

**Either manufacturing sector rely on capital markets on the basis of financial resources**

An empirical study of industries in Pakistan

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**Abstract:**

The present study employed the financial resources of the manufacturing sector in Pakistan was to discover compare the performance of the manufacturing sector in Pakistan. Pakistan manufacturing sector find out effect on the performance of financial resources. Capital market firms, public financing, reallocation of internal resources, commercial financing and venture capital use various sources of finance, funds Market bonds and shares. According to (Dai, Jo, & Kassicieh, 2013; Gallagher, 2012) Relied on the release of Commercial financing, funding for these mostly companies rely on financial institutions. Few companies also use their own funds in the absence of public finances as well as companies also funding and venture capital reallocation of resources to their own use. This funding cost, magnitude of the risk associated with these resources due to their cost has a direct effect on the performance of firms that is clear. The present study used financial resources are manufacturing firms and their effect on the performance of this funding has been conducted to explore.

**Key words:**

Corporate finance, Capital markets, venture capital, public financing sources, reallocation of internal resources

**Introduction:**

The study relied on the capital markets and internal reallocation of resources as best Pakistani manufacturing concerns over dependence on commercial financing and venture capital compared with those that are performing concluded. The main reason for this phenomenon other resources of those funds raised through the capital market operations associated with the degree of risk seem to be lower. Likewise, the reallocation of internal resources of the corporate sector in manufacturing material may not be cost nothing more than the opportunity cost. Quantitative data based on a questionnaire survey of current research in Pakistan manufacturing sector finance managers from selected companies had to be

collected. Lahore Stock Exchange listed companies in the manufacturing sector are having eighteen. The study population of these areas is finance managers. Eighteen areas, six Lahore cotton and fiber cement nine companies, eight companies, five companies and sugar with food and personal care products, to rotate with 15 companies, the manufacturing industry, 18 companies are based. The three companies and the automobile sector, it was selected in the first round. 36 companies of Fifteen companies ratio in the second stage , 8 three companies , and the food and personal care products , five in China , three companies and , fibers , are selected has been selected the two companies as a cement company and the automotive sector and cotton spinning .

Therefore, the 36 companies in the fields of finance managers constituted the sample of the present study after verifying the relevant literature and pilot testing was employed as explored above in Figure 1 as in the present study, the independent and dependent variables, a 5-point Likert type on the basis of self- constructed questionnaire. Capital markets as 9 items total 28 item scale was divided , commercial financing , 7 items ; sources of public financing , 5 accessories, internal resources , 4 items , and venture capital , reallocation of 3 items self as researcher collected data to enhance the credibility of the research results. Questionnaire respondents agreed strongly, agree 4, we were quantified as 5. 3 will partially agree. 2, as opposed to, and 1, are very different. Frequency, means, standard deviation, and T- value is calculated. One -sample t-test of the identified independent variable in terms of means, was used to compare the independent sample t -test and one-way ANOVA. Pakistan in connection with the performance of the manufacturing sector was calculated to establish the effect of financial resources. Corporate annual reports, as depicted in the most recent period as per their advantage was taken.

### **Literature Review:**

Governments and companies to issue bonds or equities as stock by selling assets through capital markets for investment can increase their funding. I owned a company that sells a portion of its stock, and the equity financing. A take on the responsibility of a company and the company's own shares so that you can avoid the debt financing from bonds. According to (Rosenbusch, Brinckmann, Müller, 2013) and (Dai, Jo, & Kassicieh, 2013) Variability of investment returns profit before deciding to buy stocks and bonds any investor are two main components. The Return on investments (ROI) is financial average returns. Inconsistency of the expected return is a way to earn an average return and thus represents Risk of investment as per (Gallagher, 2012) investment credits and commercial financing from banks or other monetary and fiscal institutions are added secured loans against various assets are generally based on the asset. Unpaid loans taken from banks assets lead. Loans the investment returns are based on the record date. Asset-based lending model can help recover loans, real estate, machinery, or equipment accounts. (European Commission, December 2008).

Many non financial companies, software and hardware products, such as trade finance to take advantage of borrowing through commercial bank loans; you do not have ownership. The borrower is obligated to repay the loan with interest. By (midwife, Joe, and Kassicieh, 2013; Rahman et al. 2011) more importantly, the financial return on investment given the uncertainty, income and payment method does not rely on third party payers such as private financing organizations interested in helping with the cost could be Public financing of private funding is inadequate or not available where public investment has the advantage that it is a resource. However, support for public financing by private parties as investment results may not be effective in leading to the same level. According to (Kassicieh,Dai, J, 2013) and as per (Gallagher, 2012). Inner sources of resources also made as a major source. Dearest source is equity financing in financing sector moreover most reliable and least risky source. Retained earnings and other financial resources necessary to develop organizational build-up can be allocated for new projects. Equity financing and capital budgeting decisions firm covering an appropriate debt / equity ratio while maintaining sustainable growth without relying on external funding levels can be increased as the internal sources for any organization that intends Special is of paramount importance. According to (Kassicieh, Dai,Jo 2013, Rehman Gallagher,2012 ET. Al., 2011) and (Westerfield, Ross, Jordan, 2009) of capital Venture from the capital markets or traditional banks that is too dangerous for standard investment finance high potential Companies that offer a variety of private equity capital. According to (Rosenbusch, Brinckmann, and Muller, 2013) the purpose of Initial Public Offering (IPO) and the newly established private companies are to accelerate the development or sale that are already established public companies.

According to ( salvage , and Song , 2013, for traded ; Cheng , Chan , and Park , 2013 ; Gallagher , 2012; European Commission , 2008 ) Including the manufacturing sector, there are various sectors of the economy.The general economic development of a society that particular society is measured by economic sector. The production sector of Pakistan investment and power sector performance in terms of profitability in the sector that are hampering faces other challenges. Above has a direct effect on corporate financial resources. Keeping in view of this relationship, the present study based on the evaluation of production sector of Pakistan, financing is designed to investigate the effect.

### **Research Methodology:**

The present study selected manufacturing sectors in Pakistan finance managers of companies based on quantitative data collection was a questionnaire survey. Six of the 36 textile industries based in Lahore, financial managers of companies, A sample of the present study based on Sugar, cement, cotton, personal care products, automobile and food sector. A 28- item based on independent and dependent variables were collected through questionnaires constructed the present study data were processed. Standard deviations, means, T-values and frequencies were calculated. Identified by means of a sample t- test for independent variables, independent one way ANOVA and sample T-Test were

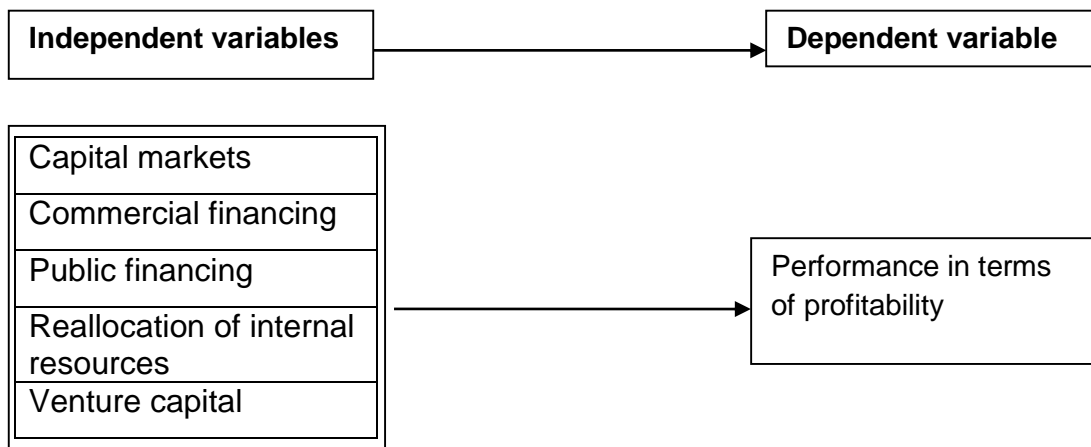
employed to compare these. Performance of financial manufacturing sector of Pakistan’s influence on the correlation was calculated.

**The theoretical framework of the study:**

The study was based on the theoretical framework:

*Figure 1*

Theoretical frame work of the study



**More specifically, the study provides answers to the following questions:**

- What financial resources from the manufacturing sectors of Pakistan are working?
- What is the performance of the corporate sectors of Pakistan?
- Pakistan’s manufacturing sector performance has an effect on the financial resources?

**Results:**

Table 1 below market capitalization of internal resources, reallocation of commercial financing, venture capital, and by the public financing with low counts mean that got the most points.

**Table 1**

**One-Sample Statistics for Financial Resources**

Factors	df	Mean	SD	t-value	Performance
Capital markets	35	4.373	0.982	35.462*	18%
Reallocation of internal resources	35	3.981	0.921	29.865*	16%
Commercial financing	35	3.564	0.814	31.435*	12%

Venture capital	35	3.426	0.936	33.212*	11%
Public financing	35	3.163	0.862	20.125*	5%

\*p<0.05

Correlation analysis as indicated in the following Table 2 Capital market funding and performance of manufacturing industries that have a high affinity between the points. Internal reallocation of resources is found very close to the capital market integration.

Table 2

Correlations of Financial Resources with Company Resources

Financial resources	Correlations				
	Commercial financing	Public financing	Reallocation of internal resources	Venture capital	Performance
Capital markets	.634**	.437**	.772**	.498**	.832**
Commercial financing		.653**	.532**	.571**	.687**
Public financing			.492**	.641**	.498**
Reallocation of internal resources				.584**	.801**
Venture capital					.582**

\*\*Correlation is significant at the 0.01 level (2-tailed).

### Discussion and Analysis:

The main purpose of the research in Pakistan manufacturing concerns was to explore the use of financial resources. For this purpose, study, three basic questions followed the first research projects.

- What financial resources from the manufacturing sectors of Pakistan are working?

Research results in the Capital Markets ( 4.373 ) quest ; internal resources ( 3.981 ) , is used by manufacturing it going to be commercial loans ( 3.564 ) , it is , because of the priority concern , venture capital ( 3.426 ) , redistribution of public financing ( 3163 ) . There was the question of the second research study.

- What is the Pakistan of the corporate sector performance?

The results of the study , discovered the capital market (18% ) , re- allocation of 16% of internal resources in their priorities in terms of , commercial finance (12% ) , venture capital (11 % ) , public financing (5 % ) it is in relation to the percentage of the profits of the manufacturing problems performance.

- What Pakistan's manufacturing sector performance has an effect on the financial resources?

Correlation analysis there is internal reallocation of resources as indicated in Table 2. Manufacturing industries to capital markets funding and a high correlation between performances (.832) with the capital market very close correlation (.801) points out that there is. Public funding (.498) with the

company's performance is found to be the lowest correlation. In this way the research objectives of the study provided the answer.

### **Conclusion and Directions for Future Research:**

The study of manufacturing concerns in Pakistan in order of preference capital markets, commercial financing, venture capital, internal resources and reallocation of economic resources that rely on cruises. The study relied on capital markets and reallocation of resources to improve manufacturing concerns over dependence on commercial financing and venture capital compared with those that are performing concluded. The study relied on the capital markets and internal reallocation of resources as best Pakistani manufacturing concerns over dependence on commercial financing and venture capital compared with those that are performing concluded. The main reason for this phenomenon other resources of those funds raised through the capital market operations associated with the degree of risk seem to be lower. Likewise, the reallocation of internal resources of the corporate sector in manufacturing material may not be cost nothing more than the opportunity cost. Pakistan concerns the study recommended a low-cost manufacturing but the potential risks that could impose higher degree than with other resources as a source of long -term and low-risk through the capital markets to fund their projects more in order to strengthen their efforts. Moreover the research should be done on qualitative basis with interviews and focus groups, sample size should be enhanced. Future research should also be conducted in other sectors like food, energy, chemical and cement rather than textile sector.

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