



Working Capital Management and Profitability of Maritime Logistics Firms in Nigeria: Evidence from 2016–2025

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Abstract

This study examined the effect of working capital management on the profitability of maritime logistics firms in Nigeria over the period 2016–2025. Profitability was proxied by operating cash flow, while working capital management was measured using the accounts receivable period, inventory holding period, accounts payable period, cash conversion cycle, and liquidity ratio. Secondary data were obtained from the published annual financial statements of the sampled firms. The data were analysed using multiple linear regression analysis. The findings revealed that none of the working capital management variables exerted a statistically significant influence on the profitability of the firms during the study period. However, descriptive statistics indicated unusually high values for several working capital indicators, with accounts receivable period ranging from 1.8 to 1,489 days, inventory holding period from 2.8 to 8,785 days, accounts payable period from 9.53 to 2,440 days, cash conversion cycle from 4.05 to 6,366 days, and liquidity ratio from 1.17 to 20.91. These extreme values may reflect operational inefficiencies, financial distress, industry-specific reporting practices, or the presence of influential outliers that warrant further investigation. Although the regression results indicate no statistically significant relationship between working capital management and profitability, the findings emphasise the necessity of effective management of receivables, inventories, payables, and liquidity to enhance operational efficiency and support long-term financial sustainability.

Keywords: Working Capital Management, Profitability, Operating Cash Flow, Cash Conversion Cycle, Maritime Logistics Firms, Nigeria.

Background to the Study

The maritime sector is an essential pillar of global economic development. As the backbone of international trade, commerce, and connectivity, its importance extends beyond the transportation of goods across oceans. It is a dynamic and diverse industry that supports the global economy by linking countries, businesses, and markets through an extensive network of ports, shipping routes, and logistics systems. The sector encompasses a wide range of activities, including sea transportation, port operations, shipbuilding, maritime services, and marine tourism, all of which contribute significantly to national and international economic growth (Sahu & Bambang, 2025).

In Nigeria, maritime activities are regulated by the Federal Ministry of Marine and Blue Economy, with several specialized agencies operating under its supervision. These include the Nigerian Maritime Administration and Safety Agency (NIMASA), the Nigerian Ports Authority (NPA), and the Nigerian Shippers' Council (NSC), among others.

Working capital management challenges in the maritime logistics sector are exacerbated by infrastructural bottlenecks, delays in freight clearance, and foreign exchange restrictions (Kotcharin & Jantadej, 2024). Given the capital-intensive and trade-dependent nature of the industry, understanding how the components of working capital management influence profitability is essential for ensuring financial sustainability and informing policy decisions. Consequently, this study employs secondary panel data to examine the relationship between working capital management and the profitability of listed maritime logistics companies in Nigeria. Although many companies operate within the maritime logistics sector, either directly or indirectly, only the listed companies constitute the population of this study.

Statement of the Problem

Nigerian maritime logistics companies continually face financial challenges arising from prolonged receivable cycles, operational delays, port congestion, exchange rate volatility, and the high cost of short-term financing, among other factors. Despite the strategic importance of the maritime sector to Nigeria's blue economy and international trade, many logistics firms continue to experience declining profitability and unstable cash flows.

The unique operational characteristics of maritime logistics companies suggest that the conventional relationship between working capital management and profitability may differ from that observed in other industries. However, there is limited sector-specific empirical evidence on the optimal cash conversion cycle, the effects of accounts receivable and accounts payable management on profitability, and the dynamic influence of working capital management policies within the Nigerian maritime logistics industry. This lack of empirical evidence constitutes a significant knowledge gap. Therefore, this study seeks to examine the

relationship between working capital management and profitability in the Nigerian maritime logistics sector and to assess the strengths and weaknesses of working capital management practices within the industry.

Objective of the study

To examine the effect of working capital management on profitability of listed maritime logistics firms in Nigeria. Specific objectives are

1. To determine the impact of accounts receivable period on profitability.
2. To assess the relationship between inventory holding period and profitability.
3. To evaluate the effect of accounts payable period on profitability.
4. To examine the effect of cash conversion cycle on profitability
5. To examine the influence of liquidity level on firm profitability.

Conceptual Review

Working Capital Management

Working capital is the money a business uses to fund operations: pay suppliers, keep inventory stocked, cover payroll, and more. It is calculated as current assets minus current liabilities, and it tells whether there is enough cash moving through the business to keep it running. It involves managing two major items enlisted in the Statement of Financial Positions. These are current assets and current liabilities. Cash, receivables, inventory, and payables are the main components of these categories, and each one affects how quickly money moves through the business and how much of it gets held along the way. For instance, cash and cash equivalents, which are the most liquid part of working capital, are very vital for paying day-to-day expenses. It will help the organisation to rely less on borrowing, take advantage of a discount and improve the strength of the company (Ebire *et al.*, 2021). Excessive investment in working capital increases operating costs associated with extended trade credit and inventory storage, which can erode profitability (Silva and Silva, 2026).

Good working capital management makes a business more stable, more flexible, and more ready to grow. It helps to avoid crunches, reduce reliance on outside capital, and take advantage of opportunities when they appear. Therefore, managing it is a key element from the point of view of financial security in every company (Zimon, 2019).

The average number of days it takes a company to receive payment following a credit sale is known as the accounts receivable term, or average collection period. It aids organisations in ascertaining the duration for which their capital is immobilised due to outstanding invoices from clients. Generally, a diminished value signifies a more rapid transformation of receivables into liquid assets. In relation to the organisation's credit policies, the accounts receivable



duration is of paramount relevance (Lazarus *et al.*, 2023). Accounts receivable is money owed to the organisation, and customers should not take time to pay because the longer cash is tied up, the worse it is for the enterprise. Managing it involves setting good credit terms, invoicing quickly, and ensuring collections do not slip.

Inventory is the unsold unit of goods meant for sale. It must not be overstocked but must be enough to meet demand. Dividing the average inventory by the daily cost of goods sold, one can ascertain the inventory holding period, commonly referred to as days in inventory. It conveys to the enterprise the length of time that capital is immobilised in inventory until it is realised as sales revenue. Enhanced inventory turnover, a reduced inventory ageing period, and alternative inventory management strategies can substantially elevate the financial performance of organisations (Mbathi *et al.*, 2021). A reduction in inventory holding leads to a decrease in holding expenses and an enhancement in profitability (Babu *et al.*, 2019).

The accounts payable duration, commonly referred to as Days Payable Outstanding (DPO) or Accounts Payable Days (AP Days), serves as a significant financial metric that elucidates the average duration a business requires to remit payments to its vendors or suppliers for goods and services acquired on credit. This metric is vital for assessing a company's liquidity and cash flow management, as it reflects the length of time a company retains cash reserves prior to discharging its short-term financial obligations. Accounts payable is made up of indebtedness to outsiders. Working capital management focuses on keeping the cycle moving so cash does not get stuck in the system (Kayani *et al.*, 2023). Effective payables management guarantees that businesses can meet their short-term obligations in a timely and sufficient manner (Nkwasiwe, 2023). Before paying suppliers, businesses can use funds for other immediate operational needs by optimising the payment period.

Cash Conversion Cycle (CCC) makes it easier to measure the amount of time that passes between acquiring raw materials and collecting costs associated with selling finished goods to customers (Asman *et al.*, 2022). A financial indicator called the CCC calculates how many days it takes a business to turn investments in resources and inventories into cash from sales. It determines how long money is spent on activities; a shorter or lower cycle denotes greater liquidity and efficiency. Businesses should enhance receivables collection and optimise their inventory management procedures.

A liquidity ratio is a financial indicator that assesses how well a business can use its current, or liquid, assets to pay off its short-term debts and financial obligations (those that are due within a year). It assesses whether a business can pay its costs without raising outside funding. The Quick Ratio (Acid-Test Ratio) employs only the most liquid assets, omitting inventories, and the Cash Ratio computes the most conservative liquidity, using only cash and cash equivalents to meet current liabilities, whilst the Liquidity Ratio is the difference between

current assets and current liabilities. Numerous liquidity ratios, including the current ratio, quick ratio, cash ratio, and defensive interval ratio, are employed by businesses to manage their liquidity and have a significant impact on their financial performance (Durrah *et al.*, 2016).

Ratios used for this study were calculated as follows:

1. **Accounts Receivable Period (ARP)** = (Accounts Receivable / Turnover) $\times$ 365
2. **Inventory Holding Period (IHP)** = (Inventory / Cost of Sales) $\times$ 365
3. **Accounts Payable Period (APP)** = (Accounts Payable / Cost of Sales) $\times$ 365
4. **Cash Conversion Cycle (CCC)** = ARP + IHP – APP
5. **Liquidity Ratio (Current Ratio)** = Current Assets / Current Liabilities

Theoretical Review

Cash Conversion Cycle (CCC) Theory:

Gitman, L. J. (1974) introduced the “cash cycle” concept, which became popularised by Richards, V. D., and Laughlin, E. J. (1980), as cash conversion cycle theory. A crucial working capital management tool, the cycle is a thorough analytical tool that calculates the net time (in days) it takes a business to turn its expenditures in inventory and other resources into cash flows from sales. It computes the time interval between the ultimate cash inflow from collecting receivables and the cash outflow for buying raw materials.

According to Gitman, the cash cycle is an additive metric made up of three primary components: The average time needed to sell inventory is known as the Inventory Conversion Period (DIO, or Days Inventory Outstanding); the average time needed to collect cash from customers is known as the Receivables Collection Period (DSO, or Days Sales Outstanding); and the average time a business takes to pay its suppliers is known as the Payables Deferral Period (DPO, or Days Payable Outstanding). It is a crucial indicator for evaluating liquidity and working capital efficiency. It calculates the amount of time (in days) that passes between a business paying for raw materials and getting paid by customers. According to this hypothesis, a shorter cash conversion cycle is a sign of effective working capital management, which boosts the company's value, profitability, and solvency and frees up cash for operations. In the unstable marine industry, it aids in assessing how to strike a balance between investing to maximise profit and keeping adequate cash on hand to function (Oseifuah and Gyekye, 2016). This theory is especially relevant to this study because logistics firms are identified with high inventory and quick receivable turnover.



Empirical Review

Tobazaa and Gatsi (2025) researched the cash conversion cycle and profitability: empirical evidence from Ghana's energy sector. This study examined how the profitability of companies in Ghana's energy sector is affected by the Cash Conversion Cycle (CCC). It examined the impact of the Cash Conversion Cycle (CCC) on the profitability of companies in Ghana's energy sector, using descriptive statistics, correlation analysis, and regression techniques to examine the relationship between CCC components such as Days Receivable Outstanding (DRO), Days Inventory Outstanding (DIO), and Days Payable Outstanding (DPO) and important profitability metrics, such as Return on Equity (ROE) and Return on Assets (ROA), using data from four (4) firms between 2014 and 2022. The results showed that while DIO and DRO had a beneficial impact on ROA, a lengthier CCC had a negative correlation with profitability. Both ROA and ROE were found to be negatively impacted by longer payment terms. The significance of optimising CCC to improve financial performance in Ghana's energy sector was highlighted by these findings. By offering actual data on the financial performance of energy sector businesses, especially in relation to working capital management, this study added to the corpus of previous material. It emphasised the crucial connections between profitability measures like ROA and ROE and the cash conversion cycle. Furthermore, the results provided practical suggestions that can help businesses improve their financial performance, closing the gap between theory and reality in financial management in the energy industry.

Tobazaa and Gatsi (2025) researched accounts receivable management and financial performance of public universities in Ghana. This study looked at how Ghanaian public universities' financial performance was impacted by accounts receivable management. The study used regression models, correlation analysis, and descriptive statistics to assess important financial metrics, such as Return on Assets (ROA), Current Ratio (CUR), Accounts Receivable Turnover (ART), and Accounts Receivable Period (ARP), using secondary data from 13 public universities over a five-year period (2017–2021). The significance of timely collections was highlighted by key findings that showed a somewhat favourable association between ROA and CUR, a large positive correlation between ROA and ART, and a negative correlation between ARP and ROA. Additionally, the favourable impact of university size on both ROA and CUR indicates that larger universities typically perform better financially. The study found that although some universities have good financial management, there is a lot of variation, which emphasises the need for better procedures. Policymakers and university administrators looking to improve the financial performance of Ghana's higher education industry found these insights to be helpful.

Ajibola et al. (2024) studied inventory management and financial performance of listed manufacturing companies in Nigeria. They claimed that the majority of Nigerian manufacturing enterprises had failed due to poor inventory management. The performance of the business may be enhanced by reducing waste and increasing efficiency when the proper type of inventory is used throughout manufacturing. The study looked at listed manufacturing businesses' financial performance and inventory management. The study made use of ex post facto research. The financial statements of ten chosen listed industrial businesses from 2014 to 2023 served as the source of secondary data. Regression analysis, correlation, and descriptive statistics were employed at the 0.05 significance level. Return on asset was found to be considerably impacted by inventory turnover, significantly impacted by inventory-to-asset ratio, and unaffected by inventory collection period. It was determined that while stakeholders cannot rely on inventory conversion duration to anticipate return on asset, inventory turnover and inventory asset ratio as measures of inventory management are good predictors of return on asset of listed manufacturing companies in Nigeria. To increase their inventory conversion period, officers in charge of inventories were advised to concentrate more on strategies for reducing inventory days and swiftly recovering accounts receivable.

Nkwasibwe et al. (2023) researched accounts payable management and financial performance of manufacturing firms. A Case of Kazire Health Products Limited. The study focused on establishing the relationship between accounts payable management and financial performance in Kazire Health Products Company Limited. It was based on the following objectives: to find out the accounts payable management strategies used by Kazire Health Products Ltd, to assess the level of financial performance and to establish the relationship between accounts payable management and financial performance. The researcher used a cross-sectional research design consisting of quantitative approaches of data collection and analysis. The study population consisted of the management and operational staff, consisting of employees from administration, the marketing department, accounts, the sales department and customers of the company. A sample size of 66 respondents was used. Questionnaires were used to collect data. Data collected was analysed using the Statistical Package for the Social Sciences (SPSS). The study revealed that Kazire Health Products Limited has an effective accounts payable management policy. It was further revealed that as much as the company is earning profits, her profitability levels in the past three years have been declining compared to the past years. The study findings established that there was a positive significant relationship between accounts payable management and financial performance of Kazire Health Products Ltd at $r = 0.872$ with a p-value of 0.000. One of the major sources of unsecured short-term financing was accounts payable, which resulted from transactions involving merchandise purchases.

Ebire *et al.* (2021) studied working capital management and financial performance: evidence from alternative energy firms in the United Kingdom. This study examined the impact of working capital management on the financial performance of alternative energy in the UK from 2015 to 2022. The proxy used included receivable turnover, payable turnover, inventory turnover and return on assets. The study employed an ex-post facto research design using panel data from the sampled firms' annual reports. The panel data were analysed using descriptive statistics, a correlation matrix and panel regression analysis. The Hausman specification test showed that the fixed effect was more appropriate. The findings showed that receivable turnover had a significant positive impact on the return on assets of the alternative firm in the UK. In addition, payable turnover had a significant negative effect on return on assets, while the findings on inventory turnover had an insignificant impact on return on assets. These findings implied that working capital management significantly affects the financial performance of alternative energy firms in the UK. Based on the conclusion, the study recommended that oil and gas firms should increase their net cash flow from operating activities to increase their financial performance. Globally, it is acknowledged that many companies fail due to poor working capital management.

Madushanka and Jathurika (2018) researched The Impact of Liquidity Ratios on Profitability (with special reference to listed manufacturing companies in Sri Lanka). According to the researchers, the ultimate goal of the companies is to enhance the wealth of the shareholders. For that purpose, liquidity and profitability play the vital and crucial role. Especially the liquidity and its management are causes to a great extent of the growth and profitability of a firm. Liquidity management becomes the most important one, as the inadequate liquidity may be injurious to the smooth operations of the firm as well as the excess liquidity can be disturbed to achieve greater profits. In this way, the present study is aimed at investigating the relationship between liquidity and profitability. The analysis was based on 15 manufacturing companies listed on the Colombo Stock Exchange over a period of the past five years from 2012 to 2016. Correlation and regression analysis as well as the descriptive statistics were applied in the analysis, and findings suggested that liquidity ratios (quick ratio) had a positive and significant relationship with the firm's profitability among the listed manufacturing companies in Sri Lanka. Overall this research gave a recommendation that they should pay more attention to the liquidity ratios, as they have a significant impact on the profitability of the firms. Further, they should devise new strategies for proper liquidity management, as their current ratio values imply a lack of management in liquidity assets.

Methodology

Research Design

This study adopted an ex post facto research design. This design was appropriate because past data was used in the study and would not be manipulated; hence, the behaviour of the data would not change. Eight (8) companies which border on the maritime industry in Nigeria were used in the study. These were C. & I. Leasing Plc (providing marine and offshore services, including chartering of vessels and security patrol ships); Eterna Oil (a major player in the oil and gas sector that provides fuels and lubricants to the marine shipping industry); Red Star Express (integrated logistics, including freight forwarding, warehousing, haulage, and support services); ABC Transport Plc (transportation services, mainly road coach services, *not explicitly maritime but part of the broader logistics ecosystem*); Transnational Express Plc (handling express and logistics services which support supply chains overlapping port logistics); MRS Oil (engaged in the marketing and distribution of marine fuels and lubricants); SCOA Plc (rendering specialized services in the industry too); and Total Energies Plc (involved in the supply of specialized lubricants and fuels for shipping and maritime operations). Others which were quoted but did not have the required data for the years of study were Caverton Offshore Support Group Plc, Global Spectrum Energy Services Plc., and Japaul Gold & Ventures Plc.

3.2 Model Specification

The following specification was formulated to ascertain the contributions of the independent variables to the dependent variable and was expressed in regression models. The linear regression model was therefore expressed in the form:

$$\text{OCF} = \beta_0 + \beta_1 \text{ARP} + \epsilon \quad \text{Equation 3.1}$$

$$\text{OCF} = \beta_0 + \beta_2 \text{IHP} + \epsilon \quad \text{Equation 3.2}$$

$$\text{OCF} = \beta_0 + \beta_3 \text{APP} + \epsilon \quad \text{Equation 3.3}$$

$$\text{OCF} = \beta_0 + \beta_4 \text{CCC} + \epsilon \quad \text{Equation 3.4}$$

$$\text{OCF} = \beta_0 + \beta_5 \text{LQR} + \epsilon \quad \text{Equation 3.5}$$

where

β_0 = intercept

β_1 = coefficient of the independent variable

X = independent variable (e.g., ARP)

ϵ (epsilon) = error term

OCF = Operating cashflow

ARP = Accounts Receivable Period

IHP = Inventory Holding Period

APP = Accounts Payable Period
CCC = Cash Conversion Cycle
LQR = Liquidity Ratio

Presentation and Analysis of Empirical Results

The data was analysed using descriptive statistics, t-statistic, f-statistic and table while the null hypotheses were tested in line with the model specifications.

Test of Hypothesis One

The null hypothesis (H_{01}) stated that there is no significant relationship between Accounts Receivable Period (ARP) and Profitability (represented with operating cash flow) in maritime logistics firms in Nigeria between 2016 and 2025.

Table 1: Relationship between Accounts Receivable Period (ARP) and Profitability

R	f. Cal	f. Crit	t. Cal	t. Crit
0.056	0.242	4.0012	(0.492)	1.671

Source: Researcher's computation, 2026

From the table above, the f critical value is 4.0012 greater than the f calculated 0.242 at 0.05 level of significance. In the same vein, t critical value is 1.671 greater than the t calculated (0.492) at the same level of significance; hence the null hypothesis was accepted and the alternate rejected. This means that there is no significant relationship between Accounts Receivable Period and Operating cash flow of Maritime Logistics Firms operating in Nigeria between 2016 and 2025.

Test of Hypothesis Two: Inventory Holding Period (IHP) has no significant effect on profitability.

Table 2: Relationship between Inventory Holding Period and Profitability

R	f. Cal	f. Crit	t. Cal	t. Crit
0.06	0.282	4.0012	(0.531)	1.671

Source: Researcher's computation, 2026

From table 2 above, the f critical value is 4.0012 greater than the f calculated 0.282 at 0.05 level of significance. In the same vein, t critical value is 1.671 greater than the t calculated (0.531) at the same level of significance hence the null hypothesis was accepted and the

alternate rejected. This means that there is no significant relationship between Inventory Holding Period and Operating cash flow of Maritime Logistics Firms operating in Nigeria between 2016 and 2025.

Test of Hypothesis Three: Accounts Payable Period (APP) has no significant effect on profitability.

Table 3: Relationship between Accounts Payable Period and Profitability

R	f. Cal	f. Crit	t. Cal	t. Crit
0.056	0.0248	4.0012	(0.498)	1.671

Source: Researcher's computation, 2026

From table 3, the f critical value is 4.0012 greater than the f calculated 0.0248 at 0.05 level of significance. In the same vein, t critical value is 1.671 greater than the t calculated (0.498) at the same level of significance; hence, the null hypothesis was accepted and the alternate rejected. This means that there is no significant relationship between Accounts Payable Period and Operating cash flow of Maritime Logistics Firms operating in Nigeria between 2016 and 2025.

Test of Hypothesis Four: Cash conversion cycle has no significant effect on profitability.

Table 4: Relationship between Cash Conversion Cycle and Profitability

R	f. Cal	f. Crit	t. Cal	t. Crit
0.05	0.194	4.0012	(0.44)	1.671

Source: Researcher's computation, 2026

From table 4, the f critical value is 4.0012 greater than the f calculated 0.194 at 0.05 level of significance. In the same vein, t critical value is 1.671 greater than the t calculated (0.44) at the same level of significance hence the null hypothesis was accepted and the alternate rejected. This means that there is no significant relationship between Cash Conversion Cycle and Operating cash flow of Maritime Logistics Firms operating in Nigeria between 2016 and 2025.

Test of Hypothesis Five: Liquidity ratio has no significant effect on profitability

Table 5: Relationship between Liquidity Ratio and Profitability

R	f. Cal	f. Crit	t. Cal	t. Crit
0.118	1.093	4.0012	(1.046)	1.671

Source: Researcher's computation, 2026

From the result in table 5, the f critical value is 4.0012 greater than the f calculated 1.093 at 0.05 level of significance. In the same vein, t critical value is 1.671 greater than the t calculated (1.046) at the same level of significance hence the null hypothesis was accepted and the alternate rejected. This means that there is no significant relationship between Liquidity Ratio and Operating cash flow of Maritime Logistics Firms operating in Nigeria between 2016 and 2025.

Summary of Findings

The aim of this study was to determine how profitable maritime logistics firms operating in Nigeria are in managing their working capital for the period 2016 to 2025. Major findings of the study were that none of the independent variables had significant influence on the profitability of the firms. One striking observation from the data collected showed that the accounts receivable period ranged from 1.8 to 1,489 days, the inventory holding period 2.8 to 8,785 days, the accounts payable period 9.53 to 2,440 days, the cash conversion cycle 4.05 to 6,366 days and the liquidity ratios 1.17 to 20.91.

Conclusion

The study showed that none of the independent variables had a relationship with the profitability of the companies during the years under study. Looking at the periods for each of the independent variables, an Accounts Receivable (A/R) period, or Days Sales Outstanding (DSO), of 1,489 days is exceptionally high and signals severe financial, operational, or strategic distress. It means that, on average, it takes the company over four years to collect payment after making a credit sale. This metric generally portrays that the companies were faced with a cash flow crisis, struggling to pay their own bills (suppliers, payroll, and rent) because their cash was locked up in unpaid invoices. To sustain operations, the company probably had to borrow money, resulting in high interest expenses that eat into profitability. The company may have been selling to customers with poor creditworthiness, leading to an inability to pay, and the accounts receivable department may have poor or nonexistent procedures for collecting overdue invoices. At 1,489 days, many of these receivables were likely to be written off as bad debt



because the customers may have gone out of business or the legal time to collect has passed. A healthy DSO is generally under 45 days, though it varies by industry.

An inventory holding period of 8,785 days, which equates to roughly 24 years, portrays an extreme, likely catastrophic, level of inefficiency in inventory management. This figure, also known as Days Sales of Inventory (DSI) or Days Inventory Outstanding (DIO), indicates that the company is taking 24 years to sell through its average stock. It portrays that a massive amount of cash was "frozen" in the warehouse, unusable for other business needs like marketing, R&D, or paying down debt, and that the companies were likely having extremely poor cash flow, making it difficult to pay suppliers or meet short-term obligations. With inventory sitting for over two decades, the goods were almost certainly obsolete, expired, damaged, or out of fashion. The inventory likely had little to no market value, meaning the company would have to write them off as losses. Holding inventory for this long incurs massive costs, including storage rent, insurance, security, and potential theft. These holding costs drastically reduce, or entirely eliminate, net profit margins.

An Accounts Payable (AP) period of 2440 days indicates that, on average, it took the companies approximately 6.7 years to pay their suppliers and vendors. This is an extremely high and unrealistic figure for a standard-operating business. In financial analysis, such a result typically portrays one of three things: serious financial distress, a fundamental accounting error, or a highly specialized business model with unique credit terms. In most industries, the standard AP period ranges from 30 to 90 days. A period of 2440 days suggests the companies were severely delinquent in their obligations to settle debts, leading to a massive buildup of unpaid invoices. In such situations, vendors would be unlikely to continue to supply companies that take years to pay, which could lead to a total shutdown of operations. In rare cases, what is labelled as "Accounts Payable" might actually represent long-term financing disguised as trade credits, and this, therefore, will highlight very wrong information to the public. For example, if a parent company provides goods to a subsidiary and allows them years to pay without interest, it functions more like a capital injection or a long-term loan than a standard trade payable. An accounts payable period of 2440 days portrays extreme financial distress or a significant accounting anomaly, as it implies the company takes over 6.7 years to pay its suppliers, a duration that is commercially unsustainable in almost any industry.

A Cash Conversion Cycle (CCC) of 6,366 days is extremely high and indicates severe structural inefficiencies in a company's working capital management. The CCC measures how many days it takes for a company to convert its investments in inventory and other resources into cash from sales. While a typical, efficient company might aim for a CCC under 30-60 days, a value in the thousands suggests that cash is locked up for years, signalling a desperate need for external financing to cover daily operating expenses. Such a long cycle increases the risk of



holding obsolete inventory and significantly reduces the company's ability to pay its own short-term obligations (payroll, suppliers). It shows that the company is inefficient at managing the three levers of the cycle: turning over inventory, collecting receivables, and paying suppliers. It is a sign of distress, except for very specialised, long-term project businesses like shipbuilding or large-scale construction companies, where revenue is only recognised at the very end of a multi-year project, although 6,366 days (roughly 17 years) is still extraordinarily high, even in those sectors.

A liquidity ratio of 20.91 was exceptionally high, portraying a company that has 20.91 times more liquid assets than current liabilities. This level of liquidity is far beyond the typical "healthy" target range for most businesses.

Depending on the context, this figure indicates that the companies were in an incredibly strong position to meet their immediate financial obligations. They could pay off all their current debts nearly 21 times over using their current assets. This suggests virtually zero risk of defaulting on short-term bills in the near future. While high liquidity is safe, a ratio of this extreme often signals inefficiency. It suggests the company may be holding a massive amount of "idle" cash or non-productive assets that are not being reinvested into growth, technology, or research. From an investor's perspective, this might be viewed as a missed opportunity to generate higher returns. A high ratio is common for tech companies that just received a massive round of funding or are keeping large cash reserves for future acquisitions or R&D, but for these sectors, a ratio of 20.91 would be highly unusual and likely indicate a failure to manage inventory or a lack of expansion strategy. Service businesses often have higher ratios due to low inventory, but 20.91 remains significantly above the typical range.

The big question about this study is, was the data used real? This concern can be assuaged with the fact that the values were extracted from their published financial statements. Another ponder is: would the published financial statements wrongly indicate "thousands" instead of "millions" or vice versa? This question would be difficult to answer because the data were taken from the companies' sites on the net, even though the anomalies in the figures are too pronounced and odd rather than indicate actual business performances.

Recommendations

From the above, it is therefore recommended that corporate managers watch very closely their accounts receivable periods, inventory holding periods, accounts payable periods, and cash conversion cycles as well as their liquidity ratios if they intend to remain in business and be profitable.



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