

ADFJ ISSN 2522 - 3186.

African Development Finance Journal

VOLUME 8 (IX)

*Financial Distress, Fiscal Policies, Liquidity and Firm
Performance: A Critical Review of Literature*

George M. Njue

Dr. Kennedy Odhiambo Okiro

Date Received: September 18, 2025

Date Published: November 20, 2025

Financial Distress, Fiscal Policies, Liquidity and Firm Performance: A Critical Review of Literature

By: George, M. Njue ¹and Kennedy Odhiambo Okiro (PhD) ²

Abstract

Financial distress remains a critical challenge for businesses, often impairing their ability to meet financial obligations and determining whether they recover or collapse. Recent corporate failures have heightened stakeholder interest in understanding the dynamics of financial distress and their implications for organizational sustainability. This study undertakes a critical review of theoretical and empirical literature to examine the relationship between financial distress and firm performance. Specifically, it investigates the mediating role of fiscal policies, the moderating influence of liquidity, and the comparative impact of these factors on firm outcomes. Grounded in financial distress theory and supported by Keynesian, cash flow, and liquidity preference perspectives, the review reveals a consistent inverse relationship between financial distress and firm performance, despite some studies suggesting a positive association. Such contradictions are attributed to differences in constructs, methodologies, and contextual settings. The findings provide actionable insights for managers and executives seeking to anticipate risks and design effective strategies to mitigate financial distress. Additionally, the study contributes to academic discourse by identifying gaps in the literature and offering directions for future research, thereby enriching understanding of corporate finance and organizational performance.

Keywords: *Corporate Finance, Financial Distress, Financial Performance, Liquidity and Fiscal Policies.*

1. Introduction

In today's rapidly evolving and highly competitive business environment, firms frequently encounter financial challenges that threaten their ability to meet obligations and sustain operations (Freitas et al., 2019). Financial distress has therefore emerged as a critical concern, often determining whether a company achieves recovery or faces collapse. Recent high-profile corporate failures have renewed scholarly and practical interest in understanding financial distress, drawing attention from researchers, practitioners, policymakers, and academics alike (Isayas, 2021). Effective management of financial challenges is essential for organizational sustainability, yet the literature highlights that fiscal policies and liquidity play pivotal roles in shaping firm performance during periods of distress (Keasey & Watson, 2019).

¹PhD Student, Department of Finance and Accounting, University of Nairobi, Kenya

²Senior Lecturer, Department of Finance and Accounting, University of Nairobi, Kenya

Theoretical perspectives reinforce this connection. Financial distress theory suggests that firms experiencing cash flow problems are more likely to suffer reduced profitability, higher operating costs, and diminished investment opportunities (Purnanandam, 2008; Ward & Foster, 1997; Azizah & Lismawati, 2024). Complementing this, cash flow theory emphasizes that inadequate cash generation can trigger liquidity crises, further undermining firm stability (Islam, Ghosh & Khatun, 2021). Keynesian theory extends the discussion by positing that fiscal policies—through mechanisms such as subsidies, tax incentives, and loan guarantees—can reshape the economic environment in which firms operate, thereby influencing their resilience.

Empirical evidence underscores that financial distress often leads to declining investment, reduced profitability, and escalating debt costs, which in turn erode productivity, innovation, and market share (Li et al., 2021). Conversely, well-designed fiscal interventions can provide firms with access to capital, stimulate demand, and support recovery, ultimately restoring competitiveness and contributing to broader economic stability (Chugunov, 2021). Against this backdrop, examining the interplay between financial distress, fiscal policies, and liquidity is vital for advancing both theoretical understanding and practical strategies to safeguard firm performance.

1.2 Research Problem

Financial distress poses a significant threat to firm performance, often triggering a cascade of negative outcomes such as delayed debt repayments, reduced cash flow, and heightened default risk (Quoc et al., 2024). These challenges can erode operational efficiency, demotivate employees, and diminish productivity, while simultaneously undermining investor confidence, lowering market valuation, and restricting access to capital markets (Quoc et al., 2024). Moreover, firms in distress frequently incur higher costs related to debt refinancing and restructuring, further weakening their competitive position. Ultimately, financial distress compromises a firm's ability to invest in growth opportunities, adapt to market changes, and respond effectively to competitive pressures (Ali et al., 2022).

Although prior studies have examined the link between financial distress and firm performance, findings remain mixed and inconclusive. Some evidence suggests that distressed firms are more sensitive to fiscal policy interventions (Njuku, 2022; Amendola, 2023), while others highlight the

role of liquidity in enabling firms to withstand financial shocks (Yameen et al., 2019; Yazdanfar & Ohman, 2020). However, existing research lacks a comprehensive framework that integrates financial distress, fiscal policies, and liquidity to explain firm performance outcomes. Local studies further illustrate these inconsistencies: Kangogo (2021) reported a favorable but statistically insignificant effect of financial difficulties on performance, Orodi (2022) found fiscal policies positively influenced bank performance, Kariuki et al. (2021) emphasized liquidity's notable impact, and Koske et al. (2019) demonstrated that stock market liquidity reduces the likelihood of distress.

This study seeks to address these contextual, conceptual, and methodological gaps by conducting an empirical literature review on the interplay between financial distress, fiscal policies, liquidity, and firm performance. Specifically, it examines how fiscal policies shape firm performance under distress and whether liquidity moderates this relationship. By doing so, the study aims to advance a more holistic understanding of these dynamics and provide evidence-based insights to guide policymakers in designing interventions that strengthen firm resilience during periods of economic uncertainty.

Research Objectives

The primary aim of this research was to examine the influence of financial distress, fiscal policies, liquidity and firm performance: a critical literature review.

Specifically, the study sought to:

- a) Examine the relationship between financial distress and firm performance
- b) Establish the effects of fiscal policies on the relationship between financial distress and firm performance
- c) Determine the effects of liquidity on the relationship between financial distress and firm performance
- d) Investigate the relationship between financial distress, fiscal policies liquidity and firm performance.

Theoretical Framework

This study is anchored in four major theoretical perspectives—financial distress theory, Keynesian theory, cash flow theory, and liquidity preference theory. Together, these frameworks provide a comprehensive lens for examining the relationship between financial distress, fiscal policies, liquidity, and firm performance.

Financial Distress Theory

Financial distress theory, introduced by Baldwin and Scott (1983) and later refined by Mueller et al. (1986), explains the progression of firms through stages of decline—default, failure, insolvency, and deteriorating performance (Salloum & Azoury, 2012; Sami, 2014). Distress is marked by declining profitability, reduced investment opportunities, and liquidity challenges (Opler & Titman, 1994). The theory emphasizes the difficulty of timely identification of negative developments, highlighting the need for proactive strategies to mitigate distress. Within this study, financial distress theory clarifies the dependent variable—firm performance—by linking operational decline to economic challenges.

Keynesian Theory

Keynesian theory (Keynes, 1936) posits that aggregate demand, shaped by consumer spending, government expenditure, and investment, drives production and employment (Blinder, 2008; Galí, 2018). It advocates government intervention during downturns to stabilize output and employment. While critics argue that it oversimplifies economic dynamics and neglects supply-side drivers (Hazlitt, 1960; Hamouda, 2013), Keynesian principles remain relevant for firms in distress. By stimulating demand through investment in R&D, marketing, and partnerships, firms can enhance resilience. Government interventions such as subsidies, tax relief, and loan guarantee further support recovery (Greenwald & Stiglitz, 1993).

Cash Flow Theory

Cash flow theory, pioneered by Beaver (1966) and expanded by Taffler (1983), underscores the importance of generating sufficient operational cash inflows to sustain financial viability. Firms with inadequate cash relative to debt obligations face heightened risk of bankruptcy (Wruck, 1990). Positive cash flow strengthens creditworthiness and access to capital markets, reducing

default risk (Dogru & Sirakaya-Turk, 2018). Empirical studies confirm that profitability, leverage, and cash flow metrics predict susceptibility to distress (Maripuu & Mannasoo, 2014; Islam, Ghosh & Khatun, 2021). This theory highlights the centrality of liquidity management, debt structure, and operational efficiency in safeguarding firm stability.

Liquidity Preference Theory

Liquidity preference theory, advanced by Keynes (1936), explains the tendency of individuals and firms to hold liquid assets during periods of uncertainty, prioritizing safety over long-term returns. This preference raises borrowing costs and reduces investment, thereby dampening aggregate demand (Asensio, 2017; Lavoie & Reissl, 2019). While criticized for oversimplification and neglect of institutional factors (Modigliani, 1944; De Carvalho, 2015), the theory underscores the importance of maintaining liquidity buffers. For firms, adopting liquidity strategies—such as diversifying investments and strengthening supply chain resilience—can mitigate financial stress and sustain competitiveness.

Empirical review

Financial Distress and Firm Performance

Empirical evidence consistently highlights the adverse impact of financial distress on firm performance, though findings vary across contexts. Ahmad (2020), examining 161 non-financial firms listed on the Pakistan Stock Exchange between 2011–2016, employed Altman's Z-Score and Tobin's q to reveal a significant inverse relationship between financial distress and firm performance. The study further noted that high leverage negatively affected profitability, underscoring the risks of excessive debt. Similarly, Ali et al. (2022), analyzing 500 FTSE-listed firms in the United Kingdom through mixed methods, found that financial distress substantially reduced performance indicators such as ROA and ROE, with firm size, leverage, and profitability identified as key determinants.

Ademola et al. (2019), focusing on 200 Nigerian firms, corroborated these findings, reporting a strong negative correlation between distress and profitability. In contrast, Mulugeta et al. (2021), studying 100 firms on the Addis Ababa Stock Exchange, observed a positive association between financial distress and performance, particularly in earnings per share and dividend yield,

suggesting that distressed firms may temporarily enhance shareholder returns. Kangogo (2021), analyzing 13 firms listed on the Nairobi Securities Exchange, found liquidity to positively influence ROA and ROE, while leverage had a marginal yet favorable effect. However, inventory conversion periods exerted a significant negative impact, highlighting the importance of operational efficiency in mitigating distress.

Overall, while most studies confirm the detrimental effects of financial distress on firm performance, contextual differences—such as market structure, firm size, and sectoral dynamics—account for variations in outcomes.

Financial Distress, Fiscal Policies, and Firm Performance

Research also emphasizes the role of fiscal policies in shaping firm resilience during financial distress. Borio et al. (2023) reviewed the fiscal policy–financial stability nexus, stressing the need to integrate financial stability considerations into fiscal frameworks, particularly by limiting incentives that encourage private debt accumulation and managing sovereign debt risks. Setiawan et al. (2020), analyzing 200 firms on the Indonesia Stock Exchange, found that government expenditures and taxation positively influenced ROA and ROE, though financial distress remained negatively associated with performance.

In Ghana, Abban and Amoako (2022) reported a negative relationship between fiscal policies—specifically budget deficits and debt levels—and firm performance, particularly in profitability and liquidity. Conversely, Komba and Komba (2021), studying 50 firms listed on the Dar es Salaam Stock Exchange, identified a significant positive link between fiscal policies, government revenue, expenditure, and firm performance, measured by EPS and dividend yield. Orodí (2022), focusing on Kenyan commercial banks, highlighted government expenditure as a key fiscal tool positively affecting performance, though corruption was noted as a major impediment to effective fiscal management.

Collectively, these studies reveal that fiscal policies can either mitigate or exacerbate the effects of financial distress depending on institutional quality, governance, and the broader economic

environment. While supportive fiscal interventions often enhance firm performance, poor fiscal discipline and corruption undermine their effectiveness.

Financial Distress, Liquidity, and Firm Performance

Empirical studies reveal mixed evidence on the role of liquidity in shaping firm performance under financial distress. Quoc, Phan, and Hang (2024), analyzing Vietnamese firms from 2012–2021 using feasible generalized least squares (FGLS), found that liquidity exerted a negative impact on performance, particularly during the COVID-19 pandemic. Manufacturing firms with high liquidity struggled to convert reserves into growth opportunities, as funds were tied up in working capital, leading to diminished profitability.

In India, Yameen et al. (2019) examined 82 pharmaceutical firms (2008–2017) and reported a significant correlation between liquidity and performance, though leverage, firm size, and age negatively influenced profitability. Adeyemi and Fadahunsi (2019), studying 100 Nigerian firms, highlighted that effective working capital management strongly enhances profitability and liquidity, underscoring the importance of operational efficiency. Similarly, Baguma and Muhwezi (2020), analyzing 150 Ugandan firms, found that faster accounts payable turnover reduced financial distress, linking liquidity management to debt sustainability.

Kariuki et al. (2021), focusing on 53 Kenyan insurance firms, demonstrated that liquidity positively influenced ROA and ROE. The study emphasized the need for optimal liquidity to safeguard against catastrophic claims, advising firms to closely monitor liquidity risks. Collectively, these findings suggest that while liquidity can strengthen resilience, excessive reserves may generate opportunity costs, and poor liquidity management can exacerbate distress.

Financial Distress, Fiscal Policies, Liquidity, and Firm Performance

Studies integrating fiscal policies and liquidity provide further insights into firm performance under distress. Bucher and Hauser (2020), analyzing 500 German firms, found that corporate tax rates significantly influenced financial distress, with liquidity moderating the relationship between taxation and insolvency risk. Modise and Mokoena (2023), examining 200 South African firms, reported a positive correlation between financial distress and fiscal policies, but a negative

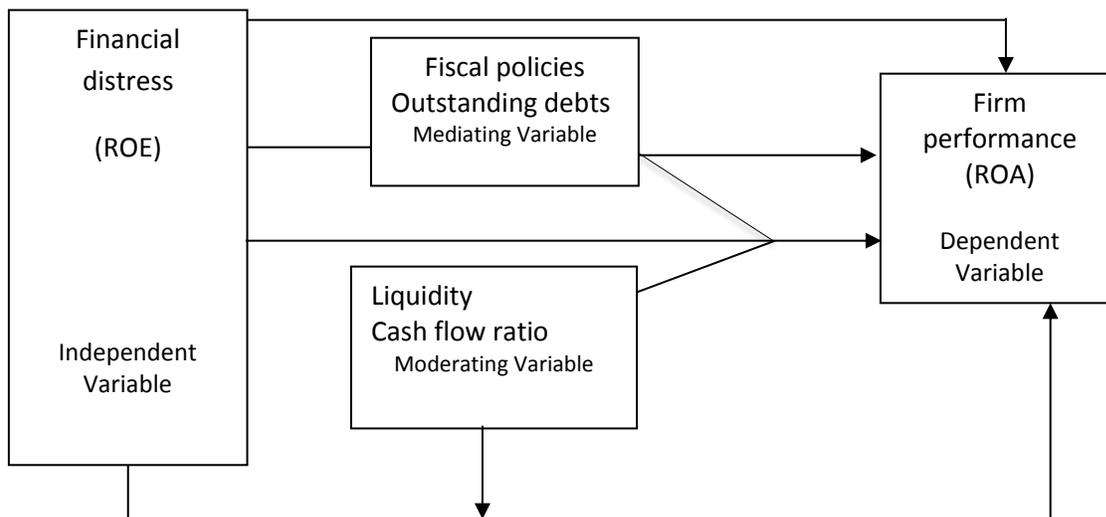
correlation between liquidity and distress, highlighting the dual role of fiscal interventions and liquidity management.

Hakizimana and Rugamba (2022), studying 100 Rwandan firms, identified an adverse relationship between cash flow insufficiency and liquidity ratios, confirming that weak liquidity amplifies distress. Li et al. (2020), analyzing 15 Ghanaian firms over nine years, found liquidity negatively affected ROE, though cash flow ratios showed a slight positive effect. Causality tests revealed bidirectional links between current ratio and ROE, suggesting liquidity-performance dynamics are complex and context-dependent.

Koske et al. (2019), investigating 64 Kenyan firms over a decade, demonstrated that stock market liquidity significantly reduced the likelihood of distress, underscoring the stabilizing role of capital market liquidity in firm sustainability.

2.4 Conceptual Framework

This proposed study conceptualizes that firm performance is influenced either solely or jointly by financial distress, fiscal policies and liquidity.



Summary, Conclusion and Recommendations

Summary

This study provides a comprehensive analysis of the interplay between financial distress, fiscal policies, and liquidity in shaping firm performance. It clearly articulates its objectives, highlights its significance, and adopts a structured approach to reviewing existing literature. The review reveals divergent and inconclusive findings across prior studies, with many scholars examining financial distress and firm performance in isolation while neglecting the combined influence of moderating and mediating variables. By integrating theoretical perspectives and empirical evidence, this study underscores the need for a holistic framework that captures the complex relationships among financial distress, fiscal policies, liquidity, and firm outcomes.

Conclusion

The review of empirical literature demonstrates that while financial distress, fiscal policies, and liquidity have been widely studied, most research has focused on individual variables directly linked to firm performance. Few studies have examined their combined effects, leaving important conceptual gaps. Findings remain inconsistent—some report positive associations, while others reveal negative correlations—largely due to differences in constructs, methodologies, and contextual settings. Moreover, prior research has disproportionately concentrated on listed firms and financial institutions, overlooking other sectors. This study therefore addresses a critical gap by exploring the joint impact of financial distress, fiscal policies, and liquidity on firm performance, offering insights that extend beyond traditional contexts.

Firms with strong liquidity reserves are better positioned to withstand financial challenges, while those with limited liquidity remain vulnerable. Expansionary fiscal policies can mitigate the adverse effects of distress, particularly for firms with robust liquidity, whereas contractionary policies may exacerbate vulnerabilities for firms with weaker liquidity positions.

Knowledge Gaps Identified

Several gaps emerge from the literature:

- (a) Sectoral gap: Prior studies have focused mainly on listed firms and financial institutions, neglecting other industries.

- (b) Conceptual gap: The combined influence of moderating and mediating variables has been overlooked. Fiscal policies as mediators and liquidity as moderators remain underexplored despite their hypothesized roles in shaping firm performance.
- (c) Methodological gap: Diverse research designs and inconsistent constructs have produced inconclusive findings, underscoring the need for more robust and integrated approaches.
- (d) Contextual gap: Variations across countries, industries, and firm sizes have not been adequately accounted for, limiting the generalizability of findings.

This study seeks to address these gaps by examining how financial distress interacts with fiscal policies and liquidity across broader sectors, thereby contributing to a more comprehensive understanding of firm performance dynamics.

Recommendations for Further Research

Future research should:

- (a) Investigate fiscal policies under distress: Examine how government spending, taxation, and budgetary interventions influence firm performance during financial distress, distinguishing between expansionary and contractionary policies.
- (b) Prioritize liquidity as a moderator: Assess how firms with varying liquidity levels respond differently to financial distress and fiscal interventions, and whether liquidity buffers enhance resilience.
- (c) Incorporate additional firm-level factors: Control for industry characteristics, firm size, and management quality, as these significantly shape performance outcomes.
- (d) Develop integrated models: Employ robust methodologies that capture the combined effects of financial distress, fiscal policies, and liquidity, thereby advancing a more reliable framework for predicting firm performance.

References

- Abban, E. K., & Amoako, F. K. (2022). Fiscal Policies and Financial Distress: An Empirical Study of Firm Performance in Ghana. *Journal of Accounting and Finance Research*, 12(1): 1-15.
- Ahmad, S. (2020). Effect of financial distress on firm's performance of non-financial firms registered with Pakistan Stoke Exchange. *International Journal of Business and Management Sciences*, 1(1): 44-64.

- Akenga, G. (2017). Effect of liquidity on financial performance of firms listed at the Nairobi Securities Exchange, Kenya. *International journal of science and research*, 6(7), 279-285.
- Ali, K. M., Khan, S. A., & Khan, M. A. (2022). Financial Distress and Firm Performance: An Empirical Study in the UK Market. *Journal of Business & Economics Research*, 20(2), 1-12.
- Al-Matari, E. M., Al-Swidi, A. K., & Fadzil, F. H. B. (2014). The measurements of firm performance's dimensions. *Asian Journal of Finance & Accounting*, 6(1), 24.
- Almeida, H., Campello, M., & Weisbach, M. S. (2004). The cash flow sensitivity of cash. *The journal of finance*, 59(4), 1777-1804.
- Amendola, A., Boccia, M., Mele, G., & Sensini, L. (2023). Do fiscal policies affect the firms' growth and performance? Urban versus rural area. *Eurasian Economic Review*, 13(1), 1-33.
- Asensio, A. (2017). Insights on endogenous money and the liquidity preference theory of interest. *Journal of Post Keynesian Economics*, 40(3), 327-348.
- Azizah, S., & Lismawati, L. (2024). The Effect of Financial Performance on Financial Distress. *Jurnal Ilmiah Akuntansi Kesatuan*, 12(1): 167-178.
- Blinder, A. S. (2008). Keynesian economics. *The concise encyclopedia of economics*, 2(8).
- Borio, C. E., Farag, M., & Zampolli, F. (2023). *Tackling the fiscal policy-financial stability nexus*. Bank for International Settlements, Monetary and Economic Department.
- Bucher, M. A., & Hauser, A. M. E. (2020). Fiscal Policies, Financial Distress, and Liquidity: An Empirical Study of Firm Performance in Germany. *Journal of Business Finance & Accounting*, 47(3): 1-20.
- Chugunov, I., & Makohon, V. (2019). Fiscal strategy as an instrument of economic growth. *Baltic Journal of Economic Studies*, 5(3), 213-217.
- Chugunov, I., & Pasichnyi, M. (2018). Fiscal stimuli and consolidation in emerging market economies. *Available at SSRN 3281533*.
- Chugunov, I., Pasichnyi, M., Koroviy, V., Kaneva, T., & Nikitishin, A. (2021). Fiscal and monetary policy of economic development. *European Journal of Sustainable Development*, 10(1), 42-42.
- De carvalho, F. J. C. (2015). *Liquidity preference and monetary economies*. Routledge.

- Delen, D., Kuzey, C., & Uyar, A. (2013). Measuring firm performance using financial ratios: A decision tree approach. *Expert systems with applications*, 40(10), 3970-3983.
- Dirman, A. (2020). Financial distress: the impacts of profitability, liquidity, leverage, firm size, and free cash flow. *International Journal of Business, Economics and Law*, 22(1), 17-25.
- Drobetz, W., Haller, R., Meier, I., & Tarhan, V. (2017). The impact of liquidity crises on cash flow sensitivities. *The Quarterly Review of Economics and Finance*, 66, 225-239.
- Faria-e-Castro, M. (2021). Fiscal policy during a pandemic. *Journal of Economic Dynamics and Control*, 125, 104088.
- Freitas Cardoso, G., Peixoto, F. M., & Barboza, F. (2019). Board structure and financial distress in Brazilian firms. *International Journal of Managerial Finance*, 15(5), 813-828.
- Galí, J. (2018). The state of New Keynesian economics: a partial assessment. *Journal of Economic Perspectives*, 32(3), 87-112.
- Greenwald, B., & Stiglitz, J. (1993). New and old Keynesians. *Journal of Economic Perspectives*, 7(1), 23-44.
- Hakizimana, J. C., & Rugamba, C. K. (2022). Cash Flow Insufficiency and Liquidity Ratio: An Empirical Study of Firm Performance in Rwanda. *International Journal of Business Research Methods*, 9(2): 1-12.
- Hamouda, O. F. (2013). Post-Keynesianism: from criticism to coherence. In *On Political Economists and Political Economy* (pp. 209-232). Routledge.
- Hamza, B., & Milo, P. (2021). Fiscal policy and economic growth: Some evidence from kosovo. *Journal of Governance and Regulation*, 10(4).
- Hazlitt, H. (1960). *The critics of Keynesian economics*. Ludwig von Mises Institute.
- Isayas, Y. N. (2021). Financial distress and its determinants: Evidence from insurance companies in Ethiopia. *Cogent Business & Management*, 8(1), 1951110.
- Kangogo, C. C. (2021). Financial distress and performance of selected firms listed at Nairobi Securities Exchange, Kenya.
- Kariuki, D. W., Muturi, W., & Njeru, A. (2021). Influence of Liquidity On Financial Performance of Insurance Companies In Kenya. *Journal of Agriculture, Science and Technology*, 20(3), 94-101.
- Keasey, K., & Watson, R. (2019). Financial distress prediction models: a review of their usefulness 1. *Risk Management*, 35-48.

- Komba, J., & Komba, M. (2021). Fiscal Policies and Firm Performance: An Empirical Study of Taxation Rates in Tanzania. *International Journal of Business Research Methods*, 9(1): 1-12.
- Koske, N., Tuwei, J. K., & Kimwolo, A. K. (2019). Stock market liquidity and financial distress likelihood among listed firms in Nairobi securities exchange, Kenya. *Journal of Economics, Finance and Accounting Studies*, 1(1), 28-38.
- Lavoie, M., & Reissl, S. (2019). Further insights on endogenous money and the liquidity preference theory of interest. *Journal of Post Keynesian Economics*, 42(4), 503-526.
- Li, K., Musah, M., Kong, Y., Adjei Mensah, I., Antwi, S. K., Bawuah, J., ... & Andrew Osei, A. (2020). Liquidity and firms' financial performance nexus: panel evidence from non-financial firms listed on the Ghana Stock Exchange. *Sage Open*, 10(3): 21-25.
- Li, Z., Crook, J., Andreeva, G., & Tang, Y. (2021). Predicting the risk of financial distress using corporate governance measures. *Pacific-Basin Finance Journal*, 68, 101334.
- Maurin, V., Robinson, D. T., & Strömberg, P. (2020). A theory of liquidity in private equity. *Swedish House of Finance Research Paper*, (20-8).
- Modigliani, F. (1944). Liquidity preference and the theory of interest and money. *Econometrica, journal of the econometric society*, 45-88.
- Modise, T. M., & Mokoena, S. M. (2023). Financial Distress, Fiscal Policies, and Liquidity: An Empirical Study of Firm Performance in South Africa. *Journal of Accounting and Finance Research*, 13(1): 1-15.
- Mulugeta, Y., Gessesse, T., & Woldu, B. (2020). Financial Distress and Firm Performance in Ethiopia: An Empirical Study. *International Journal of Business Research Methods*, 10(1): 1-15.
- Ni, Y., Huang, P., Chiang, P., & Liao, Y. (2019). Cash flow statements and firm value: Evidence from Taiwan. *The Quarterly review of economics and finance*, 71, 280-290.
- Njuku, M. A. (2022). Fiscal policy and financial performance of banking sector in Kenya. Unpublished MBA thesis. University of Nairobi
- Opler, T. C., & Titman, S. (1994). Financial distress and corporate performance. *The Journal of finance*, 49(3), 1015-1040.
- Orodi, S. (2022). The Effects of Fiscal Policy on the Performance of Commercial Banks in Kenya. *African Journal of Commercial Studies*, 1(1): 18-27.

- Oyelami, O. O., Adetula, O. A., & Ademola, T. A. (2020). Financial Distress and Firm Performance in Nigeria: An Empirical Analysis. *Journal of Accounting and Finance Research*, 12(2): 1-15.
- Purnama, O., Hanitha, V., & Angreni, T. A. (2020). Financial Statement Analysis to Assess Company Financial Performance. *ECo-Fin*, 2(3), 168-174.
- Purnanandam, A. (2008). Financial distress and corporate risk management: Theory and evidence. *Journal of Financial Economics*, 87(3): 706-739.
- Quoc, T. N. K., Phan, T. H. N., & Hang, N. M. (2024). the effect of liquidity on firm's performance: case of Vietnam. *Journal of Eastern European & Central Asian Research*, 11(1).
- Rahiminezhad Galankashi, M., & Mokhatab Rafiei, F. (2022). Financial performance measurement of supply chains: a review. *International journal of productivity and performance management*, 71(5), 1674-1707.
- Salloum, C., & Azoury, N. (2012). Corporate governance and firms in financial distress: evidence from a Middle Eastern country. *International Journal of Business Governance and Ethics*, 7(1), 1-17.
- Sami, B. J. (2014). Financial distress and bankruptcy costs. In *Global Strategies in Banking and Finance* (pp. 369-379). IGI Global.
- Sardo, F., Serrasqueiro, Z., Vieira, E., & Armada, M. R. (2022). Is financial distress risk important for manufacturing SMEs to rebalance the short-term debt ratio?. *The Journal of Risk Finance*, 23(5), 516-534.
- Setiawan, E. M., Sugiharta, I. G., & Purnama, B. D. (2020). Fiscal Policies and Financial Distress: An Empirical Study of Firm Performance in Indonesia. *Journal of Business & Economics Research*, 18(2): 1-12.
- Stoilova, D., & Todorov, I. (2021). Fiscal policy and economic growth: Evidence from Central and Eastern Europe. *Journal of Tax Reform*, 7(2), 146-159.
- Tanaka, M., Bloom, N., David, J. M., & Koga, M. (2020). Firm performance and macro forecast accuracy. *Journal of Monetary Economics*, 114, 26-41.
- Taouab, O., & Issor, Z. (2019). Firm performance: Definition and measurement models. *European Scientific Journal*, 15(1), 93-106.
- Tran, Q. T. (2020). Corporate cash holdings and financial crisis: new evidence from an emerging market. *Eurasian Business Review*, 10(2), 271-285.

- Udin, S., Khan, M. A., & Javid, A. Y. (2017). The effects of ownership structure on likelihood of financial distress: an empirical evidence. *Corporate Governance: The international journal of business in society*, 17(4), 589-612.
- Ward, T. J., & Foster, B. P. (1997). A note on selecting a response measure for financial distress. *Journal of Business Finance & Accounting*, 24(6): 869-879.
- Weber, M. (2018). Cash flow duration and the term structure of equity returns. *Journal of Financial Economics*, 128(3), 486-503.
- Yameen, M., Farhan, N. H., & Tabash, M. I. (2019). The impact of liquidity on firms' performance: Empirical investigation from Indian pharmaceutical companies. *Academic journal of interdisciplinary studies*, 8(3): 212-220.
- Yazdanfar, D., & Öhman, P. (2020). Financial distress determinants among SMEs: empirical evidence from Sweden. *Journal of Economic Studies*, 47(3), 547-560.