

# **Determinants of profitability in cement industry of Pakistan**

By

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M.Ahmad Fawad

## DEDICATION

This dissertation is dedicated to my parents for their love and support.

## **Abstract**

The study aims to examine the factors that affect the profitability of the cement industry of Pakistan as Profitability is one of the best tool to measure the performance of any firm or sector. Factors that are used in this research as the determinants of the profitability are capital structure, firm size, growth rate, non-debt tax shield and working capital, alongside these variables intangible assets is also used as a determinant of the profitability in the model of this research as the recent exploratory studies proved intangible assets as an important variable to measure profitability. Eight years annual data i.e. 2008 to 2015 of nine cement companies listed under Karachi stock exchange is used and the data sources are secondary. To analyze the data, Panel data regression random effect model with robust variance estimator is used. Random effects model is applied on the data as the results of the Hausman test suggests that random effect model is appropriate for the data. The results of the study shows that except capital structure all other variables have a significant impact on the profitability.



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