

Impact of capital structure on the financial health of the manufacturing companies in Pakistan

Abstract

Aims: The main aim of this research is to identify the impact of capital structure on the financial health of the manufacturing companies in Pakistan.

Methodology: The researcher aimed at evaluating the effect of the company's capital structure on the firm's performance. The researcher will also determine a number of variables for this purpose. The researcher took analysed a sample of 50 companies and the data was collected for the most recent 5 years of the financial statements which was from 2016 to 2020. In respect to analysis of the dataset, it is conducted mainly through the software E-views where wide range of statistical techniques are applied for revealing the findings.

Findings: The results of the findings have indicated that and it was found that most of the companies in the manufacturing sector of Pakistan have a negative impact of capital structure on the profitability. In other words, the capital structure and profitability of the company had an inverse relationship.

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