



**THE RELATIONSHIP OF CASH CONVERSION CYCLE WITH THE
FIRM'S PROFITABILITY: EVIDENCE FROM THE INDUSTRIAL
COMPANIES IN MALAYSIA**

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ABSTRACT

The main purpose of this study is to determine the relationship between cash conversion cycle with the firm's profitability. The measurement of the profitability is measured by Return on Asset (ROA) and Return on Equity (ROE) as the dependent variables. Meanwhile, the cash conversion cycle represents Days Sales Outstanding (DSO), Days Inventory Outstanding (DIO) and DPO (Days Payable Outstanding) as independent variables. This study chooses Malaysia as the sample of country and firms listed in Bursa Malaysia and Kuala Lumpur Stock Exchange where industrial sector is chosen. The financial data taken is covering the period of the year 2011 to 2016. The findings indicate that DPO and CCC have a positive relationship with the profitability while DSO and DIO have a negative relationship with profitability.