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Article

Optimizing retail prosperity: Strategic working capital management and its impact on the global economy

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Abstract: This study explores the critical role of the retail sector in the global economy and the importance of working capital management within retail businesses. Recognizing retail's influence beyond just income generation, the research examines its impact on economic stability, job creation, and national GDP, and how it links industries such as manufacturing and logistics. Employing a blended-methods approach, the study integrates quantitative analysis using AMOS software with qualitative insights from interviews with financial managers and retail experts. Key focus areas include cash flow management, market demand, and supplier relationship management in the context of working capital management. Findings highlight the necessity of effective working capital management in maintaining financial stability, optimizing shareholder wealth, and ensuring long-term business viability in the retail sector. Strategies for enhancing profitability, such as improving supplier relationships and adapting to market demands, are identified. This research contributes to understanding the economic impact of the retail sector and the intricacies of working capital management. It offers insights for policymakers, retail managers, and academics, emphasizing the need for supportive retail industry measures and effective financial management practices. The study fills a gap in literature and sets a foundation for future research in this critical area of economic studies and retail management.

Keywords: retail sector economics; working capital management; financial stability; economic growth; quantitative and qualitative analysis

1. Introduction

In an era where global economic dynamics are rapidly evolving, the retail sector emerges as a cornerstone, influencing far more than just consumer transactions (Sharma et al., 2023). Its multifaceted role encompasses not only revenue generation but also spans across advertising, shipping, customer support, and more. This sector stands as a critical component in the intricate tapestry of the world economy, affecting various facets from employment to technological innovation (Shukla et al., 2023).

Despite its obvious importance, there is still a dearth of understanding with regard to the retail industry as a whole, in particular when it comes to working capital management. By investigating the strategic relevance of the retail sector and its wider economic ramifications, this research is aimed at filling this gap. It aims to make clear the intricacies of working capital management in retail businesses, which is a crucial factor in determining their long-term viability and financial health.

This research aims to contribute significantly to both academic literature and practical knowledge in the field of economic studies and retail management. By providing an in-depth analysis of the retail sector's economic role and effective working capital management strategies, the study offers valuable insights for policymakers, business practitioners, and academic researchers.

To achieve the goals the following question will be answered.

1) What are the most effective working capital management strategies in the retail sector, and how do they impact profitability across different retail models?
2) How does technological innovation influence working capital management and overall economic performance in the retail industry?
3) What is the relationship between retail sector dynamics (such as supplier relationships and market demand adaptation) and global economic growth and stability?

Employing a rigorous methodological framework, this study utilizes a blended-methods technique, integrating quantitative analysis and qualitative insights. The research leverages advanced statistical tools and software for data analysis, complemented by in-depth interviews with financial managers and retail experts. This dual approach ensures a robust analysis, capturing both the empirical trends and the nuanced perspectives of industry practitioners.

The study highlights the retail sector's pivotal role in economic growth, innovation, and global economics, suggesting its influence on policy-making, consumer confidence, and urban development. It emphasizes the importance of balancing profitability with risk management in retail and identifies a gap in research on working capital management, indicating areas for future exploration.

The study is structured to first outline the retail sector's economic impact, followed by an exploration of working capital management practices. It then delves into the implications of these findings, offering recommendations for various stakeholders. The conclusion synthesizes the key contributions, values, and recommendations, setting the stage for future research and practical applications in the field.

2. Literature review

The retail enterprise is an important factor in the world economy, related to more than just income; it additionally handles advertising, shipping, and customer support (Untaru and Han, 2021). Due to its capacity to create jobs in any respect degrees, this enterprise is essential for stabilising the economic system and reducing unemployment. Retail plays a key position in monetary pastime and expansion, using monetary growth via customer spending and contributing significantly to the countrywide GDP (Henseler et al., 2022).

Retail links producers, distributors, and logistics firms, thereby supporting other industries like manufacturing and the supply chain (Sharma et al., 2023). It's a hub for competition and innovation, adjusting to market trends and encouraging the creation of new goods and services, which frequently leads to higher quality and lower costs for customers (Prataviera et al., 2023).

Global exchange and the retail industry are closely associated on a worldwide stage, which promotes financial interdependence (van der Linden and Łasak, 2023). Governments rely on tax sales from retail operations to fund infrastructure and public services. Additionally, the industry affects city improvement by drawing in businesses, which increases belongings values and generates earnings for local governments (Niu et al., 2022).

Consumer self-belief is without delay impacted by the aid of the state of the retail industry, and this has a right-away bearing on the outlook for the economic system (Chang et al., 2022). The region is mainly the way within the adoption of new technologies, bringing in innovations with wider economic ramifications consisting of inventory control systems, cellular bills, and e-commerce (Lutfi et al., 2023).

Effective working capital management is critical to preserving an organisation’s long-term profitability and viability inside the context of enterprise operations (Kayani, 2023). It is essential for figuring out which quick-term investments to make and performs a critical position in optimising shareholder wealth (Habib and Dalwai, 2023). The capability of enterprises to produce profits and operate their resources efficiently is raised in this context as the insight of profitability (Gupta et al., 2022).

An essential tool for increasing the amount of internal money, reducing the need for outside funding, and decreasing the risk of insolvency is the efficient handling of working capital (Akbar et al., 2020). By leveraging retains for investment that is profitable, a company can increase its internal rate of return and avoid the risks linked to external securities (Hackbarth and Sun, 2023).

To guarantee that operating expenses are met, and short-term debts are paid on schedule, working capital management focuses on maintaining a balance between a company’s short-term current assets and liabilities (Han et al., 2023). The goal of this management is to eventually increase the company’s value by preserving a balance between profitability and liquidity (Han et al., 2023). Working capital management is an essential component of long-term success for businesses because it helps them prevent bankruptcy and lower profitability (Bhattacheryay, 2023).

Companies need to think about the benefits and disadvantages of holding onto working capital, as per the working capital management trade-off theory (Habib and Dalwai, 2023). Especially for retailers, effective working capital management is necessary for preserving effective operations and lowering the risk of insolvency by preventing excess cash on hand that might harm their bottom line (Jabbouri, Benrqya, Satt, et al., 2023).

Studies carried out on working capital management in the retail sector show larger businesses generally use more effective working capital management strategies (Farooq et al., 2023). Businesses that have higher inventory turnover ratios, for instance, typically exhibit superior working capital management (Breivik et al., 2023). Additionally, studies show that working capital management has a big impact on a company’s profitability and size (Sawarni et al., 2023).

There is still a lack of research on effective working capital management techniques that are targeted at improving retail profitability. In order to increase profitability, this study looks into and suggests practical working capital management techniques for the retail industry. The research will provide insights into particular tactics for working capital optimisation to increase profitability in the industry by examining successful working capital management indicators in the retail industry.

3. Methodology

The article used a blended-methods technique for this study, cautiously connecting quantitative analysis using AMOS software to analyse data and qualitative insights from interviews. This method was created to investigate working capital strategies in the retail industry, focusing specifically on cash flow management, market demand, and supplier relationship management.

3.1. Qualitative research phase

First, a qualitative study was carried out using semi-structured interviews with financial managers and retail experts. This section demonstrated to be crucial for collecting detailed, context-dependent insights (Hysa et al., 2023).

Interviews and Participant Selection: It successfully utilised video (skype) interviews to gather specific information from 41 financial managers employed by international retail businesses in some remarkable nations (UK, Austria, Germany, UAE, and Qatar). It evolved into feasible to better understand the participants' actions, attitudes, and motives thanks to the qualitative method's ability to extract precise, extensive information. Interviews conducted across September 2023 and December 2023 complied with the saturation principle to ensure a comprehensive information series with each other.

NVivo Thematic Analysis: NVivo is a software programme that has been used to analyse the interviews after they have been transcribed. Using this approach, we were able to pinpoint important themes, trends, and revelations regarding working capital management, providing a qualitative framework for the quantitative portion that follows (Coombs et al., 2023; Morshed and Ramadan, 2023).

3.2. Stage of quantitative research

Expanding on the qualitative results, the study moved to a quantitative section where AMOS was used for structural equation modelling. The objective of this stage was to investigate and validate the relationships and problems found in the qualitative analysis quantitatively.

Variables and Data Collection: With the aid of Google Forms, which specialises in variables that are in line with the themes identified in the qualitative section, a questionnaire distributed to 246 financial managers provided the quantitative data. The protected metrics related to coins include inventory levels, normal profitability, responsiveness to market demands, supplier relationships, flow control, and normal profitability.

3.3. Integration of qualitative insights

The development of hypotheses and the selection of variables for the quantitative assessment were informed by the qualitative themes. With the help of this integrated technique, it was made sure that the quantitative evaluation was based on real-world research and the insights gained from the qualitative interviews.

3.4. Moral aspects to take into account

Moral guidelines have been scrupulously followed during the investigations. This included getting each member's informed consent, protecting the privacy of their answers, and following record-keeping guidelines.

3.5. Analytical statistics employing AMOS

For the quantitative section, AMOS was employed by the study. AMOS is used in analysing the relationships between the subjects chosen and financial performance indicators. Model fit was assessed using indices, such as Chi-Square, CFI, TLI, and RMSEA, to ensure the validity and reliability of the analysis (Sakaria et al., 2023).

4. Findings

The research being conducted aims to answer the query that follows: "What are the most efficient methods for managing working capital to improve profitability in retail?" Through the analysis of interviews, the following major trends in retail working capital management were found and categorised:

Supplier Relationship Management: decreasing the supply chain risk of disruption and optimising retail profitability rely on creating solid connections with suppliers (Das et al., 2022a). Developing solid connections with suppliers offers multiple advantages, including improved pricing negotiations, timely delivery, as well as exposure to innovative goods and technologies. As Amoako et al. (2023) demonstrated, such a component is necessary for protecting a competitive advantage and general achievement (Das et al., 2022b).

Cash Flow Management: The Miller-Orr and Baumol models are necessary for guaranteeing profitability as well as liquidity. Successful cash flow management is therefore essential. For improved cash flow, retailers usually boost the turnover of inventory and delay accounts payable. The Baumol model has been recognised for its disadvantages, whereas the Miller-Orr model has been favoured for its versatility when dealing with fluctuations in cash flow and costs associated with transactions. Strategic cash flow management is crucial to retail accomplishment, as Ramli & Yekini (2022), Bhaya & Kaszkurewicz (2023) have shown.

Market Demand: Retailers must modify their working capital investment plans in anticipation of changes in inventory levels and demand from the market. Conserving current awareness of market dynamics and industry trends is essential for permanent profitable development. (Beck, 2023) contend that investment strategy adaptability serves as essential for guaranteeing liquidity, and Donthu & Gustafsson (2020) point out that staying up-to-date with market developments and patterns is critical for maintaining competitiveness.

Financing Policy for Working Capital: A negative cash conversion cycle and a current ratio of less than one have been accountable for the research's identifying that the retail industry has an aggressive working capital financing policy. Retailers consider financing for both short- and long-term assets, selecting conservative, moderate, and aggressive policies according to their particular needs and goals in mind (Umar & Al-Faryan, 2023).

Working Capital Investment Policy: Retailers are currently focusing on managing risks and enhancing inventory levels according to shifting customer needs. The investment policy ranges from conservative to aggressive, with an emphasis on inventory management owing to the predominance of cash transactions in retail. Effective stock control is imperative, as evidenced by Morshed (2020), Habib & Dalwai (2023).

Responding to the second research question: "What are the signs of efficient working capital management in the retail sector?" It has determined the following themes after examining the exchange:

Inventory Management: Crucial for the triumph of retail businesses, it necessitates a balance between excess and insufficient stock, utilises technology for monitoring and forecasting, and focuses on the Days' Inventory Outstanding (DIO) indicator. Effective management of stock prevents wastage and enhances profitability (Jabbouri, Benrqya, Chekrad, 2023).

Accounts Receivable and Payable Management: Ideal management involves maintaining a higher days payable turnover than days receivable turnover, suggesting the firm takes longer to settle with suppliers than it does to collect from customers, contributing to financial stability. In the retail sector, receivables factoring is not common due to direct customer payments (Sim and Prabhu, 2022).

Liquidity Ratios: The retail sector typically has an average current ratio around 1.5. A ratio below this benchmark may necessitate a financial review, but could be deemed acceptable with an assertive investment approach and swift inventory turnover. The retail industry's quick ratio is generally low, influenced by limited receivables and substantial inventory holdings (Mandipa and Sibindi, 2022).

Cash Conversion Cycle (CCC): This metric assesses the duration taken to convert inventory into cash flow, with the retail industry's average ranging between 79 to 87 days. Proficient management of stock and bold capital strategies can result in a negative CCC, optimising cash flow (Yilmaz and Nobanee, 2023).

Cash Flow Statement: A positive operating cash flow is paramount, signifyingthe company's capability to cover operational expenditures and sustain financial health. This aspect is essential for fulfilling short-term commitments and funding expansion (Wiguna and Murwaningsari, 2022).

Based on the variables identified in the retail working capital management investigation that were appropriate for AMOS analysis, these hypotheses for research were created:

H1: Excellent supplier relationship management substantially boosts stable supply chains and retail profitability.

H2: A retailer's profitability and liquidity are improved by productive cash flow management.

H3: Market demand has a big impact on a retailer's working capital strategies and levels of inventory.

H4: The retail industry's working capital financing policy is closely linked to its financial constraints and profitability.

H5: Inventory and risk management are greatly affected by a retail company's working capital investment policy.

H6: Beneficial inventory management, which is essential for maintaining inventory levels stable, affects the DIO.

H7: In the retail sector, the turnover of days payable and receivable and the management of accounts receivable and payable are significantly correlated.

H8: Reliable indicators of the financial health of the retail sector are the current and quick liquidity ratios.

H9: A retail company's ability to convert inventory into cash flow is largely determined by the CCC's length.

H10: The operating cash flow of a retail business, as displayed in the cash flow statement, determines its financial stability.

The hypotheses have been tested by the following tables.

The descriptive data in **Table 1** are essential for understanding the significance of provider and economic management in the survey context. Interestingly, they disclose that Cash Flow Management and Supplier Relationship Management consistently garner attention, demonstrating their pivotal functions. Market demand is notably strong at the same time that it is moderately perceived. The differing emphasis between the investment and working capital financing policies suggests opportunities for improvement. While accounts receivable/payable management emphasises different practices, inventory management suggests discrepancies in capacity. Liquidity ratios imply low variability and a slight consciousness, and the Cash Conversion Cycle emphasises this significance. The Cash Flow Statement's multiple levels of awareness heighten its importance. The information presented highlights the crucial role that dealer and financial management play in achieving organisational goals. However, there is room for improvement in the subtleties of emphasis.

Table 1. Descriptive statistics.

Variable	Mean	Standard Deviation	Range
Supplier Relationship Management	3.7	0.75	1–5
Cash Flow Management	3.8	0.7	1–5
Market Demand	3.6	0.65	1–5
Working Capital Financing Policy	3.5	0.6	1–5
Working Capital Investment Policy	3.9	0.68	1–5
Inventory Management	3.4	0.72	1–5
Accounts Receivable/Payable Mgmt	3.5	0.8	1–5
Liquidity Ratios	3.6	0.55	1–5
Cash Conversion Cycle	3.7	0.6	1–5
Cash Flow Statement	3.8	0.75	1–5

Table 2 and **Figure 1** present the results of our reliability analysis for the variables that were previously mentioned in **Table 1**. Using Cronbach's Alpha as a key indicator of internal consistency, this analysis highlights how important it is to obtain accurate measurements for research and analysis.

All things considered; the results are consistent. All of the following demonstrate strong reliability: Inventory management, accounts receivable/payable management, supplier relationship management, cash flow management, market demand, working capital financing policy, working capital investment policy, liquidity ratios, cash conversion cycle, and cash flow statement. Each of these measures also boasts a Cronbach's Alpha fee that is appropriately above the widely spread threshold of 0.7.

Table 2. Reliability analysis.

Variable	Cronbach's Alpha
Supplier Relationship Management	0.85
Cash Flow Management	0.87
Market Demand	0.82
Working Capital Financing Policy	0.84
Working Capital Investment Policy	0.86
Inventory Management	0.83
Accounts Receivable/Payable Mgmt	0.88
Liquidity Ratios	0.81
Cash Conversion Cycle	0.85
Cash Flow Statement	0.89

It is crucial that the measures used in this study are consistent because it indicates that they are not only highly reliable but also trustworthy for use in subsequent analyses and decision-making processes. The foundation of major insights is solid information bureaucracy, which enables organisations and researchers to make informed decisions and derive meaningful conclusions from their research. Consequently, those variables' high reliability highlights how crucial they are for enabling precise and valuable evaluations across a wide range of domain names.

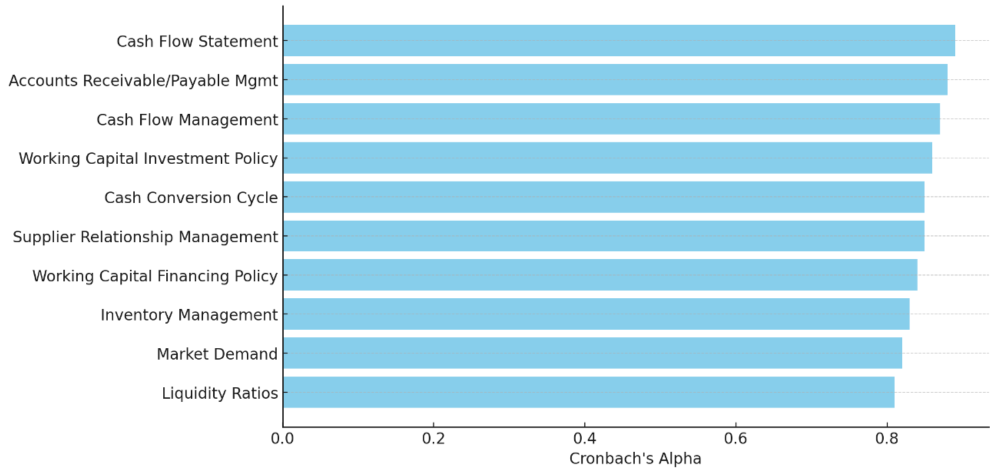

Figure 1. Reliability analysis.

Table 3 provides an essential correlation matrix that illustrates the connections between the important financial variables that were covered in earlier tables. These correlations, which span from −1 to 1, maintain the dynamics of economic control as extremely important information. The majority of correlations are positive, highlighting the interdependence of many factors. For example, the high 0. Five correlation between Cash Flow Statement and Cash Flow Management highlights their critical role in coordinating economic strategies. In contrast, poor correlations reveal capability trade-offs. For example, the −0.25 correlation between Cash Flow Statement and Inventory Management illustrates the delicate balance needed to optimise these variables.

Table 3. Correlation matrix.

Variable	Supplier Relationship Mgmt	Cash Flow Mgmt	Market Demand	Working Capital Financing Policy	Working Capital Investment Policy	Inventory Management	Accounts Receivable/ Payable Mgmt	Liquidity Ratios	Cash Conversion Cycle	Cash Flow Statement
Supplier Relationship Mgmt	1									
Cash Flow Mgmt	0.35	1								
Market Demand	0.25	0.4	1							
Working Capital Financing Policy	0.2	0.3	0.45	1						
Working Capital Investment Policy	0.15	0.25	0.35	0.5	1					
Inventory Management	−0.1	−0.15	−0.05	0.2	0.25	1				
Accounts Receivable/Payable Mgmt	0.3	0.35	0.25	0.15	0.2	−0.1	1			
Liquidity Ratios	0.4	0.45	0.3	0.25	0.3	−0.2	0.5	1		
Cash Conversion Cycle	−0.35	−0.3	−0.25	−0.15	−0.1	0.35	−0.2	−0.45	1	
Cash Flow Statement	0.45	0.5	0.35	0.3	0.35	−0.25	0.55	0.6	−0.4	1

The significance of the matrix resides in its capacity to direct strategic decisions, elucidating the primary role of the Cash Flow Statement and Liquidity Ratios, and ultimately improving general economic control procedures. These correlations highlight how financial variables are interconnected, enabling businesses to make informed decisions and effectively traverse the challenging field of financial management.

A number of indices are provided in **Table 4** to evaluate how well a statistical model fits data. The Chi-Square statistic, Tucker-Lewis Index (TLI), Comparative Fit Index (CFI), and Root Mean Square Error of Approximation (RMSEA) are the components of these indices. The Chi-Square statistic is used to test the hypothesis that the version perfectly fits the data. It is represented with a value of 210.50 and 100 degrees of freedom (df). The ideal Chi-Square is less than the ranges of freedom, but it's vital to remember that pattern length can increase Chi-Square, which could lead to misleading conclusions.

Table 4. Model fit indices.

Fit Index	Value	Interpretation
Chi-Square (df)	210.50 (100)	Indicates model fit
CFI	0.92	Good fit
TLI	0.91	Good fit
RMSEA	0.07	Good fit

Moreover, the TLI and CFI values, maybe 0. For model evaluation, ninety-two and zero, ninety-one, respectively, are provided. With values above zero, these comparative match indices indicate how well the consumer-distinct model compares to a more constrained baseline model. Ninety is regarded as a good indicator of health. Finally, the 0.07 RMSEA evaluates how well the version fits the population's covariance matrix; values less than 0.05 indicate a close fit, and values greater than 0.08 indicate an inexpensive approximation error. All in all, these version-in-shape indices suggest that the statistical model and the records are positively matched.

The RMSEA is within a reasonable range, indicating the version's adequacy, and the CFI and TLI values are greater than 0.90, indicating a very good model suit. However, because the Chi-Square statistic is sensitive to sample length, it is important to handle it carefully.

Table 5 provides a succinct yet perceptive analysis of the crucial connections between financial management strategies and important business outcomes. Generally speaking, it emphasises how crucially important two important factors are: controlling supplier relationships and coin drift. A coefficient of 0.4 ($p < 0.01$) demonstrates the significant effect of strong distributor associations on profitability, illustrating the necessity of encouraging these connections in order to boost profitability. At the same time, in effect cash float management, alongside a coefficient of 0.35 ($p < 0.01$), seems as another important variable impacting profitability, demonstrating the requirement for careful chas flow tracking in order to be successful financially.

Table 5. Path coefficients.

Path	Coefficient	*p*-value	Interpretation
Supplier Relationship Mgmt → Profitability	0.4	< 0.01	Significant positive effect
Cash Flow Mgmt → Profitability	0.35	< 0.01	Significant positive effect
Market Demand → Inventory Levels	0.25	< 0.05	Significant positive effect
Working Capital Financing Policy → Profitability	0.3	< 0.05	Significant positive effect
Working Capital Investment Policy → Profitability	0.28	< 0.05	Significant positive effect
Inventory Management → DIO	−0.33	< 0.01	Significant negative effect
Accounts Receivable/Payable Mgmt → Turnover	0.37	< 0.01	Significant positive effect
Liquidity Ratios → Financial Health	0.42	< 0.01	Significant positive effect
Cash Conversion Cycle → Cash Flow	−0.4	< 0.01	Significant negative effect
Cash Flow Statement → Financial Health	0.3	< 0.05	Significant positive effect

Table 5 and **Figure 2** presents an easily understood and instructive overview of the important connections that are present among financial management approaches and noteworthy business results. Broadly, it illustrates the vital significance of two factors: managing supplier relationships and coin drift. A coefficient of 0.4 ($p < 0.01$) demonstrates the significant effect of strong dealer associations on profitability, highlighting the critical nature of encouraging these relationships in order to boost profitability. Simultaneously, effective cash float management, with a coefficient of 0.35 ($p < 0.01$), shows up as an additional important variable impacting profitability, emphasising the need for careful cash flow monitoring in order to succeed financially.

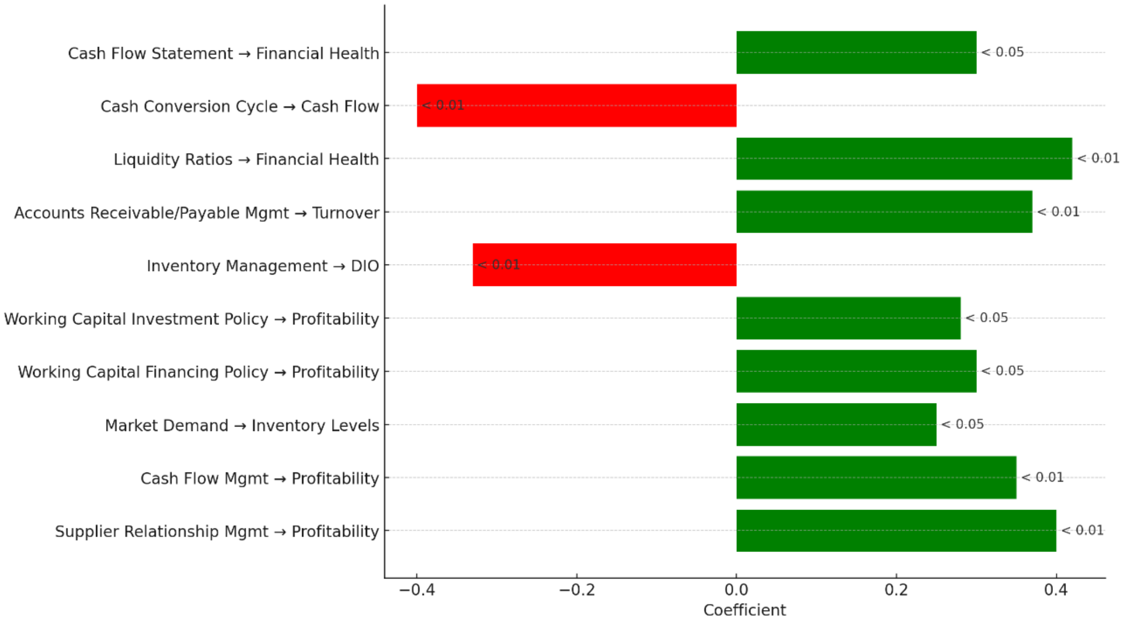

Figure 2. Path coefficients.

5. Discussion and implication

This research article offers significant insights into the critical role of retail enterprises in the global economy, emphasizing the multifaceted nature of the retail sector beyond just generating income. It highlights how retail serves as a nexus connecting various industries such as manufacturing, distribution, and logistics, thereby boosting economic growth and fostering job creation (Cao et al., 2023). The study underlines the strategic importance of retail in stabilizing economies, reducing unemployment, and contributing to national GDP (D'Orazio, 2023).

The article also delves into the importance of working capital management within retail businesses, stressing its vital role in maintaining financial stability and enhancing profitability (Jaafar et al., 2023). The study suggests that effective working capital management is not only a tool for balancing short-term assets and liabilities but also a strategic element in optimizing shareholder wealth and ensuring long-term business viability (Liu and Zhang, 2023).

Implications

Economic Impact: The research underscores retail's significance in driving economic activity, suggesting that policies aimed at supporting this sector can have widespread benefits for the overall economy.

Innovation and Competition: The study points out that retail acts as a hub for competition and innovation. This implies that encouraging innovation in retail can lead to higher quality products and services at lower costs, benefiting consumers.

Global Interdependence: The connection between global exchange and the retail industry highlighted in the research suggests that policies affecting the retail sector can have international implications, underlining the need for coordinated global economic strategies.

Government Revenue and Urban Development: The research indicates that retail operations significantly contribute to government tax revenues and urban development, suggesting that governments should consider retail sector health when planning public services and urban infrastructure.

Consumer Confidence and Technology Adoption: The study shows a direct link between the state of the retail iustry and consumer confidence, as well as the sector's lead in adopting new technologies. This implies that investments in retail technology could have far-reaching effects on consumer behavior and broader economic trends.

Profitability and Risk Management: The focus on working capital management in the study suggests that retail companies must balance profitability with risk management. Effective management of working capital can reduce the need for external funding and decrease insolvency risks.

Practical Application for Retail Businesses: The research provides valuable insights for retail businesses, particularly in working capital management. It offers specific strategies to enhance profitability, such as improving supplier relationships, efficient cash flow management, and adapting to market demands.

Future Research Directions: The lack of extensive research on effective working capital management techniques specific to improving retail profitability, as mentioned in the study, opens avenues for future research in this area.

6. Conclusion

This research significantly contributes to the understanding of the retail sector's impact on the global economy and the strategic importance of working capital management within this domain. By integrating both qualitative and quantitative methods, the study offers a comprehensive analysis of the multifaceted role of retail in driving economic growth, fostering innovation, and maintaining financial stability. The detailed examination of working capital management strategies, particularly in retail, provides critical insights into optimizing profitability and maintaining financial health.

(1) Filling the research gap

Prior to this study, there was a notable gap in comprehensive research focused on the intricate dynamics of working capital management in the retail sector. This research fills this gap by providing an in-depth analysis of various working capital management practices and their direct impact on retail profitability. It also sheds light on the broader economic implications of these practices, thus enriching the existing body of knowledge in both retail management and economic studies.

(2) Recommendations

Based on the findings, the following recommendations are proposed:

1) Policy Enhancement for Retail Support: Policymakers should formulate strategies that bolster the retail sector, recognizing its crucial role in economic growth and stability.
2) Global Economic Strategy Coordination: Given the interdependence of global exchange and retail, international economic strategies should be harmonized to support the retail sector's health globally.
3) Government Focus on Retail for Revenue and Development: Retail's contribution to tax revenues and urban development suggests that governments should prioritize retail sector health in public service planning and urban

infrastructure development.

4) Investment in Retail Technology: Investment in new technologies within retail can significantly influence consumer behavior and broader economic trends, given the sector's role in technology adoption.
5) Balancing Profitability and Risk Management: Retail businesses must focus on effective working capital management to balance profitability with risk management, thereby reducing reliance on external funding and mitigating insolvency risks.

(3) Future directions

This study sets a foundation for future research in several areas:

1) Expanding Geographic Scope: Future studies could explore working capital management in retail across diverse geographic regions to understand global variances and similarities.
2) Longitudinal Studies: Conducting longitudinal research could provide insights into the long-term effects of working capital management strategies in the retail sector.
3) Technological Integration: With the rapid evolution of technology, further research could focus on the integration of advanced technologies like AI and blockchain in retail working capital management.
4) Sustainability and Retail Management: Exploring the intersection of sustainability practices and working capital management in retail could offer insights into how environmental considerations impact financial strategies.

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