

# Factors Affecting Working Capital Management (Case study: Companies admitted to the Stock Exchange)

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**Available working capital and adequate financial resources to cover short-term liabilities and future operational costs are essential for any firm to guarantee its sustainable operation. The present study examines factors related to management of working capital in companies listed at Tehran Stock Exchange. To do this, data 70 firms between 2010 and 2015 were analyzed. Data panel model was used for testing hypotheses. Results of Limer tests to identify the fittest model showed that the model is fixed effects. Thus, regression was estimated with different y-intercepts and results indicated that all the variables were consistent with accounting theories. Significant level of variables showed that cash flow, total sale, leverage, firm size have significant and negative relationship with cash conversion cycle of companies listed at Tehran Stock Exchange. Components of cash conversion cycle were accounts receivable turnover, inventory turnover, and delay in accounts payable. This means that firms achieve greater profitability by efficient management of inventory and reducing accounts receivable turnover. Moreover, shorter delay in accounts payable increases profitability. Cash flow was found to have no significant relationship with the dependent variable.**

**Keywords : working capital management, cash conversion cycle, cash flow, total sale, leverage, firm size**

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