

**IMPACT OF WORKING CAPITAL ON FIRM PERFORMANCE IN  
PHARMACEUTICAL ORGANIZATIONS (2004-2008)**



**HASSAN ALI BHATTI**

**01-222072-010**

**(SUBMISSION OF FINAL PROJECT)**

**DEPARTMENT OF MANAGEMENT SCIENCES**

**BAHRIA UNIVERSITY, ISLAMABAD CAMPUS**

**FINAL PROJECT APPROVAL SHEET**

**Viva-Voice Examination**

Date     /     /    

Topic of Research:

**IMPACT OF WORKING CAPITAL MANAGEMENT ON FIRM PERFORMANCE IN PHARMACEUTICAL ORGANIZATIONS (2004-2008)**

**Names of Student(s):** Hassan Ali Bhatti    Enroll # 01-222072-010

**Class:** MBA

**Approved by:**

---

**SEHAR ZEAST**  
Project Supervisor

---

Internal Examiner

---

External Examiner

---

**Kashif Ahmed**  
Research Coordinator

---

**Ms. Salma Atif Shaikh**  
Head of Department  
Management Sciences

# **ACKNOWLEDGEMENT**

"To GOD belongs everything in the heavens and everything on earth and GOD controls all matters."

"We have offered the responsibility to the heavens and the earth, and the mountains, but they refused to bear it, and were afraid of it. But the human beings accepted it; he was transgressing, ignorant"

I am very thankful to the respected teacher of BAHRIA UNIVERSITY, ISLAMABAD CAMPUS.

MISS. SEHAR ZEAST

I am also very thankful to all teachers who taught me very well and there useful advices regarding studies and other matters encourage me on every step.

## Contents

CERTIFICATE.....	<b>Error! Bookmark not defined.</b>
ABSTRACT.....	5
CHAPTER NO. 1.....	6
INTRODUCTION.....	6
Rationale of the study.....	6
Objectives of the Study.....	7
Problem identification.....	8
Research Question.....	9
Scope of the study.....	9
CHAPTER NO. 2.....	10
LITERATURE REVIEW.....	10
Hypothesis.....	13
Theoretical Framework.....	14
CHAPTER NO. 3.....	16
Methodology.....	16
CHAPTER NO. 4.....	18
Results & Discussions.....	18
Ratio Analysis.....	28
LIQUIDITY RATIOS.....	28
PROFITABILITY RATIOS.....	32
CHAPTER NO. 5.....	36
CONCLUSION AND RECOMENDAGTION.....	36
Reference.....	38
Webliography.....	40
Annexure.....	41

## **ABSTRACT**

This study is based on the impact of working capital management on firm's profitability. Usually, a company is always aims to have the greater risk in order to gain maximum profit, so that's why firm reduces the investment of its working capital in proportion to the firm's sales. In opposite to if a firm's wants to increase its liquidity position then, it will increase the investment in working capital to gain the maximum liquidity position. Though, the policies to invest in working capital more will Leads the firms to decreases its sales volume as a result reduction in profitability as well. That's why; a firm has to maintain a balance between liquidity and profitability.

In this research an endeavor has been made to check the impact of working capital management policies towards the profitability of Pakistan Pharmaceutical Industry for the period (2004 to 2008).The impact of working capital management on firm's profitability will examine by using statistical tools like one to one correlation and regression model to check the association and cause effect relationship between working capital and profitability by using ratio of both variables as secondary data.