

Article

Working capital analysis optimises business management efficiency-young aspiring entrepreneurs' perspective

R. Fahima Sultana¹, Puja Sunil Pawar^{2,*}, Jawaher Binsuwadan², Arwa Abuhaimed²¹ Department of Accounting and Finance, Shri Shankarlal Sundarbai Shasun Jain College, Chennai 600017, India² Department of Economics, College of Business Administration, Princess Nourah Bint Abdulrahman University, P.O Box 84428, Riyadh 11671, Saudi Arabia* **Corresponding author:** Puja Sunil Pawar, drpujapawar@gmail.com

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Abstract: The study aims to explain the relationship between the effectiveness of a business and its management through the analysis of working capital. The findings prove the complementary relationship. The analysis of working capital will always have a significant impact on the effectiveness of business management. The main objective of any corporation is to be effective in business, which can be achieved by analyzing the working capital. The result shows that analysis of working capital based on factors like operational efficiency, the company's earnings and profitability, cash management, corporate receivable management, and corporate inventory management creates room for improvement and effectiveness in business management. Firms might enhance finances for business expansion by lowering their working capital requirements. It has also been revealed that there is a considerable difference in industries across time. It was observed that there is a high association between working capital efficiency and firm profitability. A highly efficient corporation is less vulnerable to liquidity risk and is also self-sufficient in terms of external finance. Numerous studies have been done to regulate the true rapport between working capital investments and their impact on financial presentation. It demonstrates that effective investment in working capital management may boost profitability and business value. The relationship between accounting and finance was explained by measuring working capital management in demand to illustrate the status of profitability. It was suggested that accountants take a more professional approach to updating their accounting and finance skills in their organization through effective working capital management.

Keywords: WCM; business management; current asset; current liability; operational efficiency; receivable management; inventory management

1. Introduction

Working capital management is a management approach designed to ensure the corporation's operation competently by monitoring its current possessions and obligations to their most effective use. The efficiency of working capital management can be quantified using various investigations. Working capital management is a measure to check the company's operational efficiency, earnings and profitability, cash, receivable and inventory management. Many business houses are struggling with losses due to inefficiency in working capital management. Many financial managers and business consultants ignore the importance of working capital management. Numerous objectives, statistical models, investment theory, limitation sets, cost balancing, collective rules, and financial simulators are a few examples of the existing methods researchers use to summarize working capital management. The potential of

suboptimization is raised, restrictions are considered, and the relationships between these diverse approaches are studied. A perfectly planned working capital management guarantees a very long-term way of success in terms of managing cash, accounts receivable, and payable administration. It is the responsibility of the financial manager to check constantly under the supervision of the chief financial officer. The four principal elements of working capital measurements are cash, inventory, and accounts receivable and payable. Small enterprises only concentrate on areas of working capital management where they anticipate higher marginal returns. The ramifications for academics, politicians, and practitioners are discussed, as well as the challenges in determining causality. Businesses are sometimes big and sometimes small. They compete in the same market, yet they differ in important ways that significantly affect the businesses. Smaller firms tend to have different finance sources and arrangements than bigger ones, in addition to being smaller. With the expansion and growth of a company's business activities, the need for working capital rises or falls. Although small companies too, they grew to become large and dominant ones. Yet it may be concluded that we require a sufficient amount of working capital, whether the concern is big or small. This can be proved through the analysis of working capital, which helps in the effectiveness of business management.

2. Objectives of the study

To investigate the demographic factors related to young aspiring entrepreneurs' perspective on the analysis of working capital for effectiveness in business management.

- 1) To examine the young aspiring entrepreneurs' perspective on to improve the overall efficiency of a company.
- 2) To understand the importance of working capital parameter for measuring the business financial performance
- 3) To examine the cash management, this gives more insight into a company's actual financial standing.
- 4) To study the corporate receivable management to improve the solvency and credit profile.
- 5) To study corporate inventory management by understanding the efficient order management.
- 6) To research how working capital analysis affects how well businesses are managed.

3. Statement of the problem

A methodological approach to maintaining a company's current assets and liabilities is known as WCM. Working capital management is effective as it focuses on financial obligations while increasing a company's ability to earn money. The study highlights the problems with knowledge of the term's significance for the development of the company and its critical role in managing cash, inventory, receivables, and payables. Management of working capital enhances daily operations and produces great financial outcomes. The result explores how young, aspiring entrepreneurs view how an analysis of working capital maximizes the effectiveness of business

management. It also observes how working capital affects the firm's effectiveness in sustaining a thriving enterprise.

4. Review of literature

Habib et al. (2024) investigated the effectiveness of intellectual capital and working capital management in the industrial sector and their potential impact on business performance. The findings revealed that most businesses do not effectively use their intellectual and working capital investment and require improvement activities to reach optimal practices. Furthermore, these findings have significant implications for employee work satisfaction and retention through improved intellectual capital management.

Jebbor et al. (2024) focused on how an operator tapes the wires for an automotive wire harness and advised merging the optimization of taping operations and jig layouts on a workstation to create perfect production processes. It was argued that even with the use of new methodologies, engineers would still have to conduct trial-and-error work to discover effective techniques. This study presented a novel technique for optimizing output.

Jebbor et al. (2024). This study investigates the use of manufacturing cycle efficiency, which has emerged as a crucial technique for significantly increasing production efficiency. This study gives practical solutions and fresh perspectives on how to maximize the production cycle efficiency.

Khlie et al. (2024) identified precise demand forecasting as the key to optimizing inventory management and meeting customer demand efficiently. The purpose of this work was to investigate the use of generative AI models in demand forecasting, which would be useful in the decision-making process for inventory control and resource allocation.

Addisu et al. (2023) stated that, for the benefit of company banks, managing working capital is a crucial monetary administration option. The research made use of optional data from five private business banks in Ethiopia that submitted budget reports for the years 2011 through 2020. The impact of WCM on commercial banks' profitability is investigated using an econometric model.

Hong et al. (2021) have claimed that powered by electricity, energy providers require a lot of capital. It has been proven that their ability to manage their working capital effectively can greatly affect how long they can remain in business. In order to increase working management efficiency, the researcher has offered a great technique for improving distribution chain capital control.

Salas-Molina et al. (2021) stated that, in order to achieve a certain return, the goal of cash management is to achieve a balance between cash and other investments. It is difficult to maintain cash management systems with multiple accounts and a variety of relationships between them. In this paper, the researcher introduced an appropriate methodology for managing cash with various records based on chart premise.

Boisjoly et al. (2020) investigated the impact of aggressive working capital practices and continuous improvement initiatives on the turnover of accounts receivables, inventories, day's payables outstanding, and cash conversion cycle from 1990 to 2017. The researchers discovered statistically significant shifts in the means

and skew for these variables, which are consistent with more stringent financial control and less trade credit risk-taking.

The subject of this article, according to Krylov (2020), is on accounting solutions for managing accounts receivable, including appropriate accounting solutions and analytical methodologies. According to Russian Accounting Standards, International Financial Reporting Standards, and generally recognized accounting principles, the research focuses on the legal framework for accounts receivable accounting. This article promotes the use of current information technologies, including block chain-based smart contracts, for accounts payable management.

Wadesango et al. (2019) stated that SMEs, or businesses of all sizes, are crucial to the generation of new jobs in Zimbabwe. Sound cash management practices must be applied for SMEs to prosper in terms of profitability and sustainability. This study tried to categorize the cash flow management practices currently used by Zimbabwean SMEs and assess how these practices affect SMEs' profitability and sustainability. It was revealed that the majority of the executive practices practiced by these organizations' benefit and viability are significantly impacted by SMEs. The investigations also discovered that most SMEs are reluctant to use effective cash management techniques, which results in failure.

Ratnam (2019) examined the association between effective liquidity management and business value, concentrating on a sizable panel of Chinese listed companies. The study's findings are consistent with the idea that managers can boost company value by effectively controlling working capital expenditure.

The purpose of this paper, according to Singh and Verma (2018), is to explain the stock administration in store grids and their ongoing stock-connected issue in an existing day firm and provide a calculated philosophy for related issues. The methodology's output is the benefits, while the methodology's inputs are the inventory. A conceptual approach to current company inventory challenges is discussed.

Krumrey et al. (2018) examined that cash management spans ensuring a company's solvency, minimizing risks, and optimizing financial performance. It is a necessary activity to secure a company's long-term success. This study proposes a new cash management model based on cash flows. The risk of client default, the risk of bank default, and the risk of foreign exchange are all taken into account.

According to Priniotakis and Argyropoulos (2018), classifying inventory, controlling inventory levels, preventing stockouts, and improving customer happiness are some of the subjects covered in this study. The significance of anticipating demand is also discussed, and the root mean square error is employed as a valuable indicator of forecast mistake that ultimately becomes a crucial element in inventory management. Service level is discussed as a performance metric, and the importance of safety stock is emphasized. The Reorder Point is examined as a helpful marker for starting creation recharge, and a rapid technique for focusing on creation orders is suggested.

According to Singh and Verma (2018), in a modern firm, stock management in the store chain and ongoing inventory-related issues are described, and a workable solution is offered for those issues. A literature review examines issues related to inventory in the industry and its many aspects, as well as the management or control

of inventory and the conceptual strategy to the inventory that challenges the organization is now facing.

Ashish and Suman (2018) examined Hindustan Unilever Limited and Godrej Consumer Products Limited in terms of their WCM strategies and cash flow statements using a variety of metrics, including current ratio, quick ratio, inventory turnover ratio, debtor turnover ratio, and fixed asset turnover ratio. It was discovered that both businesses are attempting to control their cash flow and working capital needs.

The management of Zoomlion Company Limited's accounts receivables was the focus of this study, according to Adusei (2017). The results demonstrate that the organization has effective credit control frameworks in place. The paper suggests tighter compliance with the credit legislation, proactive development of effective recuperation strategies, and expansion of best accounts receivable management practices.

According to Yamnenk (2017), the relevance of accounts receivable management is determined by its capability influence on the organization's ability to fill working capital. Making a specific component for the management of accounts receivable in the firm is therefore essential. The article examines the components of the mechanism as well as the important variables that affect how it functions. The outcome of the records receivable administration's operation is to accumulate reserves and reduce money owed.

Aro-Gordon and Gupte (2016) investigated that cost management has become a critical tactic for surviving the harsh competition as a result of the evolving business environment. According to the study, using a good combination of current stock management techniques will help experts work on corporate administration conveyance by ensuring a steady flow of supplies and lowering chaperone transportation expenses.

Ramiah et al. (2016) declares that, during the global financial crisis, the choices taken by firm treasurers on cash, inventories, accounts receivable, accounts payable, and risk management. The survey information showed that the professionals have behavioral bias. Biases can influence decisions negatively in some areas of WCM.

Aktas et al. (2015) analyzed and examined the impact of WCM on the value of a large number of US businesses between 1982 and 2011. The results suggest that businesses that reach optimum working capital policy levels improve their stock and working execution. It was also demonstrated how more effective WCM results in improved company performance through corporate investment. Companies can support cash acquisitions, which are higher-value uses because of effective WCM, by using underutilized company resources.

Tran (2015) conducted a 6-year extensive analysis of the relationship between WCM and profitability of the 98 manufacturing listed enterprises. According to the study, a firm can improve by minimizing the cash conversion cycle, the trading cycle, and controlling liquidity, leverage, firm size, and firm growth.

The objective of this study, according to Wire (2015), was to determine the effect of WCM on the financial performance of small and medium manufacturing businesses in Nairobi County, Kenya. According to the report, 83.7% of SMEs only occasionally or never create cash budgets, and they frequently base the creation and assessment of

these budgets on scheduled timeframes. At the identical spell, 85.3% of the responding SMEs experience occasional or frequent financial shortages, whereas 59.5% consistently and regularly experience cash surpluses.

Baños-Caballero et al. (2014) According to the study, it focuses on company efficiency and working capital oversight for a sample of UK companies outside of the banking industry. Contrary to past studies, the results strongly imply a U-like connection between firm performance as well as capital investment. This makes the case that there is a perfect amount of working capital investment that maximizes a company's value while striking a balance between disadvantages and benefits.

4.1. Research methodology

For many young individuals, the ultimate job aim is to be your own boss. However, there will inevitably be challenges in the road, with a lack of knowledge and expertise in working capital management being the most glaring. According to the 2022 Investopedia Financial Literacy Survey, adults in Generation Z (those between the ages of 18 and 30) are more financially literate than any other generation was at their age. Many aspiring young businesspeople start out very young. These young business people decided to enter the business world, whether they were motivated by their families, current events, or a desire to have fun. Many young, ambitious entrepreneurs are discouraged from taking that first jump because many of them fail when they first enter the world of business. In light of this, the research findings will be tipped to increase the likelihood of entrepreneurial success. Finding a gap that needs to be filled does not need doing something novel, but rather something that can serve as a catalyst. Additionally, while it is crucial that our proposal be profitable, it should also be in line with our own objectives. The purpose of the research survey is to learn more about the perspectives of 744 young, aspiring entrepreneurs on the role that working capital plays in effective business management. Both primary and secondary data have been employed in the research project. Data gathering is carried out using a simple random sample technique. To get the conclusion, statistical techniques like correlation, regression, and ANOVA were applied. The variables considered for the study in this research were operational efficiency, the company's earnings and profitability, cash management, corporate receivable management, and corporate inventory management.

4.2. Statistical data analysis and interpretation

Inference: An alpha score of 0.962 indicates, in the **Table 1** how the respondents view how the examination of working capital contributes to good business management. It has a very high and acceptable value level.

Table 1. Reliability statistics.

Reliability Statistics	
Cronbach's Alpha	N of items
0.962	32

Source: Primary Information.

Inference: **Table 2** and **Figures 1–4** illustrate the demographics of the 744 young aspiring entrepreneurs’ who responded; among them, 22.6% were undergrads and 77.4% had completed high school. 21.6% of the young aspiring entrepreneur respondents were from the commerce stream, 63.4% were from science, and 14.9% were from the arts stream. Of the respondents, 88.7% are men and 11.3% are women. 66% are below the age the age of 25, 21.8% are from the age group between 25 and 30, and the 30, and the remaining 12.2% are above the age of 30.

Table 2. Frequency distribution of demographic variables of the respondents’ perspective.

		Frequency	Percentage
Educational qualification	Under graduate	168	22.6
	High school	576	77.4
Department	Commerce	161	21.6
	Science	472	63.4
	Arts	111	14.9
Gender	Men	660	88.7
	Female	84	11.3
Age	Below 25	491	66
	25–30	162	21.8
	Above 30	91	12.2
TOTAL		744	100

Source: Primary Information.

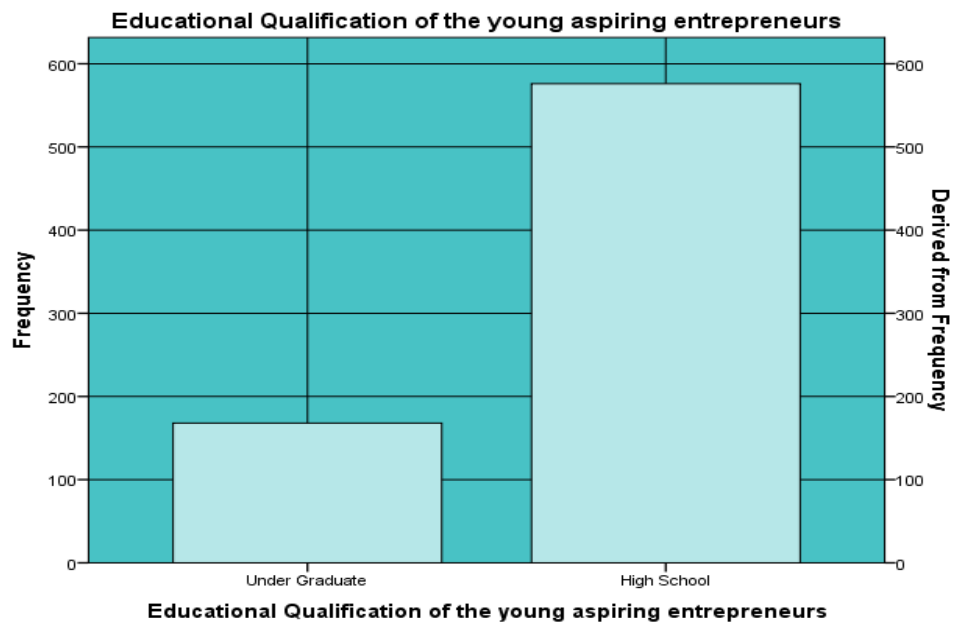


Figure 1. Frequency distribution of educational attainment among young people who aspire to become entrepreneurs.

Source: Primary Information.

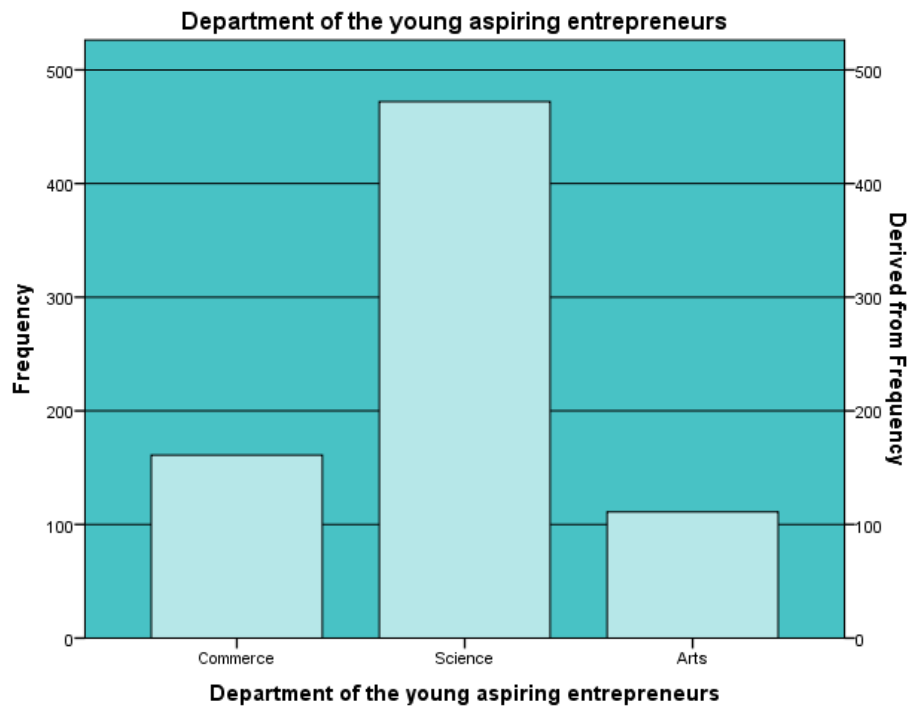


Figure 2. Frequency distribution of department from the viewpoint of young, ambitious entrepreneurs.
Source: Primary Information.

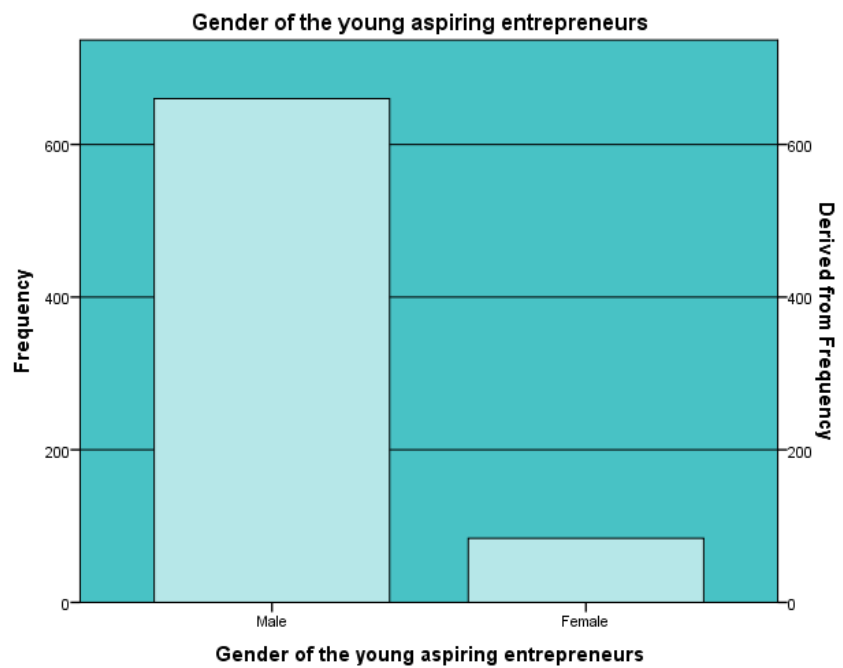


Figure 3. Frequency distribution of gender perspectives of young, ambitious entrepreneurs.
Source: Primary Information.

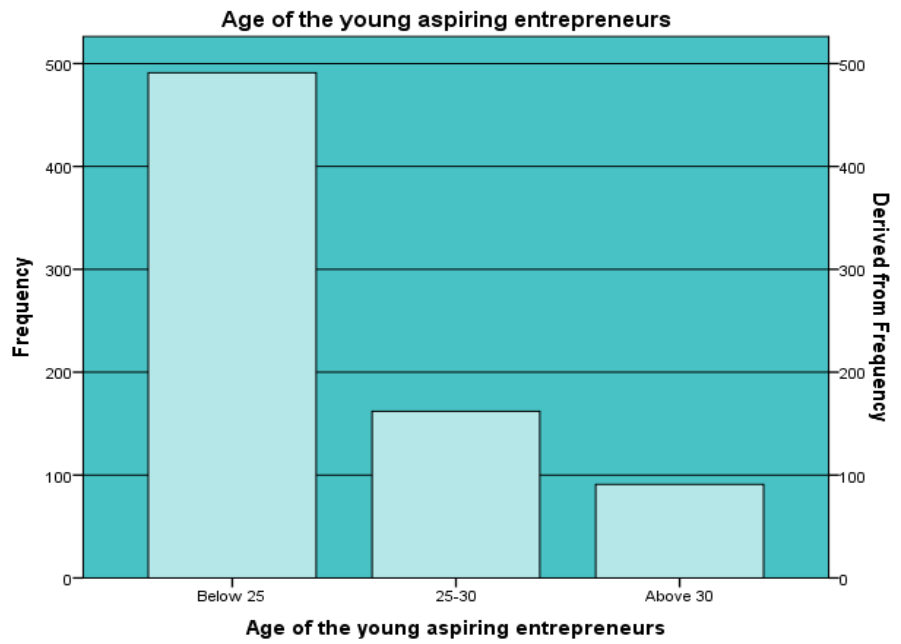


Figure 4. Frequency distribution of age-related perspective of young aspirant entrepreneurs.

Source: Primary Information.

Inference: **Table 3** and **Figure 5** show the analysis’s findings. It is evident that 89.9% of the respondents’ states that working capital is a boon, and the remaining 10.1% state it to be a bane. The maximum number of respondents has been perceived positively in this research work.

Table 3. Frequency distribution of WCM is a boon.

WCM is a boon	Yes	669	89.9
	No	75	10.1
TOTAL		744	100

Source: Primary Information.

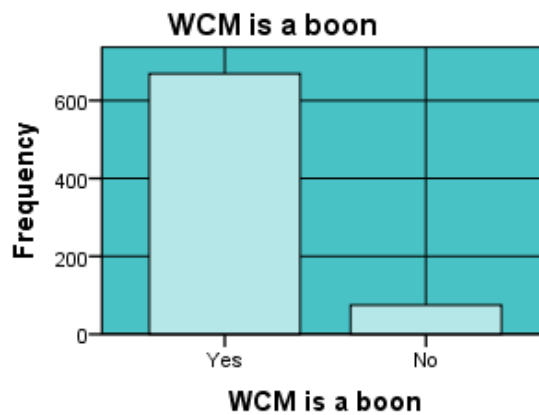


Figure 5. Frequency distribution of WCM is a boon.

Inference: The results are shown in **Table 4** and **Figure 6** to illustrate how often young, aspiring business owners view WCM as a time-consuming activity. It is evident from the above table and the graphic that 63.6% of the respondents’ states that

WCM is a tedious process and the remaining 36.4% state it is not. The maximum number of respondents has perceived that it is a tedious process, though it is a boon, in this research work.

Table 4. Frequency distribution of WCM is a tedious process.

WCM is a tedious process	Yes	473	63.6
	No	271	36.4
TOTAL		744	100

Source: Primary Information.

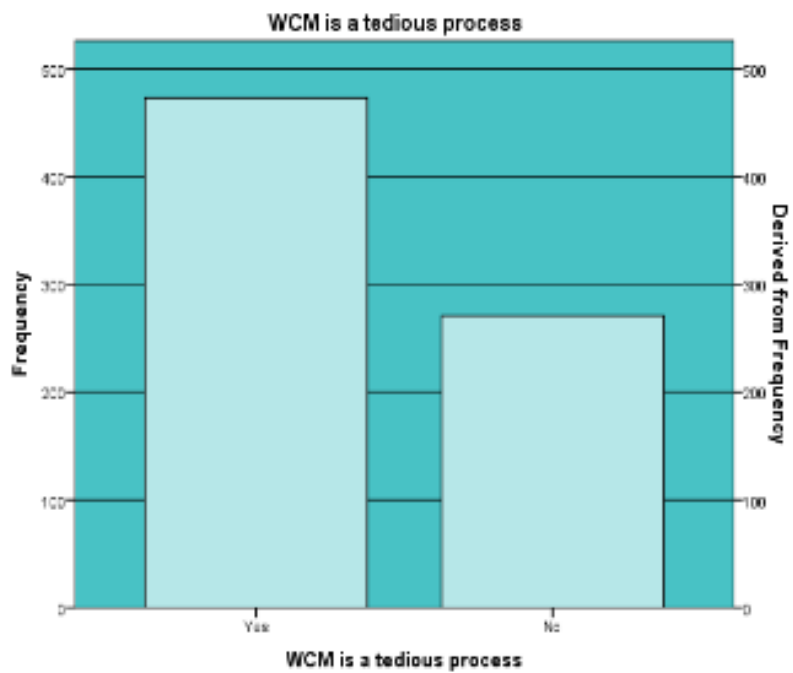


Figure 6. Frequency distribution of WCM is a tedious process.

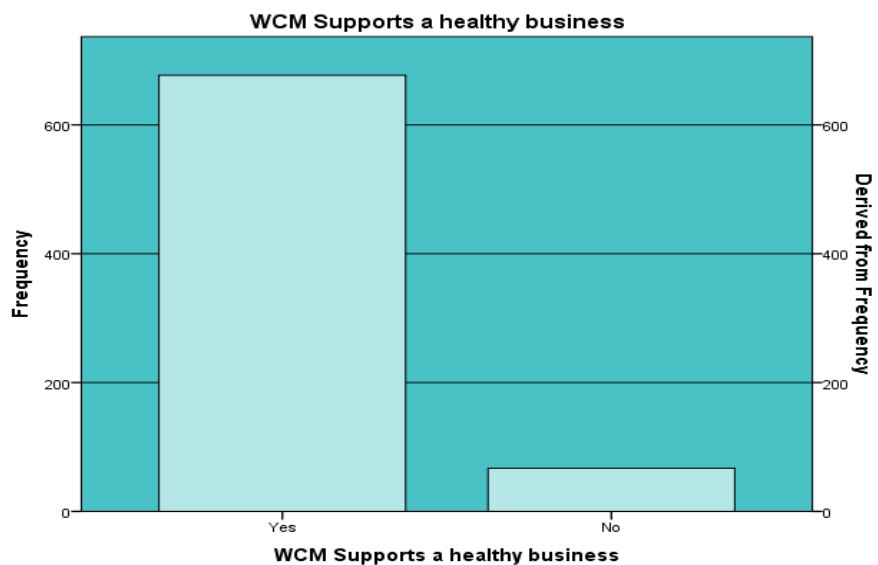


Figure 7. Frequency distribution of WCM supports a healthy business.

Source: Primary Information.

Inference: The results are shown in **Table 5** and **Figure 7** to illustrate how

frequently respondents believe that good WCM promotes a successful business. It is evident that 91% of the respondents' states that working capital supports a healthy business, and the remaining 9% state it does not. The maximum number of respondents has perceived that WCM supports a healthy business in this research work.

Table 5. Frequency distribution of WCM supports a healthy business.

WCM supports a healthy business	Yes	677	91
	No	67	9
TOTAL		744	100

Table 6. Frequency distribution of the respondents' perspective.

		Frequency	Percentage
Solidifies the going concern status of a company	Strongly Disagree	85	11.4
	Disagree	63	8.5
	Neutral	238	32
	Agree	256	34.4
	Strongly Agree	102	13.7
Improves overall efficiency of a company	Strongly Disagree	85	8.5
	Disagree	63	8.6
	Neutral	238	27.7
	Agree	256	32.8
	Strongly Agree	102	22.4
Efficient utilization of fixed assets	Strongly Disagree	59	7.9
	Disagree	65	8.7
	Neutral	245	32.9
	Agree	252	33.9
	Strongly Agree	123	16.5
Expansion of business	Strongly Disagree	72	9.7
	Disagree	67	9
	Neutral	210	28.2
	Agree	245	32.9
	Strongly Agree	150	20.2
Edge over competitors	Strongly Disagree	67	9
	Disagree	64	8.6
	Neutral	264	35.5
	Agree	231	31
	Strongly Agree	118	15.9
Increased profitability	Strongly Disagree	81	10.9
	Disagree	57	7.7
	Neutral	231	31
	Agree	227	30.5
	Strongly Agree	148	19.9

Table 6. (Continued).

	Frequency	Percentage	
Higher return on capital employed	Strongly Disagree	58	7.8
	Disagree	84	11.3
	Neutral	240	32.3
	Agree	258	34.7
	Strongly Agree	104	14
TOTAL	744	100	

Source: Primary Information.

Inference: According to **Table 6** above, 34.4% of respondents agree, 8.5% of respondents disagree, 32% of respondents are neutral, and 11.4% of respondents strongly agree. The remaining respondents are indifferent. Analysis on WCM, strongly agreed upon by 13.7% of young, prospective entrepreneurs, ensures that a company can continue to operate. Respondents are evenly divided: 32.8% of them agree, 8.5% of them strongly agree, 8.6% of them disagree, 27.7% of them are neutral, and 8.5% of them strongly disagree. Analysis of WCM, according to 22.4% of respondents, improves overall efficiency of the company. Respondents are divided into five groups: 7.9% strongly agree, 8.7% disagree, 32.9% are neutral, 33.9% are in agreement, and the remaining percentage is indifferent. According to 16.5% of respondents, analysis of WCM aids in the effective use of fixed assets. Respondents are evenly divided between those who strongly agree (9.7%) and those who oppose (9%), while 28.2% are neutral (32%), 32.9% are in agreement, and the remaining percentage is undecided (9%). Analysis on WCM, according to 20.2% of respondents, helps expand business. 31% of respondents agree, 8.6% strongly disagree, 35.5% are indifferent, and 9% of respondents strongly agree. The remaining respondents are evenly divided. 15.9% of respondents strongly concur that WCM analysis gives an edge over competition. Respondents are divided into groups according to their levels of agreement: 10.9% strongly agree, 7.7% disagree, 31% are indifferent, 30.5% agree, and the remaining group is divided evenly. 19.9% of young, prospective business owners highly concur in their belief that profitability is increased through WCM study. Respondents are evenly divided between those who highly agree (7.8%) and disagree (11.3%), are indifferent (32.3%) and agree (34.7%), and are evenly divided between those who disagree and those who strongly agree (11.3%). Respondents, who make up 14% of this group, firmly concur that studies of WCM result in high returns on capital employed.

4.3. Hypothesis

- H1: There is a significant difference between respondents' perspective on working capital expands business and their age.
- H0: There is no significant difference between respondents' perspective on working capital expands business and their age.

Inference: The correlation test was carried out to demonstrate the strong correlation between the respondents' ages and their opinions on how working capital expands business. **Table 7** contains the analytical report. The table shows a -0.163

correlation coefficient between the frequency of perspective on working capital expanding business and age. The p value in this instance is below 0.00. Since the p value is smaller than 0.00, the null hypothesis is disproved. Additionally, it was shown that there is a strong correlation between the age of young aspirant business owners and their opinions on how much working capital helps businesses grow.

Table 7. Correlations.

		Age	Working capital expands business
Age	Pearson Correlation	1	-0.163**
	Sig. (2-tailed)		0.0000
	<i>N</i>	744	744
Working Capital expands business	Pearson Correlation	-0.163**	1
	Sig. (2-tailed)	0.00	
	<i>N</i>	744	744

** . Correlation is significant at the 0.01 level (2-tailed).

- H2: There is a significant difference between respondents’ perspective on working capital enables higher return on capital employed and their Educational qualification.
- H0: There is no significant difference between respondents’ perspective on working capital enables higher return on capital employed and their Educational qualification.

Table 8. Correlations.

		Educational qualification	Higher return on capital employed
Educational qualification	Pearson correlation	1	-0.103**
	Sig. (2-tailed)		0.05
	<i>N</i>	744	744
Higher Return on capital employed	Pearson correlation	-0.103**	1
	Sig. (2-tailed)	0.05	
	<i>N</i>	744	744

** . Correlation is significant at the 0.01 level (2-tailed).

Inference: The correlation test was performed in order to demonstrate the strong correlation between the respondents’ educational background and their perception that having more working capital allows for a higher return on capital employed. **Table 8** presents the analytical report. The table shows a -0.103 correlation coefficient between the frequency of viewpoint on working capital enabling a higher return on capital employed and educational attainment. The p value in this case is under 0.05. Since the p value is less than 0.05, the null hypothesis is disproved. It was also demonstrated that there is a strong correlation between respondents’ educational background and their perception of how access to working capital promotes a higher return on invested capital.

- H3: There is a significant correlation between respondents’ perspective on working capital expands investment portfolio and their age.

- H0: There is no significant correlation between respondents’ perspective on working capital expands investment portfolio and their age.

Inference: The correlation test was carried out to prove the strong connection between the respondents’ ages and their views on how working capital broadens their investment portfolio. **Table 9** presents the analytical report. In the table, there is a -0.131 correlation coefficient between the frequency with which the perspective on working capital expands investment portfolio and their age. The p value in this instance is below 0.00 . Since the p value is smaller than 0.00 , the null hypothesis is disproved. Additionally, it was demonstrated that there is a strong correlation between the age of respondents’ and their viewpoint on how working capital increases investment portfolios.

Table 9. Correlations.

		Working capital expands investment portfolio	Age
Working capital expands investment portfolio	Pearson Correlation	1	-0.131^{**}
	Sig. (2-tailed)		0.00
	<i>N</i>	744	744
Age	Pearson Correlation	-0.131^{**}	1
	Sig. (2-tailed)	0.00	
	<i>N</i>	744	744

** . Correlation is significant at the 0.01 level (2-tailed).

- H4: There is a significant correlation between respondents’ perspective on maintaining good relationship with suppliers and other creditors and their age.
- H0: There is no significant correlation between respondents’ perspective on maintaining good relationship with suppliers and other creditors and their age.

Table 10. Correlations.

		Age	Maintain good relation with suppliers and other creditors
Age	Pearson Correlation	1	-0.160^{**}
	Sig. (2-tailed)		0.00
	<i>N</i>	744	740
Maintain good relation with suppliers and other creditors	Pearson Correlation	-0.160^{**}	1
	Sig. (2-tailed)	0.00	
	<i>N</i>	740	740

** . Correlation is significant at the 0.01 level (2-tailed).

Inference: The correlation test was carried out to demonstrate the strong correlation between the respondents’ ages and their views on keeping positive relationships with suppliers and other creditors. **Table 10** presents the analytical report. In the table, there is a negative correlation coefficient (0.160) between the frequency of perspective on keeping good relationships with suppliers and other creditors and their age. The p value in this instance is below 0.00 . Since the p value is smaller than 0.00 , the null hypothesis is disproved. Additionally, it was shown that there is a strong correlation between the age of young aspiring business owners and

how seriously they take the maintenance of positive relationships with creditors and suppliers.

- H5: There is a significant correlation between respondents' perspective on working capital improves the overall efficiency of a company and Efficient utilization of fixed assets.
- H0: There is no significant correlation between respondents' perspective on working capital improves the overall efficiency of a company and Efficient utilization of fixed assets.

Inference: **Table 11** shows $F(2, 4) = 189.594, p = 0.00$, which indicates that a company's working capital level significantly affects how effectively it uses its fixed assets. At the $p < 0.05$ level for all three situations, there is a significant relationship between working capital and improved overall business performance [$F(2, 4) = 189.594, p = .000$].

Table 11. Anova.

Working capital improves overall efficiency of a company					
	Sum of Squares	Df	Mean square	F	Sig.
Between Groups	519.464	4	129.866	189.594	0.00
Within Groups	506.192	739	0.685		
Total	1025.656	743			

- H6: There is a significant correlation between respondents' perspective on working capital as an important parameter to understand business financial performance and to create income that exceeds its costs.
- H0: There is no significant correlation between respondents' perspective on working capital as an important parameter to understand business financial performance and to create income that exceeds its costs.

Inference: **Table 12** presents the level of parameter to understand business financial performance had a significant impact on creating income that exceeds its costs, $F(2, 4) = 189.594, p = 0.000$. There is a significant effect of the amount of parameter to understand business financial performance to create income that exceeds its costs at the $p < 0.05$ level for the three conditions [$F(2, 4) = 189.594, p = 0.000$].

Table 12. Anova.

Important parameter to understand business financial performance					
	Sum of Squares	Df	Mean square	F	Sig.
Between Groups	488.348	4	122.087	189.889	0.00
Within Groups	475.131	739	0.643		
Total	963.478	743			

- H7: There is a significant correlation between respondents' perspective on working funds improves understanding of a company's genuine financial situation and Better Financing Terms.
- H0: There is no significant correlation between respondents' perspective on working funds improves understanding of a company's genuine financial situation and Better Financing Terms.

situation and better financing terms.

Inference: **Table 13** shows that the level of working funds improves understanding of a company's genuine financial situation and had a significant impact on better financing terms, $F(2, 4) = 200.259, p = 0.000$. There is a significant effect of amount of working funds improving understanding of a company's genuine financial situation to generate better financing terms at the $p < 0.05$ level for the three conditions [$F(2, 4) = 200.259, p = 0.000$].

Table 13. Anova.

Working capital provides better insight into the true financial state					
	Sum of Squares	Df	Mean square	F	Sig.
Between Groups	507.843	4	126.961	200.259	0.000
Within Groups	464.076	732	0.634		
Total	971.919	736			

- H8: There is a significant correlation between respondents' perspective on working capital improves in solvency and credit profile and Uninterrupted trading and production.
- H0: There is no significant correlation between respondents' perspective on working capital improves in solvency and credit profile and Uninterrupted trading and production.

Inference: **Table 14** show the level of working capital improvements in solvency and credit profile had a significant impact on uninterrupted trading and production, $F(2, 4) = 139.553, p = 0.000$. A large impact of working capital is seen to improve solvency and credit profile to generate uninterrupted trading and production at the $p < 0.05$ level for the three conditions [$F(2, 4) = 139.553, p = 0.000$].

Table 14. Anova.

Working capital improves in solvency and credit profile					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	428.857	4	107.214	139.553	0.000
Within Groups	565.446	736	0.768		
Total	994.302	740			

- H9: There is a significant correlation between respondents' perspective on working capital as an aid for an efficient order management and Boost inventory optimization.
- H0: There is no significant correlation between respondents' perspective on working capital as an aid for an efficient order management and Boost inventory optimization.

Inference: **Table 15** shows the level of working capital as an aid for efficient order management had a significant impact to boost inventory optimization, $F(2, 4) = 267.200, p = 0.000$. There is a significant effect of the amount of working capital as an aid for efficient order management to boost inventory optimization at the $p < 0.05$ level for the three conditions [$F(2, 4) = 267.200, p = 0.000$].

Table 15. Anova.

Efficient order management					
	Sum of squares	Df	Mean square	F	Sig.
Between Groups	503.343	4	125.836	267.200	0.000
Within Groups	346.142	735	0.471		
Total	849.485	739			

- H10: There is a strong connection between analysis of working capital and the effective of business management.
- H0: There is no strong connection between working capital and the effective of business management.

Table 16. Model summary.

Model	R	R square	Adjusted R square	Std. error of the estimate
1	0.698 ^a	0.487	0.487	0.786

a. Predictors: (Constant), Analysis of working capital.

Table 17. Anova.

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	435.114	1	435.114	704.068	0.000 ^b
	Residual	457.938	741	0.618		
	Total	893.052	742			

a. Dependent Variable: Effectiveness of Business Management.

b. Predictors: (Constant), Analysis of working capital.

Table 18. Coefficients.

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. error	Beta		
1	(Constant)	0.967	0.095		10.219	0.000
	Analysis of working capital	0.699	0.026	0.698	26.534	0.000

a. Dependent Variable: Effectiveness of Business Management.

Inference: Information on *R* and *R* square values can be found in **Table 16**. The *R* value of 0.698 demonstrates the strong correlation and exemplifies the straightforward correlation. Additionally, the *R* square value of 0.487 suggests that both the independent variable, the analysis of working capital, and the dependent variable, the efficacy of business management, are changing. Our investigation indicates that it is 48.7%, which is a considerable percentage. The Anova **Table 17** in the regression model shows a substantial association between the dependent variable, effectiveness of company management. The table displays the significance of the regression model. Because of the *p* 0.05, the overall regression model is statistically significant. To determine whether the independent variable, working capital analysis, is statistically significant and influences the dependent variable, successful business management, the coefficient **Table 18** is employed. As a result, the null hypothesis is disproved, and it is determined that there is a connection between working capital

analysis and business management effectiveness.

5. Discussion

The focus of the study was to find out the perspective of young aspiring entrepreneurs on how analysis of working capital optimizes business management efficiency. The inquiry into better working capital analysis entailed determining how well a company uses its fixed assets to increase overall efficiency. This empirical study shows that working capital analysis improves business management efficiency, resulting in improved borrowing conditions, solvency and credit profile, and inventory optimization.

6. Suggestions

The key takeaways are:

- The key things to keep in mind are that negotiating better credit terms with suppliers is essential. One way to increase the amount of time money stays in your account is to bargain payment terms with suppliers.
- Ensuring that a company has enough cash flow to meet its immediate obligations and operating costs is the aim of WCM. Working capital is made up of three main parts: money coming in, money going out, and inventory control.
- The company should put a lot of effort into maintaining a strong working capital ratio, which has several benefits for a company, including better cash flow management, better decision-making, higher financial stability, and much more.
- WCM makes it possible to pay suppliers on time, which enhances the company's reputation and creditworthiness. Suppliers may also provide monetary reductions in exchange for prompt payment of invoices. Therefore, by managing an uninterrupted process cycle, it aids in the maintenance of solvency for a corporation.
- The main objectives of WCM include maintaining the working capital operating cycle and ensuring that it runs in an orderly fashion, reducing the cost of capital utilized for working capital, and boosting the return on current asset investments.
- Shortening the operating cycle, avoiding utilizing working capital to fund fixed assets, cutting needless expenses to increase liquidity, reducing bad debts or uncollectible receivables, etc. are some of the working capital improvement approaches.
- Invest in trade credit insurance to safeguard commercial organizations from the non-payment of accounts receivable.
- Companies should investigate the creditworthiness of potential new clients.

7. Findings

- 1) The study of the data showed that young aspiring entrepreneurs' attitude toward the analysis of working capital helps in the effectiveness of business management, with an alpha value of 0.962. (96.2%). It has a very high and acceptable value level.
- 2) Out of the entire 744 young aspiring entrepreneurs', 22.6% were undergrads, and

- 77.4% have completed high school. 21.6% of the young aspiring entrepreneur respondents were from the commerce stream, 63.4% were from science, and 14.9% were from the arts stream. Of the respondents, 88.7% were men and 11.3% were women. 66% are below the age the age of 25, 21.8% are from the age group between 25 and 30, and the 30, and the remaining 12.2% are above the age of 30.
- 3) It was discovered that 89.9% of the young aspiring entrepreneurs stated that working capital is a boon, and the remaining 10.1% stated it to be a bane. The maximum number of young aspiring entrepreneurs has been perceived positively in this research work.
 - 4) It is also proved that 63.6% of the young aspiring entrepreneurs stated that working capital is a tedious process, and the remaining 36.4% stated it is not. The maximum number of young aspiring entrepreneurs has perceived that it is a tedious process, though it is a boon, in this research work.
 - 5) It was discovered that 91% of the young aspiring entrepreneurs' states that working capital supports a healthy business, and the remaining 9% state it does not. The maximum number of young aspiring entrepreneurs has perceived that working capital management supports a healthy business in this research work.
 - 6) From the data examined, it was found that 11.4% of the young aspiring entrepreneurs strongly agree, 8.5% of the young aspiring entrepreneurs disagree, 32% of the young aspiring entrepreneurs are neutral, 34.4% of the young aspiring entrepreneurs agree, and the balance 13.7% of the young aspiring entrepreneurs strongly agree on the opinion that analysis on working capital management solidifies the going concern status of a company. 8.5% of the young aspiring entrepreneurs strongly agree, 8.6% of the young aspiring entrepreneurs disagree, 27.7% of the young aspiring entrepreneurs are neutral, 32.8% of the young aspiring entrepreneurs agree, and the balance 22.4% of the young aspiring entrepreneurs strongly agree on the opinion that the company's total efficiency is enhanced via a working capital management study. 7.9% of the young aspiring entrepreneurs strongly agree, 8.7% of the young aspiring entrepreneurs disagree, 32.9% of the young aspiring entrepreneurs are neutral, 33.9% of the young aspiring entrepreneurs agree, and the balance 16.5% of the young aspiring entrepreneurs strongly agree on the opinion that analysis on working capital management aids in efficient utilization of fixed assets. 9.7% of the young aspiring entrepreneurs strongly agree, 9% of the young aspiring entrepreneurs disagree, 28.2% of the young aspiring entrepreneurs are neutral, 32.9% of the young aspiring entrepreneurs agree and the balance 20.2% of the young aspiring entrepreneurs strongly agree on the opinion that analysis on working capital management expands business. 9% of the young aspiring entrepreneurs strongly agree, 8.6% of the young aspiring entrepreneurs disagree, 35.5% of the young aspiring entrepreneurs are neutral, 31% of the young aspiring entrepreneurs agree, and the balance 15.9% of the young aspiring entrepreneurs strongly agree on the opinion that analysis on working capital management edge over competition. 10.9% of the young aspiring entrepreneurs strongly agree, 7.7% of the young aspiring entrepreneurs disagree, 31% of the young aspiring entrepreneurs are neutral, 30.5% of the young aspiring entrepreneurs agree, and the balance 19.9% of the young aspiring entrepreneurs strongly agree on the

opinion that analysis on working capital management increases profitability. 7.8% of the young aspiring entrepreneurs strongly agree, 11.3% of the young aspiring entrepreneurs disagree, 32.3% of the young aspiring entrepreneurs are neutral, 34.7% of the young aspiring entrepreneurs agree, and the balance 14% of the young aspiring entrepreneurs strongly agree on the opinion that analysis on working capital management gives a high return on capital employed.

- 7) It was also demonstrated through empirical analysis that there is a strong correlation between the age of young prospective entrepreneurs and their belief that working capital helps businesses grow.
- 8) The empirical investigation also showed that there is a strong correlation between the educational background of young, aspiring entrepreneurs and their perception of how working capital provides a higher return on capital employed.
- 9) It has been proven that there is a strong correlation between the age of young prospective entrepreneurs and their viewpoint on how working capital increases investment portfolios.
- 10) It has been demonstrated that there is a strong correlation between the age of young entrepreneurs and their outlook on keeping positive relationships with suppliers and other creditors.

8. Summary of result

The empirical analysis demonstrated that

- Working capital has a huge impact on how effectively a company uses its fixed assets, increasing total efficiency.
- WCM has an enormous effect on how well businesses manage their finances and produce revenues that outpace their costs.
- Working capital has tremendous consequences and improves understanding of a company's genuine financial situation to produce better borrowing conditions.
- The improvement of solvency and credit profile as a result of working capital analysis has a substantial impact on the ability to continue production and trading.
- The amount of WCM has a large impact on order management effectiveness, which in turn helps to improve inventory optimization.
- It has been proven that successful business management and working capital analysis go hand in hand.

9. Conclusion

Successful working capital management systems allow organizations to boost sales, improve overall financial stability, and transform how well they function as a company in addition to helping them meet their financial obligations. Successful entrepreneurs have the capacity to employ working capital management to tightly control liquidity, development, and cost-effectiveness. Good management of working capital aims to make better use of a company's resources by giving each client customized attention and maximizing the use of current assets and responsibilities. The fundamental objective is to keep operating expenses and urgent debt obligations covered while maximizing output. Controlling how a company's short-term assets and short-term liabilities interact falls under this category. The goal of handling working

capital is to ensure that the business can continue functioning and has adequate cash flow to cover both coming operating expenses and maturing interim debt. The basic objective of a company's working capital management strategy is to maintain a healthy ratio between its current assets and debt. The data analysis in this study clarifies and shows how young, aspiring business owners see working capital management analysis as a benefit, a simple and quick procedure that also promotes a pleasant and healthy business environment. In conjunction with the data already mentioned, the study also found the fact that almost all of young, aspiring business owners agree that a working capital analysis helps a company maintain its status as a going concern, facilitates the effective use of fixed assets, expands business operations, and offers a high return on capital invested. The findings of this empirical study show that working capital analysis improves a company's overall efficiency through the efficient utilization of fixed assets, that working capital management parameters are important in understanding business financial performance in order to generate revenues in excess of expenses, and that working capital provides better insight into a company's true financial state in order to generate better financing terms. Significant effects of working capital analysis include the amount of working capital management as a tool for efficient order management to support inventory optimization, the amount of working capital analysis as an enhancement to solvency and credit profile to support uninterrupted trading and production, and the quantity of laboring investment management as a support for inventory optimization. The findings of this empirical study also clearly demonstrate a link between effective business management and working capital analysis.

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