



IMPACT OF WORKING CAPITAL TO THE PROFITABILITY OF
TECHNOLOGY COMPANIES IN MALAYSIA

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ABSTRACT

This study focused on the effect of working capital management on the profitability of the 40 main technology companies listed in Bursa Malaysia for the period 2014 to 2018. However, due to the unavailability of data of 9 companies, the data for this study is only focusing to 31 main companies. Financial statements in annual report of the technology companies listed in Bursa Malaysia were used as the main source of data. Return on Assets was used as the dependent variable to measure profitability and the components to measure working capital management comprised of Account Receivable Turnover, Account Payable Turnover and Inventory Turnover. Theory used to conduct this study are Stakeholder and Trade-off theory. Pearson Correlation analysis revealed that all the independent variables were insignificantly correlated with each other. Account Receivable Turnover found to be negatively relationship with return on assets, while for inventory turnover, it has positive relationship with return on assets. The above findings have implications for the management of the main technology companies listed in Bursa Malaysia. Therefore, future study needs to be expanded with other variables of working capital or other variables. In addition, for future research, unit of analysis can be extended to companies other than automotive or can be expended to another countries other than Malaysia.