Title: Working Capital Management, Liquidity and Corporate Profitability among quoted Firms in Nigeria: Evidence from the Productive Sector.

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Abstract: Working capital management is very crucial in this period of global financial turmoil. This is because illiquidity is prevalent worldwide necessitating that effective and efficient management of any available cash will be needed to ensure that company breaks even and survives this distressed time since credit is not easily come by. This article presents empirical evidence of the effect of working capital management and liquidity on corporate profits using a cross-sectional time series data for the period 2005-2006. This micro-data were analyzed using descriptive statistics and an OLS methodology. The authors find a positive effect of inventory conversion period (ICP), debtors collection period (DCP); and a negative effect of cash conversion period (CCP), creditors payment period (CPP), on return on assets (a mirror of corporate profitability). We discover that CCP with a wrong sign is the most significant precision variable in influencing profits and leads corporate profitability in Nigeria. It is closely followed by ICP and then CPP is third in importance in affecting profitability and liquidity in Nigeria. The paper therefore recommends (1) that firms should promptly collect cash from credit sales, (2) that excess cash should be reinvested in short-term securities (assets) to generate profits and (3) that since there exists high sales turnover in the Nigerian emerging markets, government policy should target multinational companies (MNCs) for invitation to participate in investing in Nigeria by creating the right legal and regulatory framework to enable them enter the market for possible FDI, IPI, and FPI injections into the Nigerian domestic economy.