announced commitments are distinguished from realized expenditure, and mark-to-market losses from realized cash losses. Cross-case comparison is exploratory: it identifies consistent mechanisms but does not estimate causal effects or claim sector-level representativeness.

3. Case analysis and discussion

3.1. Expected return in Alibaba's acquisition of UCWeb

Alibaba completed its acquisition of UCWeb in 2014 after earlier investments. The company reported that UC Browser had more than 500 million quarterly active users worldwide and a 65.9% share of China's mobile-browser market in February 2014 [10]. Those indicators reduced demand uncertainty and supported a strategic-return thesis: UCWeb's mobile search, app distribution, and user data could complement Alibaba's commerce, cloud, and advertising activities.

The figures do not by themselves establish acquisition success. Active users must be converted into durable revenue or lower customer-acquisition and distribution cost, and integration can erode anticipated synergy. The case therefore illustrates a disciplined use of non-financial secondary data: market position is a lead indicator of expected return, but valuation still requires an explicit path from users to incremental cash flow.

3.2. Risk in Shanghai Wanye Enterprises' derivatives exposure

Derivatives can hedge exposure or reshape portfolio payoffs, but leverage, nonlinear loss profiles, valuation complexity, and illiquidity can amplify downside [11]. In July 2024, financial reporting stated that Shanghai Wanye Enterprises expected a first-half net loss of about RMB49 million and had recorded a RMB55.593 million mark-to-market loss on derivative transactions, including snowball products [12]. The two figures have different accounting scopes: the earnings forecast aggregates operating and other effects, whereas the mark-to-market figure isolates the reported derivative revaluation.

The episode shows why risk must be assessed at portfolio level. A position that appears small relative to assets can still reshape reported earnings, liquidity needs, covenant headroom, and management attention when markets move adversely. Product-level payoff diagrams are insufficient unless they are paired with stress tests, loss limits, liquidity reserves, counterparty review, and clear escalation authority.

3.3. Cost in TSMC's U.S. expansion

Cost control affects the revenue required for a project to create value [13]. In April 2024, TSMC stated that its planned Arizona investment exceeded US\$65 billion across three fabrication plants, alongside proposed CHIPS Act support of up to US\$6.6 billion in direct funding and up to US\$5 billion in loans [14]. Historical announcements summarized by Reuters show cumulative U.S. commitments of US\$12 billion in 2020, US\$40 billion in 2022, US\$65 billion in 2024, and US\$165 billion in 2025 [15].

Figure 1 should not be read as a conventional cost-overrun series. Later totals included additional fabs, advanced-packaging facilities, and research and development, so the rising line mainly captures expansion of scope as well as capital intensity. Even so, it demonstrates why a single entry-

cost estimate is insufficient. Specialized labor, construction, supplier coordination, qualification delays, financing, and policy conditions jointly affect scale, schedule, and the risk-adjusted return.

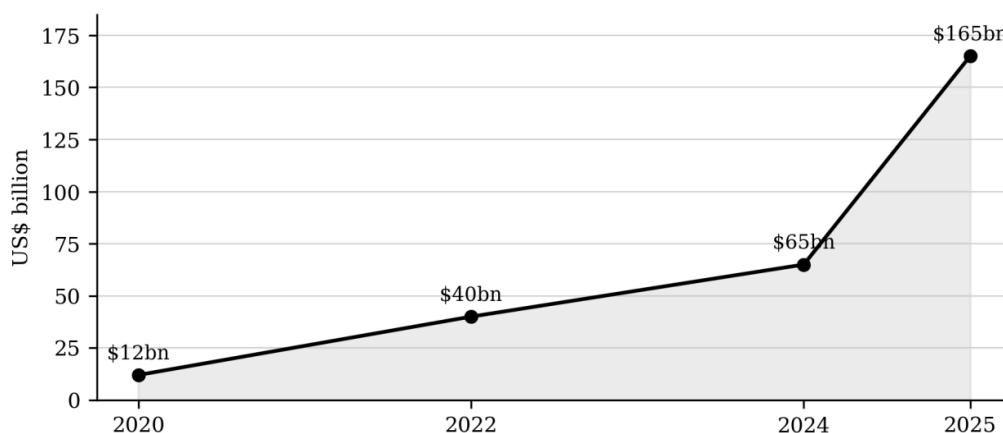


Figure 1. Announced cumulative TSMC U.S. investment commitments

Source: TSMC and Reuters [14, 15]. Values are cumulative announced commitments; later totals include additional fabs, packaging facilities, and R&D and therefore do not measure pure cost inflation.

3.4. Time horizon in Berkshire Hathaway's Coca-Cola investment

Berkshire Hathaway completed the purchase of 400 million Coca-Cola shares in 1994 at a total cost of US\$1.3 billion. Berkshire reported that annual dividends from the holding increased from US\$75 million in 1994 to US\$704 million in 2022, while its year-end 2022 market value reached US\$25 billion [16]. Based on these disclosed nominal values, the annual dividend grew about 9.39 times, equivalent to an 8.3% compound annual growth rate over 28 years. The 2022 dividend equaled approximately 54.2% of the original cost, and market value was about 19.2 times that cost.

These calculations illustrate how horizon changes the observed return mechanism: recurring distributions and business growth become more important than short-term price movements. Time still carries opportunity cost, and patient ownership cannot rescue deteriorating fundamentals. The relevant principle is therefore to match the evaluation horizon to the source of value and to continue testing the assumptions during the holding period.

Table 1. Selected secondary evidence used in the cross-case analysis

Case	Secondary indicator	Reported value	Analytical relevance
Alibaba-UCWeb	Users; China market share (2014)	>500m; 65.9%	Demand scale and strategic-return potential
Wanye derivatives	Expected H1 loss; derivative MTM loss (2024)	~RMB49m; RMB55.593m	Downside, complexity, and earnings volatility
TSMC U.S.	Announced cumulative commitment	US\$12bn (2020) to US\$165bn (2025)	Scope, capital intensity, and policy support
Berkshire-Coca-Cola	Annual dividend; market value (2022)	US\$75m to US\$704m; US\$25bn	Holding period, recurring cash flow, compounding

Source: Alibaba Group [10], Sina Finance [12], TSMC and Reuters [14, 15], and Berkshire Hathaway [16].

3.5. Cross-case implications

The secondary indicators make the cases comparable without implying that their monetary amounts are directly commensurable. Alibaba's user scale supported a demand-side return hypothesis, but monetization remained an execution question. Wanye's revaluation loss shows how a non-core financial exposure can materially change earnings. TSMC's rising commitment shows how strategy and policy can expand project scope rather than merely raise unit cost. Berkshire's dividend path demonstrates that the measurement window can change the apparent economics of an investment.

A practical screen follows from these relationships. First, establish a baseline NPV or IRR using explicit operating assumptions and separate strategic benefits from forecast cash flow. Second, test financing capacity, downside scenarios, concentration, and exit liquidity. Third, calculate life-cycle cost and model alternative stages, locations, and policy conditions. Fourth, specify the holding and review horizon before approval. A governance check should then ask whether incentives, reference points, or excessive confidence have distorted the inputs. The investment is acceptable only when the four dimensions remain coherent under stress.

4. Conclusion

This study finds that expected return, risk, cost, and time horizon are interdependent determinants of enterprise investment rather than four variables that can be ranked universally. The case evidence clarifies the mechanism behind each dimension. UCWeb's reported scale of more than 500 million quarterly active users and 65.9% Chinese market share made Alibaba's strategic-return thesis plausible, but user scale still required monetization and integration. Wanye's RMB55.593 million derivative revaluation loss illustrates how complexity and nonlinear exposure can overwhelm a payoff narrative and affect company-wide earnings. TSMC's announced U.S. commitment rose from US\$12 billion to US\$165 billion as the project expanded from an initial fab to a broader manufacturing, packaging, and R&D footprint; this is evidence of changing scope and strategic ambition, not simply cost inflation. Berkshire's Coca-Cola dividends, rising from US\$75 million to US\$704 million, show why a long measurement window can reveal compounding and recurring cash flows that a short-term return metric misses.

The theoretical implication is that capital budgeting works best as a linked system. Discounted cash-flow analysis provides a necessary return benchmark, but financing constraints determine feasibility; irreversibility creates value in staging or waiting; risk and liquidity tests determine survivability; and the time horizon determines which cash flows and strategic benefits are observable. Behavioral and governance review is also necessary because the same data can be framed differently depending on prior prices, incentives, and attitudes toward loss. No single metric can preserve these interactions. A high projected IRR is weak evidence if funding is fragile, downside is opaque, total implementation cost is incomplete, or the proposed exit date precedes the expected value creation.

For practice, the paper supports a staged approval process. Firms can begin with a documented cash-flow case, then test balance-sheet capacity and adverse scenarios, estimate total life-cycle cost, and align monitoring milestones with the intended holding period. Secondary operational indicators should be tied to financial channels instead of used as substitutes for value. Commitments should be separated from realized spending, unrealized revaluations from cash losses, and accounting return from economic return. These distinctions make cross-functional review more transparent and reduce the chance that one favorable statistic dominates the decision.

The conclusions remain bounded by the purposive sample and by heterogeneous public data. The cases differ in industry, currency, accounting scope, and observation period; the nominal figures are not inflation-adjusted; and no counterfactual identifies what would have happened without each investment. Future research could assemble a firm-year or transaction-level panel containing committed and realized investment, abnormal or realized return, volatility, financing cost, policy incentives, project delay, liquidity, and holding period. Event-study, panel regression, or discrete-choice designs could then test when each dimension has the greatest marginal effect and whether the integrated framework travels across sectors and economic cycles.

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