

**IMPACT OF WORKING CAPITAL MANAGEMENT PRACTISES ON
PROFITABILITY: SPECIAL REFERENCE TO FOOTWEAR AND
TEXTILE INDUSTRY IN SRI LANKA**

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ABSTRACT

A well designed and implemented working capital management has a significant contribution for firms' profitability as well as to maintain liquidity powers. Independent variables are current ratio, quick ratio, and cash ratio. These are included in the panel data regression to assess for 4 firms for the period of 10 years. The main objective of this is to study on the impact of Working Capital Management practices on firms' profitability in Sri Lankan Footwear and Textile industries. To identify the relationship, researcher used secondary data taken from annual reports published for their statutory requirement from 2003-2012 in CSE. For the analyzing purpose, researcher has used Statistical Package for Social Science (SPSS V16.0). According to the survey researcher has found that there is a positive relationship between working capital management and profitability. The coefficient of correlation and regression analysis provide a positive significant relationship between working capital practices and firm profitability.

Keywords: Working Capital Management, Profitability, Current Ratio, Return on Capital Employed.