

# **Impact of Covid 19 Pandemic to the Working Capital Management Practices of Manufacturing Firms in Sri Lanka**

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## **ABSTRACT**

**Introduction:** The Purpose of this study is to examine the Impact of the COVID 19 pandemic on the working capital management practices of manufacturing firms in Sri Lanka.

**Design/Methodology/Approach:** The sample includes 49 companies out of 56 companies from the capital goods, materials, consumer durables, and apparel sectors that were listed in the Colombo Stock Exchange over the period of 2019 to 2022 to determine the impact of COVID 19 pandemic to the working capital management practices. The study is conducted as quantitative research with the deductive research approach. The sample has been selected using the solvin formula. The working capital management was measured using the cash conversion cycle, average collection period, average payable period, and the inventory conversion period, and the firm's performance was measured using the return on asset. The Wilcoxon Sign Rank test is used to analyze the data.

**Findings:** After analyzing the before and after pandemic situation, the average collection period and return on assets have a significant impact on the manufacturing companies in this pandemic period while the cash conversion cycle, average payable period, and inventory conversion cycle have no significant impact.

**Conclusion:** According to the results, the average collection period and the return on assets has made a statistically significant impact because of this COVID 19 while cash conversion cycle, average payable period, and inventory conversion period shows no significant impact due to this pandemic situation in the manufacturing companies listed in CSE.

**Keywords:** *COVID 19 Impact, Working Capital Management, Manufacturing Sector, Firm Performance, Colombo Stock Exchange*