ABSTRACT

The study focused on working capital management and the profitability of Inyange industries in Rwanda. This aimed at assessing the effect of Working Capital Management on the profitability levels of Inyange Industries in Rwanda, to explore the extent to which working capital management practices affect profitability levels of Inyange Industries in Rwanda and to analyse how accounts receivables affect profitability of Inyange Industries in Rwanda. Both primary and secondary data in relation to the study variables were obtained. In collecting primary data, the researcher used both questionnaires and interview guide from Inyange’s employees. For secondary data, the study utilised the company’s Audited Financial Annual Reports for the period of 2009-2011. Over all, the practices are poor as portrayed in payment of Inyange on late payment of creditors, absence of property records on their obligations to supplier, suppliers are not informed of the delays in payments and that the businesses keep a delay payment policy. This implies that Inyange Industries have not been able to manage its suppliers’ obligation in an efficient way. In light of the set study objectives, it is recommended that practitioners and Inyange Industries’ managers increase the involvement of the staff in the process of strategic management of their firms a more stringent management of accounts payables should be adopted. There should be a better collection policy of credits so as to reduce liquidity, need to develop a strong creditor management policy and system that will enable the Inyange Industries to improve supplier relationships. Some of the policy should include but not limited to maintaining strong liquidity position to meet the obligations as they become due, matching maturities of debt recoveries and creditors, payment