

**WORKING CAPITAL MANAGEMENT AND FINANCIAL PERFORMANCE
OF LISTED CEMENT COMPANIES IN NIGERIA**

BY

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ABSTRACT

This study examined the relationship between working capital management and financial performance of listed cement companies in Nigeria. Using secondary data from annual reports of selected cement companies, the study investigated the impact of working capital management on return on assets (ROA). The research design adopted was ex post facto in which the data from annual reports of listed cement companies in Nigeria from 2015 to 2024 were used for analysis. The study employed descriptive and inferential statistics to analyze the data. The findings showed that working capital items have no significant effect on the ROA of listed cement companies in Nigeria. The overall findings showed that working capital management has a significant positive effect on financial performance of listed cement companies in Nigeria. The study recommends that companies should prioritize efficient collection management system to improve their receivable and inventory collection, negotiate longer payment terms with suppliers to improve cash flow and regularly monitor their working capital management metrics to identify areas for improvement.

1.0 INTRODUCTION

Working capital management (WCM) is one of the most important aspects of corporate financial management because it ensures that a company maintains adequate liquidity to meet its short-term obligations while maximizing profitability (Albudhani et al, 2022). Working capital represents the difference between current assets and current liabilities and is essential for the day-to-day operations of any business. Effective management of cash, inventories, receivables, and payables enables firms to maintain operational efficiency and financial stability (Abdi, 2020).

The Nigerian cement industry plays a critical role in national economic development through infrastructure provision, housing development, employment generation, and industrial growth. The industry is dominated by three major firms: Dangote Cement Plc, BUA Cement Plc, and Lafarge Africa Plc. These companies have continued to record significant growth in revenue despite economic challenges such as inflation, exchange rate volatility, rising energy costs, and high interest rates. For example, the combined revenue of the three companies exceeded ₦3.6 trillion in the third quarter of 2024, representing a substantial increase over the previous year.

Despite impressive revenue growth, the industry faces serious challenges relating to liquidity management, operating costs, inventory management, and cash flow. Efficient working capital management therefore becomes crucial for maintaining profitability and ensuring long-term sustainability. (Delima, 2020). Some promising investments with high rate of return had turned out to be failures and were frustrated out of business (Olayemi, 2021). Many factories had been either temporarily or completely shut down as a result of government's economic policies which include the country's currency devaluation and subsidy removal. These have pushed up the cost of production and led to increase in sales price. The sector is affected by inflationary trend in the economy. The performance of the sector is somewhat affected by current economic

situation in Nigeria. The sector is a critical one in any economy that can bridge the gap in housing deficit. The current price of cement is out of the reach of ordinary citizens who are earning minimum wage of N70,000 (Seventy thousand Naira only).

Many Nigerian workers had been thrown into unemployment market and frustratingly become dependent on relations and friends. Some Nigerian companies are still in business but cannot pay dividend to shareholders. Some of these companies are still struggling in spite of them being quoted on the Nigeria Exchange Group (NGX). Some companies were acquired by another because they could not stand alone. It is in the light of this crisis that the researcher had found it necessary to examine the impact of working capital management on financial performance of quoted cement companies quoted on the NSE.

The study was motivated by the need to investigate whether effective management of working capital components contributes significantly to the financial performance of listed cement companies in Nigeria. Financial performance was measured using Return on Assets (ROA) while working capital management was represented by Average Collection Period (ACP), Average Payment Period (APP), and Inventory Conversion Cycle (ICC).

The major objectives of the study was to examine the effect of working capital management on financial performance of listed cement companies in Nigeria. The study contributes to existing literature by providing evidence from the Nigerian cement industry using secondary data obtained from audited annual reports of sampled companies.

2.0 REVIEW OF RELATED LITERATURE:

2.1 Conceptual Review

This covers various variables that define the dependent variables and independent variable in this study. The proxies of financial performance (dependent variable) and working capital management (independent variable).

2.1.1 Financial Performance

Financial performance refers to the ability of a firm to generate profits and maximize shareholders' wealth through efficient utilization of available resources (Olayinka, 2022). The Nigerian cement industry dominated by Dangote cement, BUA cement and Lafarge Africa has shown strong financial performance in recent years with significant increases in market capitalization and revenue. Dangote cement consistently leads in market capitalization, often exceeding the combined value of its two main competitors. However, BUA cement has also demonstrated impressive growth particularly in revenue. The study measured financial performance using return on assets.

2.1.1.1 Return on Assets (ROA)

ROA measures management efficiency in utilizing total assets to generate profits. A higher ROA indicates effective asset utilization and improved operational performance.

While specific ROA figures are not readily available, it is known that Dangote cement historically earns higher returns on assets compared to its peers and that Lafarge Africa also demonstrates strong ROA. Dangote cement's latest report covering the year 2024 shows a significant increase in revenue and profit. Group revenue rose by 62% to #3,581 billion, while group net profit is N503 billion, according to the company's annual report. Lafarge Africa cement's latest report covering the year 2024 shows that the group revenue rose by 58% to N696 billion while group net profit is N100 billion.

2.1.2 Working capital management (WCM) is the process of managing a firm's short-term assets and liabilities to ensure it has enough liquidity to run daily operations.

2.1.2.1 Average Collection Period (ACP)

ACP measures the average number of days required to collect cash from customers after credit sales. A shorter ACP enhances liquidity and cash flow management, while a longer ACP may create cash shortages and increase default risks.

While there is no single, publicly available average ACP for the Nigerian Cement industry, research suggests that a company's ACP can positively impact its profitability (Olayemi, 2021). Most companies allow customer to purchase goods and pay later, often within 30days. ACP is calculated by dividing the average accounts receivable by the average daily net sales, and then multiplying by 365. A shorter ACP means a company receives payment faster, improving the cash flow and ability to meet its obligations (Jaworski & Czerwonka, 2022). Several factors can affect a company's ACP, including customer credit terms, payment habits and the company's credit management practices.

2.1.2.2 Average Payment Period (APP)

APP measures the average time a company takes to settle obligations owed to suppliers.

Efficient management of APP can improve liquidity without damaging supplier relationships.

The Average payment period for Dangote Cement, a major player in the Nigerian cement industry was 90 days on average for the year ended December 31, 2024 especially, trade creditor days for the group were 90days (2023:67days), and 95days for the company (2023:45days), as reported in their 2024 annual report. Dangote cement adheres to a policy of agreeing on payments terms with suppliers and paying according to those agreed terms upon receipt of accurate invoices.

2.1.2.3 Cash Conversion Cycle (CCC)

CCC measures the duration required to convert investments in inventory and receivables into cash inflows. A shorter CCC generally indicates efficient working capital management and improved liquidity.

The cash conversion cash (CCC) for Nigerian cement companies is a crucial metric, indicating how long it takes them to convert their investments in raw materials and inventory into cash from sales. Generally, a shorter CCC is desirable, suggesting efficient cash flow. Studies have shown that the CCC can influence the profitability of the companies (Mandipa & Sibindi, 2022). The CCC is calculated using the following formula: $CCC = (\text{days Inventory Outstanding (DIO)} + \text{Days Sales Outstanding (DSO)} - \text{Days Payable Outstanding (DPO)})$.

- DIO (Days Inventory Outstanding): Represents the average number of days it takes to sell inventory.
- DSO (Days Sales Outstanding): Represents the average number of days it takes to collect payment from customers.
- DPO (Days Payable Outstanding): Represents the average number of days it takes to pay suppliers.

Research (Iqbal et al. 2020) suggests a relationship between CCC and profitability, though the nature of that relationship can be nuanced, some studies indicates that a longer CCC can correlate with higher profitability, while others suggest that a shorter CCC is more efficient for cash flow and potentially profitability. The specific impact can depend on economic conditions, the competitive landscape, and the company's specific strategies. Demand for cement <pricing policies and competition all affect the DSO. Inventory management practices can significantly impact the DIO. Payments terms with suppliers and customers

influence the DPO and DSO. Economic instability, such as fluctuating exchange rates of inflation, can impact the cash conversion cycle. One study examined the relationship between CCC and profitability in Nigerian cement companies, finding a positive relationship, suggesting that longer CCCs can correlate with higher profitability. The CCC is a critical financial metric for cement companies in Nigeria, reflecting their efficiency in converting investments into cash. Understanding how the CCC impacts profitability, along with the factors influencing it, it is essential for effective financial management and decision - making in the industry

2.1.2.4 Inventory Conversion Cycle (ICC)

Inventory Conversion Cycle measures the period required to convert inventory into sales and cash receipts. Effective inventory management reduces holding costs and improves profitability.

Effective inventory management practices, including optimizing inventory levels and minimizing storage costs, can impact the conversion period. Working Capital Management: Efficiency management of accounts receivable and payable can also influence the length of the inventory conversion cycle. A shorter inventory conversion cycle can contribute to higher profitability by freeing up capital and reducing storage costs. A faster conversion cycle results in better cash flow, allowing companies to invest in further growth and expansion. Companies with shorter conversion cycles may be more competitive in the market by responding quickly to customer demands and offering better prices.

2.2 Theoretical Review

Trade-Off Theory

The Trade-off theory was first introduced by Modigliani and Miller (1963) and later formalized by Kraus and Litzenberger (1973) and Meyers (1984). The assumption behind the theory was the extension of their 1958 no-tax model to include corporate tax. The idea behind this is that debt gives tax shield benefits hence firms should utilize full debt which started the theory. Kraus and Litzenberger (1973) modernized the theory. Their key idea was that firms trade off the benefit of debt tax shield against cost of financial distress/bankruptcy. This was how the name of the theory was derived. The theory was made popular by Myers (1984). His main idea was that firms set a target debt to equity ratio and gradually move toward it by weighing marginal benefit against marginal cost of debt. Firms target an optimal leverage ratio by trading off tax benefits against bankruptcy costs.

2.3 Empirical Review

The return on assets (ROA) analyzes the return to a firm's assets and is often used as a general index of profitability. Thus, the more profitable a firm, the higher the value and as a profitability ratio. It measures the general competency of a firm in producing profits with available resources which is equal to return on investment (ROI) though it is most suitable in measuring operating effectiveness of a firm which is operating profit divided by total assets.

Kofi and Asiamah (2020) examined working capital management and profitability of listed manufacturing firms in Ghana. The study employed a quantitative research approach within the casual research design using a balance panel of 20 manufacturing listed firms from 2015 to 2019. the study revealed that inventory management, account receivables, account payables, cash conversion cycle, current asset, current ratio and firm size have positive effects on return on assets (ROA) and return on equity (ROE) whilst leverage affects them negatively. The study only covered 20 manufacturing firms. The study brought to light effective ways of improving the profitability of manufacturing firms through policies. The findings are beneficial to manufacturing firms and countries for the country for the purpose of improving performance

of firms and welfare of the people through direct and indirect chain effects of increasing investments, remunerations and scale of production. This study adds insights into the existing literature on working capital management namely methodology, effects of components on profitability of manufacturing firms and socio-economic implications. This is supported by the works of Sogomi et al. (2024) which examined the link between WCM and corporate returns in the Nigerian cement industry using correlation and regression analysis. Their research highlighted the importance of efficient WCM practices in optimizing the financial performance of cement companies, with ROA serving as a proxy for profitability. Chuke et al. (2021) in their study found that efficient working capital management has a positive significant influence on ROA. They suggested that a shorter inventory conversion period, account payable period, and average collection period have a significant impact on financial performance, proxied by ROA. Okpiabhele (2020) argued that profitability in the Nigerian manufacturing sector is affected by external factors beyond the control of individual firms, such as poor infrastructure, insecurity, currency fluctuations, and low purchasing power.

3.0 METHODOLOGY:

The study adopted an ex-post facto research design because historical financial data were used.

The population comprised the three cement companies listed on the Nigerian Exchange Group (NGX) as of December 31, 2024: Dangote Cement Plc, BUA Cement Plc, Lafarge Africa Plc (HBMNG). The study covered a ten-year period from 2015–2024.

Secondary data were extracted from audited annual reports and financial statements of the selected companies. The use of audited reports ensured data reliability and validity.

The study employed the use of E-views software to analyse the study data. Descriptive statistics, correlation matrix, estimation tests, and multiple regression tests were carried out.

The regression models examined the effect of ACP, APP, and ICC on ROA, ROE, and ROCE.

The models specified were:

$$ROA = f(ACP, APP, ICC)$$

$$ROA_{it} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \mu \dots \dots \dots \text{Equation}$$

$$ROA_{it} = \beta_0 + \beta_1 ACP_1 + \beta_2 APP_2 + \beta_3 ICC_3 + \mu \dots \dots \dots \text{Model}$$

Where;

ROA – Return on assets

$\beta_1 - \beta_3$ – coefficient of explanatory variables

β_0 – Beta coefficient

4.0 DATA PRESENTATION AND ANALYSIS:

4.1 Descriptive Statistics

The study consisted of annual data for ten years (2015–2024) for three listed cement companies in Nigeria. The descriptive statistics presented in Table 1 shows the mean, standard deviation, minimum, and maximum of the explanatory variables measured by Average Collection Period (ACP), Average Payment Period (APP), and Inventory Conversion Cycle (ICC). The dependent variables are measured by Return on Asset (ROA), Return on Capital Employed (ROCE), and Return on Equity (ROE).

Table 1: Descriptive Statistics

	ACP	APP	ICC	ROA
Mean	24.26667	188.0333	108.3333	13.40000
Median	13.50000	184.5000	94.00000	12.00000

Maximum	145.0000	303.0000	213.0000	75.00000
Minimum	5.000000	60.00000	63.00000	2.000000
Std. Dev.	27.37597	58.88708	39.61742	12.82132
Skewness	3.046768	-0.092044	1.503890	3.830693
Kurtosis	13.67564	2.927885	4.182797	19.11040
Jarque-Bera	188.8755	0.048861	13.05718	397.8023
Probability	0.000000	0.975866	0.001461	0.000000
Sum	728.0000	5641.000	3250.000	402.0000
Sum Sq. Dev.	21733.87	100563.0	45516.67	4767.200

Source: Author's computation (2025)

Interpretation

Table 1 showed the summary statistics of all the variables obtained from the sampled listed cement companies in Nigeria. The mean value for the data set of Average Collection Period (ACP) is 24.27. This shows that it takes an average of approximately 24 days to collect debts from customers. The standard deviation for Average Collection Period (ACP) is 27.38. The standard deviation measures the extent of dispersion from the mean which suggests some levels of fluctuation in the data. A low standard deviation indicates that the data points tend to be very close to the mean, while a high standard deviation reflects that the data points are spread out over a large range of values. The difference between the minimum value of 5.00 and the maximum value of 145.00 for the sector shows the extent to which cement companies vary from each other. This shows that it takes minimum of 5 days to collect debts from customers in this sector while it takes maximum of 145 days to collect debt. This means that it takes maximum of four months and twenty five days to collect trade receivables. BUA Plc and

Lafarge Cement Plc accounted for the minimum of 5 days in ACP while BUA Cement Plc accounted for the maximum of 145 days in debt collection in cement industry.

The mean values for the data set of Average Payment Period (APP) is 188.03 while standard deviation value is 58.887. On the average it takes six months eight days to pay suppliers of goods and services in cement industry. This shows that some level of fluctuations exists in the data which may account for differences in the performance of sampled cement companies in Nigeria due to their various financial credit policies. It takes an average of seven months five days to pay creditors in this sector. The difference between the minimum value of 60.00 and the maximum value of 303.00 for the cement industry shows the extent to which cement companies vary from each other. This shows that it takes minimum of 60 days (2 months) to pay creditors in this sub-sector while it takes maximum of 303 days (10 months and three days) to settle trade payables. This means that it takes maximum of ten months and three days to offset trade payables. BUA Plc accounted for the minimum of 60 days in APP while Dangote Cement Plc accounted for the maximum of 303 days in average payment period in cement industry.

The mean values for the data set of Inventory Conversion Cycle (ICC) is 108.33 while standard deviation value is 39.617. It takes on the average of three months eight days to convert inventory to sales. This shows that some level of fluctuations exists in the data which may account for differences in the performance of sampled cement companies in Nigeria due to their various marketing/sales strategy in converting inventory to sales. The difference between the minimum value of 63.00 and the maximum value of 213.00 for the industry shows the extent to which cement companies vary from each other. This shows that it takes minimum of 63 days to convert inventory to sales that will bring revenue to the company while it takes maximum of 213 days to convert inventory to sales that will bring cash to carry on the business. This means that it takes maximum of seven months and three days to convert inventory to sales

that will help the company receive revenue to carry on its business operations. Lafarge Cement Plc accounted for the minimum of 63 days in ICC while BUA Cement Plc accounted for the maximum of 213 days in inventory conversion cycle.

The mean ROA value is 13.4%. The minimum ROA among the cement companies in Nigeria during the period was 2% and maximum was 75%. This reveals that there is wide disparity among cement firms in terms of profitability.

Correlation Analysis

Table 2: Correlation Analysis (Cement Industry)

	ACP	APP	ICC	VIF
ACP	1.000000	-0.506052	0.107952	1.020410
APP	-0.506052	1.000000	0.106372	0.529033
ICC	0.107952	0.106372	1.000000	0.886193
			Mean	0.811878

Source: Author's Computation (2025)

Table 2 above shows the Variance Inflation Factor (VIF) test. The mean result of VIF is 0.811878 below the threshold of 10 which indicates the absence of multicollinearity problems among the variable data series. VIF values close to 1 indicate low multicollinearity while VIF values to 5 or 10 often indicate presence of high multicollinearity. To ensure that the estimated parameters are not biased and inefficient, the study used the variance inflation factor for each of the explanatory variables by examining the possibility of multicollinearity among the explanatory variables. The results of the VIF are less than 5 or 10 for each of the variables. The variables have VIF of 1.020410 (ACP), 0.529033 (APP), 0.886193 (ICC). The results revealed that ACP, APP, and ICC have a positive association with the performance of listed cement companies in Nigeria.

Table 2 also revealed 0.107952 as the highest result figure which implies a positive relationship between average collection period (ACP) and inventory collection cycle while the lowest is -0.50605 which signifies a weak negative relationship between average collection period (ACP) and average payment period (APP). These are lower than the threshold for establishing multicollinearity and an indication of the absence of multicollinearity in the data sets used in this study. The result further confirmed the earlier VIF results discussed.

Table 2 revealed that average collection period is negatively and moderately related to average payment period (APP). This is obtained from their associated correlation value of -0.50605. This shows that ACP and APP move in the same direction, that is, as one decreases the other also decreases. Table 2 also showed the positive but weak relationship among the ACP and ICC and APP and ICC with correlational values of 0.107952 and 0.106372 respectively. This shows that as one increases, the other also increases.

Regression Results

Research Hypothesis One: Working capital has no significant effect on the return on assets of listed cement companies in Nigeria.

Table 3: Estimation Results for Model One

Dependent Variable: ROA				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	16.22103	15.49471	1.046876	0.3056
ACP	-0.07619	0.115841	-0.65768	0.517
APP	0.001369	0.070372	0.019449	0.9846
ICC	-0.01135	0.081958	-0.13849	0.891
Weighted Statistics				
R-squared	0.07339	Mean dependent var		13.4
Adjusted R-squared	-0.11965	S.D. dependent var		12.82132

S.E. of regression	13.56671	Sum squared resid	4417.333
F-statistic	0.380176	Durbin-Watson stat	2.412505
Prob. (F-statistic)	0.857337	Hausman test	Chi sq 3
			0.5466

Source: Author's computation (2025) – E-views

Note: All the analyses were tested at a significant level of 5%

Interpretation

Post-Estimations Test Results

To determine the most appropriate method of estimating the regression Model for this study among pooled OLS, fixed effects, and random effects results as presented in Table 2, the Hausman test was carried out; and based on the result of the test with the *p-value* of 0.5466, which is greater than the 5 percent level of significance chosen for the study, it was revealed that random effects are the most appropriate estimator according to its null hypothesis which states that there is no presence of unsystematic difference in the model coefficients; thus, the study failed to reject the null hypothesis.

Regression Equation Results

$$ROA_{it} = \alpha_0 + \beta_1 ACP_{it} + \beta_2 APP_{it} + \beta_3 ICC_{it} +$$

μ_{it}**Model 1**

$$ROA_{it} = 16.22103 - 0.07619_{it} + 0.00369_{it} - 0.01135_{it} +$$

μ_{it}Model 1

Model One in Table 3 examined the effect of working capital on the return on assets of listed cement companies in Nigeria. The regression estimates results revealed that ACP has a

negative and insignificant effect on ROA ($\beta = -0.07619, p = 0.517$). The negative value of its coefficient implies that a percent increase in ACP (Average Collection Period) will lead to a 0.076 percent decrease in Return on Asset. Table 4.3 also reveals that, Average Payment Period (APP) has an insignificant positive effect on Return on Asset ($\beta = 0.001369, p = 0.9846$); which means that a percentage increase in APP will lead to an increase of 0.001369 percent in Return on Asset of listed cement companies in Nigeria. The table also reveals that ICC has a negative and an insignificant effect on return on asset of listed cement companies in Nigeria ($\beta = -0.01135, p = 0.891$) which means that a percentage decrease in ICC will lead to a decrease of 0.01135 percent in Return on Asset of listed cement companies in Nigeria.

The result of the F-stat with a probability value of 0.85733700 implies that all the proxies of the independent variables jointly and insignificantly impacted the ROA of listed cement companies in Nigeria. The value of the coefficient of multiple determination (R^2) of 0.07339 means that all the proxies of the independent variables are jointly responsible for 7.34% changes in ROA while the remaining changes in ROA (92.661%) are caused by other factors outside the scope of this model. The outside factors could be government policies, environmental factors, corporate governance issues, high electricity tariffs, cost management, currency devaluation of Naira, etc.

Decision

At a level of significance .05, degree of freedom of 3, and F-statistics of model one, the p-value is 0.857337 which is higher than the adopted level of significance. Therefore the study could not reject the null hypothesis which means that working capital has no significant effect on the return on assets of listed cement companies in Nigeria. This result is not consistent with the *a priori* expectation of this model.

4.2 Discussion of Findings

The regression results in model one investigated the relationship of working capital and Return on Asset of listed cement companies in Nigeria and found out that ACP and ICC had a negative insignificant effect on the Return on Asset of listed cement companies in Nigeria while APP showed a positive and insignificant effect on the return on assets. This result is not in tandem with the prior study of Kofi and Asiamah (2020), Al-Mawsheki (2022), Nwude et al. (2021), Okphiabhele (2020), and Oko (2020). These prior studies showed positive and significant effect on working capital management. The results of the study could have been affected by recent government policies ranging from currency devaluation, subsidy removal, high cost of borrowing, corporate governance of companies, security challenges in the country, and harsh business environment.

4.3 Implication of findings

The analyses carried out from various models of the study showed mixed results which have implications for various stakeholders in the cement industry. The stakeholders may include: investors and shareholders, policy makers, professionals, scholars, industry managers, regulators, and the general public.

Investors and shareholders: Investors have been educated from the findings of this study as to the extent to which working capital impact the performance of listed cement companies in Nigeria. The variations in the data set of working capital and performance for the sampled companies throughout the study as shown by a high degree of dispersion and regression results implied evidence of fluctuations in the performance of listed cement companies in Nigeria. This will help investors evaluate appropriately the financial report of listed cement companies in Nigeria for portfolio decisions as well as other aspects of investment decisions.

Company Management: The company management needs to pay attention to working capital activities as they have negative insignificant effect on ROA, ROC, and ROE of listed cement companies in Nigeria but the APP has a positive insignificant effect on listed cement companies in Nigeria. The management should pay attention to its collection system between ACP and ICC, these are current assets that should be properly watched for efficient operational

performance. The management should review its financial policy on collection system to avoid doubtful and bad debts that may result from debts that are not collected on time. The findings showed that cement companies are doing well in managing their payment hence APP showed positive impact on ROA, ROC, and ROE respectively.

Accounting profession: The mixed results of the units of each of the models are critical in evolving financial implications and analytical advisory capacity at the disposal of the Accountants, Stock brokers, Economics analysts. It implies assisting financial consultants, financial analysts, and professional accountants in making appropriate decisions subject to the extent of reaction of each of the proxies of cement companies that were sampled for the study. The results from various models showed that there are other factors influencing performance other than working capital management measures considered for the study.

Financial and Business Analysts: This study will be useful for financial and business analysts in making better and more predictive business/investment decisions for their clients. The financial and business analysts should exercise caution in reviewing the mixed results revealed in each of the models tested for the study to improve and increase future business/investment analytical abilities and possibilities in the cement companies. The fluctuations in various working capital management practices for the study imply that the performance of listed cement companies was affected negatively as a result of new government policies on currency devaluation, fuel subsidy, monetary policy rates hike.

Researchers: Researchers can infer from the findings of this study that different variables on some occasions react in contrast in different situations that produce different results. Working capital management practices as seen in this study had a more significant effect on the performance of listed cement companies in Nigeria. The study provides an opportunity for researchers in reviewing a study of cement industry of the Nigerian Exchange Group (NGX).

Knowledge gained from this can be applied by researchers to other sectors of the capital market (Banking, Insurance, and Construction etc.).

Regulators: The variations observed in working capital management practices on the performance of listed cement companies in Nigeria from 2015 to 2024 included some factors other than working capital management practices. This implies that not all sampled companies adopted working capital management practices at the same level. It also shows that sampled companies reacted to external factors differently with internal resources. In determining the return on assets of the industry, ACP and ICC were negatively insignificant but APP was positively insignificant.

5.0 Conclusion and Recommendation

5.1 Conclusion

The study concluded that working capital management is an important determinant of financial performance among listed cement companies in Nigeria. Although individual working capital variables did not always produce statistically significant effects, their combined influence significantly affected Return on Equity and Return on Capital Employed.

The study demonstrates that efficient management of receivables, payables, and inventory enhances operational efficiency, improves liquidity, and contributes to shareholder wealth maximization. Consequently, working capital management should remain a strategic priority for cement manufacturing firms. This supports the trade-off theory which suggests that optimal working capital level is where marginal benefit equates marginal cost.

5.2 Recommendations:

Based on the findings, the study recommends that Cement companies should strengthen receivables management policies to reduce collection periods and improve cash flow. Also,

management should optimize inventory levels to avoid excessive holding costs and improve profitability.

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