

Abstract

The study aimed to probe the determinants of working capital in non-financial sector of Pakistan by considering various financial and economic variables. The current research was conducted on non-financial sector of Pakistan for the time span of 2005-2013. The present study enhanced the understanding about different determining factors of working capital requirements. This study made a valuable contribution in literature of working capital requirements on non-financial sector of Pakistan by using a unique variable "KIBOR" that was ignored by various researchers. For sampling, 354 firms were selected. Secondary data is assembled from the publication of State Bank of Pakistan named as Balance Sheet Analysis of Joint Stock Companies listed on the Karachi Stock Exchange for 2008-2013. WCR is dependent variable whereas OCF, Growth, ROA, Size and Karachi interbank offer rate are independent variables. Descriptive analysis and Generalized method of Moment is used to inference the results. Positive and significant relationship was found between working capital requirements and KIBOR, ROA and OCF. There is a negative but signification relation was determined between Working capital requirements and Size of firm whereas insignificant association is existed between WCR and Growth.

Keywords: Working Capital, KIBOR, Operating Cash Flows, Return on Assets, Management, Non-Financial Sector