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**Cash Conversion Cycle, Inventory Turnover Ratio and Average Payment Period:  
Empirical Evidence of Market Performance & Economic Value Added from Pakistani  
Firms**



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**Dedication****My Parents**

The strong and gentle souls who taught me to trust in ALLAH, believe in work hard and that so much could be done with little

**My Respected Teacher****Associate Professor****Dr. Abdul Sattar**

Without your continuous support and dedication am unable to attain my goal. Thank you so much for being so supportive

**My Younger Brother****Usama Fazal**

Last but not the least, you are a super kid for me who amused me with your silliest jokes in my hard times

**And finally my all friends**

Without your care and love, I am not the person who I am today

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**List of Abbreviations**

EPS	Earning Per Share
EVA	Economic Value Added
WCM	Working Capital Management
PSX	Pakistan Stock Exchange
CCC	Cash Conversion Cycle
ITO	Inventory Turnover
APP	Average Payment Period

## Abstract

This study analyzes the effect of the proper management of working capital on financial performance of seven sectors in Pakistan. The sample period of the study is five years i-e from 2014 to 2018 . The data was taken from Data Stream Thomson Reuters International, financial statements .The dependent variables of the study is Earning Per Share (EPS) and Economic Value Added which is used as a proxy for firm financial performance. There are independent variables are average payment period (APP), inventory turnover Ratio (ITO) and Cash Conversion Cycle (CCC). Panel Data methodology used to analyze the impact of Working Capital Management on financial performance through market performance and accounting performance of seven non-financial sectors of Pakistan. Results derived that inventory turnover has a positively significant on Economic Value Added (EVA) while inventory turnover is negatively significant with earning per share. Average Payment period is which is negatively significant with Economic Value Added while Average Payment period also has also a negatively significant relationship with the earning per share. Cash conversion cycle is which is highly significant relationship with Economic Value Added while the cash conversion cycle has also negatively significant relationship with earning per share.

**Keywords:** Cash Conversion Cycle, Average Payment Period, Inventory Turnover Ratio, Earning Per Share & Payable Turnover in Days.