

Search



Home > Small Business Economics > Article

How does working capital management affect the profitability of Spanish SMEs?

Published: 15 March 2011

Volume 39, pages 517–529, (2012) Cite this article



Small Business Economics

Aims and scope →

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

- > Store and/or access information on a device
- Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

Access this article

<u>Log in via an institution</u> →

Subscribe and save

Springer+ Basic

€32.70 /Month

- Get 10 units per month
- Download Article/Chapter or eBook
- 1 Unit = 1 Article or 1 Chapter
- Cancel anytime

Subscribe now →

Daw Now

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

Explore related subjects

Discover the latest articles and news from researchers in related subjects, suggested using machine learning.

Business Law Capital Markets Entrepreneurial Finance Heterodox Economics

Microeconomics Small Business

Notes

1. European Payment Index is a report based on an annual written survey carried out by *Intrum Justia* in 25 European countries and involves several thousand companies.

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

Arellano, M., & Bond, S. (1991). Some test of specification for panel data: Monte Carlo evidence and an application to employment equations. *Review of Economics Studies*, 58, 277–297.

Article Google Scholar

Audretsch, D. B., & Elston, J. A. (1997). Financing the German mittelstand. *Small Business Economics*, *9*, 97–110.

Article Google Scholar

Baños-Caballero, S., Garcia-Teruel, P. J., & Martínez-Solano, P. (2010). Working capital management in SMEs. *Accounting and Finance*, 50, 511–527.

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

have we learned? Journal of Economic Survey, 5, 291-328.

Article Google Scholar

Brennan, M., Maksimovic, V., & Zechner, J. (1988). Vendor financing. *Journal of Finance*, 43, 1127–1141.

Google Scholar

Conyon, M., & Murphy, K. (2000). The prince and the pauper? CEO pay in the United States and United Kingdom. *The Economic Journal*, 110, 640–671.

Article Google Scholar

Cuñat. V. (2007). Trade credit: Suppliers as debt collectors and insurance

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

Emery, G. W. (1984a). A pure financial explanation for trade credit. *Journal of Financial and Quantitative Analysis*, 9, 271–285.

Article Google Scholar

Emery, G. W. (1984b). Measuring short-term liquidity. *Journal of Cash Management*, 4, 25–32.

Google Scholar

Emery, G. W. (1987). An optimal financial response to variable demand. *Journal of Financial and Quantitative Analysis*, 22, 209–225.

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

Goddard, J., Tavakoli, M., & Wilson, J. (2005). Determinants of profitability in European manufacturing and services: Evidence from a dynamic panel model. *Applied Financial Economics*, 15, 1269–1282.

Article Google Scholar

Grablowsky, B. J. (1984). Financial management of inventory. *Journal of Small Business Management*, 22, 59-65.

Google Scholar

Hsiao, C. (1985). Benefits and limitations of panel data. Econometrics Review, 4,

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

http://ssrn.com/abstract=1431165.

Kim, Y. H., & Chung, K. H. (1990). An integrated evaluation of investment in inventory and credit: A cash flow approach. *Journal of Business Finance and Accounting*, 17, 381–390.

Google Scholar

Lee, Y. W., & Stowe, J. D. (1993). Product risk, asymmetric information, and trade credit. *Journal of Financial and Quantitative Analysis*, 28, 285–300.

Article Google Scholar

Lewellen, W., McConnel, J., & Scott, J. (1980). Capital market influences on trade

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

Ouyang, L. Y., Teng, J. T., Chuang, K. W., & Chuang, B. R. (2005). Optimal inventory policy with noninstantaneous receipt under trade credit. *International Journal of Production Economics*, *98*, 290–300.

Article Google Scholar

Peel, M., & Wilson, N. (1996). Working capital and financial management practices in the small firm sector. *International Small Business Journal*, 14, 52–68.

Article Google Scholar

Peel, M. J., Wilson, N., & Howorth, C. (2000). Late payment and credit

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

corporate governance. European Financial Management, 3, 333-361.

Article Google Scholar

Scholtens, B. (1999). Analytical issues in external financing alternatives for SBEs. Small Business Economics, 12, 137–148.

Article Google Scholar

Shin, H. H., & Soenen, L. (1998). Efficiency of working capital and corporate profitability. *Financial Practice and Education*, *8*, 37–45.

Google Scholar

Shipley, D., & Davis, L. (1991). The role and burden-allocation of credit in

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

Studenmund, A. H. (1997). *Using econometrics: A practical guide*. New York: Addison-Wesley.

Google Scholar

Stulz, R. (1990). Managerial discretion and optimal financing policies. *Journal of Financial Economics*, 26, 3–27.

Article Google Scholar

Tong, Z. (2008). Deviations from optimal CEO ownership and firm value. *Journal of Banking & Finance*, *32*, 2462–2470.

Article Google Scholar

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

Acknowledgments

This research is part of Project ECO2008-06179/ECON, financed by the Research Agency of the Spanish government. The authors also acknowledge financial support from Fundación CajaMurcia. The authors gratefully acknowledge the helpful comments and suggestions received during the editing/review process. We are also grateful to the participants at the 2010 FMA Annual Meeting.

Author information

Authors and Affiliations

Department of Management and Finance, Faculty of Economics and Business, University of Murcia, Murcia, Spain

Cania Dañas Caballara, Dadro I Caraía Tarual C. Dadro Martínaz Calana

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

Cite this article

Baños-Caballero, S., García-Teruel, P.J. & Martínez-Solano, P. How does working capital management affect the profitability of Spanish SMEs?. *Small Bus Econ* **39**, 517–529 (2012).

https://doi.org/10.1007/s11187-011-9317-8

Accepted

Published

Issue Date

13 January 2011

15 March 2011

September 2012

DOI

https://doi.org/10.1007/s11187-011-9317-8

Keywords

Cash conversion cycle

Working capital

Profitability

SMEs

JEL Classifications

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 96 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies