

IMPACT OF WORKING CAPITAL MANAGEMENT ON THE PERFORMANCE OF PAKISTAN'S FERTILIZER INDUSTRY: A CASE STUDY ON 3 LISTED FIRMS IN PSE 100 INDEX

By

URUBAH KHAN

25290

A thesis presented to the Department of Management Sciences, Bahria University Karachi Campus, in partial fulfillment of the requirements of the MBA degree



FALL, 2016

Bahria University Karachi Campus

ACKNOWLEDGEMENT

First of all I want to thank Almighty Allah for the strength given to me to complete this thesis/ project in given time. For this research study, I want to thank my supervisors and my teachers who believed in me for performing this research study. Their support and help throughout my research study assisted me in every step. Without their support, the research study would not have been possible. I also want to thank my friends and families who have been a huge source of continuous help and motivation, who helped me throughout my project with their full support.

ABSTRACT

This research study is conducted to determine the impact of the elements of the working capital management practices on the overall performance of the firms operating in the fertilizer industry of Pakistan and to understand the relationship which working capital management approach is following within the industry and the nature of relationship between the working capital management practices to the overall performance of the firm. It is an explanatory research. The targeted population of this research is the fertilizer industry of Pakistan that are listed in Pakistan Stock Exchange 100 index and operate domestically. In this research study secondary data is used. Moreover, multivariate linear regression model is applied on the collected data to analyze the impact of the selected independent variables i.e. current ratio, debt to equity ratio, quick ratio, super quick ratio, accounts receivable turnover ratio and inventory turnover ratio on the performance of the firm for that return on assets, return on equity and net income margin as dependent variable. The results of this study reveals that the combine result models are all insignificant while some individual models are significant and insignificant. Furthermore, this study clearly indicates the importance of ratios to determine the performance of the listed firms and bringing improvement in working capital management practices.

Keywords: working capital management, inventory management, super quick ratio

TABLE OF CONTENTS

Declaration of Authentication	ii
List of Tables	iii
List of Figures	v
Plagiarism Report	vi
Acknowledgement	vii
Abstract	viii
CHAPTER 1: Introduction	1
1.1 Problem Background	1
1.2 Research Context	4
1.2 Aim of the Study	5
1.3 Objectives of the Study	5
1.4 Research Questions	6
1.5 Time Horizon	7
1.6 Time Scale	7
1.7 Limitations of the Study	7
1.8 Prospectus of Further Research	8
1.9 Ethical Considerations	8
1.10 Organization of the Thesis	8
1.11 Introduction to the Sector	9
CHAPTER 2: Literature Review	11

CHAPTER 3: Research Methodology	18
3.1 Nature of Research	18
3.2 Sample Size	18
3.3 Sampling Technique	18
3.4 Data Collection Process	19
3.5 Conceptual Framework	19
3.6 Research Hypothesis	21
3.7 Statistical Technique	21
CHAPTER 4: Data Integration and Analysis	22
CHAPTER 5: Critical Debate	59
CHAPTER 6 Conclusion and Recommendations	62
6.1 Conclusion	62
6.2 Policy Recommendations	62
REFERENCES	63