
**Working Capital Financing, Firm Performance and Financial
Constraints: Evidence from Distressed Non-Financial Firms of
Pakistan**



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DEDICATION

Dedicated my work to my parents and teachers whose tremendous support and cooperation led me to this wonderful accomplishment. I have achieved all because of their good wishes, blessings and their confidence in me. May Allah Pak bless them with long, healthy life and showers His blessings upon my affectionate teachers and family.

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ABSTRACT

The significance of the research is to find out the relationship between working capital financing, and firm performance in distressed firms of Pakistan. Additionally, we included financial constraints in the relationship of working capital financing and firm performance. Data has been collected from balance sheet analysis issued from state bank of Pakistan of 185 non-financial firms of Pakistan listed in Pakistan stock exchange for the period 2010-2017. Variables used for this study are working capital financing, Return on Assets, Tobin's Q, Size, Financial Leverage, growth of firm, Tangibility of assets, Age of firm and Current Ratio. Generalized method moments (GMM model) is used to check robustness of results. The results of the findings show that inverted U-Shape relationship exists between WC financing and organizational performance. In accumulation, results likewise show that companies which are less financially constraint can get financing of short-term debt in greater proportion. This literature contributes to the limited existing research on the relationship between working capital financing, firm performance and financial constraints in distressed firms of Pakistan.

Keywords: Pakistan Stock Exchange, ROA, WCF, Financial constraints, Panel Data