
Victor Jones\textsuperscript{a}  Wadesango Newman\textsuperscript{b}  Sitsha Lovemore\textsuperscript{c}  Wadesango Ongai\textsuperscript{d}

\textsuperscript{a} Midlands State University, Graduate student- Faculty of Commerce, Department of accounting, jonesv@msu.ac.za
\textsuperscript{b} University of Limpopo, Full Professor-Centre for Academic Excellence, newman.wadesango@ul.ac.za
\textsuperscript{c} Midlands State University, Lecturer- Faculty of Commerce, Department of accounting, sitsha2005@gmail.com
\textsuperscript{d} University of Limpopo, Lecturer-Accounting, Ongayi.wadesango@ul.ac.za

**Keywords**
Covid 19, Working capital Management, Profitability, Firms.

**Jel Classification**
L32, A11.

**Paper Type**
Research Article

**Received**
25.03.2022

**Revised**
27.05.2022

**Accepted**
19.06.2022

**Abstract**

**Purpose**: This study was carried out to analyse the impact of Covid-19 Lockdown towards working capital management and profitability of companies in Zimbabwe. The main complications faced were loss of market whilst operational costs remained on the same level. Enforcement of lockdown regulations such as curfews and intercity travel bans posed a threat in profit statuses of many firms. A challenge also faced was reduction of workforce to meet World Health Organisation requirements of social distancing and health safety protocols.

**Methodology**: Documentary research approach, which consists of reviewing, analysing, and examining information, recorded media and texts was adopted for the study. In terms of data collection, the authors sourced and reviewed literature on the topic. Among others, these sources included journal articles, books, magazines, and newspapers.

**Findings**: The research found that effective working capital management techniques had to be applied to continue operations. It also emerged that sudden increase in debtors would result in cash shortages to fund other operations and pay the current liabilities.

**Originality value**: The research will bring light to assist financial managers on ways that they can effectively manage their working capital during lockdown periods and improve profitability by doing so. They need to understand good working capital management and its importance in reducing insolvency in the economy.
1 Introduction

Hill (2018) defines working capital “as the surplus of a company’s non-fixed assets over short-term liabilities, and measures the extent to which it can finance any change in the turnover of other sources of financing”. Pike and Bill (2019) referred to working capital “as the sum of the financial resources used by the bargaining unit and the amount invested in the company’s current assets, in this sense, financial management determines the framework of the relationship between capital and the company”. Neveu (2001) assumes that “working capital is the lifeblood of the organization. Working capital management determines the policies, financing methods, investment and control of working capital, as well as working capital decisions and short-term financial resources that will be used to change the types of liquid assets”. “To continue operations, it is very important that companies successfully manage their working capital” (Woo et al., 2018). As supported by Naser et al. (2018), “working capital management is a vital and critical part of financial management because it directly affects the profitability and liquidity of the organization and has an ominous impact on the wealth creation of the company”. PricewaterhouseCoopers (2018) conducted a study on the working capital performance of 2,600 leading manufacturing companies, and the results showed that, “although management performance varies, the average number of days has increased by 2.2% compared to. On the contrary, the survey also noted a deterioration in the management of working capital since 2010. In general terms, the survey emphasized that if these manufacturing companies can effectively manage their working capital, it is estimated that they can be released $100.162 billion in cash”. Furthermore, Singhania et al. (2017) conducted a study on the management of working capital of manufacturing companies in the Indian context and concluded that “profitability is affected by the management of working capital. They found that the longer it takes to recover customer debt, the worse the profitability, and the longer it takes the company to pay off the debt, it is beneficial to profitability”.
However, although it is as important as other financial activities, the management of working capital is sometimes overlooked. According to Sharma (2019), “this is because decision-making that involves working capital is a routine and frequent activity that can easily be invested”. As discussed in (Singhania et al, 2017), “investment and financing policies more often have a significant impact on profitability”.

2. Statement of the Problem

Regardless of an attack in writing on effect of working capital administration by large number of studies in locales, Shinghania et al. (2017) and Sharma, (2019) talked about contributing on ways which can be utilized by firms in connection to productivity of firms. “Practically zero consideration has been given on examining the relationship of working capital administration and benefits during the public pandemic lockdowns” (Wadesango et al. 2020). Albeit different analysts, Woo et al (2018), Pike and Bill (2019), Naser et al (2018) were centered around other venture and financing approaches, and their examinations were led on ordinary workplaces. They circulated out that “functioning capital administration may be disregarded and still see organizations keeping up with their productivity” (Sharma, 2019). “Pastry kitchens were confronting functional log jams because of requesting wellbeing prerequisites during lockdown, connected to the absence of equilibrium among its creation cycles and meeting market assumptions from this time forward the specialist endeavors to investigate working capital administration challenges brought by the pandemic lockdown that should be addressed to organizations and recommend methods to apply” (Sharma, 2019).

3. Research Objectives

3.1 To assess working capital management approaches that are applicable during the lockdown.

3.2 To explore the impact brought by the lockdown on managing working capital.

3.3 To review the response to Covid-19 lockdown through managing working capital.
4. Working Capital Management

The hypothesis of working capital administration by Gitman, (2017) diagrams show “how working capital is to be overseen and shows the advantages as far as liquidity, dissolvability, effectiveness, productivity and investor's abundance boost which build to a firm from properly overseeing working capital.” Paulo, (2018) upholds by saying that “functioning capital is highly identified with an association's exhibition, and on account of its cozy relationship with creation and yield it has been contended that the motivation behind working capital is to guarantee the successful and productive usage of the interest in fixed resources”. “From the writing it is clear that the administration of working capital is a cycle which requires some investment and exertion for the monetary chief” (Ehrhardt, 2019). “The functioning capital administration measure incorporates dealing with the proper interest in current resources (like money, momentary protections, stock, borrowers and prepayments) and the financing of current resources through value, long haul obligation and current liabilities” (Schilling, 2019). Gapenski, (2019) referenced that “functioning capital gives effective administration of these incomes of business substance by responding to two fundamental inquiries that is:

- What should the proper interest in current resources be, both in total and by synthesis, and,
- How could the degree of current resources be financed?”

4.1 Objectives and purpose of working capital management

The reason for working capital is to guarantee that the interest in fixed resources is used successfully and proficiently. “In case deals are expanding and limit usage is being expanded, extra interest in current resources will be required” (Schilling, 2019). “A potential exemption might be a fixed resource, for example, PCs where innovation might diminish the need because of the effect of innovation on proficiency and usefulness” (Boot et al., 2020).

“The capacity of working capital could be demonstrated by thinking about a business' working cycle. Working capital funds, the everyday (present moment) tasks of the
business from a money pool or repository of liquidity” (Craven et al, 2020). “There are cash outpourings when a business arranges and gets stock or some other contribution to the assembling interaction. In case expenses are not paid quickly as they are caused or paid during the assembling cycle a gathering is made” (Schilling, 2019). “Money inflows as money deals, assortment of records receivable, transient borrowings from banks or other outside sources as required, inside organization moves, auxiliary profits or credit reimbursements, continues from long haul monetary exchanges or value issues and the liquidation of attractive protections, part of the way or completely offset the money outpourings” (Schilling, 2019). “Assuming the yield is sold using a loan, money due or borrowers are made” (Brigham, et al. 2019). “One model is the situation of over-exchanging that happens when an organization retains working capital quicker than clients pay their solicitations. In this kind of circumstance, a generally effective organization can become illiquid” (Back, 2018).

As such, “working capital is "the oil" (Craven et al, 2020) that keeps the tasks of the business element running. From the writing it is obvious that functioning capital courses through a business element simultaneous with the business' working cycle)”. “An ordinary working cycle, displays that cash inflows and surges are neither immediate nor synchronized” (Singhania et al, 2018). Overall this is the case since distributions for factor inputs don't agree with their conveyance, and, installment for factor yields corresponds neither with the culmination of factor yields nor with their deal and conveyance. "Best case scenario, installments and receipts are inclined toward the degree that installments and receipts are deficient as financing necessity is made” (Hill, 2018).

The inward administration of working capital can be recognized from capital planning choice that it supports by:
• The Production cycle
“Dissimilar to fixed resource speculation, Hill (2018) proposed the functioning capital arranging skyline, which characterizes the repetitive transformation of crude material stock to the inevitable receipt from its deal, can be estimated in months as opposed to years. “Working capital could be expanded by more modest physical and money related units, and such distinctness is worthwhile because of decrease in related expenses and hazard brought by limiting normal interest in current resources” (Hill, 2018).

• The Financing Cycle
“Because of monetarily supporting working capital information, accordingly, change to yield and getting cash, it very well may be estimated in months, the board subsidizing of stock, debt holders and prudent money adjusts is similarly adaptable” (Pike and Bill, 2019). “Dissimilar to fixed resource development, where monetary reasonability shows the utilization of long-haul finance where conceivable, working capital cycles might be upheld by the long and short finishes of capital market” (Singhania et al 2018)

4.2 The Structure of Working Capital
“The motivation behind overseeing working capital is to guarantee that the functional money exchanges to help interest for an association's items and administrations really occurred, and this characterizes the construction of turning out capital for a firm at some random place of time” (Gitman, 2017). On the off chance that the pattern of occasions that characterizes change of crude materials to cash was momentary, there would not be any money excess or shortfall offering the benefit of deals coordinated their functional expenses in addition to any recompenses for capital consumption. “On request, except if the firm works on a money and convey premise clients who don't pay promptly address a case to cash from deals which have effectively occurred. With its unfriendly impact on cash exchanges, it decides the degree of indebted individuals remarkable at a specific point on schedule” (Hill, 2018).
4.3 The Importance of Working Capital Management (WCM)

“Working capital management is the direction of the interest in present-day resources and the funding of the current resources, and comprises setting working capital government policy followed by doing that arrangement in a business’ everyday activities” (Brigham, et al. 2019). “As of now talked about, the reason for working capital is to guarantee the powerful and effective use of the business’ interest in fixed resources” (Maness, 2018). “All the more explicitly, if execution measures like liquidity, dissolvability/liquidation, proficiency, benefit and Economic Value Added (EVA) it will be plainly clear that the business should hold and deal with the various degrees of working capital which are suitable to its presentation standards” (Maness, 2018)

5. An Aggregative approach to WCM

5.1 The Cash Conversion Cycle

It was recommended and established by Richards and Laughlin (1980). “From the writing it is apparent that the focal point of working capital administration is on the single segments of working capital” (Kallberg and Parkinson, 2019). Schilling (2019) asserts that “these individual segments of working capital are overseen atavistically in light of the fact that they have various purposes and capacities”. In spite of the acknowledged practice and comfort of atomistically dealing with these segments, it has been contended by Kallberg and Parkinson (2019), “which they should be overseen in total despite the intricate linkages among them. Besides the idea of the business and the kind of market or industry area in which a business works will influence its functioning capital necessities” (Beaumont and Smith, 2017) and along these lines the administration of working capital.

“The interest in stock can be influenced by creditor liabilities financing” (Gentry, et al. 2019). “The speculation and the executives of records receivable and stock is likewise firmly related” (Gitman, 2017). “Some speculation and financing choices just influence the circumstance of the incomes, thusly every one of the segments should
be incorporated to diminish the chance of working capital choices that don't meet assumptions” (Hill, 2019).

5.2 Advantages of using the Cash Conversion Cycle (CCC).

- “It gives a structure inside which the executives can survey the effect of changes in the administration of the parts of working capital on working capital all in all, and on the presentation of the business” (Gallinger and Healey, 2017).

- “Affectability examination of key factors and the effect on execution models like liquidity, effectiveness, efficiency, and benefit can be attempted methodically” (Gallinger and Healey, 2017).

- “Estimating working capital as far as the CCC demonstrate the volume and speed with which money is produced in the pattern of purchasing labor and products, making inventories, selling for credit, gathering cash from clients and paying exchange banks” (Cheatham, 2019).

5.3 Disadvantages of using the Cash Conversion Cycle (CCC)

- “CCC spotlights just on the degree of time reserves are restricted in the cycle” (Maness and Senzini, 2019).

- “It doesn’t represent the measure of assets focused on an item as it travels through the working cycle” (Maness and Senzini, 2019, Gentry, et al. 2018).

- “CCC uses days deals extraordinary to decide the timeframe reserves are restricted in accounts receivables” (Schilling, 2019). “The issue with utilizing days deals exceptional as an exhibition proportion of debt holder's administration is that it is reliant upon deals design impact, an assortment experience impact and a joint impact that causes records of sales to change” (Gentry, et al. 2019).

Different researchers (Cheatham, 2019) have tended to a portion of the constraints of the CCC. Cheatham (2019) takes the structure of Richards and Laughlin (1980) “above and beyond by changing over the quantity of days of the CCC to a dollar worth to gauge the presentation of the businesses tasks” (Cheatham, 2019).
6.0 Working Capital Management Techniques (approaches) that are applicable during lockdown

For an organization, it can utilize a couple of alternatives/arrangements “when considering the danger return perspective while dealing with its functioning capital for the most part, Working Capital Management approach comprises of three principle bunches including aggressive, conservative, and moderate strategy” (Tandoh, 2020).

6.1 Aggressive Strategy

As portrayed by Tandoh, (2020), “the aggressive strategy is required to have higher danger and better yields and is described by an undeniable degree of receivables and liabilities, just as a lower level of stocks, and transient ventures. The firm needs to surface great encounter where temporary assets are exploited to a tremendously severe level to fund current and unexpectedly fixed resources”.

6.2 Conservative Approach

“The primary reason for the conservative approach is to dispose of entirely the customer indebtedness hazard” as said by (Zimon and Smidt 2020), “diminishing receivables from clients, keeping up with high stocks, and opportune repayment of liabilities are normal highlights of this system”. Tijan et al (2016) added on saying “moderate procedures are because of the way that current proportion is high and obligation proportion is low”. Ideas made by Tijan et al, (2016) were that “a firm should attempt to gather cash from clients quicker, take care of bills as quickly as time permits and limit hole among starting and the time cash is gathered from clients during season of emergency for example the pandemic lockdowns or not. Traditionalist methodology is connected to bring down hazard and lower returns, as perpetual or long-haul sources are costlier and firms like to have more money on hands. Fixed and a piece of current resources are financed by long haul or lasting assets. Partaking surplus money at off-top period subsequently the requirement to contribute the inactive or overabundance money to procure returns”.
6.3 Moderate Strategy

“Moderate strategy is meaning to diminish the disservices of conservative and aggressive techniques and to expand their benefits” (Gallinger, 1987). “The moderate systems are grouped into two procedures in this way, a moderate–forceful technique dependent on the standards of the traditionalist methodology and a moderate–traditionalist planned by the forceful procedure” (Zimon and Smidt, 2020). Information on a methodology a firm applies appears to rely upon liquidity status since keeping up with satisfactory liquidity can be the way in to an organization’s long haul financial achievement. This implies that a firm’s system has a significant influence on the base liquidity necessity. Chang et al (2008) state that, “because of the equivocalness in the business climate, organizations ought to keep a base liquidity necessity to have the option to be flexible in the midst of emergency so they can defeat their issues”.

7. Impact brought by the lockdown on managing working capital

As indicated by KPMG (2020), “the effect of COVID-19 is influencing overall stockpile chains, diverting monetary business sectors and the everyday tasks of the business. In this manner, an organization’s interest for money can come at unrivaled velocities in testing times”. Furthermore, “public arrangement measures set to incorporate the spread of COVID-19 are bringing about considerable functional disturbance for some organizations. Staff isolate, store network disappointments, stock deficiencies, and abrupt decreases sought after from clients are making significant issues for organizations across a far more extensive scope of areas than at first anticipated”. “Working Capital Management is viewed as an extremely delicate region in the field of monetary administration since the organizations needs to remain with overabundance cash” (Joshi, 2019)

Overabundance cash saves give: - “Ability to contribute, in case there is a chance

- Ability to redesign framework during the stoppage
- Option to decrease monetary influence
- Employee certainty
- Shareholder certainty
7.1 Day-to-day activities requiring cash

Van Home (2019) outlined the following daily operational expenditure to be paid from cash in an organisation:

- “Capacity to deal with workers and give them clean needed by World Health Organization (WHO) to work during the pandemic.
- To have the option to buy fuel for transportation of produce and activities of hardware.
- To be able to buy stock of raw materials
- Business-required capital use
- Capacity to take care of obligation both present moment and long haul obligations”.

7.2 Firms Adjusting into lockdown period

“Most firms needed to refresh payables approaches to tie their requirements” (Scherr, 2020). “Records payables which rise straightforwardly from the association's activities, implies a significant wellspring of inside unstructured unstable momentary financing and incomes” (Maness, 2019). “Records payable is the principle single divert for cash outpouring in many organizations” (Gallinger and Healey, 2019). “For the most part these records payables emerge because of the unsynchronized planning of installments for labor and products, to the extent that installment unfolds after the receipt of labor and products, credit, which is a wellspring of assets, has been made” (Sebastian, 2020). Many firms wound up expanding their days for paying their exchange loan bosses since they were restricted in their functional exercises. To the level that creditor liabilities don't have a reasonable expense of money, an impetus might be available to depend vigorously on this wellspring of money. “Be that as it may, when the implied costs, like more prominent valuing by providers, and earlier money limits taken into concern, this apparently "free" wellspring of financing might demonstrate to be fairly exorbitant”
(Payne, 2019). As a wellspring of subsidizing, creditor liabilities is restrained by the measure of buys on layaway and the credit time frame arranged.

“Close checking receivable exchanges and Infuse cash thinking into store network and client methodologies was additionally an endurance strategy from many firms during the lockdown time frame” (Zimon and Smidt, 2020). “Two significant expense techniques for achieving got momentary financing are through swearing and figuring resources like stock and records receivable” (Gitman, 2017). “Vowing debt claims as guarantee might bring about an expense over the great pace of revenue offered by banks and an organization administration charge. Considering involves the deal at a markdown to a factor or other monetary organization the record receivables with its connected credit chances” (Gallinger and Healey, 2017). The calculating expenses incorporate commissions, premium collected on advances and premium acquired on excesses. “Despite the fact that it is an expensive method for acquiring momentary financing, the business can profit with the change of records receivable into money while this works on the harmonization of money arrival with cash outpouring” (Gitman, 2017).

The inconvenience of Coronavirus lockdown prompted fumble of working capital since the money transformation cycle was more upset. This was obvious from most food and refreshments preparing enterprises through the accompanying.

7.2.1 Overcapitalization

“The lockdown came when no one was anticipating changes in business climate. A few firms will in general over give working capital and cause superfluous expense” (Schilling, 2019). “Over interest in working capital prompts extreme stocks, borrowers and money combined with a couple of banks. Such a circumstance prompts a lower profit from venture and there will be long haul assets for momentary resources” (Wadesango et.al. 2020).

7.3 Remedy

“Firms needed to well oversee cash commitments all together not to lose less clients accessible on the lookout and administer straightforwardness by making perceivability and investigation for singular exchanges encompassing the sources
and employments of money since it will be almost difficult to oversee” (Schilling, 2019).

“During these disrupted occasions, it is essential that agreements are saved, ventures stay endurable, laborers and families influenced ensured, specifically the most defenseless” (Shimbun, 2020)

7.4 Relationship of working capital management and profitability of a firm.

The motivation behind working capital administration is to compact with the organization’s current accounts to accomplish an ideal harmony among productivity and hazard. To upgrade benefit, Hill (2019) recommend “diminishing time respect outlays (the chance expense of the buoy), credit hardships due to the incapacity to meet repayments, interchange expenditures of stirring money inside and amongst various nations, and troubles on unfamiliar trade changes”. Vshnani, (2017) clarified that “proficient liquidity the executives comprise positioning and monitoring current wealth and current obligations in such a manner that clears out the danger of weakness to meet due momentary obligations and preserves a tactical remoteness from exorbitant interest in these resources”. “Amplification of an association’s profitability is an impact of working capital administration, yet in addition the opposite causality is conceivable when an association is profitable, has more money to put resources into working capital “(Shimbun, 2020). According to the point of view of potential indigeneity issue, the investigation of Seth et al (2020) is likely “among the first that assesses the effect of a few exogenous factors on working capital productivity hence, on firms’ presentation: premium inclusion, influence, net fixed resource proportion, and resource turnover proportion”. Li, (2019) said that” outcomes on the impacts of working capital shows that present moment financial choices ought to perceive working capital as a deciding variable of financial execution”.

The connection among benefit and working capital administration was analyzed, as estimated by current percentage and cash hole (cash conversion sequence) for an
instance of firms in Saudi Arabia exploiting affiliation and deterioration examination. “An investigation tracked down that the money change cycle was regularly utilized for overseeing working capital administration than proportion examination that influences benefit. The outcomes were steady and had significant ramifications for working capital supervision in various companies” (Schilling, 2019).

Right off the bat, plainly there was a converse connection among benefit and working capital administration markers like Return on Investment (ROI) and money hole (CCC) in the Saudi example analyzed.

Besides, the investigation additionally exposed that there was an inconceivable variety between companies regarding the critical working capital administration.

Deloof, (2020) examined that “many organisations had a lot of money put into Working Capital. It can subsequently be anticipated that the methodologies in which working capital is administered might fundamentally affect productivity of those firms. Employing linking and reversion tests it is tracked down a giant adverse connection among networking pay and the amount of change times for debt claims, inventories and records payable of Belgian companies. In light of these conclusions”. Deloof (2020), proposed “the directors possibly will make an incentive for their investors by bringing down the quantity of change days for debt claims and inventories”.

Li (2019) featured that “productive Working Capital Management (WCM) was vital for creation of an incentive for the investors”. “The manner in which working capital was overseen fundamentally affected both productivity and liquidity” (Neveu, 2001).

Josh (2019), accentuated that “the entities with traditional working capital theory pooled that efficiency and liquidness encompassed purposes of working capital management”. This article by (Begemann, 2017) assessed “the relationship among customary and elective working capital measures and profit from speculation (ROI), the issue being researched was to signify whether the more as of late created elective
working capital ideas showed further developed relationship with profit from venture to that of conventional working capital proportions or not”. Results showed that “there were no huge contrasts among the years concerning the free factors. The realistic test results showed that a conservative working capital impact the share of current liabilities divided by reserves, shown a greatest connection with profit from speculation” (Begemann, 2017).

“The new global interface has hurried the worldwide partnership for the need of further developed working capital administration rehearses” (Hill and Sartoris, 2018). Professionals accept that global working capital administration ought to be managed as widely as homegrown working capital administration.

7.5 Reviewing the response to Covid-19 lockdown through managing working capital

“Coronavirus will be a worry for pretty much any business, paying little mind to the area or district inside it works. The way to overseeing working capital through this period will be understanding the lawful and legally binding boundaries inside which the business is working, cautious arranging and keeping an open exchange with key partners” (Tijan, 2020). “Working capital administration isn’t simply critical to associations with less financial assets, yet additionally they are viable when associations are increasing their ventures during monetary recovery stages” (Li 2019). Subsequently, “to dispose of financial issues in the midst of emergency, for example, (Covid-19 lockdown), chiefs should utilize fitting working capital arrangements”.

The financial effect of COVID-19 on firms uncovers through instruments, for example, exchange interferences, travel boycotts and conclusion of guests, low settlements, disturbances in horticulture, fabricating and different areas, and the re-directing of assets at first implied for helpful help towards arrangement of COVID-19 improvement bundles which influenced by the pandemic, with pressures from COVID-19 related worldwide downturn demolishing the circumstance (ZCTU, 2020).
The board directed by the World Health Organization's set standards, needed to make a comparing move after the declaration of Coronavirus, for example, to:

**a) Put off any operational or capital expenditure not absolutely needed**

According to Li (2019), “day to day expenses were reasonably reduced from normal operating environment in cater of few customers being available. The market demand had fallen with a great margin compared to operational expenditure being incurred. Henceforth, measures were put in place to minimize production, operational and capital expenditure”.

**b) Infuse a cash culture into every decision**

“Focus on your cash conversion cycle, the executive's dependent on the Cash Conversion Cycle must be done in an appropriate method, ensuring that little sum must be directed in a controlled way” (Li, 2019). “Organizations ought to help themselves to remember any limitations in their money arrangements around the development of money, guaranteeing, for instance, that they can pool cash near expenses to limit the danger of money traps that might compromise liquidity. Under those arrangements and record terms, banks might have, or accumulate upon, a default, for instance, the option to set off monies in specific conditions” (Li, 2019). “Cash supporting arrangements and conversion scale the board ought to be held under audit, as the creating monetary circumstance, with financing cost cuts, carries expanded instability to the money markets” (Li, 2020).

**c) Receivables**

- Raise solicitations as soonest as they could and in an ideal way.
- Consider giving more limited installment terms as a tradeoff for limited installment.
- Review client installment terms and distinguish exchange openings across clients.
- Monitor cash assortments day by day by focusing on clients with enormous debt holder adjusts first.
- Engage with clients, and be proactive to limit the danger of debates and late assortments; Monitor question goal process durations and address underlying drivers.
• Consider financing arrangements, for example, account holder figuring”.

d) Inventory

• “Reduce appeal volumes and bunch masses, addition invitation and formation reappearance.
• Contest present comfort inventory limitations motivated by mechanisms like number precision, lead time, inconstancy in supply and supervision level.
• Assessment appropriation/delivery and synchronization concerning full loads and inventory.
• Discover open doors in transferal inventories.
• Observe consistence to incoming deliveries to promise no early deliveries.
• Preserve factual expert material exceptional.
• Assessment of restrictions at bottlenecks and level out manufacture to bound Work in Progress.
• Disbursal of sluggish and old inventories by proposing boundaries or using e-barters”.

e) Payables

• “Ensure provider installment terms are in accordance with both the organizations' strategy and industry principles.
• Explore store network money and dynamic limiting.
• Implement a vigorous installment run strategy to keep away from early installments.
• Map your business-basic providers to decide need of installment.

In any event, for organizations which have not yet been unfavorably influenced, it is prescribed that they seek after to further develop income by advancing working capital and distinguishing "speedy win" self-improvement measures to convey quick, unmistakable income benefits”.

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f) Revisit financial and supplier/customer contract terms, to act upon facts
Must have a guarantee that disbursement is done over an approved payment scheme and compute compensation arrangements from invoice receipt date rather than from invoice date. Prominence to recognise payment terms provides openings transversely firm’s supply base.

8. Conclusion

WCM was driven by the conservative approach techniques whereby it is required to reduce receivables from customers, maintaining high stocks, and timely settlement of liabilities. However, following the covid-19 global pandemic which led to many business operations being ceased and many of the organisation’s clients which are in the formal sector to be highly affected resulting in the delaying of amounts due. The sudden increase in debtors would result in cash shortages to fund other operations and pay the current liabilities. On the other side of secondary data analysis, the findings indicated slow payment by credit customers meaning that most of the firm’s accounts receivable remains outstanding for a long period of time; this is evidenced by high percentages of accounts receivable compared to other current assets of the firm. These poor WCM affected Proton’s profitability as well it was found out that the organisation had suffered many finance costs due to cash shortages as a result of cash being tied up in receivables. Good WCM practices must be paid attention to and in the case of Proton there is room for improvement.

Acknowledgement: We thank Midlands State University for providing ethical clearance for the initial study which led to this article.

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