Application of finance techniques: an empirical analysis of pakistani corporate sector

Ahmed Imran Hunjra and Ghulam Shabbir Khan Niazi and Syed Waqar Akbar and Kashif-Ur- Rehman

Iqra University Islamabad Campus, Pakistan, Quaid e Azam University, Islamabad, Pakistan.

2011

Ahmed Imran Hunjra[1], Ghulam Shabbir Khan Niazi[2], Syed Waqar Akbar[3], Kashif Ur Rehman[4]

APPLICATION OF FINANCE TECHNIQUES: AN EMPIRICAL ANALYSIS OF PAKISTANI CORPORATE SECTOR

The study reviews the core areas of the finance functions and their level of applications in Pakistani corporate sector. A total of 70 questionnaires were distributed in different companies, 53 were received and 49 were processed, the respondents were finance executives and financial analysts of the companies. The study concludes that respondents are well aware of finance functions; out of these functions applications of capital structure decisions are being properly practiced while dividend policy is a major concern in most of the organizations. Investment appraisal techniques are not followed systematically due to constraints on capital investment and availability of resources. Working capital policy and financial performance assessment ratios are practiced in Pakistani corporate sector at large.

Keywords: *finance functions; corporate sector; finance executives and analysts.*

Ахмед Імран Хунджра, Гулям Шаббір Хан Ніязі, Суед Вакуар Акбар, Кашіф Ур Реман

ВИКОРИСТАННЯ ФІНАНСІВ: ЕМПІРИЧНИЙ АНАЛІЗ КОРПОРАТИВНОГО СЕКТОРУ ПАКИСТАНУ

У статті розглянуто основні функції фінансів та рівень їх використання у корпоративному секторі Пакистану. У компаніях різних галузей було розповсюджено 70 анкет, 53 з них було повернено, 49 – опрацьовано. Респондентами стали фінансові директори та фінансові аналітики компаній. Зроблено висновок, що респонденти цілком знайомі з функціями фінансів, з них найбільш вживаною є структурування капіталу, важливою для багатьох компаній є також дивідендна політика. Оцінювання капіталовкладень проводиться несистематично через недостатність ресурсів для капіталовкладень. Розробка політики роботи з оборотним капіталом та оцінювання фінансової діяльності практикуються у корпоративному секторі Пакистану доволі широко.

Ключові слова: *функції фінансів; корпоративний сектор; фінансові директори та аналітики.*

Табл. 3. Літ. 42.

Ахмед Имран Хунджра, Гулям Шаббир Хан Ниязи, Суед Вакуар Акбар, Кашиф Ур Реман

ПРИМЕНЕНИЕ ФИНАНСОВ: ЭМПИРИЧЕСКИЙ АНАЛИЗ КОРПОРАТИВНОГО СЕКТОРА ПАКИСТАНА

В статье рассмотрены основные функции финансов и уровень их применения в корпоративном секторе Пакистана. В различных компаниях были распространены в общей сложности 70 анкет, 53 были возвращены, и 49 из них обработаны. Респондентами стали финансовые директора и финансовые аналитики компаний. Сделан вывод, что респонденты вполне знакомы с функциями финансов, из них наиболее часто применяемой

[1] Corresponding Author, Iqra University, Islamabad, Pakistan.
[2] Assistant Professor, School of Management Sciences, Quaid-I-Azam University, Islamabad, Pakistan.
[3] Associate faculty member, Quaid-e-Azam University, Islamabad, Pakistan.
[4] Associate Professor, Iqra University Islamabad, Pakistan.

является структурирование капитала, важной для многих компаний является также и дивидендная политика. Оценка капиталовложений проводится несистематически в связи с недостаточностью ресурсов для капиталовложений. Разработка политики работы с оборотным капиталом и оценка финансовой деятельности практикуются в корпоративном секторе Пакистана достаточно широко.

Ключевые слова: *функции финансов; корпоративный сектор; финансовые директора и аналитики.*

1. Introduction. The corporate sector is responsible for production of goods and services, investment decisions enhance the production capacity of the economy. Corporate sector requires a continuous growth from both macro and micro viewpoints; however, interest rates and exchange rates make difference through monetary policy application. Finance strategies and investment moves are the key factors in the performance of any corporation. Therefore, for maximization of shareholders wealth, main focus is always on proper management of financing and investments strategies (McConnel and Servaes, 1990).

Application of finance functions and their role in the development of corporate sector have been discussed in financial literature and most of these studies are focused on the developed countries. McCaffery et al. (1997) reviewed the application of these practices in the UK retailing sector. Cowton and Pilz (1995) worked ae the topic of investment appraisal in the retailing sector. Morgan and Tang (1992) covered one aspect by focusing on the investment appraisal, both for financial services and the distribution. To ascertain the level of application and perception about these finance functions in Pakistani corporate sector, a preliminary investigation has been carried out during the visits to different companies. Finance managers, finance executives and financial analysts believe that these practices are very important for the improvement of organizational performance and thus can play a critical role in the success of the organizations in Pakistani corporate sector if appropriately practiced.

In the last decade, Pakistani economy has shown a notable growth; however, there is decline in the performance of corporate sector in the last part of this decade as compared to the initial years whern the growth was satisfactory (Economic Survey, 2008-2009). The investigation reveals that inappropriate application of finance functions is one of the reasons for this downfall along with other issues faced by the economy. Therefore, application of finance functions is critical for the performance of any organization and can contribute to the growth of corporate sector. This also makes the perception, level of commitment and application of finance functions in Pakistani corporate sector an area for concern of researchers. It also raises the need to investigate the extent to which Pakistani corporate sector is following these practices, especially in the period when economic indicators are declining after steady growth in the last decade.

The study reviews the core areas of finance functions which are relevant to the corporate sector in Pakistan. This study also examines the level of application and perception aspects of finance functions within Pakistani corporate sector in the light of theory and its application.

2. Literature Review. Financial literature suggests that the capital structure has impact on on economic system (Myers and Majulf, 1984) and managers should identify the ideal corporate structure for a company. U.S industries' analysis conducted by

Brigham and Ehrhardt (2001) indicated that among individual firms, within industries, and among those industries there exists a wide capital structure variation. Frank and Goyal (2009) pointed out the industry median leverage as the single and most important determinant regarding corporate leverage. The leverage impact regarding real options was also studied by Morellec and Schurhoff (2008). Capital structure decision is influenced by the economic condition of a country (Rajan and Zingale, 1995; Booth et al., 2001) and debt ratio of an organization is the function of rate of economic growth and capital market development. Achy (2009) found a negative relationship between asset tangibility and both aggregate leverage and short-term debt ratio. Butt et al. (2010) found a positive and significant relationship between financial management practices and organization performance in Pakistani corporate sector.

Asquith and Mullins (1983) and Michaely et al. (1995) found positive and significant abnormal returns associated with the announcement of dividend increases. Study conducted by Anderson (2009) indicates the separation of dividend signal from the earnings signal. Studies conducted on Japanese firms failed to provide evidence of a positive relationship between future earnings and dividend changes (Kato et al., 2002). Fukuda (2000) documented a negative change in firm performance although there appears to be a positive stock price reaction to the announcement of a dividend increase. Corporate investments, dividends, compensation and financial policies are interconnected, debt and equity substitute the governance structures rather than financial structures. A firm with higher asset would find debt financing very costly (Williamson, 1988). Capital investment is a reaction of management to profit process (Dixit and Pindyck, 1994; Pindyck, 1988; Caballero, 1991; Aguerrevere, 2003). Corporate takeovers do not have maximum effect on the firms' stock value, as demonstrated by earlier work, and it is believed that after taking over a firm shareholders witness a normal profit within a time span of 5 years (Jensen and Ruback, 1983; Jarrell and Poulson, 1989; and Peterson and Peterson, 1991). Magenheim and Mueller (1988) and Agrawal et al. (1992) contradicted with this by observing the shareholders dividend going down. On this series of evidence, many managers suggest to keep the firm's size larger.

Nwankwo & Osho (2010) stated that efficient working capital is a prerequisite for growth and existence of corporate enterprises because it dictates the level of production, inventory and sales. Working capital required for business is determined by a number of factors (Arthur, 1992) including market conditions, conditions of supply, seasonality of operations and nature of business. Importantly, Nwankwo (2007) revealed that working capital possesses a high turnover rate than long-term assets. The volume of current assets and current liabilities, that the company is ready to incorporate in its balance sheet, is the decision of management of the efficient working capital (Nwankwo, 2005). Financial managers usually spare more time on the working capital management than on any other financial activity. Working capital management is indeed a pre-requisite for growth and survival of a firm (Pandey, 2006). Mismanagement and starvation of working capital is the important cause, if not the major one, for business failure in many countries, both developed and developing (Rafuse, 1996).

Arthur et al. (2010) completed the picture by considering the relationship between disaggregated cash flows and subsequent earnings and provided information

on management decisions to provide aggregate versus disaggregate cash flow disclosures and contribute with the analysis of benefits to users. Working capital management is really vital for financial health of business no matter what the size of a business is. Deakin (1976) indicated that within specific groups of industry financial ratios might, normally, be more distributed. Bahiraie et al. (2008) and Azhar and Robert (2006) discussed some of the weaknesses in the usage of common ratios such as proportionality, scaling, and symmetric effects. Muller et al. (2009) tested the effectiveness of 4 different techniques used to predict financial distress and found that multiple discriminate analysis and recursive partitioning have the highest prediction accuracy for predicting "failed" companies.

3. Method

3.1. Sampling and Instrument. Companies related to leading sectors (banking, telecommunications, oil & gas, cement, insurance, sugar, edible ghee & oil, automobiles, textile and fertilizers) of the economy were chosen for this study. The potential respondents were finance executives and financial analysts of the companies. Total of 70 questionnaires were distributed to different companies within the selected areas, and 53 filled questionnaires were collected back, 49 were processed for this study. The response rate of this study was approximately 76%. Previous studies by Cowton and Pilz (1995) had the response rate of 63% and a single topic focused on the investment appraisal in the retailing sector. A questionnaire of 48 items divided into 5 dimensions (see Table 1) was used and it was adapted from the study of McCaffery et al. (1997). The scale to measure the finance functions was Likert scale ranking (5-point) where 1 was the highest degree of agreement and 5 was the least degree of agreement.

The results in Table 1 show the reliability analysis test and the Cronbach's alpha for the 48-item scale, 0.895 was above the general acceptable limit (0.70) described by Hair et al. (1998). The Cronbach's alpha for the study constructs is given in the below table:

Table 1. **Reliability of Measurements**

Variables	Items	Cronbach alpha
Capital Structure Decision	9	0.779
Dividend Policy	14	0.912
Investment Appraisal Techniques	12	0.734
Performance Assessment Financial Ratio	8	0.803
Working Capital	5	0.778
Total	48	0.895

3.2. Procedure. The questionnaires were personally distributed to collect the primary data in 70 companies in Islamabad, Rawalpindi and Lahore. The concerned financial personnel was identified in each company through company profile, telephone, and reference. The sample was limited to the listed with Karachi Stock Exchange (KSE) companies of 10 different sectors operating in Pakistan. Convenient sampling method was followed. After the data was collected from the companies, it was coded and entered into SPSS sheet for analysis. The factor analysis was used to summarize the variables, check the validity and reliability of the instrument, consistency of items to each other and to find out the importance of each factor and each item along with the mean score. By dividing the mean score of each item with the sum of means for all 48 items, the relative importance was measured and the relative

importance of each factor was calculated by adding the mean score of each items of the variable.

4. Results. This study reviews the application of finance functions in Pakistani corporate sector and the perceived importance of these functions. The results of different practices of finance functions are analyzed by factor analysis and are summarized below:

Table 2. **Variable Loading and Factor Relative Loading**

	Capital Structure Decision	Dividend Policy	Investment Appraisal Techniques	Financial Ratios	Working Capital Policy
Capital Structure Decision					
The balance between long-term debt and equity has a significant impact on a company's value	0.964				
Companies should pursue a target debt equity ratio	0.962				
A company should leave some of its debt financing capacity unused to provide financial slack	0.987				
Companies experiencing financial distress or bankruptcy, do so because of the past financing policy which had an over-reliance on the use of the long-term debt capital	0.879				
Short-term bank borrowings	0.965				
Long-term debt	0.918				
Equity rights issue	0.936				
New equity issues	0.927				
Retained earnings	0.945				
Dividend Policy					
Management have a target pay-out ratio		0.941			
Management should adjust their annual pay-out ratio towards the target		0.959			
Historical long-term earnings growth		0.943			
Future long-term earnings growth		0.983			
Pattern of past dividends		0.940			
Cash availability		0.964			
Expectations of the stock market		0.924			
Concern over maintaining share price		0.973			
Access to capital markets		0.891			
General economic conditions		0.941			
Management use dividend policy to signal information on future earnings' performance		0.943			

Continuation of *Table 2*

	Capital Structure Decision	Dividend Policy	Investment Appraisal Techniques	Financial Ratios	Working Capital Policy
Cuts in dividends signal negative information and should be avoided		0.962			
Dividend cuts signal positive information in terms of good investment projects		0.905			
Dividends are only one means of signaling and their importance should not be overestimated		0.906			
Investment Appraisal Techniques					
Reflect the financial outlay on a project			0.930		
Be used where future cash flows are very uncertain			0.839		
Make a proper assessment of risk			0.988		
Investment appraisal is crucial for long-term profitability and survival			0.936		
Short-term profitability			0.955		
Short-term earnings growth			0.961		
Long-term sales growth			0.918		
Long-term earnings growth			0.953		
Long-term growth in shareholder wealth			0.904		
Availability of finance			0.941		
Lack of profitable investment opportunities			0.916		
Attitude of senior management			0.919		
Financial Ratios					
Price earnings (PE)				0.928	
Return on equity (ROE)				0.930	
Return on assets (ROA)				0.957	
Return on capital employed (RCE)				0.933	
Profit margin total assets (PMA)				0.930	
Sales total assets (ATR)				0.940	
Times interest earned ratio (TIE)				0.921	
Cash ratio (CR)				0.987	
Working Capital Policy					
More effort is needed to synchronize short-term cash inflows and outflows					0.948
It is important to have good back-up lines of credit from bankers					0.835
Cash management policy should be developed on the basis of formal cash management models					0.834

The End of *Table 2*

	Capital Structure Decision	Dividend Policy	Investment Appraisal Techniques	Financial Ratios	Working Capital Policy
It is important to grant trade-credit terms to customers					0.904
Companies which experience financial distress or ultimately bankruptcy can initially trace their problems in the poor working capital policy					0.940
Eigen Values	11.702	6.923	4.782	3.821	3.047
% of the variance	24.096	14.256	9.848	7.867	6.274
Cumulative percentage of the variance	24.096	38.353	48.200	56.067	62.341
Factor relative importance	19.49%	33.35%	23.23%	14.08%	9.85%

Table 2 demonstrates the results of a principal component factor analysis for each of 48 questionnaire items included in this analysis. There were 5 factors in which the Eigen values were extracted more than 1 which is mentioned in the above table. The variables of each factor were extracted and described as follows: according to factor analysis, the practices of finance functions in Pakistani corporate sector were categorized into 5 groups and the first one was capital structure. This factor had the highest Eigen value (11.702) among others. In addition, it explained 24.096% of the total variances of the variables. Dividend policy was the second important factor. The Eigen value of this factor was 6.923, which explained 14.256% of the total variances of the variables. The third factor was investment appraisal techniques. It had Eigen value of 4.782 and explained 9.848% of the total variances of the variables. Performance assessment financial ratios were the fourth factor and had Eigen value of 3.828 and explained 7.867% of the total variances of the variables. The last factor was working capital of financial management practices and had Eigen value of 3.047 and explained 6.274% of the total variances of the variables. As shown in Table 2, the above 5 factors explained about 62% of the total variance of the research variables. In other words, 38% of the total variance that pertains to other variables was not explained and these values have not come true in this analysis.

The above table also explained the factor relative importance of each variable. Dividend policy is one of the most important factors for the finance functions which are being practiced in Pakistan corporate sector (with relative importance of 33.35%), whereas investment appraisal techniques is the second most important factor (23.23%), capital structure decisions contributes almost 20%, the performance assessment financial ratios have 14.08% of relative importance and the last factor of the instrument, working capital, has approximately 10% of relative importance. On the basis of the above results all the items for each variable have loading greater than 0.50. Factor loadings above 0.50 can be retained in exploratory studies (Hair et al., 1987).

Table 3 shows the mean score and the relative importance of each variable that contributes to measuring the financial management practices in Pakistani corporate sector. In this 1 was the highest level of response rate, and 5 was the least level of response rate.

Table 3. **Determinants of Financial Management Practices (N=49)**

	Total Mean score	Relative Importance	Factor relative Importance
Capital Structure Decision			19.49%
Balance between long-term debt and equity has a significant impact on a company's value	1.7139	0.01708	
Companies should pursue a target debt equity ratio	1.9048	0.01865	
A company should leave some of its debt financing capacity unused to provide financial slack	1.7443	0.01679	
Companies which experience financial distress or ultimately bankruptcy, do so because of the past financing policy which had an overreliance on the use of long-term debt capital	2.7729	0.02715	
Short-term bank borrowings	1.9524	0.01912	
Long-term debt	2.3810	0.02331	
Equity rights issue	2.3333	0.02285	
New equity issues	2.8095	0.02756	
Retained earnings	2.2857	0.02238	
Dividend Policy			33.35%
Management have a target pay-out ratio	2.2453	0.02199	
Management should adjust their annual pay-out ratio towards the target	2.2125	0.02166	
Historical long-term earnings growth	2.6190	0.02565	
Future long-term earnings growth	2.0476	0.02005	
Pattern of past dividends	2.9048	0.02844	
Availability of cash	2.0000	0.01958	
Expectations of the stock market	2.6190	0.02565	
Concern over maintaining share price	2.7619	0.02705	
Access to capital markets	2.3333	0.02285	
General economic conditions	1.6190	0.01585	
Management use dividend policy to signal information on future earnings performance	2.3810	0.02331	
Cuts in dividends signal negative information and should be avoided	2.6550	0.02600	
Dividend cuts signal positive information in terms of good investment projects	3.0036	0.02941	
Dividends are only one means of signaling and their importance should not be overestimated	2.6529	0.02598	
Investment Appraisal Techniques			23.23%
Reflect the financial outlay on a project	1.9524	0.01912	
Be used where future cash flows are very uncertain	2.7619	0.02705	
Make a proper assessment of risk	1.5238	0.01492	
Investment appraisal is crucial for long-term profitability and survival	1.6190	0.01585	
Short-term profitability	2.4762	0.02425	
Short-term earnings growth	2.5714	0.02518	
Long-term sales growth	1.5238	0.01492	
Long-term earnings growth	1.4762	0.01445	
Long-term growth in shareholder wealth	1.9048	0.01865	
Availability of finance	1.7143	0.01679	
Lack of profitable investment opportunities	2.2381	0.02192	
Attitude of senior management	1.9524	0.01912	
Financial Ratios			14.08%
Price earnings (PE)	1.6667	0.01632	
Return on equity (ROE)	1.5714	0.01539	
Return on assets (ROA)	1.6667	0.01632	
Return on capital employed (RCE)	1.6190	0.01585	

The End of *Table 3*

	Total Mean score	Relative Importance	Factor relative Importance
Profit margin total assets (PMA)	2.1429	0.02098	
Sales total assets (ATR)	2.0952	0.02052	
Times interest earned ratio (TIE)	1.9048	0.01865	
Cash ratio (CR)	1.7143	0.01679	
Working Capital Policy			9.85%
More effort is needed to synchronize short-term cash inflows and outflows	1.8895	0.01850	
It is important to have good back-up lines of credit from bankers	1.7493	0.01713	
Cash management policy should be developed on the basis of formal cash management models	2.0997	0.02056	
It is important to grant trade-credit terms to customers	2.1227	0.02079	
Companies which experience financial distress or ultimately bankruptcy can initially trace their problems to the poor working capital policy	2.1950	0.02149	

Dividend policy is the important factor with the highest relative importance (33.35%) in the financial management practices in Pakistani corporate sector. It is determined by 14 items, which 3 statements had the highest level of agreement, they are "general economic conditions", "availability of cash", and "future long-term earnings growth" with a total mean score of 1.6190, 2.0000 and 2.0476 respectively. In contrast, "dividend cuts signal positive information in terms of good investment projects" was the least important criterion with total mean score of 3.0036.

Investment appraisal techniques were the second most important factor (23.23%) in the financial management practices of Pakistani corporate sector. There were 12 items used to indentify the variable. The response rate of the respondents revealed that all the items are important for the financial management practices in Pakistani corporate sector. The third ranked factor was capital structure decision (19.49%) measured by 9 items. Among these 9 "the balance between long-term debt and equity has a significant impact on a company's value" was found to be the most affective item, with a total mean score of 1.7139. Being the fourth in terms of relative importance (14.08%) the performance assessment financial ratios factor was determined by 8 statements. All the items were responded very important and are being practiced in Pakistani corporate sector. "Return on equity (ROE)" was found to be the most important item with total mean score of 1.5714. Working capital was the last factor which contributes only 10% in Pakistani corporate sector and was presented by 5 items. The mean value depicts that respondents agreed that working capital practice is being performed in Pakistani corporate sector. Among these 5 items "It is important to have good back-up lines of credit from the bankers" was found most important statement with mean score of 1.7443.

5. Conclusion, Recommendations and Future Implications. This study focuses on the application of finance functions in Pakistani corporate sector. Proper assessment is being made in most of the organizations regarding capital structure decision. Short-term borrowings are used as an alternate source of financing. Dividend policy is the major concern in most of the organizations, since no proper tools are followed, and in the absence of that majority of companies can not achieve the target. Investment

appraisal techniques are not being followed extensively as majority of the companies' finance executives responded that they were not performing investment appraisal techniques due to constraints on capital investment and resources availability. Working capital policy and financial performance assessment ratios are practiced in Pakistani corporate sector at large. There are few areas where respondents do not agree or consider unimportant like pattern of past dividends, concern over maintaining share price and dividend cuts stand for favorable information on good investment projects. It is also concluded that availability of finance and attitude of senior management are the major constrains for capital investment. Corporate managers are well aware of the investment appraisal techniques for project risks assessment and consider these techniques important for the long-term profitability and survival of a company.

Efforts should be made to promote this culture in the sector. Companies should hire new employees or train the existing ones to exercise high value financial management practices, especially the application of qualitative and quantitative investment appraisal techniques and optimal capital structure decisions. It is recommended that financial managers should also focus on dividend policy and investment appraisal techniques along with other practices because constructive dividend policy contributes towards shareholders wealth and get attention of investors that ultimately effect the organizational performance.

For future research more practices can be used, these practices can be checked in more sectors and sample size of a study can be enhanced. Potential trends in the sector, financial implications in restructuring, treasury operations management and use of secondary data in various financial practices in terms of profit, revenue, productivity and market value, can be analyzed in future research.

References:

Achy, L. (2009). Corporate Capital Structure Choices in Mena: Empirical Evidence from Non-Listed Firms In Morocco, Middle East Development Journal, 1(2), 255-273.

Agrawal, A., Jaffe, J.F. and Mandelker, G.N. (1992). The post-merger performance of acquiring firms. Journal of Finance, 47, 1605-1622.

Aguerrevere, F.L. (2003), Equilibrium Investment Strategies and Output Price Behavior: A Real Options Approach, Review of Financial Studies, 16, 1239-1272.

Arthur, J. (1992). Basic financial management. New Jersey: Prentice Hall Publishers.

Arthur, N, Cheng, M. & Czernkowski, R. (2010). Cash flow disaggregation and the prediction of future earnings, Accounting and Finance 50, 1-30.

Asquith, P. & Mullins, D. (1983). The impact of initiating dividend payments on shareholders' wealth, Journal of Business, 56, 77-95.

Azhar, A.K.M. & Robert J.R.E. (2006). On the Measurement of Product Quality in Intra-industry Trade. Review of World Economics, 142(3), 476-495.

Bahiraie A.R., Azhar, A.K.M., Ibrahim, N.A., Abdullah, W.W. and Ismail M. (2008). On the Measurement of Credit Risk: A New Geometric Approach. Presented at: Third International Conference on Mathematics and Statistics, Bogor, Indonesia.

Booth, L., Aivazian, V., Demirgue-Kunt, A., & Maksimovic, V. (2001). Capital Structure in Developing Countries, The Journal of Finance, 56(1):97-129.

Brigham, E.F., & Ehrhardt, M.C. (2001). Financial Management Theory and Practice (10th Edition). New York: The Dryden Press.

Butt, B. Z; Hunjra, A. I and Rehman, K. U. (2010). Financial Management Practices and Their Impact on Organization Performance. World Applied Sciences Journal, 9 (9): 997-1002.

Caballero, R.J. (1991), Competition and the Non-Robustness of the Investment-Uncertainty Relation, American Economic Review, 81, 279-288.

Cowton, J., & Pilz, G. (1995). The investment appraisal practices of UK retailers, The International Review of Retail, Distribution and Consumer Research, 5, 457-71.

Deakin E. (1976). On the Nature of Distribution of Financial Accounting Ratios: Some Empirical Evidence. The Accounting Review, 51, 90-97.

Dixit, A. & Pindyck, R. (1994). Investment under Uncertainty, NJ, Princeton University Press.

Frank, M., & Goyal, V. (2008). Trade-off and pecking order theories of debt. In: Eckbo, B. E., ed., The Handbook of Corporate Finance, New Holland: Elsevier Science, 135-202.

Fukuda, A. (2000). Dividend changes and earnings performance in Japan, Pacific-Basin Finance Journal, 8, 53-66.

Government of Pakistan. (2009). Pakistan Economic Survey 2008-2009, Finance Division, Government of Pakistan, Islamabad.

Hair, J. F., Anderson, R. E., Tatham, R. L. & Black, W. C. (1998). Multivariate Data Analysis, Fifth edition, Prentice-Hall International, Inc.

Hair, J., Anderson, R. and Tatham, S. (1987). Multivariate Data Analysis, (Macmillan: New York, NY).

Jarrell, G. A., & Poulsen, A. B. (1989). The Returns to Acquiring Firms in Tender Offers: Evidence from Three Decades, Financial Management, 18(3), 12-19.

Jensen, M. C., & Ruback, R.S. (1983). The Market for Corporate Control: The Scientific Evidence, Journal of Financial Economics, 11(1), 5-50.

Kato, K., Loewenstein, U. & Tsay, W. (2002). Dividend policy, cash flow, and investment in Japan, Pacific-Basin Finance Journal, 10, 443-473.

Magenheim, E. B., & Mueller D.C. (1988). Are Acquiring Firm Shareholders Better Off After an Acquisition?, in: J. Coffee, Jr., L. Lowenstein, and S. Rose-Ackerman (eds.), Knights, Raiders and Targets, Oxford, UK, Oxford University Press.

McCaffery, K., Hutchinson, R. & Jackson, R. (1997). Aspects of the finance function: a review and survey into the UK retailing sector, The International Review of Retail, Distribution and Consumer Research, 7(2), 125-144.

McConnel, J. & Servaes, H. (1990). Additional Evidence on Equity Ownership and Valuation: An Empirical Analysis, Journal of Financial Economics, 20, 293-315.

Michaely, R., Thaler, R. & Womack, K. (1995). Price reactions to dividend initiations and omissions: Overreaction or drift? Journal of Finance, 50, 573-631.

Morellec, E & Schürhoff, N. (2008). Personal taxes, leverage, and investment: Theory and evidence, forthcoming, Review of Financial Studies.

Morgan, E. & Tang, Y. (1992). Reviewing investment after completion: an exploratory analysis, The International Review of Retail, Distribution and Consumer Research, 1, 217-231.

Muller, G.H., Steyn, B.W. & Hamman, W.D. (2009). Predicting financial distress of companies listed on the JSE – A comparison of techniques. South African Journal of Business Management, 40(1), 21-32.

Myers, S. & Majluf, N. (1984). Corporate financing and investment decisions when firms have information that investors do not have. Journal of Financial Economics, 13(2), 187-221.

Noreen, U, Khan, S. K & Abbas, Q. (2009). International Working Capital Practices in Pakistan, International Research Journal of Finance and Economics, 32.

Nwankwo, O & Osho, G. S. (2010). An Empirical Analysis of Corporate Survival and Growth: Evidence from Efficient Working Capital Management, International Journal Of Scholarly Academic Intellectual Diversity, 12(1), 1-13.

Nwankwo, O. (2005). Dimensions of financial management. Enugu: Jones Communication and Publishers.

Nwankwo, O. (2007). Efficient working capital management is prerequisite to corporate survival. Journal of Economic and Business Review, 1(1).

Padachi K. (2006). Trends in Working Capital Management and its Impact on Firms Performance: An Analysis of Mauritian Small Manufacturing Firms, International Review of Business Research Papers, Vol.2 No. 2, pp. 45-58.

Peterson, D.R., & Peterson, P.P. (1991). The Medium of Exchange in Mergers and Acquisitions, Journal of Banking and Finance, 15(2), 383-405.

Pindyck, R.S. (1988). Irreversible Investment, Capacity Choice, and the Value of the Firm, American Economic Review, 78, 969-985.

Rafuse, M. E. (1996). Working Capital Management: An Urgent Need to Refocus, Journal of Management Decision, 34(2), 59-63.

Rajan, R. G., & Zingales, L. (1995). Power in a Theory of the Firm. The Quarterly Journal of Economics, 113(2), 387-432.

Sangster, A. (1993), Capital investment appraisal techniques: a survey of current usage, Journal of Business Finance and Accounting, 20(3), 307-32.

Williamson, O. E. (1988). Corporate Finance and Corporate Governance. The Journal of Finance, 43(3), 567-591.

Стаття надійшла до редакції 22.12.2010.