An Impact Assessment of Working Capital Management on Profitability of Telecom Industry Firms in India

P. S. Ravindra¹, M. Satyavathi² and L. Tejaswini³
¹Professor and ²³Assistant Professor, Department of Management Studies, Vignan’s Institute of Engineering for Women, Visakhapatnam, A.P., India.


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ABSTRACT

Working Capital Management (WCM) should be carried out as efficiently as possible to maximise value creation for the various stakeholders. The present paper examines the specific relationship between profitability and efficiency of working capital management in the worldwide impact of Working Capital Management on the profitability of Bharti Airtel Limited. To analyse the study various ratios have been used. The study used the Current Ratio (CR), Quick Ratio (QR), Debtor Turnover Ratio (DTR) and Inventory Turnover Ratio (ITR) as an independent variable and Operating Profit Margin (OPM) as the dependent variable. This study is purely based on secondary data collected from annual reports and various websites for the period of 2014-15 to 2018-19. The research methodology used in this study was descriptive statistics and Pearson’s simple correlation analysis to know the impact of independent variables on the dependent variable. The result of correlation analysis shows that there is a negative relationship between CR and OPM, QR and OPM, ITR and OPM but positive relationship between the DTR and OPM. The current study states that DTR has a high influence on profitability.

KEYWORDS: Working capital management, Profitability, Current and quick ratio, Debtors and inventory turnover.

BIBLIOGRAPHY