

A Comparative Study on Working Capital Management of Global Supply Chain Companies

**Mr. Abdul Majeed Afsar Khan A¹, Mr. Albin Alias Mathew²,
Mr. Amal Dev D³, Dr. M. Shanthana Lakshmi⁴**

III BBA International Business, Department of Business Administration¹⁻³

(Computer Application and International Business)

Associate Professor and Dean of Students Affairs⁴

Nehru Arts and Science College, Coimbatore

Abstract: *Working capital management plays a vital role in ensuring the financial stability and operational efficiency of organizations, especially in global supply chain companies where inventory, receivables, and payables are critical components. This study aims to analyze and compare the working capital management practices of 50 global supply chain companies. The research focuses on key financial indicators such as inventory turnover, accounts receivable period, accounts payable period, and cash conversion cycle. Secondary data collected from annual reports and financial statements are used for analysis. The findings reveal significant variations in working capital efficiency among companies due to differences in operational strategies, technological adoption, and supply chain integration. The study highlights the importance of efficient working capital management in improving liquidity, profitability, and overall organizational performance*

Keywords: Working Capital Management, Global Supply Chain Companies, Inventory Turnover, Cash Conversion Cycle, Financial Performance

I. INTRODUCTION

In the modern business environment, global supply chain companies operate in highly competitive and dynamic markets. Efficient working capital management is essential for maintaining liquidity and ensuring smooth business operations. Working capital refers to the difference between current assets and current liabilities, representing the short-term financial health of a company. For supply chain companies, managing working capital effectively is crucial because they deal with large inventories, multiple suppliers, and diverse customer networks. This study examines how leading global supply chain companies manage their working capital and compares their financial efficiency.

II. REVIEW OF LITERATURE

Working capital management (WCM) is a critical component of financial management, directly impacting a company's liquidity, operational efficiency, and profitability. According to Pandey (2020), effective WCM ensures that a firm can meet its short-term obligations while optimizing the use of its current assets and liabilities. In the context of global supply chains, WCM becomes even more crucial due to the complexity of operations, variations in payment terms, and currency fluctuations.

Deloof (2003) found that firms with efficient management of receivables, payables, and inventory achieve higher profitability. Similarly, Lambert et al. (2008) emphasized that working capital efficiency influences the overall performance of supply chain companies by reducing financing costs and improving cash flows. Recent studies, such as Chowdhury & Amin (2021), highlight that global supply chain companies adopt diverse strategies—like just-in-time inventory, dynamic payment terms, and technology-driven cash management—to maintain optimal working capital levels.



Comparative studies also reveal that key WCM indicators, such as the current ratio, inventory turnover, and days sales outstanding (DSO), vary widely among companies depending on industry, size, and operational strategies (Jose et al., 1996; Gill et al., 2010). Best practices often include aligning WCM policies with supply chain strategies, integrating financial and operational decision-making, and leveraging digital tools for real-time cash flow monitoring.

Sharma and Patel (2025), examined working capital management practices in multinational supply chain firms. The study analyzed financial ratios such as inventory turnover, receivable days, and cash conversion cycles across global logistics companies. The findings indicated that companies with shorter cash conversion cycles achieved higher operational efficiency and profitability. The study concluded that digital supply chain integration significantly improves working capital efficiency.

Nguyen and Tran (2025), investigated the role of working capital management in improving liquidity performance among global supply chain organizations. Using comparative financial analysis of multinational firms, the study found that efficient management of receivables and inventory significantly reduces operational risks. Companies that adopted automated supply chain technologies showed better financial stability. The research emphasized the importance of aligning financial strategies with supply chain operations.

Rodriguez and Lopez (2025), conducted a comparative study on working capital efficiency among international logistics and distribution companies. The study revealed that firms implementing advanced inventory management systems and strong supplier coordination maintained better working capital performance. It also highlighted that optimized payment cycles and inventory turnover positively affect profitability. The research suggested that technological adoption plays a crucial role in global working capital management.

Lee and Kim (2025), analyzed working capital management practices across major global supply chain companies in Asia, Europe, and North America. The results showed significant differences in working capital efficiency due to variations in operational strategies and market conditions. Firms with integrated supply chain finance systems demonstrated improved liquidity and cash flow management. The study concluded that strategic coordination among supply chain partners enhances overall financial performance.

RESEARCH GAP

Although previous research establishes the importance of WCM for firm performance, most studies focus on single-country or single-industry contexts, with limited attention to global supply chain companies. Few studies provide comparative analyses of key working capital indicators across multiple multinational firms. Additionally, while the relationship between WCM efficiency and financial performance is documented, empirical evidence linking specific WCM practices to operational best practices in global supply chains is scarce. There is also a lack of research examining how global companies adopt and adapt WCM strategies in response to cross-border operational complexities, currency risks, and diverse supplier-buyer networks.

STATEMENT OF THE PROBLEM

Global supply chain companies face significant challenges in managing working capital due to complex international operations, varying payment terms, currency fluctuations, and differing financial regulations across countries. Inefficient WCM can lead to liquidity shortages, higher financing costs, and reduced operational efficiency, ultimately affecting profitability. Despite the acknowledged importance of working capital efficiency, there is limited comparative research on the key WCM indicators and best practices across global supply chain companies. Furthermore, the relationship between working capital efficiency and overall company performance remains underexplored in multinational settings. This study seeks to address these gaps by analyzing WCM practices of 50 global supply chain companies, comparing key working capital indicators, examining their relationship with performance, and identifying best practices that can be applied across international operations.



OBJECTIVES OF THE STUDY

- To analyze the working capital management practices of 50 global supply chain companies.
- To compare key working capital indicators among selected companies.
- To examine the relationship between working capital efficiency and company performance.
- To identify best practices in working capital management in global supply chains.

III. METHODOLOGY

The study is based on secondary data collected from company annual reports, financial statements, and published financial databases. Fifty global supply chain companies were selected for the analysis. Financial ratios related to working capital management, including inventory turnover ratio, debtor turnover ratio, creditor turnover ratio, and cash conversion cycle, were used for comparative evaluation. Descriptive and comparative analysis methods were applied to interpret the results.

IV. ANALYSIS AND INTERPRETATION

Table 1: Analysis of Working Capital Management Practices

Response	Number of Companies	Percentage (%)
Advanced digital systems & integrated SCM	20	40%
Moderate digital adoption	18	36%
Minimal digital adoption	12	24%
Total	50	100%

The table shows that 40% of the companies use advanced digital systems and integrated supply chain management, while 36% have moderate adoption. About 24% have minimal digital adoption. Companies with advanced systems demonstrate better working capital efficiency through improved inventory, receivables, and payables management. Overall, digital integration is a key factor influencing working capital performance.

Table 2: Inventory Turnover Ratio of Selected Global Supply Chain Companies

Company Category	Number of Companies	Percentage (%)
High Inventory Turnover	22	44%
Moderate Inventory Turnover	18	36%
Low Inventory Turnover	10	20%
Total	50	100%

The table shows that 44% of the companies have a high inventory turnover ratio, indicating efficient inventory management and faster movement of goods within the supply chain. About 36% of companies maintain moderate inventory turnover, suggesting balanced inventory practices. However, 20% of companies have low inventory turnover, which may indicate excess inventory or slow product movement affecting working capital efficiency.

Table 3: Debtors Collection Period of Global Supply Chain Companies

Collection Period	Number of Companies	Percentage (%)
Less than 30 Days	20	40%
31 – 60 Days	18	36%
More than 60 Days	12	24%
Total	50	100%

The table indicates that 40% of companies collect receivables within 30 days, demonstrating strong credit management and efficient working capital control. 36% of companies take between 31–60 days, which is considered moderate. However, 24% of companies take more than 60 days, which may create liquidity issues and affect operational efficiency.



Table 4: Key Working Capital Indicators – Cash Conversion Cycle

Cash Conversion Cycle	Number of Companies	Percentage (%)
Short (<30 days)	22	44%
Moderate (31–60 days)	18	36%
Long (>60 days)	10	20%
Total	50	100%

44% of companies have a short cash conversion cycle, indicating efficient working capital management. 36% have a moderate cycle, while 20% face longer cycles, which may affect operational efficiency. Companies with shorter cycles maintain better liquidity and profitability. The data suggest that optimizing the cash conversion cycle is crucial for supply chain performance.

Table 5 : Cash Conversion Cycle of Global Supply Chain Companies

Cash Conversion Cycle	Number of Companies	Percentage (%)
Short (Below 30 days)	21	42%
Moderate (31–60 days)	17	34%
Long (Above 60 days)	12	24%
Total	50	100%

The table reveals that 42% of companies maintain a short cash conversion cycle, indicating effective working capital management and quick conversion of investments into cash. 34% of companies have a moderate cycle, reflecting average operational efficiency. However, 24% of companies experience longer cash cycles, which may increase financing requirements and reduce liquidity.

Table 6: Relationship Between Working Capital Efficiency and Performance

Relationship Observation	Number of Companies	Percentage (%)
High efficiency & high profitability	25	50%
Moderate efficiency & moderate profitability	15	30%
Low efficiency & low profitability	10	20%
Total	50	100%

50% of companies with high working capital efficiency report high profitability. 30% show moderate efficiency with moderate profits, and 20% have low efficiency and profitability. This indicates a positive correlation between working capital efficiency and overall company performance. Efficient management of inventory, receivables, and payables supports stronger financial results.

Table 7: Best Practices in Working Capital Management

Practice	Number of Companies	Percentage (%)
Supplier & customer coordination	20	40%
Use of digital supply chain technologies	15	30%
Inventory optimization	10	20%
Standardized processes & policies	5	10%
Total	50	100%

40% of companies emphasize strong supplier and customer coordination as a best practice. 30% adopt digital supply chain technologies, 20% focus on inventory optimization, and 10% follow standardized policies. Effective practices improve operational efficiency and reduce working capital requirements. Overall, integrating technology and collaboration enhances supply chain financial performance.

V. FINDINGS

Companies with advanced digital systems and integrated SCM practices demonstrate higher working capital efficiency.

- Shorter inventory cycles and faster receivable collections correlate with stronger liquidity positions.



- Effective coordination with suppliers and customers improves receivables and payables management.
- Working capital efficiency positively impacts overall profitability.
- Adoption of digital technologies and best practices enhances operational and financial performance.

VI. SUGGESTIONS

- Global supply chain companies should invest in digital systems for real-time working capital monitoring.
- Strengthen coordination with suppliers and customers to optimize payables and receivables.
- Adopt inventory management strategies like JIT to reduce cash conversion cycles.
- Standardize working capital policies across global operations for consistency.
- Regularly review financial ratios and key WCM indicators to identify performance gaps.

VII. CONCLUSION

Working capital management is a key determinant of financial health in global supply chain companies. Analysis of 50 companies shows that effective control of inventory, receivables, and payables enhances liquidity, operational efficiency, and profitability. Firms adopting modern technologies, integrated supply chain practices, and collaborative approaches achieve superior working capital performance. Organizations must focus on best practices and digital adoption to remain competitive in the global supply chain environment.

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