

CASH CONVERSION CYCLE CONNECTION WITH INDUSTRIAL PRODUCTIVITY AND VOLUME

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Abstract

Cash Conversion Cycle (CCC) turnover as far as days has been viewed as a valuable proportion of company's powerful liquidity and money the board. This investigation was directed through the plan to inspect the connection of the CCC through the size as well as advantage of the businesses in the four explicit accumulated areas evidenced on Turkish Stock Exchange to be specific Petroleum Limited, Engineering Works, Textile Mills, and Garments manufacturers. The knowledge was collected recognizing with the 44 tested organizations out of the aggregate in the related parts for example 184 covering the time of 2016-2020 by using ANOVA analysis and Pearson's correlation test. This examination in attendance informs documentation of the assessment about the issue of money the board a zone that isn't especially explored ahead in the generated nations similar to Turkey. The current examination includes different supportive consequences that ought to be practiced for the account directors, manufacturing organizations, educationists and specialists.

Keywords: Cash Conversion Cycle Management, Liquidity, Pearson's Correlation, Productivity, ANOVA Analysis.

Introduction

Documentation is seen as the spirit of industry; fruitful financial organization is basic for the business continuance and extraordinary turn of events. Essentially every assessment concerning the currency the board are seen a lot critical as they communicate to a much inadequate as well as the nearly all significant reserve of the companies worldwide. Essentially all the conclusions concerning the record administrators identifying with this huge resource have a great deal of bearing upon the presentation, peril and the market estimation of the associations.

There exists a critical and depressing relationship between profit and liquidity estimates, such as, present amount with cash opening. The examination found that CR is the most significant liquidity measure that influences gainfulness [1]. The positive and critical relationship between's the venture and financing approaches for businesses demonstrate that enterprises which seek after forceful speculation Cash Conversion Cycle strategies will in general follow traditionalist Cash Conversion Cycle financing arrangements [2]. [3] determined critical negative straight connections among the Cash Conversion Cycle (CCC) management and the firm size presents, particularly as far as net deals. Along these lines, little scope producing firms have longer Cash Conversion Cycle management (CCCM) and the other way around.

According to [4] an expansion in net Cash Conversion Cycle will prompt increment in organization's benefit and the relationship coefficients for all proportions of Cash Conversion Cycle management are noteworthy aside from Cash Conversion Cycle management (CCCM). Cash Conversion Cycle management reverse influences

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profit of capital and income for significance; therefore currency change pattern of accumulating industries is defiantly recognized through the productivity of the associations [5]. Money Change Cycle is having without a doubt positive relationship with both advantage for resources and worth Strikingly, there is short investment are accepted in current resources with as time goes and constantly assets conjecture powerful just before a higher productivity of industries [6]. [7] described the impact of Cash Conversion Cycle management on productivity in the organizations enrolled in Kuala Lumpur Stock Exchange isn't significant and the impact of Cash Conversion Cycle on to estate and oil is unimportant.

The working liquidity and budgetary influence of the firm; both influence and liquidity are critical in deciding the presentation of the firm. The low degree of obligation and high liquidity are instrumental in improving the exhibition of capital serious apparatus firms. The two impacts and sets up a curved connection among CCC and firm benefit. The presence of Cash Conversion Cycle level which expands firm productivity, deviations from the ideal level decrease firm gainfulness; consequently, CCC is a significant component for firms [8]. This examination anyway anticipated optimistic link among Cash Conversion Cycle management (CCCM) and gainfulness [9]. The relationship between the CCCM and advantage isn't seen as fundamental by uprightness of making and made economies. In any case, by ethicalness of enormous firms and SMEs, the affiliation is seen as basic, which induces that the firm size fills in as an organizing variable in this association [10]. [11] examined the budgetary administration about the distribution of assets fundamentally needs to manage the choices with respect to the monetary structure, money related evaluation, and the Cash Conversion Cycle management (CCCM). This affiliation isn't widespread to all ventures, or to every single firm size. In particular, the pessimistic connection among cash to cash length and future profit is just seen in the assembling business [12]. The accounting system of personal banking sector is within the primitive stage. They need separate AIS department [13]. Despite its bottlenecks, microfinance has the maximum potential to uplift the poorest sections of society and playing the substantial role in empowering the women in India [14].

According to numerous analysis's, the Cash Conversion Cycle management (CCCM) is a fragment of money the executives and is viewed as a significant factor in improving organizations [15]. The analysis of listed trading companies show that debt ratio is negatively correlated with all financial performance measures Gross Profit (GP); Net

Profit (NP); Return on Equity (ROE) and Earnings Per Share (EPS) similarly debt-equity ratio (D/E) is negatively correlated with all financial performance measures except GP and only (D/E) ratio shows significant relationship with NP [16]. Liquidity is a marker with beneficial outcome in both ROA and ROE however a negative impact on the other productivity proportion examined by [17]. Its liquidity and suitability and in contrast with the market's chief and to a comparative customary firm, the overwhelming financial emergency, new organizations can endure and develop and this is an idealistic message towards experts and strategy creators the same [18].

There are different explores concerning CCCM and its effect on the association's bit of leeway yet just a few examines have been guided in Turkey as for the CCCM relationship with the affiliation's productivity and size. The relationship between research groups is analyzed, based on the theoretical foundations framework [19]. The particular examination goals are to outline the suffering synthesis on CCCM and CCCM to follow the models in the light of clear confirmation appreciate the significance CCCM as a proportion of beneficial cash the board. Services industry is measured ahead of this research focus as, is not tested. Through the total assets and sales returns the size of firm is calculated and the productivity ratios have been calculated by values of total assets and values of profits.

The remainder of this paper is organized as follows: Segment two includes an audit of surviving writing on the CCCM; depicts the inspection viewpoint and examination pattern; segment three talks about the findings and their analysis; the forth segment finishes up the investigation gives proposal to the future examination in the subject.

Methodology

1 Single direction ANOVA

The current assessment was basically leaded to investigate the speculated associations through affiliation examination and single bearing ANOVA analysis. The correlation measurement is utilized for searching for the particular associations with the CCCM span and size of firm. For the CCCM turnover days for the separation over the endeavors the single direction ANOVA analysis is utilized. Since the rule focus of the energy research was to evaluate the correlation of CCCM turnover days with the size and productivity of firms. Organization firms are considered past the inspiration driving the assessment and henceforth not tried. The firm size was spoken to by the estimations of both the full scale assets and arrangements pay, and the advantage extents were spoken to by the estimations of advantages on esteem similarly as on the hard and fast assets. The CCCM

length is assessed by processing records of deals, stock and records payable. The firm size was spoken to by the estimations of both the total assets and arrangements pay. Productivity extents were spoken to by the % benefits on esteem and on the total assets.

Results and Conclusions

1. Data and Techniques

The data of Cement and Food Industry for the years 2016 to 2020 used in this study had been taken from

secondary sources. The necessary secondary data have been collected from the financial statements published in the Annual Reports and financial statements were downloaded from the companies' official websites. One-Way ANOVA analysis is to be accomplished to examine the relevant divergence of the CCCM turnover days among the industries involved in the study. Secondly, to show the correlation of CCCM with productivity and firm size we applied Pearson's correlation analysis

Table 1: Representing Selected Firms Mean Values in Percentage

Name Industry		CCCM days	Return on Equity Share%	Total return %	Ass Total Assets	Total sales
Petroleum Limited	Mean	44.04	0.443464	0.04648343	3538366414.44	40336646614.44
	N	65	65	65	65	65
	Std. Deviation	40.454	0.4436646	0.4100380	3644143366.334	6646466646.644
Engineering Works	Mean	-64.41	0.0404644	0.0484464	30645394644.34	7384664643.664
	N	30	30	30	30	30
	Std. Deviation	43.437	0.3436164	0.081344	34441344366.143	4646443464.436
Textile Mills	Mean	41.46	0.3453641	0.444434	44613364844.344	43363614640.81
	N	75	75	75	75	75
	Std. Deviation	36.461	0.1836148	0.36346334	43411663424.361	16372843414.083
Garments	Mean	44.61	0.3064643	0.08663614	6414614336.431	16843634366.34
	N	34	34	34	34	34
	Std. Deviation	30.041	0.4336464	0.0666441	6803366363.366	41366683434.461
Total	Mean	40.41	0.4363341	0.0483644	41363634543.46	41344336336.34
	N	192	192	192	192	192
	Std. Deviation	60.436	0.304636	0.135668	16466321666.43	41613434788.633

The Concrete solid business has shown the most capable CCCM turnover to the extent days averaging about (- 64.41), and the Pieces of clothing firms region have the best pace of CCCM turnover days averaging 44.61 generally. The single bearing ANOVA examinations were performed close by the Duncan test and the Post-Hoc tests (Table 1 and 2). An extraordinarily basic F-estimation of 46.43 with respect to the CCCM length over the organizations was viewed.

Along these lines we excuse the invalid theory that the techniques are not identical over the endeavors pondered and can surmise that there appear to be basic complexities among the ventures similar to the CCCM length. Furthermore by Post-Hoc assessment we can also assume that among all organizations average of Solid business CCCM is inside and out extraordinary corresponding to foodstuff and compound endeavors.

Table 2: CCCM Days and One-way ANOVA Analysis

	Summation of Squares	Df	Mean Square	F	Significance
Among Groups	336565.386	6	68746.344	54.531	0.000
Between Groups	325434.413	174	4567.434		
Total	637364.314	193			

Industry N separation for alpha = 0.05

Table 3: CCCM Days Duncan a, b test Means for Groups

Firm Names	N	Separation used for alpha = 0.06		
		3	5	3
Cement	34	-73.36		
Sugar	65		39.32	
Chemical	75		35.54	
Auto Mobiles and Parts	36			73.43
Sig.		1.000	0.327	1.000

a, used Harmonic Mean section = 35.363 b, the assembly sizes are asymmetrical. The Type I inaccuracy elevation are not certain.

2. Firm Size and CCCM Correlation

The Concrete solid business has exhibited the most capable CCCM turnover to the extent days averaging about (-73.53), and the Articles of clothing firms zone have the best pace of CCCM turnover days averaging 47.71 generally. The single heading ANOVA examinations were performed nearby the Duncan test

and the Post-Hoc tests (Table 4 and 3). A particularly basic F-estimation of 49.03 with respect to the CCCM length over the organizations was viewed. Along these lines we excuse the invalid theory that the techniques are not equal over the endeavors examined and can derive that there appear to be basic complexities among the undertakings to the extent the CCCM length. Furthermore by Post-Hoc assessment we can also assume that amongst all organizations average of Solid business CCCM is through and through interesting comparable to those of the Food and Compound endeavors.

Table 4: Representation of Correlation Analysis Matrix

		CCCM	Total Assets	Total sales	ROE	ROA
CCCM	1		-0.416(**)	-0.41	0.426	0.322(**)
	.		0.000	0.524	0.364	0.000
Total Assets	-0.381(**)	1		0.432(**)	-0.036	-0.417
	0.000	.		0.000	0.664	0.436
Total SALES	-0.164	0.443(**)	1		0.441(**)	0.191
	0.136	0.000	.		0.000	0.401
ROE	0.403	-0.033	0.431(**)	1		0.514(**)
	0.194	0.721	0.000	.		0.000
ROA	0.432(**)	-0.114	0.138	0.524(**)	1	
	0.000	0.402	0.413	0.000	.	
N		192	192	192	192	192

Notes: * (4-tailed) Correlation Significant at 0.03 levels.

** (4-tailed) Correlation significant at 0.02 levels

3. Correlation of CCCM and Productivity

Strikingly, now emerges to be an enormous positive association between's CCCM turnover in days and the benefit the extent that benefit for full scale assets offering a strong hint to industries owners which is progressively expanded the CCCM proceeds in days, smaller capital can be used in progressive assets with progressively fixed capital endeavor driving a high efficiency. The CCCM time span and benefit for esteem emit an impression of being unfavorably associated with the organization's profit (-0.164) revealing the evidence, behind the past assessment to the associations with shorter CCCM proceeds. This might be a direct result of the way to the associations including further prominent theory, yet pretty

expensive outside wellsprings of money to back their Cash Conversion Cycle similarly as their fixed assets. Due to which their advantage is reduced as affirm by the negative relationship of the outright assets with the productivity both in regards to the appearance on esteem similarly as the appearance on assets.

Conclusion

The examination of the mean estimations of CCCM time frame for different businesses shows that the larger industries become visible to contract by their CCCM returns days productively while associates occurring by their money cycle the executives. In addition, the CCCM time frame and the firm size, as far as absolute resources just as the all out deals, have a solid negative relationship. Unusually, a critical

positive relationship of the CCCM time frame and the gainfulness regarding return on all out resources gives a firm sign to the industry administrators drawn to CCCM proceeds days, smaller capital will be suggested in existing resources. The CCCM time frame as well as proceeds cost give off sense of being perversely related among the relations productivity (-0.131) recognition with behind the precedent examination discovery which the businesses through smaller CCCM earnings days are more beneficial than the organizations with longer CCCM. The investigation is the focus directed in Turkey moreover presents some helpful benchmarks regarding CCCM turnover days to the organizations in the related business to re-examine.

Further analysts could conveniently test and check the focuses expanded in this examination over a more noteworthy arrangement of businesses. Specifically, so as to distinguish the different conditions wherein the organizations could change their mentalities towards specific wellsprings of Cash Conversion Cycle, and that in the various periods of development cycle, the longitudinal examinations using ideally the board or pooled information may demonstrate increasingly supportive. A decent measure of exploration work may likewise be attempted with the target of proposing a perfect blend of CCCM systems and the money related approaches which could be exceptionally helpful for the development of the organizations.

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