

# Working capital management strategies during economic crisis – A scoping review



Ella Silvana Ginting<sup>a</sup> | Mohd Lizam<sup>a</sup> 

<sup>a</sup>University Tun Hussein Onn Malaysia, Faculty of Technology Management and Business, Parit Raja, Johor, Malaysia.

**Abstract** Effective working capital management (WCM) plays a pivotal role in mitigating financial distress during periods of economic crisis. During such periods, firms often face funding constraints caused by restricted credit access, liquidity shortages, and macroeconomic instability, all of which impair the firm's capacity to manage short-term assets and liabilities efficiently. This study presents a scoping review aimed at evaluating how firms across various industries implement working capital management strategies during times of crisis. Relevant literature was systematically identified and reviewed from four major databases: Scopus, ScienceDirect, Emerald Insight, and EBSCOhost. The inclusion criteria focused on empirical studies that analysed the relationship between working capital management and firm performance during economic downturns, particularly the 2008 Global Financial Crisis and the COVID-19 pandemic, using panel data methodologies. The findings reveal significant heterogeneity in WCM strategies adopted by firms across different countries and industrial sectors in response to financial shocks. Notably, financial practices diverge according to regional economic structures, industry-specific dynamics, and institutional settings. Moreover, the literature is largely concentrated on the manufacturing sector, small and medium enterprises (SMEs), and publicly listed firms, with limited exploration into service-based industries. The hospitality and tourism sectors—arguably among the most affected by the COVID-19 crisis—remain underrepresented in current research. This review highlights the importance for financial managers to tailor WCM approaches to the specific characteristics of their industry and regional context. The findings underscore a critical research gap, suggesting a need for further empirical inquiry into WCM practices in service-oriented sectors, especially during and after pandemic-induced economic disruptions.

**Keywords:** liquidity management, financial resilience, crisis strategies, panel data analysis, corporate finance, industry comparison

## 1. Introduction

The configuration of capital structure and financial budgeting has traditionally been at the forefront of corporate finance literature, considered central to ensuring long-term viability and strategic growth (Modigliani & Miller, 1958; Myers, 1984). These long-term financial decisions often overshadow the critical role of short-term financial management, particularly working capital management (WCM), despite its direct impact on liquidity, solvency, and operational efficiency (Baños-Caballero et al., 2013; Deloof, 2003). Working capital (WC)—the difference between current assets and current liabilities—represents the firm's ability to meet short-term obligations and maintain day-to-day operations. While scholars have increasingly acknowledged the importance of WCM, Talonpoika et al. (2016) argue that it remains underexplored in comparison to capital structure decisions. This oversight is especially problematic during periods of financial instability, where short-term liquidity becomes critical to survival.

The Global Financial Crisis (GFC) of 2008 offered a pivotal lesson on the importance of effective WCM. During this period, many firms experienced severe liquidity constraints due to tightened credit markets, reduced cash flows, and a surge in non-performing receivables (Aktas et al., 2015; Chang et al., 2019). These financial frictions exposed the vulnerability of firms lacking robust WC strategies, especially those that heavily relied on external financing. In a more recent context, the COVID-19 pandemic has further underscored the importance of agile WCM strategies. Movement control orders (MCOs), supply chain disruptions, and declining consumer demand severely curtailed operating revenues, exacerbating working capital deficits across industries (Almaghrabi, 2022; Hassan et al., 2020). Compared to the 2008 crisis, the pandemic introduced a prolonged uncertainty that required not only liquidity buffers but also strategic reconfiguration of working capital cycles.

Several scholars have emphasised the need for dynamic and sector-specific WCM approaches during economic downturns. Salehi et al. (2019) argue that firms capable of tailoring their working capital strategies to align with macroeconomic shocks tend to maintain better operational continuity. Furthermore, (Baños-Caballero et al., 2014) highlight that firms operating in capital-intensive sectors may benefit from more conservative WC policies, while those in service-oriented sectors might adopt aggressive strategies to maximise liquidity. Despite these contributions, the literature remains fragmented, with



limited consensus on best practices for WCM during crises. Studies by (Afrifa & Padachi, 2016; Zariyawati et al., 2009) call for greater clarity regarding industry-level distinctions and contextual adaptations in WC strategies, especially in times of fiscal turbulence.

Given the above context, this study presents a comprehensive scoping review of working capital management strategies employed during economic crises across various sectors and countries. The objective is to synthesise emerging evidence on how firms adjust WC components—such as accounts receivable, inventory, and payables—in response to external shocks, and to identify patterns in strategic orientation across industries. In contrast to prior studies that predominantly examine the link between WCM and profitability (Lazaridis & Tryfonidis, 2006; Singhania & Mehta, 2017), this review shifts the focus towards adaptive strategy formation and the role of managerial decision-making under crisis conditions. Ultimately, the study contributes to theory and practice by offering insights into how firms can better prepare their short-term financial operations for economic volatility, highlighting the need for proactive WCM frameworks that align with sectoral dynamics and macroeconomic realities.

**2. Materials and Methods**

This study investigates the working capital management (WCM) policies employed by firms across diverse industries in several nations. It analyses the WCM strategies implemented by organizations in navigating intricate economic circumstances. Scoping reviews employ a systematic approach for filtering, extracting, and synthesizing research findings. This investigation applied the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) framework to execute the scoping review. A comprehensive search was conducted across four scholarly databases—Scopus, Emerald Insight, ScienceDirect, and EBSCOhost—guided by predefined inclusion and exclusion criteria to identify relevant literature. This research conducts a scoping review based on the methodology formulated by Levac et al. and the Joanna Briggs Institute, enhancing the initial framework proposed by Arksey and O'Malley. Following established guidelines, this scoping review will comply with the five-step process in Table 1.

**Table 1** Phases of the review process.

Stage	Description
1	Defining the research question
2	Identifying pertinent studies
3	Selection of studies according to inclusion and exclusion criteria
4	Summarizing the key findings

Identification of relevant studies.

The study develops a final search strategy on the basis of four keywords, each appearing in the title or abstract.

Selected 1: Working capital management.

Selected 2: Global financial crisis.

Selected 3: recession.

Selected 4: data panel.

A literature search combined terms from each topic using the "OR" and "AND" features.

**Table 2** A query for a search.

Database	Search Term
Scopus	“Working capital management” AND Crisis
Emerald Insight	“Working capital management” AND Crisis AND Recession AND “Panel Data”
Science Direct	“Working capital management” AND Crisis AND “Panel Data”
EBSCOhost	“Working capital management” AND Crisis AND “Panel Data”

**2.1. Study screening and selection**

Abstracts and titles were evaluated using established inclusion and exclusion standards. When the criteria were independently ascertained from the title and abstract, comprehensive research articles were procured and examined. The standards encompass a temporal framework, a methodological approach, sample characteristics, research aims, and principal outcomes.

**2.2. Eligibility and exclusion criteria**

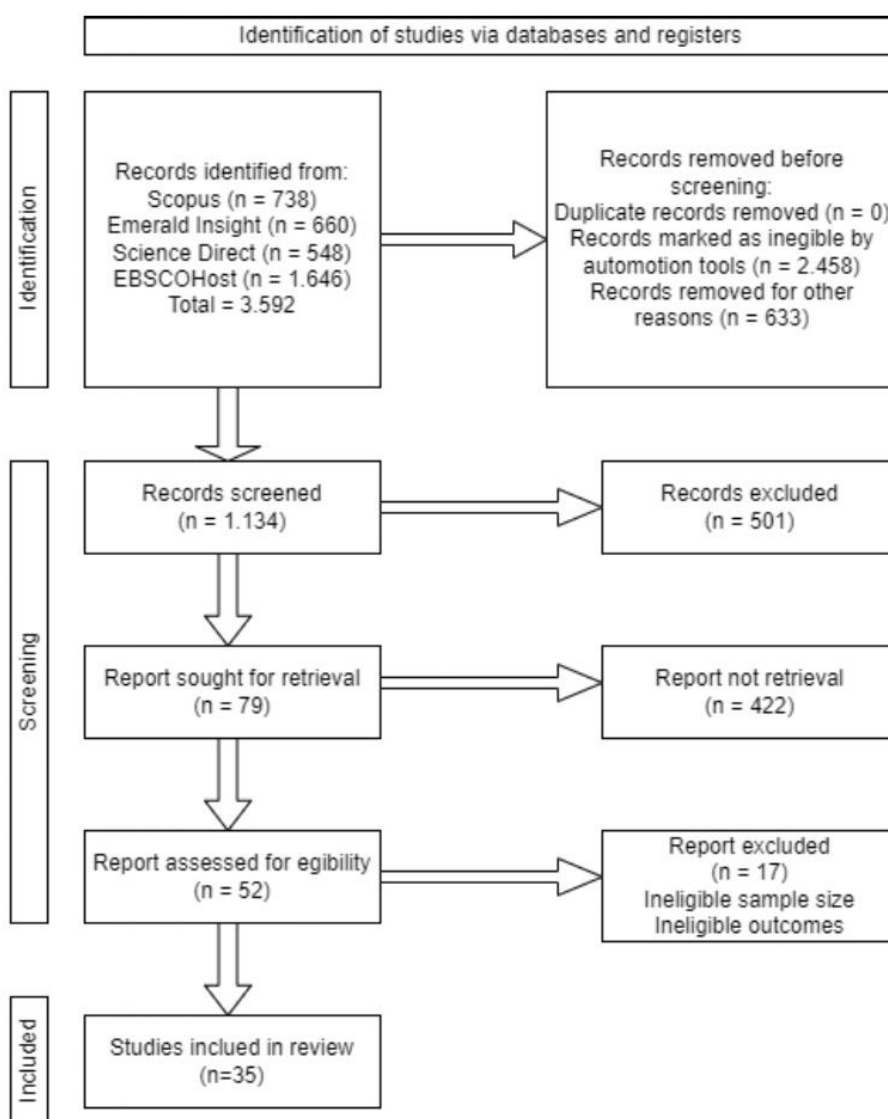
Following a meticulous screening procedure, the names of authors, titles of studies, and digital object identifiers (DOIs) were systematically cross-referenced to identify and eliminate duplicate publications. The ensuing analysis encompasses empirical findings examining the relationship between organizational performance and working capital management (WCM).



Data from the selected studies are synthesized by (1) the description of the research or its characteristics, (2) the findings derived from the research, and (3) the methodologies utilized.

**Table 3** Inclusion and exclusion criteria.

Inclusion criteria:	
1.	Corporate performance-focused research
2.	Working capital management as a key factor influencing corporate performance.
3.	Research that focuses on WCM policy approaches in times of crisis, as such the 2008 GFC, the recession of 2014, COVID-19, and other financial disruptions.
4.	Research employing panel data as the methodological approach.
Exclusion criteria:	
1.	Studies utilizing qualitative data will not be considered for this research.
2.	Research that is not accessible to the public.
3.	Research conducted without the use of English.
4.	Research that does not concentrate on times of crisis.
5.	Research that employs approaches other than panel data.



**Figure 1** Prisma Group's use of the study's flow diagram (Moher et al., 2009).

After the implementation of the search criteria alongside the established inclusion and exclusion parameters, a total of 35 studies were identified for comprehensive analysis. Figure 1 delineates the methodology employed in the selection of the studies. As outlined in Table 5, the principal findings are categorized into two key themes: the fiscal constraints induced by the recession and the broader ramifications of the financial crisis across various economic sectors.



Table 4 Main findings.

References (n=35) Authors	Indicative Findings	Research Recommendation
<b>Financial Constraints</b>		
<b>Global Financial Crisis 2008</b>		
(Afrifa & Padachi, 2016)	The financial crisis influenced the relationship between the profitability of SMEs and WCM.	Examine how external factors that affect the relationship between working capital and SME profitability, such as industry trends or economic conditions, vary depending on the region in which the sector operates.
(Hassan et al., 2023)	The relationship between CCC and firm performance is significant and negatively correlated across all markets.	Expands the analysis of the potential impact of various WCM strategies on manufacturing, service, and technology industries and investigates the role of changes in the economic environment on firm performance.
(Michel et al., 2020)	Wine sales declined as a result of the effects of the 2007 financial crisis.	Conduct multinational comparisons regarding the financial management of wine companies in various countries and crowdfunding solutions to finance WC needs.
(Akgün & Memiş Karataş, 2020)	ROA was significantly and negatively impacted by the 2008 GFC.	Using a more varied sample and taking into account additional elements that might have affected how WCM and company performance were related during the 2008 GFC.
(Oseifuah & Gyekye, 2018)	The profitability of companies was negatively impacted by the financial crisis.	The sample in this study is more varied, and additional variables that might have affected the connection between WCM and company value during the 2008 GFC are considered.
(Chang et al., 2019)	Sales of receivables were significantly impacted by the crisis and showed a declining trend.	Recognize the particular causes of WC reductions and how businesses modified their WCM practices throughout the crisis.
(De et al., 2015)	The liquidity of the company's assets declined after the 2008 GFC.	Investigate qualitatively how chief financial officers finance and invest in their daily operations. WC has changed its policy behavior plan more effectively in the wake of the Great Financial Crisis in order to preserve value and profitability.
(Heryán, 2020)	The impact of WC policy and the CCC (and its elements) on profitability varies during the crisis than it does at other times.	Investigates the role of government policies, such as stimulus packages, in influencing firm behavior during the crisis, contributing to changes in WCM strategies in the tourism industry, and how these strategies impact firm performance.
(Nia & Mansoori, 2016)	The hotel and travel agency industries suffered substantial losses due to the 2008 GFC.	Examine the relationship between WCM, economic crises, and financial restrictions in various business cycles, particularly during recessions and crises.
<b>Pandemic COVID-19</b>		
(Panigrahi et al., 2022)	COVID-19 causes financial market conditions in Oman to become unstable due to price instability, thus requiring careful WCM by reducing WC days.	Understanding the specific factors that contribute to these relationships across industries and countries. This could include investigating the role of government policies, such as tax incentives or subsidies, in influencing a company's management of its WC.
(Tarkom, 2022)	Significant differences exist regarding the cash conversion cycle period before and during COVID-19.	Focusing on understanding the specific factors contributing to these relationships across industries and countries includes investigating the role of government policies, such as stimulus packages, in influencing firm behavior during crises.
(Respati et al., 2022)	Financial constraints partially have a significant negative effect on company performance.	A focus on understanding the specific factors that contribute to this relationship across industries and countries includes investigating the role of government policies, such as tax incentives or subsidies, in influencing a firm's behavior in managing its working capital.
<b>Various Industries</b>		
<b>Manufacturing</b>		
(Panigrahi et al., 2022)		

(Mansilla-Fernández & Milgram-Baleix, 2023)	As a consequence of the COVID-19 pandemic, trading conditions deteriorated, and corporate liquidity was reduced.	Investigating the relationship between WCM, financial constraints, and exports across industries and countries includes examining the role of government policies, such as tax incentives or subsidies, in influencing firms' behavior in managing WC and their ability to export.
(Dash et al., 2023)	Regardless of financial position or company age, this study shows that businesses with active WCM strategies have an inverted U-shaped link between WC and profitability.	Investigate several qualitative factors that may significantly impact WCM policies and company profitability.
(Awad & Jayya, 2013)	Between profitability and working capital management, there is a causal relationship that goes in both directions, whereas the relationship that goes from liquidity to profitability is a one-way causal relationship.	Engaging in a literature review that focuses on the efficiency of working capital management, the tradeoff between liquidity and profitability, and the directional relationship between working capital management components and profitability, particularly in manufacturing companies in Palestine.
(De et al., 2015)	The liquidity of the company's assets declined after the 2008 GFC	
(Ukaegbu, 2014)	Manufacturing companies listed on the IDX implement conservative WC policies, resulting in lower profitability and value.	Explore external factors such as GDP growth, changes in interest rates, or industry averages in WCM.
(Respati et al., 2022)		
(Rey-Ares et al., 2021)	WCM significantly improves Indonesian manufacturing businesses' performance through ROE.	Conduct survey studies to highlight company policies in dealing with problems where companies lack liquidity during times of crisis, such as the crisis resulting from the COVID-19 pandemic.
(Michel et al., 2020)		
(EL-Ansary & Al-Gazzar, 2021b)	French wine companies prefer to adopt aggressive WCM to reduce receivables and increase payables.	Investigate further regarding working capital management using a weighted maturity gap model of asset and liability management between current assets (C/A) and current liabilities (C/L) or weighted based on financial costs to achieve the required balance between working capital investment (WCI) and working capital finance (WCF).
(Asif et al., 2021)	The WCM company performance relationship is not monotonous; managers efficiently balance costs and benefits to maintain optimal WCM levels to maximize company performance.	Explore the strategies companies use to mitigate the impact of power outages on their WCM, such as investing in alternative energy sources, improving energy efficiency, and implementing emergency plans to ensure the sustainability of the textile industry in the face of power outages and other challenges.
Small and Medium Enterprises		
(Afrifa, 2016)		
(Afrifa & Padachi, 2016)		
(Lyngstadaas & Berg, 2016)	The relationship between ROA and INV, ACR, ACP, and CCC appears to be quadratic rather than linear. These results indicate that implementing a more aggressive WCM policy will increase a company's profitability.	Investigating the correlation between profitability and WCM in a particular industry in greater detail reveals the root causes of the duration of various CCC components, such as whether the trade credit term is profitable or the result of non-repayment of debt. This is done through qualitative methods.
Hospitality and tourism		
(Chambers & Cifter, 2022)	WC and firm performance (ROA and ROE) have an inverted U-shaped connection, suggesting that the hotel and tourism sector has an ideal level of working capital.	Furthermore, the most effective working capital management practices in the hospitality and tourism industry must be identified, such as inventory management, accounts receivable management, and cash flow management. Understand the factors influencing these practices, such as seasonality, customer demand, and competition.
(Heryán, 2020)	The net working capital ratio positively impacts WCRit's total assets; this profitability is achieved in a safer way when the hotel can create an emergency safety cushion.	Re-evaluate their working capital management strategies regarding cash management, inventory control, and in addition to other components of working capital management, in order to overcome the financial obstacles presented by the crisis.
Construction		

(Nobanee & Ellili, 2015)	A negative and significant relationship exists between NTC as a comprehensive measure of WCM efficiency and performance in large companies, and an insignificant relationship exists between NTC and performance in small companies.	Implementing efficient working capital management practices with care reduces the need for expensive external funding to balance current assets and liabilities.
(Nobanee & Ellili, 2015)	A negative and significant relationship exists between NTC as a comprehensive measure of WCM efficiency and performance in large companies, and an insignificant relationship exists between NTC and performance in small companies.	Implementing efficient working capital management practices with care reduces the need for expensive external funding to balance current assets and liabilities.
Industrial (Moussa, 2018)	For companies in heavy industries, such as iron and steel manufacturing, their WCR components vary significantly compared to those in service industries, such as telecommunications.	Conduct further research related to industrial practices influencing the relationship between WCM, performance, and company value in several companies operating in the service sector by adding control variables related to governance mechanisms, industrial concentration, and financial constraints.
(Bhatia & Chakrabarti, 2022)	Thus, levels of debt, credit, inventory, and cash balances may vary between industries due to the specific nature of each industry. Industry type may also influence CCC behavior.	Investigate working capital changes introduced by group-affiliated (BG) and non-BG companies to address future COVID-19 or similar outbreaks. Next, estimate the optimal level of working capital investment (WCI) between business group vs non business group companies.
Non financial firms (Abuzayed, 2012)	A positive correlation between the CCC and gross operating profit is supported here as more profitable companies realize longer conversion cycles, indicating that these companies are less efficient in managing their working capital.	Encouraging managers and shareholders to focus more on WC requires raising investor awareness and openness.
(Alarussi & Alhaderi, 2018)	Working capital is positively correlated with EPS but not with ROE. This relationship does not apply to ROE because more WC (either debt or equity) will produce more EPS but may not produce ROE.	Perform comparative studies that involve a broader range of factors or conduct research that examines companies in various countries to ascertain whether the profitability determinants are consistent across various business environments.
(Loo & Lau, 2019)	The receivables collection period and CCC have a stable, significant negative relationship to both return measures, namely, ROA and ROE.	Explore the dynamic nature of WCM strategies in response to changing economic conditions and market trends. Next, a comparative analysis of WCM practices across various industries in Malaysia will be investigated to identify best practices in specific sectors.
(Kwenda, 2015)	The research results indicate that capital flow is a factor that affects investment in fixed assets. Nevertheless, the propensity to respond to liquidity flow is significantly lower than that of working capital.	Explores the long-term impact of effective WCM on corporate financial stability and growth in the South African context. In addition, it investigates the role of WCM in mitigating the impact of economic downturn and market volatility.
(Simon et al., 2019)	The results suggest that inflation has a detrimental impact on firm profitability and WCM, suggesting that the inflation rate significantly modifies the relationship between corporate performance and WCM.	Examine GDP or interest rates as they have an impact on the connection between WCM and business performance. Analyse how interest rates and inflation affect WCM and the success of financial companies.
(Oseifuah & Gyekye, 2018)	An inverse U-shaped correlation between company valuation before to the financial crisis and WCM (as measured by the CCC). This suggests the ideal amount of WC investment to optimize the sample company's value.	During the crisis, firms with longer RCPs and shorter PDPs experienced lower profitability, indicating that these firms were more likely to face liquidity constraints and, thus, were more negatively impacted by the crisis. By maintaining optimal WC levels, a company can better manage its liquidity during

		economic uncertainty and potentially avoid negative impacts on its profitability.
(Singhania & Mehta, 2017)	ROA and CCC have varying relationships in different countries.	Examining diverse market dynamics about a country's GDP and monetary budget can have varying effects on different industries; WCM influences the profitability of a business.
(Nobanee et al., 2011)	The CCC significantly and negatively influences company performance.	Investigate the influence of research partners on the connection between CCC and business performance. Additionally, qualitatively analyse the viewpoints and experiences of research partners with varying backgrounds in community engagement in studies.

### 3. Results and Discussion

#### 3.1. Global financial crisis 2008

The global financial crisis reached unprecedented magnitudes from September 2008 until the initial quarter of 2009, culminating in considerable economic disarray on an international scale (Lim, 2013). Nia & Mansoori (2016) noted that financial upheaval had deleterious effects on the cash conversion cycle (CCC). The global financial crisis of 2008 instigated a substantial decline in corporate lending and capital investments. As a result, after the 2008 GFC, the dynamics of capital inflows and outflows within nations underwent significant transformations (Aysan et al., 2014). (Akgün & Memiş Karataş, 2020) Reported that the 2008 financial crisis imposed a substantial and detrimental effect on companies' return on assets (ROA) within the European Union's 28 member states. Similarly, (Oseifuah & Gyekye, 2018) Reported that the financial crisis adversely affected the profitability of corporations listed on the Johannesburg Stock Exchange. (Michel et al., 2020) Emphasized that the financial crisis of 2008 precipitated a downturn in wine sales in France, consequently increasing the days' inventory outstanding (DIO) metric from 2008 onwards.

Furthermore, the firm's accounts receivable surged in 2008 compared with 2007, as customers delayed payments during the financial turmoil. The company's days payable outstanding (DPO) experienced a decline in 2008 relative to 2007, as the economic crisis complicated suppliers' willingness to accept payment deferrals from wine producers. Consequently, French wine enterprises are inclined to adopt a proactive working capital management (WCM) approach, characterized by diminished receivables and increased payables. The hotel and tourism sectors encountered significant financial challenges due to the 2008 global financial crisis, which, from an economic perspective, rendered the business environment intrinsically unstable (Heryán, 2020). SMEs within the hospitality sector should avoid excessive reliance on short-term debt in high-risk contexts (Heryán, 2020). (Heryán, 2020) Observed that hospitality SMEs adjust their short-term debt to align with the targeted debt ratio while modifying this debt in response to financial constraints; additionally, more established SMEs demonstrating more robust cash flow tend to utilize lower levels of short-term debt. According to (De et al., 2015), manufacturing firms on the Indonesia Stock Exchange adopted conservative working capital strategies during the crisis, reducing profitability and valuation. In the aftermath of a financial shock, the company should curtail its increased investments in working capital to improve profitability should it consider reducing its fixed asset investments.

#### 3.2. Pandemic COVID-19

The COVID-19 pandemic has precipitated a substantial disruption in economic activities. This disruption has resulted in a decline in corporate asset valuations, negatively impacting their immediate capital needs and undermining the effectiveness of working capital management (Almaghrabi, 2022; Hassan et al., 2020). Government measures to mitigate the spread of the virus have compelled numerous businesses, including those in the consumer services sector, to halt or reduce their operational activities. Consequently, As a result, consumer demand significantly contracted, causing excess stock levels and extended delays in accounts receivable turnover (Ke, 2021). Many firms reported a reduction in sales or revenue between 2019 and 2020, with many entities suffering adverse effects due to the pandemic (Respati et al., 2022). This occurrence can be attributed to the disjunction between consumption and production instigated by the economic upheavals linked to the COVID-19 pandemic (Pourmansouri et al., 2022). As a result, the effectiveness of working capital management in macroeconomic instability remains questionable, particularly in the aftermath of the COVID-19 crisis (Panigrahi et al., 2022). This claim is further substantiated by empirical studies (Tarkom, 2022), which reveals that an increased cash conversion cycle is correlated with the rise of COVID-19. The existence of negative sentiments associated with the pandemic significantly impacts the cash conversion cycle, as evidenced by heightened levels. This finding indicates that businesses that hold excessive inventory and face delays in sales collection during the COVID-19 period are likely to experience liquidity challenges, thus considerably and detrimentally affecting their short-term operational efficacy.

#### 3.3. Manufacturing

Businesses operating within the manufacturing domain invest significant resources in procuring spare parts and components to alleviate the risk of stock depletion. This financial commitment inevitably leads to additional storage costs and increases the likelihood of inventory degradation or theft. On the other hand, excess inventory may extend the duration over which a company fulfils its obligations to creditors, thereby immobilizing capital. (Awad & Jayya, 2013) A discernible causal relationship exists between the administration of working capital and the indices of liquidity and profitability. Elevated levels of current assets, particularly receivables and inventories, result in an inefficient deployment of cash resources. The textile industry has demonstrated a slightly positive correlation between the efficiency of working capital management and profitability outcomes. Organizations frequently need help managing their net working capital (Asif et al., 2021). Similarly, ineffective working capital management among European and United States exporting firms prolongs the cash conversion cycle (CCC). This situation negatively impacts their export prospects and reduces export volumes (Mansilla-Fernández & Milgram-Baleix, 2023). Delaying fixed capital investments can adversely affect production capacity and export activities (Biais & Gollier, 1997; Petersen & Rajan, 1997). According to the research findings of (EL-Ansary & Al-Gazzar, 2021a), the valuable contributions of fixed asset investment did not reveal any significant cash-effect interaction when the organization experienced a negative working capital position. This observation implies that cash has a limited role within the working capital–profitability relationship, thus compelling firms to judiciously allocate cash resources to enhance the interaction between cash availability and performance indicators. Consequently, a company's financial performance can be improved through the strategic enhancement of working capital as part of a holistic working capital management strategy (Panigrahi et al., 2022).

#### 3.4. *Small and medium enterprises*

Organizations are required to ascertain the optimal degree of working capital to increase profitability by reducing working capital expenditures in situations where cash flow is unavailable, as indicated by a comprehensive analysis conducted by (Afrifa, 2016), which identified a concave correlation between working capital levels and the profitability of SMEs listed in the UK. (Lyngstadaas & Berg, 2016) Noted that the hospitality and accommodation industry has the lowest levels of inventory and receivables, mainly because of the tendency of customers to make payments in advance or instantly when booking online hotel accommodations. In contrast, the fishing industry reveals the highest levels of inventory, which can be attributed to products undergoing various processing stages and those sold post-hatching. Moreover, the electricity, gas, steam, and air conditioning supply industries present a significantly low ratio of current assets to liabilities due to substantial capital investments in equipment funded through long-term debt and equity. Conversely, the wholesale and retail trade sector, along with motor vehicle and motorcycle repair services, displays the highest ratio of current assets, as inventory ownership is essential to the primary operations of this sector.

#### 3.5. *Hospitality and tourism*

The financial stability of the hospitality industry necessitates the management of short-term obligations following a predetermined debt ratio, along with the modification of such commitments in response to fiscal deficiencies. (Heryán, 2020). Establishments within the hotel industry that demonstrate high cash flow levels generally have reduced short-term liabilities. Managers operating in this sector should exercise vigilance against the reckless accumulation of short-term debt, especially in contexts marked by heightened risk. As stated by (Chambers & Cifter, 2022) When making decisions regarding working capital, managers must consider the unique characteristics of the various subsectors within the hospitality and tourism industries. The structural characteristics of the hotel and tourism sectors are notably different from those of other economic sectors. This distinction is evidenced by significant competition, capital intensity, inherent risks, and elevated leverage (Singal, 2015). The hotel and tourism industry is more competitive than numerous other sectors because of the relative ease of market entry, fierce price competition, substantial fixed costs, and alternative services. The hospitality and tourism sectors are fundamentally capital-intensive because of their extensive real estate, land, infrastructure, and equipment ownership. These physical assets function as collateral for financing, leading to substantial liabilities within the capital structures of hospitality and tourism firms and an increase in leverage ratios. The structural attributes delineate the hotel and tourism industry, along with its related subindustries, as distinct entities. Consequently, firms involved in the accommodation, catering, and travel sectors must maintain optimal working capital levels by prudently managing their investments in working capital resources.

#### 3.6. *Construction*

According to (Nobanee & Ellili, 2015), large construction enterprises in Kuwait exhibit superior working capital management compared with their smaller counterparts. To enhance the effectiveness of working capital management and mitigate the reliance on expensive external financing, managers of construction firms must ensure an appropriate equilibrium between current assets and liabilities. Construction firms listed on the Kuwait Stock Exchange implement working capital management (WCM) strategies to optimize their operations and minimize the necessity for costly external funding by maintaining an adequate balance between current assets and liabilities.

#### 3.7. *Industrial*

Primary resources, chemicals, construction, food, pharmaceuticals, and consumer goods constitute the six principal sectors analysed by (Moussa, 2018). The working capital requirements (WCRs) of enterprises in capital-intensive industries, such as iron and steel manufacturing, exhibit significant disparities when juxtaposed with those in service-oriented sectors, such as telecommunications. This observation implies that the characteristics inherent to each industry may induce variations in debt levels, credit conditions, inventory management, and cash reserves. The industry type may also shape the cash conversion cycle (CCC) behaviour. For example, a business within the food sector is likely to experience a shorter CCC than an entity in the real estate sector.

Consequently, the prevalence of "hire purchase" arrangements in the real estate domain will prolong the receivable period, leading to a parallel extension. As noted by (Bhatia & Chakrabarti, 2022), while the valuation of business group (BG) firms demonstrates reduced sensitivity to variations in working capital levels, their specific operational risks are more responsive to fluctuations in working capital than are those of independent firms. Financial limitations exert a significant influence on standalone enterprises. Considerable investments in working capital intensity (WCI) increase financing costs, adversely affecting a firm's valuation and profitability. Thus, the working capital levels of these enterprises exert a more pronounced effect on firm value. Moreover, owing to the relatively easy accessibility of funds, BG firms tend to manage their working capital inefficiently, which escalates the unique risks associated with their operations.

### 3.8. Nonfinancial firms

(Abuzayed, 2012) Emphasized that enterprises within emerging economies, particularly those in nations characterized by minimal economic size and restricted funding access, such as Jordan, should prioritize the effective management of their working capital. Furthermore, (Loo & Lau, 2019) Underscore that organisations exhibiting a stable inverse correlation between the receivables collection period and the cash conversion cycle must devote heightened attention to receivables management, as this demonstrates a solid negative association with various investment performance indicators, including return on assets, return on equity, Tobin's Q, and stock market performance. The cash conversion cycle (CCC) significantly and adversely impacts organisational performance. Furthermore, working capital managers in Japanese firms can increase their profitability by minimizing the cash conversion cycle (Haitham Nobanee et al., 2011).

A study by (Simon et al., 2019) revealed that the inflation rate adversely affects working capital management (WCM) and corporate profitability, suggesting that it significantly moderates the interplay between WCM and organisational performance. During periods of escalating inflation, firms must rely on more than their existing operational strategies to generate profits and sustain growth. Consequently, innovative financial and operational strategies are imperative to mitigate the detrimental impacts of elevated inflation rates on the performance of nonfinancial enterprises. Concurrently, managers must strategically incorporate additional direct and indirect costs into product pricing during inflationary periods.

This research elucidates financial management frameworks pertinent to working capital management tactics across diverse economic contexts in nations with significant industrial diversity. The 2008 global financial crisis precipitated a decline in the sales of receivables, accompanied by a deterioration in the liquidity of corporate assets among U.S.-listed firms from 1990 -2014 (Chang et al., 2019). Similarly, French wine enterprises experienced a downturn in wine sales from 2003-2014 (Michel et al., 2020); the crisis had a pronounced adverse effect on the return on assets (ROA) of firms within the EU-28 (Akgün & Memiş Karataş, 2020), marked by a drastic reduction in corporate lending and capital investment. Nonfinancial corporations listed on the Johannesburg Stock Exchange (JSE) demonstrated that the financial crisis negatively influenced their profitability (Oseifuah & Gyekye, 2018); furthermore, the hotel and travel agency sectors sustained considerable losses attributable to the 2008 global financial crisis (Heryán, 2020). Financial executives at Tehran Stock Exchange (TSE) entities endeavoured to curtail investments in liquid working capital amidst the nation's economic turmoil (Nia & Mansoori, 2016).

Nevertheless, contrary to earlier investigations (M. K. Hassan et al., 2023) Their findings revealed that firms within the Scandinavian markets, as reported by the Bloomberg database from 2007-2020, adeptly managed working capital by minimizing inventory levels and receivable durations during the 2008 global financial crisis. This research underscores financial management strategies concerning working capital management practices in varying economic climates across countries with distinct industrial configurations. The 2008 global financial crisis led to a reduction in receivable sales and a decline in the liquidity of corporate assets (Chang et al., 2019) There was a significant contraction in corporate lending and capital investments (Akgün & Memiş Karataş, 2020), adversely impacting corporate profitability (Oseifuah & Gyekye, 2018). The hotel and travel agency sectors experienced substantial losses during the 2008 global financial crisis (Heryán, 2020). (Nia & Mansoori, 2016) Advocate for a decrease in investments in liquid working capital during periods of economic distress. However, in contrast to previous studies by (M. K. Hassan et al., 2023) Companies effectively managed their working capital during the 2008 GFC by diminishing inventory and receivable periods. In stark contrast to the 2008 GFC, the crisis instigated by the COVID-19 pandemic had a more profound impact across nearly all sectors. The economic disarray resulting from the COVID-19 pandemic has created a disparity between consumption and production (Pourmansouri et al., 2022), culminating in a reduction in sales or revenue from 2019 to 2020 (Dwi Kismayanti Respati et al., 2022). Throughout the COVID-19 period, the cash conversion cycle increased, which was correlated with an increase in COVID-19 cases (Tarkom, 2022).

#### 4. Recommendations

According to the results of this study, earlier investigations predominantly featured analyses of working capital management strategies within the manufacturing sector, SMEs, and all publicly traded corporations during both stable economic conditions and turbulent periods, such as the 2008 global financial crisis. Research focusing on working capital management in the service sector, particularly within hospitality, tourism, and real estate, remains limited, particularly in the context of the COVID-19 pandemic. Given that this sector is exceptionally susceptible to fluctuations in human mobility, examining working capital management strategies within these two industries during and after the COVID-19 pandemic is imperative.

#### 5. Limitations

The volume of scholarly publications concerning working capital management (WCM) has experienced a notable rise, particularly since the 2008 global financial crisis. A comprehensive review of the current literature indicates that after 2008, considerable emphasis was placed on emerging economies in terms of the relationship between corporate performance and working capital management. The majority of existing studies predominantly concentrate on publicly traded companies, SMEs, and manufacturing sectors. Nevertheless, investigations pertaining to working capital management still need to be made available, especially within service industries such as hospitality, tourism, and real estate, which are susceptible to fluctuations in human movement. In light of the constraints inherent in empirical investigations, prospective research endeavors could delve into working capital management practices within the hospitality, tourism, and real estate sectors. This is particularly pertinent, as this industry encompasses distinct structural attributes whereby substantial investments are directed toward fixed costs, potentially uniquely influencing working capital management strategies.

#### 6. Conclusion

To determine an effective working capital management (WCM) strategy, financial decision-makers must develop a deep understanding of both the operational characteristics of their industry and the broader macroeconomic conditions affecting their business environment. Each industry exhibits distinct structural characteristics such as capital intensity, risk exposure, and leverage dynamics that influence the optimal configuration of working capital. For some sectors, a longer cash conversion cycle may be necessary to maintain operational flow, while for others, tighter liquidity control is essential. However, excessive investment in working capital can increase financial vulnerability, particularly when external financing becomes constrained or expensive.

The findings of this scoping review suggest that achieving a balance between current assets and liabilities is essential for enhancing efficiency and mitigating financial risk. During economic downturns, firms tend to adjust their WCM strategies depending on the severity of external shocks and internal operational rigidity. While some organizations adopt aggressive approaches aimed at sustaining liquidity, others prefer more conservative methods that prioritise solvency over short-term profitability. This variation underscores the strategic nature of WCM and its alignment with sectoral needs and crisis conditions.

Importantly, the analysis highlights that WCM is not a one-size-fits-all strategy; instead, it must be tailored to firm-specific and industry-specific factors, especially during periods of uncertainty. By aligning working capital policies with operational realities, firms can not only protect themselves against short-term liquidity shocks but also enhance long-term resilience. Going forward, greater emphasis should be placed on developing adaptive WCM frameworks that enable firms to respond flexibly to future crises, particularly in sectors with high fixed costs and capital constraints.

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#### Ethical Considerations

Not applicable. This study is a scoping review based entirely on previously published literature and does not involve any experiments or data collection involving human participants or animals.

#### Conflicts of Interest

The authors declare no conflicts of interest.

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