Title: Working Capital Management and Profitability of Listed Companies in Nigeria

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Abstract: Working Capital constitutes a substantial component of the total assets and liabilities of many organizations. Expectedly therefore, the way in which it is managed will have a significant impact on the profitability of the company concerned. It is for this reason that a large number of business failures in the past were attributed to the inability of financial managers to plan and control the working capital of their respective firms. These managerial inadequacies are still manifesting in organizations today in the forms of high bad debts, over/under stocking, cash crises among others with their concomitant effect on their operational performance. This paper was set out to investigate the relationship between working capital management and profitability of listed companies in Nigeria. Two years data from 25 non-financial firms were analyzed using Ordinary Least Square (OLS) regression technique. The result reveals that the combined predictive power of working capital components on profitability was significant. The result also revealed that all the working capital components namely; inventory conversion period (ICP), Debtors conversion period (DCP) and Creditors payment period (CPP) affect profitability but only DCP has a significant effect. On the basis of these findings, we recommend among others that managers and indeed organizations should concentrate on the proper management of each working capital components and keep them at optimal levels, as this will go a long way to enhance profitability and create value for their companies.