

## **Effect of Working Capital Management on the Performance of Listed Food Beverage Companies in Sri Lanka**

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This study investigated the relationship between the efficient working capital management and the performance of Food & Beverage Companies in Sri Lanka. To achieve the objectives of the study, the researcher used secondary data of eighteen Food & Beverage Companies using annual reports published during the period 2009-2015. The dependent variable, return on asset is used as the measures for the Performance. The key independent variables used in the analysis are receivables, stocks, cash and payables. The SPSS & E-views were used to analyze the collected data by the researcher. According to the outputs generated through statistical packages there is a significant relationship between Credit Ratio & the Return on Asset, which is the measure of the profitability. Similarly, there is a significant relationship between Debt Collection period, Credit Payable Period, Cash Conversion Cycle and & the Return on Asset. In addition, the results showed that there is a significant negative relationship between ratio of debt collection period, Cash Conversion Cycle and profitability. As well as there is positive relationship between ratio of Creditor payable period, Current ratio and Profitability. The results also show that there is a significant relationship between working capital and return on assets of selected companies. It means that when the working capital decreases it will lead to increase profitability of the firms. Further it was recommended that the selected companies adequately plan and control their credit policy, day to day operations and outstanding by the level of managers with the discussions, board meetings, suggestions and proposals so as to achieve the profitability.

**Keywords:** Working Capital Management, Profitability, Food & beverage, Return on Assets