

The Impact of Working Capital Management on the Performance of Manufacturing Companies During the Covid -19 Pandemic

H.R.I. Senanayake¹ and H.N.M.P. Herath²

Department of Finance, University of Kelaniya, Sri Lanka^{1,2}

isirasenanayake1996@gmail.com¹, nethmih@kln.ac.lk²

ABSTRACT

Introduction: The study aims to find out the factors and strategies for the business organizations in terms of cash flows management to ensure the proper control over the working capital management of the businesses during the Covid-19 pandemic.

Design/Methodology/Approach: This research has adopted the quantitative research approach. This study can be classified as a spectator-independent investigation that proceeds through hypothesis and deduction. Also, this research study is classified as descriptive research.

Findings: There is a relationship between account receivable management and firm performance during the COVID 19 pandemic. As well as it has revealed that, there is a relationship between Payables Settlement Period and Firm Performance during Covid-19 period. Also, there is a relationship between Cash Conversion Cycle and firm performance during Covid-19.

Conclusion: In relation to the objective, the results of the regression model show that, two out of three proxies to working capital management are significant predictors of firm performance and further the impact of working capital management on firm performance has increased after the pandemic. Therefore, the study concludes that Covid-19 has a significant impact on the relationship between working capital management and firm performance measured by Return on Capital employed. Further, there is a significant negative association between Receivables management as a proxy for firm performance and Receivables Collection Period.

Keywords: *Working Capital, Covid-19, Cash conversion cycle, Account payable management, Account receivable management.*