CORPORATE GOVERNANCE AS A PREDICTOR OF LIQUIDITY MANAGEMENT

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Abstract

This paper is based on a novel theoretical model derived by the researchers to explain the patterns of corporate governance, firms’ financial policies and liquidity position. A deductive approach has been adopted to reconcile and examine the model. The study has concluded that corporate governance is a significant variable in determining the liquidity position of firms. In this way, corporate governance becomes a crucial determinant of the liquidity management. This study also indicates that capital structure and the patterns of ownership play important roles in the determination of corporate governance of an institution. This is a value addition study in the existing literature in a sense that corporate governance is an exogenous as well as an endogenous variable in the model. The issue of liquidity crisis in the form of circularity debt, exist in the Energy sector of Pakistan, must be readdressed with the view point of corporate governance rather than from the aspect of financial management.

Keywords: Corporate Governance, Liquidity Management, Circular Debt, Ownership Concentration

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