

## Abstract

This study explores the concept and practices of working capital management (WCM) in organizations, focusing on how effective management of current assets and liabilities can enhance operational efficiency and profitability. Working capital refers to the capital required by a business to fund its day-to-day operations, including inventory, accounts receivable, and accounts payable. Proper working capital management ensures that a company maintains sufficient liquidity to meet its short-term obligations while optimizing the use of its resources to support growth and operational efficiency.

The primary objective of this research is to assess the impact of working capital management on the financial performance of organizations. The study analyzed key components of working capital, including cash management, inventory management, receivables and payables management, and liquidity management. The research will also examine the relationship between working capital management practices and key financial metrics such as return on assets (ROA), profitability, and operational efficiency.

The findings of this study will provide organizations with actionable insights into how they can optimize their working capital management practices to improve liquidity, reduce operational costs, and enhance overall financial performance. The study will also offer recommendations on how businesses can effectively balance short-term and long-term financial needs to ensure sustainable growth.