Abstract

Working capital management is essential for maintaining an organization's operational efficiency, liquidity, and overall financial health. This study focuses on analyzing the sources of working capital and their role in supporting business operations. The research aims to identify and evaluate the various sources of working capital, including short-term loans, trade credit, equity, and internal accruals, and how these sources influence a company's financial performance and stability.

Data for the study was collected through a review of financial statements, interviews with key financial managers, and secondary data on working capital practices across various industries. The analysis highlights that businesses rely on both internal and external sources of working capital to finance day-to-day operations, with the choice of source depending on factors such as company size, financial structure, and industry-specific needs. The study also examines the impact of different funding sources on liquidity management, financial risk, and cost efficiency.

The research concludes with recommendations for businesses to optimize their working capital sources by balancing short-term debt and equity, improving cash flow management, and negotiating favorable trade credit terms. This study provides valuable insights for managers and financial decision-makers to ensure that working capital is effectively managed, enabling the business to meet its operational requirements and maintain financial stability.