



UNIVERSITI TEKNOLOGI MARA

**WORKING CAPITAL MANAGEMENT ON
PROFITABILITY IN CONSUMER PRODUCT SECTOR**

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ABSTRACT

Working Capital Management (WCM) is typically determined collectively of the contributing factors of bound firms' profitability. Mainly, the last word goal of any business is to create a profit so the business will continue in operation for an extended run. The management of working capital plays a crucial role in firm gain so as to sustain its growth. Varied findings mentioned that WCM contains a positive relationship with firm gain. However, some papers found a negative relationship between them. Moreover, the chosen tested variables additionally found mixed results by the past researchers, wherever some found a negative relationship between every variable quantity and variable quantity and contrariwise. Thus, these relationships have usually been debated because it has been remarked over time, that working capital management will provides an important impact towards firm profitability. This study was carried out to determine the link between WCM and firm gain from consumer product sector in Malaysia.

Keyword: Working Capital Management

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

Working capital is just like the lifeblood of each business distress. A firm should make sure that they need adequate working capital to run the business. Having adequate working capital means it ought to be neither additional nor less than what is truly needed to avoid any downside like shortage of inputs and excessive price. The management of working capital is important for the function of financial management. The corporate should certify that the acceptable sources of funds are used to finance working capital and see that company's short term obligation is met on time.

According to Vahid, Mohsen, and Mohammadreza (2012) working capital management plays a major role in determining success or failure of firm in business performance because of its effect on firm's profit. Business success depends heavily on the flexibility of financial managers to effectively manage the elements of working capital (Filbeck and Krueger, 2005). A firm could adopt an aggressive or a conservative capital management policy to realize this goal. Therefore, organization should be ready to generate enough cash to cover short-run obligations to become liquid organization.

In this introductory chapter, the rationale for this study is explained and an outline of the research is provided. This study examines the relationship between working capital management and therefore the profitability of listed firm from consumer product in Malaysia. Moreover, the study determines how the standard of working capital management will have an effect on the amount of firm profitability. This chapter divided into many section. It starts off by presenting the context within which this study was conducted yet because the research background. This can be followed by the discussion of downside statement and issue arises from the subject. It then proceed to specify the research question and research objective of the study. Future section chronicles the significance of this study and determining what specifically to find for this study. Then, it followed by pin points the limitation or gap once the study is conducted. It then continues to focus on the