

# *The effect of the relationship between working capital efficiency and working capital policy with investment efficiency*

Maral Barakchizadeh<sup>1</sup>  
Tehran, Iran

1. [Maralmer25@gmail.com](mailto:Maralmer25@gmail.com)

## **Abstract**

The present study investigates the relationship between working capital efficiency and working capital policy with investment efficiency in companies listed on the Tehran Stock Exchange. The statistical population of the research consists of 100 companies active in the Tehran Stock Exchange. The relevant data have been extracted from the financial statements available in the database of the Stock Exchange and Securities Organization. The extracted data were entered into an Excel spreadsheet and then entered into Eviews software for analysis. Due to the combined nature of the data, which consists of time and cross-sectional series, the statistical model of data panel regression or composite data was used, so that for each time period and each index, a regression model was developed and then the estimated coefficients for each of the components of the research were determined. Findings showed that the efficiency of working capital affects the investment efficiency of companies and working capital policy also affects the investment efficiency of companies. There is also an interactive effect between working capital efficiency and capital policy on the investment efficiency of companies.

**Keywords:** Working Capital Efficiency - Working Capital Policy - Investment Efficiency - Tehran Stock Exchange.

## **Introduction**

The basis of financial management issues is capital and it can be claimed that almost all business activities require capital (Pinow, 1396). Capital is considered as a vital resource for the survival and growth of the organization and due to its importance in organizational processes, its management has also particular importance. Meanwhile, efficient working capital management is considered as one of the basic and challenging tasks of financial managers; Because working capital includes current items, such as receivables, inventory, payables, and cash consumed in day-to-day operations, managing current assets requires more attention than property, plant, and equipment. Also, the amount of investment in each type of current assets changes on a daily basis, and managers must continuously and dynamically review the level of these investments and make sure that it is desirable. Working capital management is one of the most important areas in financial management, because it directly affects the liquidity and profitability of companies, there is the possibility of bankruptcy for companies that are exposed to mismanagement of working capital, even in the face of positive profitability. (Shabahang, 1393).