

**WORKING CAPITAL MANAGEMENT AND PROFITABILITY: A STUDY OF
SELECTED QUOTED NIGERIAN MANUFACTURING FIRMS**

ADEBUKONLA ADESOLA ADESEEKE

1103010001

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ABSTRACT

This study investigated the effect of working capital management on profitability in selected manufacturing companies listed in the Nigerian Stock Exchange. The main objective to this research work is to examine the effect of various variables of working capital management including receivables' cycle, inventory conversion period, payables period and the cash conversion cycle on profit after tax of the companies, it is reviewed that cash conversion cycle is the proxy for working capital management while profit after tax is the proxy for profitability while in getting cash conversion cycle the variables listed above will be necessary. Current ratio, leverage and logarithm of sale was considered as control variable. Five (5) companies were selected for a period of five years from 2009-2013 using their annual audited financial statements in getting the necessary figures, for data analysis, ordinary least square regression technique on E-views was used, and The results of the study showed that there is a reverse effect on working capital management variables and profitability. It is found out that increasing receivables period, payables period, inventory conversion period and cash conversion cycle leads to decreasing profitability in the companies. According to the research findings, managers can create a positive value for stockholders by decreasing receivables period, payables period, inventory conversion period and cash conversion cycle to the lowest possible level and it is also recommended by the researcher that promotion and elaboration of working capital management culture through seminars and workshops also suitable environmental infrastructures for working capital management including financial tools and institutions should be provided.