

Influence of Financial Leverage on Financial Distress among Listed Firms at the Nairobi Securities Exchange, Kenya

¹Wesa Washipobe Esau, ²Dr. Otinga Nangabo Hesbon

MBA (Finance) Finalist Student, Department of Economics, finance and Accounting, Jomo Kenyatta University of Agriculture and Technology

Lecturer, School of Business and Economics, Moi University

Corresponding Author Email: dwesaesau@gmail.com

Abstract: Financial distress is detrimental to big organizations and the small organizations alike. It leads to bankruptcy of firms which systematically affects both macro and micro economic fortunes of a country's economy. Since independence, Kenya has witnessed numerous cases of financial distress among listed firms as evidenced by some firms undertaking financial restructuring and reorganization while others being placed under receivership and subsequently delisted. Firms listed at the NSE should ensure they meet certain minimum operating criteria so as to guarantee investors confidence but despite all these regulations in place it's disturbing that these firms struggle to operate. This situation does not only lead to loss of investor's wealth but also erodes confidence in the capital market. This study aimed at establishing the influence of financial leverage on financial distress in the context of listed firms where despite there being strict compliance and regulation rules and the reporting frameworks in place firms still struggled to operate and were faced with financial distress challenges. The specific objective of the study was to show the influence of financial leverage on financial distress of listed firms at the NSE. A descriptive survey design was adopted and the target population for the study was 65 listed firms and a census was conducted for all the listed firms. Document analysis sheet was used to collect secondary data. Data was analysed using SPSS and multiple regression showed Financial leverage ($\beta=5.002$, p-value=.031) significantly influence financial distress of listed firms at the NSE. The study concluded that financial leverage has a significant influence on financial distress and thus firms should strive to adopt moderate thresholds that will ensure payment of obligations while also ensuring maximum returns on investment. The study recommends that firms should strive to maintain an optimal debt level that will lower the cost of borrowing such that the earnings generated by debt financing are not exhausted by fixed charge payments such as interest. The regulatory authority should continuously play their vigilance roles so as to ensure investors wealth is safeguarded so as to enhance confidence in the capital markets authority.

Keywords: Failure, Financial Distress, Financial Leverage.

I. INTRODUCTION

Financial distress refers to events before and including bankruptcy, such as violation of loan contracts, constant losses or failure to honour of an organizations commitment to stakeholders (Ray, 2011). Financial distress can be indicated in a case where organizations operating cash flows are not sufficient to satisfy current obligations necessitating it to take corrective action such as restructuring, mergers, renegotiating for new loan agreements, issuing additional capital or an acquisition (Steven, Jayaraman, Shankar & Ally, 2011). The coming into existence of a firm is assumed to mark the start of an infinite lifetime of the entity where it will operate into the foreseeable future without the need of suspending its operations or closure of business, however in the course of operation some firms face financial difficulties that can eventually cast doubt on its ability to operate if no mitigation mechanisms are put in place (Schmidt, 2010). Normally, a

firm in financial distress is faced with two possible problems, either a cash shortage on the assets side of the statement of financial position or an overdue obligation or debt overhang in liabilities. During times of financial distress a firm's performance and profitability usually deteriorates because it cannot sustain continuous sales which implies it has to undertake cost reduction strategies that may not yield the required outcome (Tan, 2012). This situation if left unchecked for a long time can lead to bankruptcy and forced liquidation of the business entity whose consequences impact negatively on the stakeholders (Hu, 2011).

Financial distress is seen as an intermediate state between solvency and insolvency. A firm is distressed when it misses interest payments or violates debt covenants. A firm that has heavily borrowed to finance its operations has a high degree of becoming insolvent (Sharma, 2014). According to Khalid (2012) leverage is the proportion of current and long term liabilities to total equity. Firms that have a low level of leverage tend to do better than those firms with a higher amount of leverage (Tan, 2012).

The Nairobi Securities Exchange is currently operating with 65 listed firms. Firms listed in NSE are expected to be financially stable in order to build investors' confidence and contribute to economic growth. Companies listed at the NSE are no exception to financial distress and bankruptcy (Mohamed, 2012). Currently, many firms have been delisted due to financial distress problem with others being placed under receivership in Kenya including commercial firms, banks, manufacturing concerns among others due to financial distress and bankruptcy (Kipruto, 2013).

1.1 Objectives

1. To establish the influence of financial leverage on financial distress of listed firms at the Nairobi Securities Exchange, Kenya.

1.2 Hypotheses

H₀₁: Financial leverage has no significant effect on financial distress of firms listed at the NSE.

2. LITERATURE REVIEW

Leverage is the increased use of fixed return capital to finance firm's operations, whereas leverage ratios are measures of the relative contribution of stockholders and creditors. In general the higher the firms leverage, the lower the firm's ability to cover its debt services and this will lead to financial distress (Lee *et al.*, 2010). Therefore, to improve on leverage a firm should manage its debt service charge by maintaining higher levels because it improves a firm's leverage and hence reducing the probability of financial distress (Tefamariam, 2014).

According to Khalid (2012), leverage is the proportion of current and long term liabilities to total equity. Financial distress is seen as an intermediate state between solvency and insolvency. A firm is distressed when it misses interest payments or violates debt covenants. A firm that has heavily borrowed to finance its operations has a high degree of becoming insolvent (Sharma, 2014). Firms that have a low level of leverage tend to do better than those firms with a higher amount of leverage (Tan, 2012). Malik (2013) studied financial difficulties experienced by firms listed on the Karachi exchange and found out that leverage positively affects financial distress and he suggested that the use of a high level of leverage contributes to bankruptcy.

Amoa-Gyarteng (2014) argues that highly leveraged firms may face bankruptcy if they are unable to meet repayment schedules, though it may also increase shareholder Return on Investments. Damouri *et al.* (2013) states that leverage ratios contribute in measuring the risk of using equity costs. Financial leverage affects profit after tax or earnings per share. The combined effect of two leverages can be quite significant for the earnings available to ordinary shareholders (Pandey, 2010). Pratheepkanth (2011) assessed the effect of leverage on financial distress among listed srilankan firms on the Colombo securities exchange over a period of five years ranging 2005-2009. Leverage was measured by debt ratio while distress was measured by profitability ratios. The study examined that there was a negative but weak relationship between leverage and financial distress. The research result was in agreement with that by Perinpanathan (2014) whose study of John Keells Holdings plc. (Sri Lanka's largest listed firm) during the seven year period 2006-2012 concluded that debt financing had a negative but insignificant impact on the firms profitability as represented by EBIT to Total assets ratio.

Gupta and Sharma (2014) conducted a study on the effect of financial leverage on financial distress of firms listed in the Indian National Stocks Exchange over a 5 year period (2006 – 2010) using the market and book value of debt and equity as proxies of leverage, while financial distress was measured by ROA. He found out that financial distress was negatively

correlated with debt financing but positively related with equity capital. The interpretation of the result was that highly geared companies showed declining financial distress while firms with high levels of equity were more financially sound. However, the findings were in disagreement with that of Shehla Akhtar, Manan and Saida (2012) whose similar study on firms in the energy and fuel sectors listed in Karachi Stocks Exchange, Pakistan showed that there was a positive relationship between financial leverage and financial performance, corporate growth and firm size.

Mwangi (2014) studied the relationship between financial leverage and profitability of non-financial firms quoted at the NSE over the period 2006 – 2012. Leverage was measured by current assets to total assets ratio and total debt to total capital ratio while profitability was examined through ROA and ROE. The findings of the study were that there is a negative relationship between the study variables meaning that increased debt use reduced the firm's profitability as measured by ROA and ROE. This finding is in agreement with those by Zeitun and Tian (2014) and Maina and Ishmail (2014) who showed a negative and significant relationship between debt and profitability among the Jordanian and Kenyan listed firms.

These findings are however in contrast to Hoque, Hossain, and Hossain (2014) who conducted a study of 20 manufacturing firms listed in Dhaka Stocks Exchange over a period 2008-2012. The study whose primary aim was to determine the effect of capital structure on firm value adopted the sum of debt and equity values as the proxy for the firm value. Therefore, the effects of leverage cannot be ignored when assessing the likelihood of financial distress (Ong'era, 2017). Financial leverage affects profit after tax or earnings per share. The combined effect of two leverages can be quite significant for the earnings available to ordinary shareholders (Pandey, 2010).

Khaliq *et al.* (2014) study on Identifying Financial Distress Firms: A Case Study of Malaysia's Government Linked Companies (GLC) employed quantitative research design to study financial distress over a period of five years 2008-2012 used leverage and liquidity to proxy financial distress and found out that they had a positive relationship with financial distress. This study therefore supported the increased use of leverage to finance a firm's activities.

Cheluget (2014) in his study observed that leverage is a good predictor of financial distress in insurance companies in Kenya. He observed that debt service charge increment improves a firm's leverage and hence financial distress probability would be minimal.

3. RESEARCH METHODOLOGY

3.1 Research Design

A research design is the structure, or the blueprint of research that guides the process of research from the formulation of the research questions and hypotheses to reporting the research findings (Wanjiru, 2015). A research design refers to the process that the investigator follows from the inception to completion of the study (Cooper & Schindler, 2011; Kothari, 2011). If the design adheres to the research objective, it ensures that the client's needs are served.

The study adopted descriptive survey research design which assumes several world views (Creswell, 2006). Sekaran and Bougie (2011) argue that descriptive survey design helps one to understand the characteristics of a group in a given situation and assists in systematic thinking about aspects of a given situation. Descriptive survey research design is concerned with characteristics of individuals and whole sample. It provides information useful to solutions of problems. It may be in qualitative or quantitative form of expression which are factual and supply practical information (John & Kahn, 2007). Descriptive survey research design employs applications of scientific method which critically analyse and examine the source materials, interpreting data, arrive at generalization and prediction (Neeru, 2012). According to Zikmund, Babin, Carr and Griffin (2010) descriptive survey research describes characteristics of objects, people, groups, organizations or environments. Kothari (2004) on the other hand note that it's the arrangement of conditions for collection and analysis of data with the aim of combining relevance to research purpose.

3.2 Target Population

Population is the complete set of cases or group members (Saunders, Lewis & Thorn hill, 2012). Population is the entire group of individuals, events or objects having common characteristics that conform to a given specification (Mugenda & Mugenda, 2003). Target population is defined as the population to which a researcher generalizes the result of a study. Mugenda (2008) describes target populations as the total population which the researcher specifies in his or her proposal. The target population of the study comprised the companies listed at the NSE as at December 2016. In total, there were 65 firms listed at the NSE (NSE, 2017) and participated in the study.

3.3 Research Instruments

Data collection is a means by which information is obtained from selected subjects (Creswell, 2003). This study employed secondary. Document analysis was used as a secondary data collection tool. Secondary data was obtained from NSE publications and published financial statements of firms over a 5-year period, 2012 to 2016 where financial statements were utilized, ratios computed and used during analysis. Document analysis is a systematic procedure for reviewing or evaluating documents both printed and electronic material. Document analysis requires that data be examined and interpreted in order to elicit meaning, gain understanding and develop empirical knowledge (Corbin & Strauss, 2008).

3.4 Data Collection Procedure

Data collection is the means by which information is obtained from the selected subjects of an investigation (Creswell, 2013). According to Kothari (2011) when deciding on data collection procedure, one needs to safeguard against bias and unreliability of the procedure used. Secondary data was collected through a data survey sheet from publications and published financial statements of listed firms at the NSE for the period 201 to 2016.

3.5 Data Presentation and Analysis

Data analysis is the process of gathering, modelling and transforming data with the goal of highlighting useful information, suggesting conclusions and supporting decision making (Neumann, 2000). It is a systematic process of transcribing, collating, editing, coding and reporting the data in a manner that makes it sensible and accessible to the reader and researcher for the purposes of interpretation and discussion (Jwan & Ong'ondo, 2011). The researcher perused completed document analysis recording sheets. Data analysis involved both descriptive and inferential statistics where model specification estimation and rationale of variables was done. Secondary data was tested for normality and transformed into natural logarithm before regression undertaken.

Quantitative data collected was analyzed by the use of descriptive statistics using Statistical Package for Social Sciences and presented through frequencies, percentages, means and standard deviations. The information was displayed by use of tables. This was done by computing percentages of variations in response as well as describing and interpreting the data in line with the study objectives and assumptions through use of SPSS. Inferential statistics involved Pearson correlation while multiple regression was used to test the relationship between independent and dependent variables.

In this study the following baseline model was used:

$$Y_{it} = \beta_0 + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + e$$

Where:

Y is the dependent variable (Financial distress),

β_0 is the regression constant,

$\beta_1, \beta_2, \beta_3$ and β_4 are the coefficients of independent variables

X_{1it} is liquidity,

X_{2it} is financial leverage,

X_{3it} is capital structure

X_{4it} is asset structure.

e is error term

4. RESULTS AND DISCUSSION

4.1 Descriptive Statistics

Table 4.1: Descriptive Statistics

Variables	N	Min	Max	Mean	Std. Dev.	Skewness	Kurtosis
Financial leverage	63	-.0915	1.0550	.56838	.28503	-.360	-.864
Financial Distress	63	.4924	19.4860	11.5390	5.8669	-.377	-1.258

From Table 4.1 Debt ratio was obtained by taking total debt divided by total assets and it was used to measure financial leverage. Financial leverage had a mean of .568387 and standard deviation of .28503. This implies that firms listed in the NSE have less debt in comparison to total asset and they are unlikely to fall in financial distress. However, the findings revealed that one of the firms had maximum financial leverage of 1.0550 implying it is likely for suffer from financial distress. The minimum financial leverage was -0.0915 while it was negatively skewed implying the financial leverage was skewed towards left.

4.2 Multi-Collinearity

Table 4.2: Multi-Collinearity

Variable	Tolerance	VIF
Financial Leverage	.776	1.289

From Table 4.2, Multi-Collinearity was tested using variance inflation factors (VIF) or tolerance values. If VIF values are below 10 then the rule of the thumb is there is no multi-Collinearity problem or when the tolerance values have a value of one or less hence no multi-Collinearity.

4.3 Financial leverage and financial distress

The objective of the study was to establish the effect of financial leverage on financial distress among listed firms at the NSE. This objective sought to test second null hypothesis which posits H_{01} : financial leverage has no significant effect on financial distress among listed firms at the NSE. This was achieved through linear regression analysis. The results are as follows.

Table 4.3: Correlation for financial leverage

		financial leverage	Financial Distress
financial leverage	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	63	
Financial Distress	Pearson Correlation	.291*	1
	Sig. (2-tailed)	.021	
	N	63	127

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

From Table 4.3, financial leverage is significantly positively correlated to financial distress ($R=.291$, $p < 0.05$) and it is significant at 95% confidence level. Therefore, an increase in debt ratio makes financial distress to increase and a decrease in debt ratio results to decrease in financial distress. This is in agreement with Lee *et al.*, (2010) who noted that the higher the firms leverage, the lower the firm's ability to cover its debt services and this will lead to financial distress.

Table 4.4: Regression for financial leverage and Financial distress Results

Model Summary ^b						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
1	.291 ^a	.085	.070	5.5435727	1.277	
a. Predictors: (Constant), financial leverage						
b. Dependent Variable: Financial Distress						
ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	173.634	1	173.634	5.650	.021 ^b
	Residual	1874.603	61	30.731		
	Total	2048.237	62			
a. Dependent Variable: Financial Distress						
b. Predictors: (Constant), financial leverage						

Model	Coefficients ^a			t	Sig.
	Unstandardized Coefficients	Std. Error	Standardized Coefficients		
	B		Beta		
1	(Constant)	15.149	1.641	9.230	.000
	financial leverage	6.126	2.577	.291	.021

a. Dependent Variable: Financial Distress

From the Table 4.4, the coefficient of determination is 0.085 ($R^2=0.085$) this shows that financial leverage accounts up to 8.5% of variance in financial distress among listed firms at the NSE. From the ANOVA table significance of the model has a value $F(1, 62) = 5.650$, $p < 0.05$ this shows that it's significant at 95% confidence level hence the model is significant predictor of financial distress. The regression equation for financial leverage becomes

$$Y_{\text{distress}} = 15.149 + 6.126 \text{ financial leverage}$$

From the regression equation, a unit increase in financial leverage will lead to an increase in financial distress by 6.126 thus the effect is positive and significant. Damouri *et al.* (2013) states that leverage ratios contribute in measuring the risk of using equity costs. The above result concurs with the one on correlation above as financial leverage has a significant positive relationship with financial distress. This was in agreement with the findings of Malik (2013) who asserted that leverage positively affects financial distress and he suggested that the use.

4.5 Influence of financial leverage on financial distress among listed firms in Kenya

4.5.1 Overall Pearson Correlation Results

The correlation coefficient (r) results are presented as shown in Table 4.14 using Pearson correlation analysis, which computes the direction (Negative/negative) and the strength (Ranges from -1 to +1) of the relationship between two continues or ratio/scale variables.

Table 4.5: Multiple Correlation Matrix

		Financial Leverage
Financial Leverage	Pearson Correlation	1
	Sig. (2-tailed)	
	N	63
Financial Distress	Pearson Correlation	.291*
	Sig. (2-tailed)	.021
	N	63

*. Correlation is significant at the 0.05 level (2-tailed).

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

Table 4.14 presents the findings of Pearson correlation between financial leverage and financial distress. The correlation coefficient for financial leverage and financial distress was 0.291, $P=0.021$, suggesting that there is significant positive relationship between financial leverage and financial distress among listed firms in Kenya. Increase in financial leverage would result to increase in financial distress.

4.5.2 Multiple Regression Analysis

Multiple linear regressions was conducted so as to find out the effect of financial leverage on financial distress. The results of multiple linear regression analysis were presented in Table 4.15 which contained ANOVA (goodness of fit; F Ratio, Sig Value) and model summary (R , R^2 , Adj R^2) results and lastly regression coefficient (Unstandardized & standardized), t-value and Sig. value results.

Table 4.2: Multiple Linear Regression Results

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	14.469	2.297		6.299	.000
Financial leverage	5.002	2.683	.238	1.865	.031

a. Dependent Variable: Financial Distress

The study used unstandardized coefficient column because we want to compare determinants effect across different measures. Therefore, unstandardized coefficients which are based on standard deviation were appropriate. If determinants are held at zero or it is absent, financial distress among listed firms in Kenya would be significant at 14.469, $p=0.000$. Financial leverage had a significant unique contribution to the model ($\beta=5.002$, $p=.031$). This implies that a unit increase in financial leverage will lead to an increase in financial distress by 5.002.

$$Y = -14.4690 + 5.002X_2$$

5. CONCLUSION

The study concluded that financial leverage has significant positive effect on financial distress. Using debt to total asset ratio, it was established that increase in debt relative to total asset would result to financial distress and therefore, firms should seek to lower this ratio. Therefore, the null hypothesis was rejected as financial leverage has significant relationship with financial distress. Most of the firms were found to use debts to finance their operations. This does not imply that firms are unable to meet their obligation but it can be used to indicate the confidence credit institutions have on the firms listed at the NSE. However, some firms had low debt ratio as indicated by minimum ratio indicating they are unlikely to suffer from financial distress.

6. RECOMMENDATION

As leverage is a significant predictor of financial distress the study recommends that firms should strive to maintain an optimal debt level that will lower the cost of borrowing such that the earnings generated by debt financing are not exhausted by fixed charge payments such as interest. Firms should match their debt covenants with assets pledged as a security to ensure these assets are productive enough to generate sufficient returns that can cover up the fixed financial charges.

7. AREAS FOR FURTHER RESEARCH

This study was conducted on listed firms at the securities exchange which are highly regulated by the capital markets authority. Further research should be conducted on privately owned firms which have no mandatory reporting requirements to its shareholders.

This study only focused on financial leverage as the main determinant of financial distress. Therefore, more research needs to be done on the other factors such as board composition and management, internal control systems and corporate governance framework to determine which other factors significantly affect financial distress among listed firms at the NSE.

REFERENCES

- [1] Amoa-Gyarteng, K. (2014). Analyzing a Listed Firm in Ghana for Early Warning Signs of Bankruptcy and Financial Statement Fraud: An Empirical Investigation of AngloGold Ashanti. *European Journal of Business and Management* 6(5), 10–17.
- [2] Cheluiiget, J.K. (2014), Determinants of Financial Distress in Insurance Companies in Kenya. *Prime Journal of Business Administration and Management (BAM)* 4(1), 1319-1328.
- [3] Cooper, D. R., & Schindler, P.S. (2011). *Business research methods*. New York. McGraw Hill.
- [4] Cooper, J. & Schindler, P. (2011). An Attempt to Study Intellectual deterioration by Premorbid and Psychotic testing, *Journal of Consulting Psychology*, 14(95-98).

- [5] Creswell, J. (2003). *Research Design: Qualitative, Quantitative and Mixed Method Analysis*. SAGE Publications (4ed).
- [6] Damouri, D; Khanagha, J.B and Kaffash, M (2013). The relationship between changes in the financial leverage and the values of the Tehran listed firms.
- [7] Gupta, P., Srivastava, A., & Sharma, D. (2014). Capital structure and financial performance: Evidence from India. *International Research Journal*, 2(6), 112-126.
- [8] Hoque, J., Hossain, A., & Hossain, K. (2014). Impact of capital structure policy on value of the firm: A study on some selected corporate manufacturing firms under Dhaka Stock Exchange. *Ecoforum Journal*, 3(2), 9.
- [9] Hu, H. (2011). Predicting Financial Distress in the Hong Kong Growth Enterprises: Market from the Perspective of Financial Sustainability. *Journal of Sustainability*, 7(2), 1186-1200.
- [10] John W. and Kahn, J. (2007) *Research in Education*, New Delhi, Prentice Hall of India Private.
- [11] Khalid, F. (2016). Prediction of Financial Distress in Manufacturing Industry of
- [12] Pakistan Journal of Global Business and Social Entrepreneurship (GBSE) Vol. 2: no.5 (2016) page 102–12 | gbse.com.my | eISSN 24621714
- [13] Khaliq, A ., Basheer. M., Mohd, T., Thaker, M., & Nurun,. N (2014) Identifying Financial Distress Firms: A Case Study of Malaysia's Government Linked Companies (GLC). *International journal of finance and management* 3(3) 2307-2466.
- [14] Lee, S., Koh, Y., Huh, C. (2010). 'Financial Distress for U.S. Lodging Industry.' *Effects of Leverage, Capital Intensity, and Corporateization*, University of Massachusetts – Amherst.
- [15] Maina, A.M. (2011). The relationship between working capital management and Financial performance of manufacturing firms listed at the Nairobi Securities Exchange.
- [16] Malik, R. K. (2013). Determinants of Financial Distress Evidence from KSE 100 Index. *Business Review-* Volume 8 Number 1 , 7-19 .
- [17] Mohammed, A. A., & Kim-Soon, N. (2012). Using Altman's Model and Current Ratio to Assess the Financial Status of Companies Quoted In the Malaysian Stock Exchange. *International Journal of Scientific and Research Publications*, 2.
- [18] Mwangi, Muathe, S., & Kosimbei, G. (2014). Relationship between capital structure and performance of non financial companies listed in the Nairobi Securities Exchange, Kenya. *Global Journal of Contemporary Research in Accounting, Auditing and Business Ethics*, 1(2), 72-90.
- [19] Neeru S., (2012) Meaning of the term- descriptive survey research method. *International Journal Transformations in Business Management*, 1 (6), 1-7
- [20] Ong'era, J.B., Muturi, W., Oluoch ,O.,& Karanja, J.N. (2017). Liquidity as a Financial Antecedent to Financial Distress in Listed Companies at Nairobi Securities Exchange. *Journal of Emerging Issues in Economics, Finance and Banking. An Online International Research Journal*, 6(1), 306-367.
- [21] Pandey, I. M. (2009). *Essentials of Financial Management* (1st Edition). New Delhi: DN, Vikas Publishing House Ltd.
- [22] Perinpanathan, R. (2014). Impact of financial leverage on financial performance: Special reference to John Keels Holdings Plc, Sri Lanka. *Scientific Research Journal*, 2(2), 15-20.
- [23] Ray, S. (2011). Assessing Corporate Financial Distress in Automobile Industry of India: An Application of Altman's Model. *Research Journal of Finance and Accounting*, 2(3), 155–169.
- [24] Schmidt M. (2014). *Business Case Essentials*. 4th Edition: *Solution Matrix Limited.Ebook*.
- [25] Sekaran, U., & Bougie, R. (2011). *Research Methods for Business: A Skill Building Approach*. (5thed.). Aggarwal printing press, Delhi

- [26] Steven, L. Jayaraman, M. Shankar, C. and Ally, M. (2011) Effects of Financial Distress Condition on the Company Performance: A Malaysian Perspective. *Review of Economics & Finance*.
- [27] Tan, T. K. (2012). Financial distress and firm Performance: Evidence from the Asian Financial Crisis. *Journal of Accountancy and Finance*, 11, 5-6. Retrieved from <http://www.aabri.com/manuscripts/121199.pdf>
- [28] Tesfamariam, (2014), Determinants of Financial Distress in the Case of Manufacturing Share Companies in Addis Ababa, Ethiopia.
- [29] Zeitun, R., & Tian, G. G. (2014). Capital structure and corporate performance: evidence from Jordan. *Australasian Accounting Business & Finance Journal*, 7(3), 287301.