

## **The Impact of Working Capital Management on Profitability in Listed Manufacturing Companies in Sri Lanka**

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Working Capital Management has its influence on liquidity as same the profitability. Several studies (Deloof, M., 2003., Raheman A and M Nasr, 2007.), given emphasizing the importance of the short-term finance in firms. The purpose of this research is investigates the impact of working capital management on profitability of manufacturing companies in Sri Lank? The trend in working capital needs and its implication to profitability of firms are examined to identify the causes for any significant differences desirable among the industries. Hence the present study was used regression analysis to examine the hypotheses frame worked for the period of seven years from 2010-2016 with the total 182 observations and data collected from annual financial statements. Working capital management were measured using inventory period, trade receivable, trade payable, cash conversion cycle and current ratio. Return on assets applied to measures of profitability Found of this study showed a positive significant relationship between inventory turnover period, trade receivable period, and significant negative relationship with ROA. These findings of the study can be used cash conversion cycle enhancing it will lead to reducing profitability of the firm, and managers supports to create a positive value for the shareholders by reducing the cash conversion cycle to a possible minimum level. The study also finds a significant negative relationship between accounts payable and profitability which is consistent with the view that less profitable firms delay long time to pay their bills.

**Keywords:** Working Capital Management; Return on Assets, Manufacturing companies, Profitability