

A Study Based on Working Capital Management in an Organisation

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Abstract- This study aims to investigate the impact of working capital management on the financial performance of an organization. Working capital management plays a crucial role in ensuring the smooth functioning of day-to-day operations and maintaining adequate liquidity levels. Effective management of working capital can enhance a firm's profitability, reduce financial risks, and improve overall operational efficiency.

I. INTRODUCTION

The research methodology employed in this study includes a comprehensive analysis of financial statements, focusing on key working capital indicators such as inventory turnover, accounts receivable turnover, and accounts payable turnover. Additionally, financial ratios related to liquidity, profitability, and operating efficiency will be examined to assess the relationship between working capital management and financial performance.

The study will be conducted on a sample of organizations across different industries, considering various financial and operational factors that may influence working capital management practices. Data will be collected over a specific time period, and statistical techniques, such as regression analysis, will be utilized to analyze the findings.

The expected outcomes of this study will provide valuable insights for both researchers and practitioners in the field of finance and management. The findings can assist organizations in formulating effective working capital management strategies to optimize cash flow, minimize costs, and maximize profitability. Furthermore, the study will contribute to the existing body of knowledge on working capital management by examining its implications for financial performance in a dynamic business environment.

In conclusion, this study will shed light on the significance of working capital management in organizations and its impact on financial performance. It aims to bridge the gap in existing literature by providing empirical evidence and practical implications for decision-makers, ultimately aiding in the formulation of sound working capital management practices for sustainable business growth.

II. LITERATURE REVIEW

Abel (2008) examined the impact of working capital operation in medium size organisation in Sweden. The main end of this study is to identify the factors of workings capital operation that impact the cash position.

Afza and Nazir (2007) examined the relationship between aggressive and conservative working capital. This study says the differences among the working capital investment and fiscal programs of different organisation.

De Loof (2003) anatomized a sample of large Belgian enterprises for the period 1992- 1996. He used correlation and retrogression test and set up a significant negative relationship between gross operating income and the number of days accounts delinquent, supplies and accounts outstanding of Belgian enterprises.

BhattV.V.(1972)- He has given attention on system to estimate working capital operation and its finance especially for the large-scale companies. This tools also helpful to other sectors like husbandry as well retail trade etc. As bank give short term finance to operation of business at the same time need to pay attention on prepayment of loan and needed finance necessity. If these two areas is to be maintain duly no

need to estimate the working capital operation concern.

Smith Keith V. (1973)- exploration has been given concentrated on the short term finance need to be given further attention for the success of the individual establishment. For that finance director has to give further attention on current means and current liability. numerous enterprises do investment of current means in a handbasket while current liability in numerous different request. This paper correspond eight distinct approaches to working capital operation out of it first three gives common guidelines coming three regarding constrain set and cost balancing and last two about probability models and portfolio proposition.

Rajeshwar (1985)- He has done the study on many named public enterprises in India. He tried to check the working capital programs espoused by the sample units. He made attempt to examine the working capital factors how efficiently managed. At the last no one company easily defined working capital policies and hence utmost of them couldn't achieve effectiveness in working capital operation. In this study it's set up that maturity of investment was made in finished goods force that was indicate that working capital wasn't managed in planned way. therefore, study recommended for careful operation of working capital in finance operation

Rao K. V. and Rao Chinta (1991)- This study observed that strong and weak point of conventional ways of working capital analysis. issues of this study show that some of the conventional ways which could realize the working capital well. And some of them fail to do so. And therefore, authors suggest proper working capital operation with conventional system i.e. rate analysis. Study suggests further inclusive factors which are decisive mark in working capital effectiveness.

Swamy (1997)- Swamy was done exploration with 19 crucial agrarian area in the figure of Dakshina Kannada quarter in Karnataka. The exploration exposed that conservation of liquidity and profitability is a major problem in the targeted area. To be safe in side of working capital operation were set up to be suffered and low profitability due to the interest burden. The goods of this enterprises raised the fund for working capital demand by adopting fund from

depositors. This study has been given stressed on proper operation of working capital so the future of business would be bright.

Rao Govinda D. and Rao P. M. (1999)- As per the study operation of working capital is constant process. So that proper observation on colorful factors is demanded. At the end relationship between different factors are demanded. This provides proper direction.

Rao Govinda D. and Rao P. M. (1999)- Study believes that operation of working capital is a constant process need of finance proper observation or monitoring and revising the relationship of all variables and give conclusion. This is a proper suggestion to the director.

Dutta (2000)- Author Dutta has done study on “ Working Capital Management of Horticulture Industry in Himachal Pradesh ” that was a case study of Himachal Pradesh Horticulture Produce Marketing and Processing Corporation for the stage 1991 to 1998. The study was thrown the light on backing pattern of working capital operation. The study exposed that the working capital of HRMC was going worse gradationally during the study period. Though, huge losses of the establishment holding the huge quantum of force and that was a main cause of failed trade off among liquidity and profitability. The conclusion of study like that there was no significant correlation between gross working capital and deals.

Working capital operation is an essential element in an organisation. utmost of the organisation means are in the form of current means and current arrears are also the main source of external finance. In this environment, the ideal of Pedro et al, (2007) has been given an substantiation about the goods of working capital operation on the profitability of a small and medium- sized enterprises.

Samiloglu F. and Demirgunes K. (2008)- The ideal of the study is to examine effect of working capital operation on establishment's substance. The study carried with manufacturing companies listed in Istanbul Stock Exchange (ISE) the term for the study is 1989 to 2007. For the study multi regression

statistical system is used. Observed come out of study revealed that some factors having negative impact and some having positive impact on profitability of enterprises. Positive factors like growth

of trade on other hand debtors' payment period, stock conversion period as well as debt interest negatively affects enterprises' profitability.

Kushwah, Mathur & Ball(2009)- The study passed to estimate the working capital operation and direction in named five major cement companies i.e. ACC, Grasim, Ambuja, Prism and Ultra- Tech. For the exploration purpose secondary data are used like authors collected the fiscal statement of named cements companies for the times from 2007 to 2009. There's liquidity rates and conditioning rates are used to assay the condition of working capital of the companies. The study revealed the verity of study is that, utmost companies not maintain their working capital in a methodical way while overall ACC shows applicable operation of working capital.

Rahman MohammadM.(2011)- exploration is grounded on correlation among working capital and profitability. To dissect the effectiveness of working capital operation of the named cloth companies. Conclusion of the study set up that overall good operation in working capital operation of named cloth companies and therefore utmost of the companies are profitable way going on.

Dr KaddumiThairA. and Dr Ramadan ImadZ.(2012)- The evaluation was made in 49 jordanian companies they're listed in Amman Stock Exchange, The carried with content like effect of working capital operation on the profitability in a targeted companies for the period 2005 to 2009. This thing could be achieved with help of two different measures one is for profitability and another bone is for performance of working capital operation i.e. deputy and five delegates use full for separate thing. For the estimation two retrogression models fixed goods model and ordinary least model are used

Kaur HarshV. and Singh Sukhdev (2013)- This composition focuses on cash conversion effectiveness and setting up the operating cycle days. The study tests the relationship between the working capital attain and profitability calculated by income to current means and income to average total means. Authors did study with companies listed in BSE 200 that's spread over 19 diligence for the period 2000 to 2010. At the end; the

study lay emphasis on that complete operation of working capital specially affects profitability.

MadhaviK. (2014)- She has done exploration grounded on empirical study of co relation among liquidity position and profitability of the paper manufactories in Andhra Pradesh. That has been estimated ineffective working capital negatively effect on profitability of the paper manufactories.

GurumurthyN. and Reddy JayachandraK. (2014)- He has conducted serve and observed working capital operation position in four pharmaceutical companies APSPDCL, APEPDCL, APNPDCL and APCPDCL and come out with fact that working capital operation wasn't so good in position and need to do better.

- Research methodology

This chapter includes the methodology which was used to carrying out the study. Aspect covered includes research design, sampling design, data collection method, data analysis method. This study was concerned with the working capital management in an organisation.

- What data to collect (what data to ignore)
- Who to collect it from (in Research, this is called "sampling design")
- How to collect it (this is called "data collection methods")
- How to analyze it (this is called "data analysis method")

III. RESEARCH DESIGN

This study was sample survey study. This was because the population was large and a census survey was not possible in terms of time, finance and manpower.

Type of Study –Quantitative

Types of Data- Primary and Secondary Data

Method of Data Collection - Questionnaire and Records of the Company. Method of Data Analysis- Pie Chart

SAMPLE DESIGN

The sample was arrived through a systematic sampling. In this method from the target population, a starting point is chosen at random and thereafter at regular intervals

Sampling Plan	Quota Sampling
Tools used for data collection	Questionnaire
Data Collection	From A, B and C
Sample Size	90

DATA COLLECTION METHOD

The study used the primary data which was obtained through the use of a questionnaire which had both open and closed end question.

DATA ANALYSIS METHOD

Data for this study was analyses using descriptive statistics such as frequency and percentage. The data collected was analyses to fit into the certain sections of cash management practices, inventory management practices, receivables management practices and creditor’s management practices.

CONCLUSION

At last but not the least I want to add up all the effects which I get to know at the time of making this report. I want to tell you that working capital is veritably important for an organisation and it occupies veritably important place in the capital structure of an organisation. We can say that working capital can be said as the lifeblood of every organisation.

If the organisation is having acceptable quantum of working capital this help the organisation to maintain its operating cycle duly and help the organisation to meet all its charges in day to day and also help the organisation to grow efficiently. Enough quantum of working capital helps in furnishing relief to the overall operation of the organisation.

As we can know request is dynamic in nature and future is uncertain so at the time of depression in the request only those organisations can survive who's having a proper working capital with them. numerous organisations can be defunct due to not having enough working capital with them.

The most important point I get to know that's the operation of working capital isn't only for the large or big organisation. It's obligatory for the entire organisation either large or small to maintain the working capital for smooth functioning of the operation

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