

EFFECT OF WORKING CAPITAL MANAGEMENT ON FINANCIAL PERFORMANCE OF SULFO RWANDA INDUSTRIES LTD

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Abstract: Working capital management influences the financial performance of Sulfo Rwanda Industries Ltd because it affects inventory management, accounts receivables management and the cash conversion cycle function. This research aims to examine the effect of working capital management on financial performance of Sulfo Rwanda Industries Ltd. The study used correlation design with a quantitative approach. The sample size was 101 which included 8 members of management and 93 other staff of Sulfo Rwanda Industries Ltd and only 92 respondents participated in the study. Purposive sampling technique was used to select respondents. The close-ended questionnaire was used for collecting data. Data was analyzed using descriptive analysis and inferential statistics. The findings revealed that, inventory management has a significant effect on the financial performance of Sulfo Rwanda Industries Ltd ($\beta=.229$, $p<.05$). Second, accounts receivables management also has a significant effect on the financial performance of Sulfo Rwanda Industries Ltd ($\beta=.066$, $p<.05$). Third, cash conversion cycle management has a significant effect on the financial performance of Sulfo Rwanda Industries Ltd ($\beta=-.146$, $p>.05$). The study recommends strengthening and optimizing inventory management practices, enhancing credit assessment processes, addressing supply chain challenges and adopting effective cash flow forecasting and budgeting practices. This study's contribution lies in its potential to benefit Sulfo Rwanda Industries Ltd by guiding effective working capital management for improved financial stability and efficiency. Additionally, it offers valuable insights for manufacturing firms in Rwanda, aiding policy-making for optimized working capital and better financial outcomes, while also enriching academia's understanding of the field and providing a foundation for further research. Nevertheless, there is need to conduct more research on factors that moderate the relationship between working capital management practices and financial performance as well as conducting a comprehensive cross-sectional survey encompassing a diverse range of firms across various industries and geographical settings to improve reliability of findings.

Keywords: Working capital management, financial performance, Sulfo Rwanda Industries, improve reliability of findings.

1. BACKGROUND TO THE STUDY

Since the early 1990s, firms across the globe have experienced unfavorable financial performance due to various factors ranging from poor working capital management, poor accounting and economic uncertainties (Smith, 2018). In 2001-2002, Enron Corporation and WorldCom in the USA collapsed due to widespread accounting fraud, and their shareholders suffered significant financial losses (Abbot, *et al.*, 2019). In 2003, Parmalat, an Italian dairy and food corporation experienced poor financial performance and collapsed in 2003, thus resulting in significant financial losses for investors and creditors (Ashta, *et al.*, 2016). In 2009, Satyam Computer Services in India registered for bankruptcy due to poor

financial performance that plunged the firm into debts (The Economic Times, 2009). Similarly, in 2015, Toshiba Corporation in Japan experienced huge financial losses thus leading to diminishing financial performance (BBC, 2017).

The issue of financial performance is not only restricted in developed countries. In South Africa, Steinhoff International Holdings experienced a massive collapse in late 2017 due to poor financial performance accounting irregularities. The company's financial statements were found to have been manipulated, leading to an overstatement of assets and income. The scandal resulted in a sharp decline in Steinhoff's share price, significant financial losses for shareholders, and ongoing legal proceedings (Ahn & Ann, 2021; Du Presis & Maroun, 2021). The Carrefour Marinopoulos Group's Africa division also registered dismal performance and closed business in 2017 across many countries on the African continent (Ballas & Karamichalis, 2014). In Kenya, Uganda, Rwanda and Tanzania, Nakumatt Holdings faced similar financial challenges, including high debt levels and poor cash flow management, which eventually led to its collapse (Gatere, 2018). Similarly, Jetlink Express in Kenyan ceased operations in 2012 after facing financial difficulties. The company struggled with high poor working capital management practices, high operating costs, mounting debt, and fierce competition in the aviation industry (Munyoki, 2015), thus making it unable to sustain its operations and ultimately collapsed.

In Rwanda, several companies have also faced financial difficulties in recent years. For example, Cimerwa has struggled with high production costs, increased competition, and the depreciation of the Rwandan franc. These challenges led to significant losses and a decline in the company's financial performance. Similarly, Nakumatt Rwanda, a subsidiary of Nakumatt Holdings encountered cash flow problems and mounting debt, ultimately leading to store closures and its eventual collapse (Gatere, 2018; Mithika, 2018). In the telecommunication industry, Rwandatel also experienced diminishing financial performance in the 2010s and was eventually forced to close business in 2013 (Wikipedia, 2012). These examples illustrate the diverse financial difficulties for companies operating in Rwanda, stemming from working capital management, market conditions, operational inefficiencies, and broader economic challenges.

As a result of the above poor financial outcomes, companies are putting more emphasis on improving their working capital management practices and this function is increasingly recognized for playing a crucial role in the financial performance of manufacturing companies. Effective management of working capital, which includes the management of current assets and liabilities, ensures the smooth operation of a firm's day-to-day activities. Nazir *et al.* (2017) demonstrates that efficient management of working capital ensures that a firm maintains an optimal level of liquidity, which allows it to meet its short-term obligations, fund its operations, and generate profits. Deloof (2016) argues that efficient working capital management positively affects a firm's profitability, and overall operational efficiency. It helps optimize the levels of current assets and liabilities, reducing unnecessary costs and improving cash flow (Nazir *et al.*, 2017). Improved working capital management can enhance a firm's ability to meet short-term obligations, seize investment opportunities, and reduce reliance on external financing (Akhtar *et al.*, 2019).

From an empirical perspective, working capital management has also been observed as a key function for enhancing the financial performance of manufacturing firms in terms of profitability, efficiency and asset utilization. Research conducted by Nazir *et al.* (2017) revealed that effective working capital management significantly improves profitability, and asset utilization ratios among manufacturing companies. Padachi (2017) also found that firms with better working capital management had higher returns on assets and improved financial performance. These empirical findings highlight the positive impact of working capital management on financial performance and provide valuable insights for the manufacturing industry. Similarly, Raheman *et al.* (2017) found a positive correlation between working capital management efficiency and firm profitability in the manufacturing sector.

In the context of Rwanda, manufacturing firms have been facing challenges in terms of their financial performance compared to their counterparts in other East African Community (EAC) economies. A study by Nsengiyumva and Ngarukiye (2018) pointed out those Rwandan manufacturing firms encounter difficulties in managing their working capital effectively, resulting in lower profitability and constrained growth. Sulfo Rwanda Industries is one of the largest manufacturing firms in Rwanda whose products portfolio comprises of over 150 items including soaps (laundry and toilet), powder and liquid detergents, personal care products (both hair care and body care), packaged drinking water, plastic moulding, novelty items, corrugated cartons, candles, casseroles and tin containers.

Given the challenges faced by Rwandan manufacturing firms including Sulfo Industries Ltd, effective working capital management could be a critical factor in improving their financial performance. By optimizing their working capital components, such as inventory, receivables, and payables, these firms can enhance their cash flow, reduce operating costs, and enhance profitability (Nsengiyumva and Ngarukiye, 2018). Furthermore, efficient working capital management can

support investment in new technologies, innovation, and expansion, which are essential for the long-term growth and sustainability of manufacturing firms in Rwanda.

Despite the importance of working capital management, there is a dearth of data on how it specifically influences the financial performance of manufacturing firms in Rwanda. Existing studies on this topic are scarce, and most of them focus on other countries or industries. Therefore, there is a need for empirical research that examines the effect of working capital management on financial performance within the context of Rwandan manufacturing firms. Inventory management, cash conversion cycle and accounts receivables management are adopted as the constructs for working capital management while profitability, efficiency and asset utilization represent the key measures of financial performance.

2. STATEMENT OF THE PROBLEM

Working capital management is crucial for manufacturing companies as it affects their ability to fund daily operations and meet short-term obligations, thereby influencing profitability, growth, and competitiveness. Effective practices in this area have been linked to improved financial performance in manufacturing contexts.

Sulfo Rwanda Industries Ltd has implemented several measures to enhance its working capital management. These include improving inventory management through just-in-time systems and advanced forecasting, adopting efficient accounts receivables management strategies, and optimizing the cash conversion cycle. Despite these efforts, the company still faces challenges in improving its financial performance. Performance metrics such as net profit margin, current ratio, and inventory turnover ratio remain below industry averages, indicating a gap between desired and actual financial outcomes.

The current research aims to investigate why Sulfo Rwanda Industries Ltd continues to experience low financial performance despite its working capital management efforts. The study will focus on the impact of inventory management, accounts receivables management, and the cash conversion cycle on the company's financial performance.

3. OBJECTIVES OF THE STUDY

The research was guided by three specific objectives as indicated below:

- i. To establish the effect of inventory management on financial performance of Sulfo Rwanda Industries Ltd
- ii. To establish the effect of accounts receivables management on financial performance of Sulfo Rwanda Industries Ltd
- iii. To establish the effect of cash conversion cycle management on financial performance of Sulfo Rwanda Industries Ltd

4. RESEARCH HYPOTHESES

The research was guided by three null hypotheses (H_0) as indicated below:

H₀₁: Inventory management has no statistically significant effect on financial performance of Sulfo Rwanda Industries Ltd

H₀₂: Accounts receivables management has no statistically significant effect on financial performance of Sulfo Rwanda Industries Ltd

H₀₃: Cash conversion cycle management has no statistically significant effect on financial performance of Sulfo Rwanda Industries Ltd

5. CONCEPTUAL REVIEW

Working capital management

Working capital management refers to the process of effectively managing a company's current assets and liabilities to ensure efficient utilization of resources and maintain optimal levels of liquidity (Ganesan, 2017). It involves monitoring and controlling the components of working capital, such as cash, accounts receivable, inventory and accounts payable with the aim of balancing the need for liquidity with the goal of maximizing profitability and minimizing risks (Lazaridis & Tryfonidis, 2006). Working capital management plays a crucial role in the financial health and operational efficiency of a company (Deloof, 2020). By effectively managing working capital, a firm can meet its short-term obligations, take advantage of business opportunities, reduce financing costs and enhance overall profitability. Effective management of working capital involves many practices and approaches among which inventory management, accounts receivables management and cash conversion cycle have been adopted for this study.

Inventory management

Inventory management encompasses several key activities. Firstly, it involves demand forecasting which focuses on analyzing historical data and market trends to predict future demand for products or materials (Baker & Canessa, 2019). Second, there is stock replenishment which determines when and how much inventory needs to be reordered to maintain optimal stock levels (Cachon & Terwiesch, 2018). Third, there is inventory tracking that monitors and records the movement of inventory items within the organization, including receipt, storage, and distribution (Baker & Canessa, 2019). Similarly, stock classification is another activity in inventory management and it categorizes inventory items based on their value, demand patterns, or other relevant criteria to prioritize management efforts (Chopra & Meindl, 2015). Additionally, safety stock management is another process that involves maintaining a buffer of inventory to mitigate the risk of stockouts due to unexpected increases in demand or supply disruptions (Handfield & Nichols, 2009).

Accounts receivables management

Research shows that an effective accounts receivable management system involves many activities among which include credit policy formulation which focuses on establishing a well-defined credit policy that outlines criteria for extending credit to customers, including credit limits, payment terms, and credit evaluation procedures (Pandey, 2018). It also covers credit assessment which focuses on evaluating the creditworthiness of potential and existing customers by analyzing their financial statements, credit reports, payment histories, and other relevant information (Pandey, 2018). Furthermore, it covers invoicing which is the timely and accurate generation and delivery of invoices to customers, including essential details such as invoice number, date, due date, payment instructions, and itemized information about the goods or services provided (Weston, Brigham & Houston, 2019) and customer relationship management which involves building and maintaining positive relationships with customers through effective communication, addressing inquiries or concerns promptly, and providing exceptional customer service to encourage timely payments and repeat business (Kleemann, 2018).

Cash conversion cycle management

Effective management of cash conversion cycle involves many activities and approaches among which include production planning and control which ensures smooth coordination between production schedules, material requirements, and inventory levels to minimize cash tied up in excess production (Chase, Aquilano & Jacobs, 2015). Secondly, supply chain management also enables collaborating with suppliers to negotiate favorable terms, streamline procurement processes, and reduce lead times, thereby minimizing the cash tied up in inventory (Chopra & Meindl, 2015). Thirdly, there is demand forecasting through which a firm can accurately predict customer demand to optimize production and inventory levels, avoiding excess stock and associated cash holding costs (Sanders, 2017). Additionally, Slack, Brandon-Jones and Johnston (2019) identified order processing and fulfillment as another activity of managing CCC. It involves efficiently processing and fulfilling customer orders to minimize order cycle time and improve cash flow by converting sales into cash more quickly.

Financial performance

The key financial performance indicators covered under the scope of this study include Return on Assets and Return on Equity (Deloitte, 2021). Return on equity (ROE) is the net income divided by shareholder equity. Return on assets (ROA) is the efficiency measure of how well a company is using its assets. ROAs can vary based on the industry, thus, it's best to compare company ROAs that operate in similar industries, or to use ROA for historical analysis (comparing a company's current ROA to its previous ROA).

6. THEORETICAL REVIEW

There are various theories and models that have been developed to explain the concept of working capital management and financial performance of manufacturing firms. However, for the scope of this study, the trade-off theory, cash conversion cycle model and pecking order theory will be examined.

Trade-off theory

The trade-off theory in finance is based on several key assumptions: firms aim to maximize their value, there are tax benefits associated with debt financing due to interest deductibility, bankruptcy and financial distress costs increase with debt, and there is an optimal capital structure balancing tax benefits with distress costs.

Despite its significance, the theory faces criticisms. It assumes firms have perfect information and make rational decisions, which is not always realistic due to cognitive limitations and imperfect information. Additionally, it overlooks agency costs arising from conflicts between shareholders and debtholders.

The trade-off theory is relevant to working capital management, particularly in determining the optimal level of short-term debt. Firms use short-term debt to finance working capital needs, but excessive reliance increases financial distress risk. Therefore, firms must balance the benefits of lower interest costs with the risks of financial distress.

For manufacturing firms, the trade-off theory has implications for financial performance. By managing their capital structure carefully, firms can leverage debt to enhance profitability. However, excessive debt increases interest expenses and reduces profitability. Thus, manufacturing firms need to find a balance between debt and equity to maximize their financial performance.

The cash conversion cycle model

The Cash Conversion Cycle model is based on several assumptions. First, it assumes that a firm's sales and inventory levels are directly linked, meaning that higher sales usually require higher inventory levels. Second, it assumes that the accounts receivable collection period is determined by the credit terms offered to customers. Lastly, the model assumes that a firm pays for its inventory purchases based on the terms agreed with suppliers (Deloof, 2003).

However, the Cash Conversion Cycle model has some weaknesses and has faced criticisms. One weakness is that it assumes a linear relationship between inventory and sales, which may not hold true in practice (Elielly, 2019). Additionally, the model does not consider factors such as seasonality, fluctuations in demand, and changes in credit terms, which can impact the accuracy of the CCC calculation (Deloof, 2003). Furthermore, critics argue that the Cash Conversion Cycle model focuses solely on the financial aspect of working capital management and overlooks operational factors (Baskin, 2018). It does not consider the efficiency of production processes, supplier relationships, or inventory management techniques. Therefore, the Cash Conversion Cycle model provides a limited view of overall working capital management (Deloof, 2003).

Despite these criticisms, the Cash Conversion Cycle model remains relevant in working capital management and financial performance analysis, particularly for manufacturing firms. It highlights the importance of managing inventory, sales, and accounts receivable effectively to minimize the time it takes to convert investments into cash. By optimizing the cash conversion cycle, manufacturing firms can enhance their liquidity position, reduce financing costs, and potentially achieve higher profitability (Deloof, 2003).

Pecking order theory

The pecking order theory is based on several key assumptions:

1. **Information Asymmetry:** Managers have more accurate information about the firm's value than investors (Serrasqueiro & Caetano, 2015).
2. **Preference for Internal Financing:** Firms prefer to finance themselves internally before seeking external funds.
3. **Costs of External Financing:** External financing sources, such as debt and equity, come with costs like transaction costs, agency costs, and information asymmetry costs (Myers & Majluf, 1984).

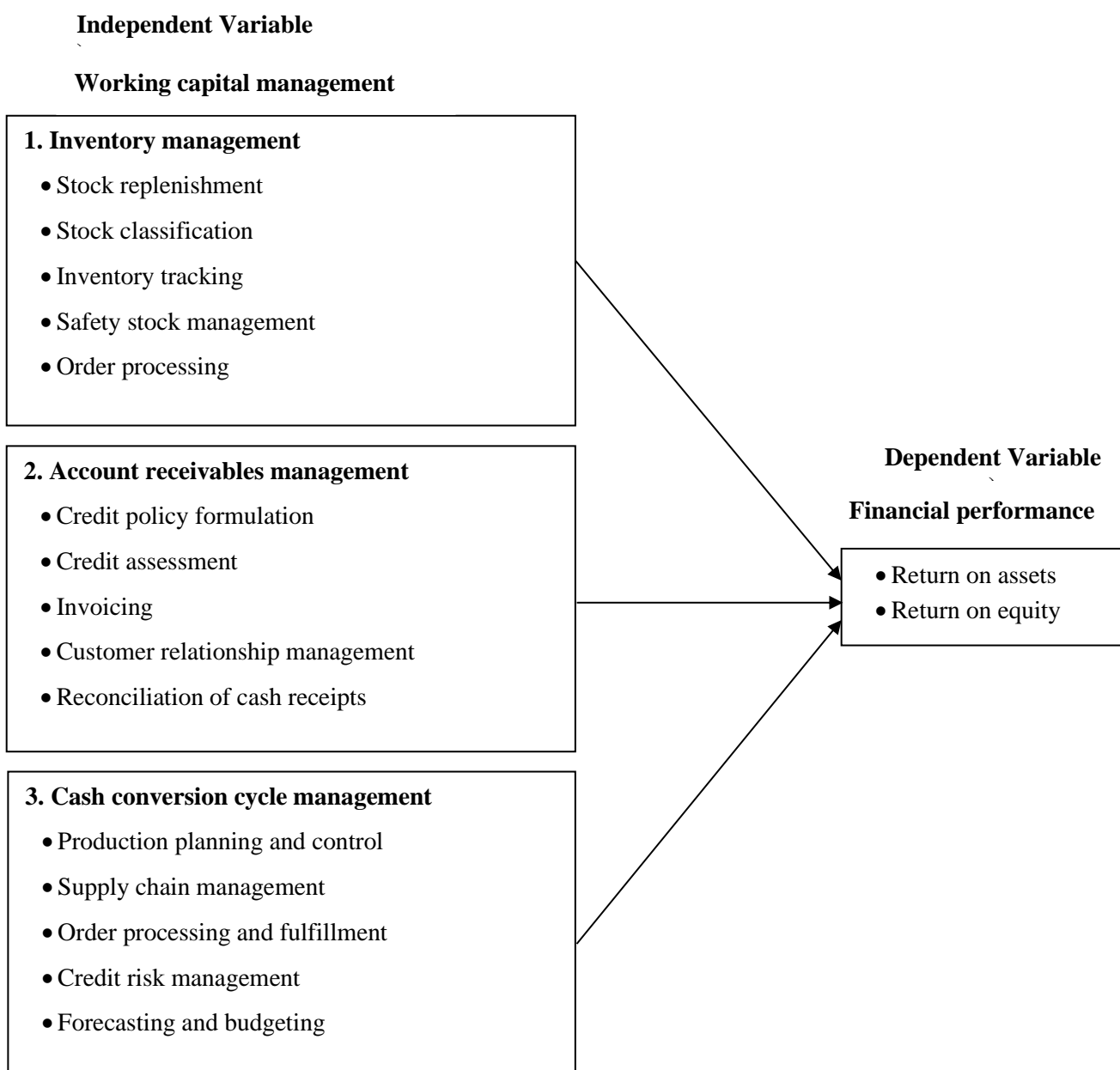
In the context of working capital management, the pecking order theory implies that firms will prioritize internal financing, such as retained earnings, for their working capital needs. If internal funds are insufficient, they may use short-term debt, while avoiding equity issuance to prevent negative signals to investors (Chen & Chen, 2011). This theory helps guide managers in making financing decisions for working capital.

For the financial performance of manufacturing firms, the pecking order theory suggests that prioritizing internal financing and debt over equity can reduce information asymmetry and agency costs. This can lead to better financial performance by aligning the firm's capital structure with its growth opportunities and minimizing the costs of external financing (Frank, Goyal & Shen, 2020). However, the theory's applicability may vary based on specific firm characteristics and industry dynamics.

7. CONCEPTUAL FRAMEWORK

The conceptual framework (Figure 1) shows the relationship between working capital management which is the independent variable (IV) and financial performance which is the dependent variable (DV). The framework shows that working capital management affect financial performance in manufacturing firms.

As figure 1 shows, the conceptual framework for this study is based on working capital management and financial performance. Working capital management is represented by three elements of inventory management (stock replenishment, stock classification, inventory tracking, safety stock management and order processing), account receivables management (credit policy formulation, credit assessment, invoicing, customer relationship management and reconciliation of cash receipts) and cash conversion cycle management (production planning and control, supply chain management, order processing and fulfillment, credit risk management and forecasting and budgeting) which have been selected as the independent variables for the study. On the other hand, financial performance (which is the dependent variable) will be measured based on firm's profitability.



Source: Author (Adapted from various literature reviews)

Figure 1: Conceptual Framework

8. RESEARCH METHODOLOGY

The research design for this study is correlational, aiming to examine the relationship between working capital management and the financial performance of Sulfo Rwanda Industries Ltd. This design was chosen to assess the association between variables without manipulating them, allowing for the investigation of how changes in working capital management practices relate to changes in financial performance in Rwanda's manufacturing sector.

The study's population consisted of 101 people, including 8 management staff and 93 other employees of Sulfo Rwanda Industries Ltd. Given the small and homogeneous population, the entire group was used as the sample size. Purposive sampling was employed to select participants, ensuring they had the relevant characteristics to provide rich information on working capital management.

The research utilized primary and quantitative data. Quantitative data was collected through a survey questionnaire to measure the impact of working capital management on financial performance. The questionnaire, designed with a 5-point Likert scale, was divided into five sections: respondents' background, inventory management, accounts receivables management, cash conversion cycle management, and financial performance.

To ensure reliability, a Cronbach Alpha coefficient test was conducted using SPSS, with coefficients close to 1.000 indicating high reliability. Validity was ensured through a Content Validity Index (CVI), involving expert evaluations to ensure the questionnaire adequately represented the constructs being measured.

The researcher also conducted a Pearson r Correlation analysis using SPSS to determine the statistical relationship between working capital management practices (inventory management, accounts receivables management, and cash conversion cycle management) and financial performance. This analysis provided a visual and summarized representation of the data in tables without modeling.

The correlation coefficients (Pearson r) range from -1.00 to +1.00, where the positive numbers indicated a positive relationship between the variables and negative numbers indicate a negative relationship while 0.00 showed no relationship. In order to test the hypotheses and determine the statistical significance of the relationship between working capital management and financial performance, the researcher also conducted a multiple regression analysis. The regression model for this analysis is indicated below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where:

Y = Financial performance

β_0 = Constant

$\beta_1 \dots \beta_3$ = coefficients of estimates

X_1 = Inventory management

X_2 = Accounts receivables management

X_3 = Cash conversion cycle management

ε = Error term

9. FINDINGS AND DISCUSSIONS

Variables	Category	Frequency	Percentage
Gender	Male	68	73.9
	Female	24	26.1
Level of education	Secondary certificate	8	8.7
	Diploma	26	28.3
	Bachelor's degree	47	51.1
	Masters	11	12.0
Work experience	Below 2 years	9	9.8
	3-5 years	56	60.9
	6-8 years	16	17.4
	9-11 years	11	12.0

Source: Field Data, 2023

In terms of gender, Table 4.2 shows that the majority of the respondents are male (73.9%), while the female representation is relatively lower (26.1%). This shows that there is gender disparity in the organization thus requiring gender promotion initiatives. Concerning education, a significant proportion holds a bachelor's degree (51.1%), followed by Diploma (28.3%), and a smaller percentage with Masters (12.0%). This distribution could indicate the educational diversity within the organization, which might impact decision-making, problem-solving, and expertise across various levels. In regard to work experience with Sulfo Rwanda Industries Ltd, data shows that majority have 3-5 years of experience with the organization (60.9%), while a smaller percentage have lower (below 2 years) or higher (9-11 years) experience. This signifies that majority had significant understanding of the organization which is an important indicator for providing valid and unbiased data.

The present study aimed to investigate the effect of working capital management on the financial performance of manufacturing companies, with a specific focus on Sulfo Rwanda Industries Ltd. The findings revealed interesting insights into the relationship between inventory management, accounts receivables management, cash conversion cycle management, and the financial performance of Sulfo Rwanda Industries Ltd. In this section, we will comprehensively discuss the findings in comparison with previous scholarly research, highlight consistencies and inconsistencies, and identify research gaps that warrant further investigation.

Effect of inventory management on financial performance

The results of the study indicated a significant positive effect of inventory management on the financial performance of Sulfo Rwanda Industries Ltd ($\beta = .229$, $p < .05$). This finding aligns with the work of previous scholars such as Deloof (2019) and Raheman et al. (2020), who emphasized the importance of efficient inventory management in enhancing a company's financial performance. Deloof (2019) argued that optimized inventory levels contribute to cost reduction and improved liquidity, which positively impact financial outcomes. Similarly, Raheman et al. (2020) highlighted that well-managed inventory can lead to increased profitability and overall performance. The consistency between the current study's findings and previous research underscores the significance of effective inventory management in bolstering financial performance.

Effect of accounts receivables management on financial performance

Similarly, the study found significant effect of accounts receivables management on the financial performance of SIL Rwanda ($\beta = .066$, $p < .05$). This result supported the conclusions drawn by Lazaridis and Tryfonidis (2021) and Filbeck et al. (2020), who both demonstrated a positive relationship between accounts receivables management and financial performance. Lazaridis and Tryfonidis (2021) argued that stringent credit policies and timely collections positively influence cash flows and, consequently, financial outcomes. However, further investigation is warranted to explore potential factors that might explain this divergence.

Effect of cash conversion cycle management on financial performance

Similarly, the study did not find a significant effect of cash conversion cycle management on the financial performance of SIL Rwanda ($\beta = .146$, $p < .05$). This finding is consistent with the findings of previous studies such as Song et al. (2021) and Raheman and Nasr (2020), which highlighted the importance of optimizing the cash conversion cycle for improved financial performance. Song et al. (2021) emphasized that a shorter cash conversion cycle can lead to enhanced liquidity and reduced financing costs. Raheman and Nasr (2020) suggested that an efficiently managed cash conversion cycle positively affects profitability and overall financial health. However, there is need for a deeper exploration of the factors that may be influencing the relationship between cash conversion cycle management and financial performance in the context of Sulfo Rwanda Industries Ltd.

10. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The study aimed to explore the effect of working capital management on the financial performance of Sulfo Rwanda Industries Ltd, specifically investigating the influence of inventory management, accounts receivables management, and cash conversion cycle management.

Key findings include:

- **Inventory Management:** There is a significant positive relationship between inventory management and financial performance, highlighting the importance of effective inventory control.

- Accounts Receivables Management: This also significantly impacts financial performance, though further exploration is needed to understand its dynamics fully.
- Cash Conversion Cycle Management: This factor significantly affects financial performance, indicating the critical role of managing the cash conversion cycle components.

The study contributes to the understanding of how working capital management influences financial performance, emphasizing the need for tailored strategies in this area. It suggests that future research could include comparative studies across various manufacturing companies in Rwanda to gain a more comprehensive understanding of working capital dynamics in the sector.

Recommendations

Strengthen and optimize inventory management practices: Sulfo Rwanda Industries Ltd should focus on continuous improvement in inventory management techniques to further enhance their already effective practices, ensuring balanced stock levels and efficient demand fulfillment, which positively impact financial performance.

Enhance credit assessment processes: In order to improve financial performance, Sulfo Rwanda Industries Ltd should invest in refining and strengthening their credit assessment procedures to ensure the creditworthiness of customers, mitigating potential bad debts and optimizing cash flow from accounts receivable.

Address supply chain challenges: Sulfo Rwanda Industries Ltd needs to address supply chain inefficiencies to ensure timely delivery of materials and reduce inventory holding costs, thereby positively influencing financial performance and overall operational efficiency.

Focus on cash flow forecasting and budgeting: Sulfo Rwanda Industries Ltd should invest in accurate cash flow forecasting and budgeting techniques to better anticipate cash needs, optimize cash utilization, and improve financial performance through more informed decision-making.

Explore opportunities for shareholder value creation: Sulfo Rwanda Industries Ltd should evaluate strategies to better translate profitability into attractive shareholder returns, potentially through dividend policies, stock buybacks, or other value-enhancing initiatives that align with the company's financial goals.

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