

## The Impact of Working Capital Management on Business Profitability: Evidence on Egyptian Banks

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### Abstract

The purpose of this research is to investigate the influence of working capital management on business performance. Inventory management, as well as account receivable and payable management, are all part of working capital management. previous studies were conducted extensively in case of developed countries. studies on working capital of banks in developing countries especially in Egypt are limited in addition, previous studies were limited to nonfinancial institutions, manufacturing companies and some companies listed in the stock market moreover it's important to address other performance measures such as return on investment and profit margin Therefore, This study seeks to fill this existing gap and answer the question; what effect does the working capital management have on profitability of Egyptian banks. The sample analyzed covers 21 listed banks in the Egyptian stock exchange from the period 2016 to 20223. The banks' profitability has been measured by 3 different proxies which are ROA, ROCE and ROI. However, the independent variables utilized in this paper are Account Receivables Period (ARP), Account Payables Period (APP) and Current ratio to show the impact of the working capital. The results showed a significant positive relationship between working capital on ROA, ROCE & ROI however a significant negative effect of APP on ROI.

### Keywords

Working capital; profitability; resource dependency theory, trade off, Egypt.