

**WORKING CAPITAL MANAGEMENT PRACTICES AND PROFITABILITY OF
TEXTILE INDUSTRIES.**

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ABSTRACT

Working capital is a measurement used to define the differential between current assets and current liabilities, in other words assets that are expected to turn into cash in the near future versus liabilities that require prompt cash payment. Management of short-term assets and liabilities play a major role in generating profit in business sector. In the light of that, textile sector from all over the world is also emphasizing on to maintain optimal working capital to generate more profit. Researchers and practitioners around the world have done lot of work on how to maintain working capital in optimal level. Similarly, in Kenya, textile sector has focused to ensure efficient working capital management. But inadequate research work has been done on working capital management in textile companies of Bangladesh. On this background, the objective of this study is to examine the impact of different components of working capital management practices on profitability of the Kenya textile companies. The findings of the study showed that, there is statistically significant relationship between working capital management practices and profitability of Kenyan textile companies. More specifically, this study shows that Current ratio and Current liabilities to total asset has most significant impact on profitability of textile companies in Kenya.