

RELATIONSHIPS BETWEEN WORKING CAPITAL POLICIES AND FIRM PERFORMANCE INDICATORS WITH FINANCIAL CRISIS EFFECT: EVIDENCE FROM THE FRAGILE FIVE COUNTRIES

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Abstract

This study is based on the non-finance related companies within the Fragile Five countries (Turkey, Brazil, South Africa, India and Indonesia) during the period of 2004-2013. The factors affecting firm performance were assessed along with working capital variables for these countries. Two working capital policies ratios: Current assets/total assets and short term debts/total assets ratio were used as proxies. ROA, ROE and Tobin Q ratios were used as firm performance variables. The control variables included in the model were the firm size, growth and financial leverage ratios. Also, the effects of financial crises were analyzed by treating pre- and post-2008 crisis periods separately. Panel data analysis techniques are used to identify the relationships between these variables.

Keywords: Manufacturing Companies, Working Capital Policies, Firm Performance, the Fragile Five countries, Panel Data Analysis.