

## **EFFECT OF WORKING CAPITAL MANAGEMENT ON PROFITABILITY: EVIDENCE FROM NON-MANUFACTURING FIRMS IN NIGERIA**

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**Abstract:** This study determined the impact of operating capital control at the profitability of non-manufacturing companies in Nigeria. The have a look at followed the ex post facto research design; information was extracted from listed non-manufacturing companies on the floor of the Nigeria exchange institution (NGX). The sample consisted of one hundred-twenty-one (121) listed non-manufacturing corporations from the Nigeria exchange institution (NGX) for a length of 6 years (2016-2022). Descriptive analysis used to analyze data while the multiple regressions were used to test the hypotheses. The end result from the inferential facts discovered that modern-day ratio has no significant effect at the profitability of non-manufacturing corporations in Nigeria. Secondly, it found that income to working capital ratio have negative and significant impact on profitability of non-production firms in Nigeria. Ultimately, stock turnover ratio has effective and enormous influence on profitability of non-production firms in Nigeria. The study concluded that operating capital management has massive effect at the profitability of decided on non-production companies in Nigeria. The study encouraged the need for corporations to enhance on their potential to pay short-term debt that matures inside a year on the way to enhance profitability.

**Keywords:** Working capital management, Current ratio, Sales to working capital ratio and Inventory turnover ratio and Profitability

### **1.0 INTRODUCTION**

With financial control, working capital management is a specifically sensitive subject matter. It involves deciding on how lots and what current assets to have, as well as financing them. All assets that, within the normal course of enterprise, revert to the shape of coins in a short quantity of time typically inside a year as well as any brief-time period investments that are without difficulty convertible into cash while needed are considered modern property. To lessen the chance of now not being able to pay short-time period commitments and alternatively, to prevent overinvestment in these property, they should be a stability between modern-day property and current liabilities.

Working capital can reduce profitability if an employer is excessively conservative. In Nigeria, those worries

have had a big impact on corporations' running capital, control, and operational efficacy, and they're now embroiled in operations (Ironkwe & Wokoma, 2017). Organizations in Nigeria confront sizeable challenges handling their running cash because of the country's strict lending regulations.

Iyewumi, Remy, and Omotayo (2015) documented that a rigorous credit policy has the opposite impact on the grounds that a flexible credit score approach lets in a considerable fraction of terrible loans to be wiped off. The vast objective of the study is to study the impact of working capital management on profitability of selected listed non-production firms in Nigeria. For a firm to thrive, effective working capital management is essential. This is based on the idea that having too much money indicates inefficiency and that having too little cash on hand indicates that the company's viability is questionable.

The majority of corporate organisations don't have the appropriate ratio of cash, debtors, and stocks. This makes the company unable to satisfy both its impending operating demands and its maturing short-term liabilities. Insufficient operating capital also prevents a company from expanding and generating more sales, which restricts the company's potential to develop and be profitable. Studies on the impact of various components of working capital management on profitability of firms have been carried out (Iqbal and Zhuquan, 2015); Kung'u, 2015; Samiloglu and Akgün, 2016; Muhammad, Rehman and Waqas, 2016; Yegon, Muturi and Oluoch, 2024; Ruhadi, Mai and Sudradjat, 2024; Ningsih and Handri, 2024; Rahmawati et al, 2024; Mogaji & Daniel, 2024; Raza, et al, 2024). Components such as cash conversion cycle, Inventory conversion period, account receivable period, account payable period.

From the previous works finished there appears a mixed finding on the various additives of operating capital control on economic basic performance. But, there may be paucity in literature on the effect of modern ratio, earnings to working capital ratio and stock turnover ratio on profitability of non-production companies in Nigeria.

## **1.2 Objectives of the Study**

The main goal of the study at the effect of working capital management at the profitability of decided on non-production companies in Nigeria. The specific objectives were to;

1. Ascertain the extent current ratio has effect on the profitability of selected non-manufacturing firms in Nigeria;
2. Find out the effect of sales to working capital ratio on profitability of selected non-manufacturing firms in Nigeria;
3. Evaluate the effect of inventory turnover ratio on profitability of selected non-manufacturing firms in Nigeria.

## **2.0 LITERATURE REVIEW**

### **2.1 Conceptual Review**

2.1.1 Profitability of non-manufacturing firms in Nigeria According to Riyanto (2011), a company's profitability is its capacity to turn a profit over a specific time frame.

In step with Sartono (2010), a company's profitability can be measured by way of its income, general

belongings, and own capital. Each enterprise strives to boom profitability. It may be concluded that the firm can effectively and effectively manage its resources a good way to earn huge earnings if it has been able to enhance profitability. Again, a low degree of profitability shows that the enterprise isn't managing its sources nicely enough to provide large earnings. One statistic used to evaluate an enterprise's monetary performance is profitability.

It's miles the end result of an enterprise's complete plans and operations measured in terms of sales generated as opposed to prices incurred. Kabethi (2013) defines economic overall performance as the method of figuring out how a organization's sports and policies affect its backside line. Machiuka (2010) asserts that profitability is a measure of an agency's economic fame, diploma of industry competitiveness, and depth of know-how regarding its price and earnings centres. Return on assets (ROA), return on equity (ROE), earnings per share (EPS), return on capital employed (ROCE), dividend per share (DPS), and return on investment (ROI) are some of the signs used to evaluate profitability or financial performance.

### **2.1.2 Working Capital Management**

Working capital is the difference between a company's current assets and current liabilities. This fund is the sum of money set aside for the company's on-going operations. Working capital management requires keeping current assets and current liabilities at efficient levels in relation to one another in order to meet organizational goals (Kabuye, Akugizibire, and Bugambiro, 2019).

Working capital management comprises the use of strategies and policies in the execution of a firm's current assets and liabilities in order to nurture a suitable degree of profitability and grow shareholder wealth (Olaoye and Ogundipe, 2019). A corporation with efficient working capital management guarantees that it has sufficient liquid assets to pay down short-term debt obligations and continuous operational expenses when they become due. When carefully implemented, working capital management (WCM) may strengthen a company's competitive edge and profitability while shielding it from financial shocks (Gill, 2011). There are more chances to produce money because of WCM's broader vision. Profitability and liquidity can be enhanced by accelerating the cash conversion cycle through accounts receivable and payable management (Johnson and Soenen, 2003). A strong working capital management system boosts a business's chances of growing sales and profit margins by upholding strict control over current assets and liabilities.

### **2.1.3 Current Ratio**

The current ratio, often referred to as the working capital ratio, assesses a company's capacity to pay short-term debt that matures within a year.

The weight of total current assets relative to total current liabilities is taken into account by the ratio. It shows a company's financial standing and how best to use the liquidity of its present assets to pay off debt and other obligations. The liquidity of a corporation may be readily determined using the current ratio formula (below). Total current assets and total current liabilities are contrasted in this ratio. According to Pandey (2008), current assets are those that may be turned into cash during an accounting year. These assets include shares, bills receivable, debtors, and short-term securities.

Conversely, current liabilities consist of debts, unpaid invoices, and claims from third parties that are anticipated to be settled within an accounting year (Pandey, 2008). The purpose of the current ratio is to show if short-term assets can cover short-term obligations.

### **2.1.5 Sales to Working Capital Ratio**

One liquidity metric that indicates how nicely an enterprise generates sales revenue from its common operating capital is the sales to operating capital ratio. One could divide internet yearly income by way of common working capital to get your sales to operating capital ratio. Operating capital turnover ratio and income to working capital ratio are equal measures. The running capital turnover ratio is given as a variety of, but for convenience of evaluation across other corporations or sectors, it could sometimes be converted to a percent. Industries vary greatly in phrases of usual running capital turnover ratios. To find out in case your organisation is running at its exceptional, compare your ratio to that of rivals and industry benchmarks.

### **2.1.5 Inventory Turnover Ratio**

A financial indicator known as the stock turnover ratio illustrates how properly a corporation's stock is became completed items and sold to customers. The computation of the inventory turnover ratio involves dividing the average inventory balance for the matching period by the price of products offered. The period of time it takes a business to promote via all of its stock, necessitating the position of more orders, is consequently determined by the inventory turnover price.

The range of times an enterprise has offered and restocked its stock over a predetermined period of time is called the inventory turnover ratio. The quantity of days had to sell the contemporary stock may also be determined using this method. The turnover ratio is computed mathematically by way of dividing the average inventory for the identical time through the fee of merchandise offered. Seeing that an excessive ratio frequently shows sturdy income, a more ratio is desired over a low one.

## **2.2 Theoretical Review**

This paper is anchored on Operating Cycle Theory. According to the theory, an operational cycle concept that incorporates working capital indicators like accounts receivable and inventory turnover offers a better perspective on liquidity management than the one that relies solely on traditional measurements like current and acid-test ratios. According to Weston and Copeland (2005), the extra liquidity metrics take into account the fact that the life expectancies of some components of working capital are dependent on how non-instantaneous and asynchronous production, sales, and collection are. The rate at which a company turns over its receivables into cash is indicated by its accounts receivable turnover.

A company's ability to maintain an outstanding account receivable level in relation to its yearly sales might be impacted by changes to its credit and collection policies. More generous terms offered by businesses to their clientele result in higher and maybe less liquid current investments in receivables. Liquidity would be impacted if sales did not rise in proportion to the growth in receivables since longer collection times and a lower turnover of receivables would be seen.

## **2.3 Empirical Review**

Yegon, Muturi and Oluoch (2024) examined the mediating effect of working cash flow on the connection between operating capital and monetary overall performance of tea companies in Kenya. Correlational studies design was employed on forty multinationals and KTDA managed tea organizations in tea zone in Kenya over a 6 years duration covering 2014 to 2019. This study used 240 firms, and Random-outcomes version regression version was employed after engaging in specification exams for the model. The speculation checking out became analyzed by using the t-statistic at 95% significance. The study found that there's an negative association among running coins drift collection duration and profitability. Ningsih and Handri (2024) ascertained the have an impact on of operating capital on the profitability of meals and beverage area businesses listed on the Indonesian stock change. From the populace of 18 meals and beverage groups with a high sustainability index at the Indonesia inventory alternate, a sample of three continuously appearing groups turned into obtained for the observe period. The outcomes of this research analysis offer empirical evidence that the running capital regulations carried out through groups can significantly affect the profitability (ROA, ROE, eat, and GOP) of businesses within the food and beverage zone. Mogaji and Daniel (2024) tested the effect of operating Capital control at the performance of small-scale corporations in Abuja. Survey research layout became followed and 500 of small-scale business in Abuja which include block – making industry, bakeries and packaged water manufacturing businesses. A correlation and linear regression turned into used to analyze the data. The study consequently discovered that money control practice, exchange credit control practice and alternate inventory management, exercise has widespread impact at the performance of small-scale businesses in Abuja. Raza, et al (2024) investigated the systematic impact of operating capital on profitability in Turkish commercial banks. A secondary records series technique is used for the records accrued from fifteen commercial banks. These banks' monetary reports had been examined from 2011 to 2022. The Autoregressive dispensed Lag (ARDL) sure test turned into performed to degree the short-run and long-run effects. Firm leverage, debt-to-fairness ratio, and operating capital have quick and long-run outcomes on ROA. Hassan, et al (2024) tested the impact of operating capital control on company performance of car, Chemical, food, and Pharmaceutical quarter of Pakistan. Company performance is measured via return on property and Shareholders' wealth is measured thru go back on equity. The researchers observed that the chemical quarter aggressively manages working capital with a median value of a net change Cycle is 21 days. Their outcomes additionally endorse that a competitive running capital coverage does no longer show any association with a firm's profitability even as the other does hurt a firm's performance. Mshelia and Polycarp (2024) assessed the impact of operating capital management on monetary performance of deposit money banks indexed within the Nigerian inventory alternate for a length of five (five) years from 2018 to 2021. The overall population became twenty-seven (27) banks and ample length of ten (10) banks become in reality and randomly selected from the population. Descriptive information, correlation coefficient and more than one regression turned into used to examine the facts and test the hypotheses of the study. The look at discovered that go back on property, capital adequacy ratio, and coins conversion circle have good sized impact on monetary overall performance of listed deposit cash banks in Nigeria however net operating capital has now not appreciably affected financial overall

performance of deposit cash banks in Nigeria. Attafuah (2024) tested the effect of operating capital management practices on the profitability of banks listed at the Ghana inventory exchange from 2012 to 2022. The take a look at was quantitative in nature and used secondary statistics (audited economic information of banks listed at the Ghana stock alternate from 2012 to 2022) of 5 banks. The linear regression model was used to analyze the information after Pearson correlation changed into achieved. The examine found a poor sizable association between cash conversion cycle and go back on capital hired after controlling for financial institution size, leverage and debt. also, acid ratio was effective and significantly associated with profitability of banks. Rahayu, Ilham, Marzuki and Nurainun (2022) investigated the effect of cash turnover, receivable turnover, and stock turnover on the economic rentability of pharmaceutical organizations listed at the Indonesia stock change at some stage in 2017-2021. This study makes use of secondary records, and the samples are 8 pharmaceutical companies indexed on the Indonesia stock change at some stage in 2017-2021. The sampling approach used purposive sampling method. The data evaluation approach used is the panel records regression evaluation approach. The outcomes imply that cash turnover negative and no notably influences financial rentability, receivable turnover bad and significantly have an effect on monetary rentability, and inventory turnover definitely and appreciably affect economic rentability of pharmaceutical corporations indexed on the Indonesia inventory trade for 2017-2021. Musa and Moses (2022) evaluated the moderating role of board knowledge on the impact of running capital control on profitability of meals and drinks corporations quoted in Nigeria from 2010-2020 The look at adopts the ex-publish facto studies design. The scope of this have a look at cover15 foods and beverages groups for a 10 (10) year duration from 2010-2020. Robust Generalized least rectangular multiple regression technique was used to version estimation. The findings among others suggests that after the time to transform property to coins for use is longer, the agency's profitability will lower be having a discount effect on return on property so as to accrue to shareholders. Arnaldi et al (2021) analyzed the impact of running capital management rules on production SMEs inside the Czech Republic. Descriptive survey research was adopted by the study. Questionnaire changed into used to accumulate facts in the study. moreover, the outcomes of the alternative variables showed a negative relationship with the profitability of the groups, suggesting that making an investment in inventories and obtaining extensions from providers cause extra charges that negatively have an effect on profitability. Basyith, Djazuli and Fauzi (2021) examined the effect of running capital control (WCM) on profitability and take a look at the working capital situations of numerous groups indexed on the Indonesia inventory trade (IDX). The sample used is a hundred thirty-five indexed corporations and had been selected from each sector, consisting of plantation, pharmaceutical, telecommunication, funding, retail, and the cement and metal industries from 2000 to 2019. The everyday least squares (OLS) turned into employed to investigate the data. The effects discovered that the working capital funding method has a wonderful and giant impact on return on property (ROA) in all regression fashions used; the working capital financing method has a poor impact on ROA however now not giant; the running capital investment technique to the gross earnings margin in all fashions suggests a negative and good-sized coefficient. Prempeh and Amankona (2020) examined the connection among working capital management and profitability of Ghanaian

manufacturing companies. A balanced panel of 11 production businesses quoted at the Ghana stock exchange changed into used. The look at blanketed the period 2011 to 2017, using panel regression (Arellano-Bond Estimation) method. The study found out that there may be an extensive effective linear dating between operating capital control and companies' profitability. Hossain (2020) analysed the impact of efficient working capital control at the profitability of the producing company in Bangladesh. Fifty-two manufacturing organizations listed with Dhaka stock trade (DSE) had been decided on randomly from 2012 to 2017. Ordinary Least Squares regression fashions and Pearson's Correlation are used to establish the connection between operating capital management and profitability. The consequences found out a widespread bad relation among ROA and CCC, ACP; a substantial bad dating exists between ROE and CCC, APP. production corporations can boom profitability through lowering the coins conversion cycle, common charge length, and average series length. It also discovered that ICP is likewise definitely related to ROA and ROE.

### **3.0 METHODOLOGY**

This study adopted quantitative research design. The rationale for this was because our data is a combination of both time series and cross-sectional data. The sample comprise of one hundred and twenty-one (121) listed non-manufacturing firms on the Nigeria Exchange Group from 2018 to 2022. The rationale for selecting this sample and periods of the study was because prior studies have not investigated the selected target population. Firm in the manufacturing sector (consumer goods, sub-sector and the industrial goods sub-sector) was excluded.

The Taro Yamane (1967) sampling size formula was used to determine the sample size of the study. The value from the formular yielded ninety-two (92). Thus, ninety-two listed non-manufacturing firms were used in the analysis of the study. Thereafter, the random sampling technique was employed to select the ninety-two listed non-manufacturing firms. The sample size was calculated using Taro Yamane (1967) formula as stated below.

$$n = \frac{N}{1 + N(d)^2}$$

*Where*

*n = sample size*

*N = population size*

*D = level of precision (confidence interval)*

D= 0.05

N = 121

Thus  $n = 121 / 1 + 121(0.05^2)$

$n = 121 / 1.3025$

$n = 92$

The data for dependent and independent variable was handpick from the annual financial statement of selected non-manufacturing firms.

### **Model Specification**

The study adopted the model of Mogaji and Daniel (2024) used in examining the impact of Working Capital Management on the performance of small-scale businesses in Abuja. The model is specified thus as;

In functional form;

$$PROF = f(CUR, SWC, ITR) \dots\dots\dots 3.1$$

In econometric form:

$$PROF_{it} = \beta_0 + \beta_1 CUR_{it} + \beta_2 SWC_{it} + \beta_3 ITR_{it} + \varepsilon_{it} \dots\dots\dots 3.2$$

Where;

PROF = Profitability (ROA);

$\beta_0$  = Constant;

ROA = Return on asset;

CUR = Current Ratio;

SWC = Sales to Working Capital Ratio;

ITR= Inventory Turnover Ratio

$B_0$  = Constant

$\beta_1, \beta_2, \beta_3$  = Coefficient of explanatory variables

$\varepsilon$  = Standard error

i = Cross sectional (Companies)

t = Time Series

A priori expectation =  $\beta_1 - \beta_3 > 0$

**Operationalization of Variables**

This study employed Return on Asset (ROA) as measure for profitability. These measures have been previously used as good proxies for profitability of listed non-manufacturing firms.

Table 3.1: Measurement of variables

Variable	Proxy	Measurement
<b>Profitability</b> (Dependent)	PROF	(Operating Profit / Total Asset) * 100
<b>Current Ratio</b> (independent)	CUR	Current Asset/Current Liabilities
<b>Sales to Working Capital Ratio</b> (independent)	SWC	Net Sales/ Net Working Capital
<b>Inventory Turnover Ratio</b> (independent)	ITR	Cost of Goods Sold / Avg. Inventory

Source: Author’s Compilation, 2024

**Method of Data Analysis**

Descriptive and inferential statistics were used to analyze the data of the study. The descriptive statistics include the mean, minimum, maximum and standard deviation. The panel least square was the inferential statistic employed to test the hypotheses stated in the study. The rationale for using the panel least squares is because our

data include properties of time-series and cross-sectional data (Studenmund, 2014). Prior to the estimation of our model with the panel least squares, a preliminary or diagnostic test to fulfil the basic assumptions of regression was carried out. Diagnostics test such as serial correlation (Breusch-Godfrey Serial Correlation LM Test), normality (Histogram normality test), linearity (bivariate analysis –Pearson Product Moment correlation), constant residual error test (Breusch-Pagan-Godfrey Heteroskedasticity test) and multicollinearity (variance inflation factor test). Besides, the Hausman Test was done to know whether to estimate our model using either the random effect panel regression or fixed effect panel regression (Studenmund, 2014).

#### 4.0 DATA PRESENTATION, INTERPRETATION AND DISCUSSION

##### Descriptive Statistics

Table 4.1: Descriptive Statistics

Variables	Mean	Minimum	Maximum	Std. Dev	Observation
PROF	8.973	-15.520	55.400	10.219	460
CUR	1.7874	1.540	2.290	0.157	460
SWC	3.677	3.177	5.508	0.393	460
ITR	6.174	0.338	15.750	1.327	460

Source: Author's computation, 2024

Table 4.1 shows the descriptive statistics of the data used in the study. The dependent variable – PROF had mean of 8.973, with a minimum value of -15.520 and a maximum value of 55.400. Also, the standard deviation 10.219, failed to exhibit a considerable clustering around the mean. The independent variables – CUR, SWC and ITR had means of 1.7874, 3.677, and 6.174, respectively. Also, all the standard deviation of the independent variables exhibited a considerable clustering around the mean. The mean of the control variable stood at 10.686 with a standard deviation of 1.760.

Table 4.2: Correlation Matrix

	PROF	CUR	SWC	ITR
PROF	1.000			
CUR	0.025	1.000		
SWC	-0.061	0.044	1.000	
ITR	0.004	0.008	0.438	1.000

Source: Author's computation, 2024

The linearity of variables (correlation matrix) as presented in Table 4.2 show that the variables exhibited both positive and negative relationship. This is seen in the association between CUR and PROF (0.025) and SWC and PROF (-0.061).The strength of association between variable were below the threshold of 0.80, suggesting the absence of the problem of multicollinearity in the predictor variables (Studenmund, 2014). However, to further validate the veracity of this result, we employed the Variance Inflation Factor test.

##### Specification and Diagnostic Tests

The data used passed all the specification and diagnostics tests carried out in order to fulfil the basic assumptions of regression.

### Multivariate Analyses and Hypotheses Testing

The study failed to employ the panel least squares. The serial correlation and normality result did not satisfy the assumption of regression. In furtherance to the above, the robust least squares regression was employed. Hypotheses of the study were tested at 5% level of significance (that is, if p-value < 0.05 reject **H<sub>0</sub>**, otherwise, **H<sub>1</sub>**).

**Table 4.3: Inferential Statistics – Robust Least Squares**

Variables	Dependent variable: Profitability			
	<i>B</i>	S. E	z-Stat.	Prob.
Constant	32.812	7.495	4.377	0.000
CUR	0.906	1.687	0.537	0.591
SWC	-20.011	5.023	-3.983	0.001
ITR	4.310	1.124	3.833	0.011
Adjusted R-squared		0.002		
Rw-squared		0.058		
Adjusted Rw-squared		0.058		
Rn-squared statistic		16.778		
Prob. (Rn-squared statistic)		0.0021**		

Source: Authors' Computation, 2024

Table 4.3 above revealed the results of the panel least squares regression for the model of the study. The explanatory variables employed in the study significantly explain the impact working capital management on the profitability of non-manufacturing firms in Nigeria, Prob. (Rn-squared statistic) = 0.0021 < 0.05.

The result of the robust least squares revealed that Current ratio has no significantly affect the profitability of non-manufacturing firms in Nigeria,  $B = 0.906$ ,  $S.E = 1.687$ ,  $z\text{-stat.} = 0.537$ ,  $p = 0.591 > 0.05$ . Secondly, it was found that Sales to working capital ratio has negative and significant impact on profitability of selected non-manufacturing firms in Nigeria,  $B = -20.011$ ,  $S.E = 5.023$ ,  $z\text{-stat.} -3.983$ ,  $p = 0.001 < 0.05$ . Thirdly, robust least square revealed that Inventory turnover ratio has positive and significant influence on profitability of selected non-manufacturing firms in Nigeria,  $B = 4.310$ ,  $S.E = 1.124$ ,  $z\text{-stat} = 3.833$ ,  $p = 0.011 < 0.05$ . The control variable firm size has no significantly affect profitability of non-manufacturing firms in Nigeria.

### Test of Hypotheses of the study

The study tested the hypotheses at 5% level of significance (that is, if p-value < 0.05 reject **H<sub>0</sub>**, else do otherwise).

Ho<sub>1</sub> There is no significant effect between current ratio and the profitability of selected non-manufacturing firms in Nigeria

The result of the robust least squares revealed that  $c, B = 0.906, S.E = 1.687, z\text{-stat.} = 0.537, p = 0.591 > 0.05$ . Therefore, this study accepts the null hypothesis stated on the study.

Ho<sub>2</sub> Sales to working capital ratio has no significant impact on profitability of selected non-manufacturing firms in Nigeria

Secondly, it was observed that it was revealed that sales to working capital ratio has a negative and significant impact on profitability of selected non-manufacturing firms in Nigeria,  $B = -20.011, S.E = 5.023, z\text{-stat.} -3.983, p = 0.001 < 0.05$ . The study rejects null hypothesis stated that Sales to working capital ratio has no significantly affect profitability of selected non-manufacturing firms in Nigeria.

Ho<sub>3</sub> There is no significant effect between current ratio and the profitability of inventory turnover ratio has no significant effect on profitability of non-manufacturing firms in Nigeria.

Thirdly, the robust least square revealed that inventory turnover ratio has positive and significantly affect profitability of non-manufacturing firms in Nigeria,  $B = 4.310, S.E = 1.124, z\text{-stat} = 3.833, p=0.011<0.05$ .

## **5.0 CONCLUSION AND RECOMMENDATIONS**

This study ascertained the impact of working capital management on the profitability of decided on non-production companies in Nigeria. It became found out that income to running capital and inventory turnover ratio have extensively affected on profitability of selected non-production corporations in Nigeria. The study therefore concluded that operating capital control has substantially affected the profitability of non-manufacturing corporations in Nigeria.

Based on the findings, the study advocated the subsequent;

1. decided on corporations need to improve on their ability to pay quick-term debt that matures within a year, if desire to improve profitability;
2. Non-manufacturing companies have to paintings towards enhancing working capital additives with a purpose to improve sales to working capital ratio and obtain the profitability purpose of the companies.
3. The listed firms need to maintain the present-day stock turnover coverage to sell profitability.

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