

WORKING CAPITAL MANAGEMENT AND PROFITABILITY: A CASE OF ALBA COUNTY COMPANIES

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Abstract:

The purpose of this study is to analyze the efficiency of working capital management of companies from Alba County. The relation between the efficiency of the working capital management and profitability is examined using Pearson correlation analyses and using a sample of 20 annual financial statements of companies covering period 2004-2008. The conclusion to our study is that there is a weak negative linear correlation between working capital management indicators and profitability rates.

Keywords: working capital, profitability, Days Sales Outstanding, Days Inventory Outstanding, Days Payable Outstanding, Days Working Capital

JEL codes: G11, G30, G31