

## WORKING CAPITAL ALCHEMY: UNVEILING TRIPLE EFFECTS AND ACCOUNTING BEST PRACTICES FOR GLOBAL ENTERPRISE SUCCESS IN ECONOMIC SHIFTS

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**Abstract:** This study examines how working capital mastery drives working capital optimization across receivables and credit management, cash flow and payables management, and liquidity and contingency management, while assessing the moderating role of working capital resilience. Using survey data from 202 finance professionals across manufacturing, hospitality, and tourism, and commercial sectors in Kosovo (2023–2025), the study applies factor analysis, structural equation modeling, and moderation analysis. The findings show that stronger working capital mastery consistently improves all dimensions of working capital optimization. Working capital resilience selectively moderates these relationships, weakening the effects on receivables and liquidity management while slightly strengthening the effects on cash flow and payables management. Overall, the results highlight that aligning working capital mastery with resilience is critical for financial performance, operational efficiency, and adaptability during economic shifts.

**Keywords:** Working Capital Mastery; Working Capital Optimization; Working Capital Resilience; Financial Efficiency; Moderation Analysis; Structural Equation Modeling; Enterprise Strategy.

**JEL CODES:** M41, G32, M21.

### 1. Introduction

In a world where global enterprises are continuously tested by inflationary shocks, supply chain disruptions, and monetary policy shifts, the strategic management of liquidity has become the fulcrum of corporate endurance. Among the pillars of financial stewardship, Working Capital Management (WCM), the governance of

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short-term assets and liabilities to sustain operational efficiency, represents a vital yet often under-estimated determinant of firm resilience and profitability. The concept of Working Capital Alchemy emerges from this critical junction: the transformative capability of enterprises to convert financial discipline into strategic adaptability, ensuring not merely survival but sustained success during economic turbulence. Working capital serves as the bloodstream of corporate finance, circulating liquidity to sustain operations, secure solvency, and enhance investment capacity. At its core lies the Cash Conversion Cycle (CCC), the time required for a firm to convert its investments in inventory and receivables into cash flows. Shorter CCCs signify more efficient WCM and greater liquidity flexibility. However, global economic shifts have magnified the complexity of this cycle, exposing firms to volatile credit terms, fluctuating input costs, and macroeconomic instability. Abdelaziz et al. (2025) find that while a shorter CCC improves profitability in manufacturing firms, macroeconomic factors such as GDP growth, interest rates, and inflation can invert this relationship in non-manufacturing sectors. Likewise, Verma et al. (2025) emphasize that access to formal working capital finance and digital payments enhances productivity and sales growth, underlining the synergistic role of financial innovation in modern WCM practices.

Despite these advances, prior research remains predominantly operational in scope, focusing on mechanical efficiency rather than strategic integration. Mehta et al. (2025) note that most studies center on firm-specific variables such as size, age, leverage, and asset structure while overlooking leadership, governance, and managerial cognition. This narrow approach leaves a crucial theoretical gap: how strategic mastery of working capital interacts with organizational resilience to optimize liquidity performance across volatile market contexts. Roy et al. (2025) further demonstrate that resilient firms, characterized by adaptive financial structures and agile decision-making, maintain superior WCM efficiency manifested through shorter CCCs, faster receivable turnover, and stable payables, while less resilient firms suffer systemic inefficiencies during shocks. Building on these insights, the present study advances a novel framework of Working Capital Alchemy, exploring the triple effects through which Working Capital Mastery (WCM) drives Working Capital Optimization (WCO) across three interlinked dimensions: Receivables and Credit Optimization (WCO\_RCO), Cash Flow and Payables Optimization (WCO\_CFPO), and Liquidity and Contingency Management (WCO\_LCM). Central to this framework is Working Capital Resilience (WCR), conceptualized as a

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moderating force that shapes how mastery translates into optimization under economic stress.

By integrating mastery, optimization, and resilience within a unified construct, this study extends beyond prior efficiency-based paradigms to offer a dynamic, systems-oriented understanding of how firms sustain liquidity excellence amid uncertainty. The objective of this research is to elucidate how the interplay between WCM and WCR fosters enterprise stability, financial adaptability, and long-term performance. Specifically, it investigates how firms with higher mastery in working capital practices can achieve superior optimization outcomes when reinforced by resilience capabilities, and how this synergy manifests across receivable, payable, and liquidity dimensions. Rather than viewing working capital as a static balance-sheet function, this study reframes it as a strategic architecture, an evolving mechanism that connects financial efficiency with corporate endurance in fluctuating economies. In essence, this paper situates working capital alchemy as a frontier concept in accounting and finance, one that transcends traditional liquidity management by integrating operational mastery with adaptive resilience. Through this lens, working capital ceases to be a passive financial metric and becomes a transformative capability that underwrites global enterprise success in the face of economic shifts. The paper proceeds as follows. The next section reviews the relevant literature. The research methodology and hypotheses are then presented, followed by the empirical results and discussion. The paper concludes with a summary of the main findings.

## 2. Literature review

Working capital management (WCM) has evolved from a purely transactional activity into a strategic driver of enterprise value and resilience, particularly in the context of economic volatility and digital transformation. Within the theoretical framework of Working Capital Optimization (WCO), Working Capital Resilience (WCR), and Working Capital Mastery (WCM), prior research underscores the multifaceted interactions between efficiency, adaptability, and strategic foresight in working capital practices across global enterprises.

### 2.1. Working Capital Optimization

Effective management of receivables, payables, and liquidity remains central to optimizing working capital cycles and enhancing firm value. According to Bhatia et al. (2024), the net trade cycle (NTC) exhibits a significant and negative association with economic value added (EVA) among listed firms, suggesting that a shorter NTC enhances firm performance. Their findings reveal that the individual components of

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NTC, receivables, payables, and inventory, are inversely linked with EVA, emphasizing that efficient receivable management and structured credit policies directly improve economic outcomes. Furthermore, Gupta and Pandey (2024) demonstrate that corporate governance mechanisms such as board structure, CEO tenure, and audit committee effectiveness significantly strengthen WCM efficiency, enhancing liquidity management and profitability across sectors. These findings reinforce that robust governance frameworks are instrumental for receivables and credit optimization (WCO\_RCO), ensuring alignment between operational discipline and financial performance. Complementing these insights, Flannery and Öztekin (2024) identify strong linkages between working capital components and firms' financial policies. Firms with higher receivables and inventories demonstrate lower asset volatility and stronger credit ratings, while excessive payables correlate with higher return volatility and weaker financing flexibility. These dynamics highlight that optimizing cash flow and payables (WCO\_CFPO) requires an integrated understanding of leverage, risk, and liquidity trade-offs.

## 2.2. Working Capital Resilience

As firms operate in increasingly uncertain global environments, the resilience of working capital systems becomes critical. Tarkom and Ujah (2023) provide evidence that global economic policy uncertainty extends firms' working capital days, with a one-standard-deviation increase in uncertainty adding approximately seven days to the capital cycle. Importantly, national culture moderates this effect; firms in high uncertainty-avoidance societies adopt more conservative working capital strategies, highlighting the interplay between institutional context and financial agility. Building on this, Sethi and Dash (2025) reveal that geopolitical risks slow the speed of working capital adjustment among Indian firms, although business group-affiliated and mature firms adjust more rapidly due to superior capital access. Similarly, Huynh and Le (2025) show that firms facing heightened supply chain risk exposure experience a 6% annual increase in net working capital, driven by higher inventories and receivables to buffer against disruptions. These findings collectively underscore that maintaining working capital buffers, access to credit lines, and dynamic inventory management are core elements of WCR and are essential for sustaining operations under uncertainty. Moreover, Zhou et al. (2025) highlight that longer cash conversion cycles (CCC) diminish profitability and shareholder value in Chinese high-tech manufacturing firms. However, foreign ownership mitigates these adverse effects through enhanced governance and reduced financial constraints,

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suggesting that strategic external partnerships can fortify working capital resilience and performance amid global shocks.

### 2.3. Working Capital Mastery

Moving beyond efficiency and resilience, working capital mastery represents an advanced state of strategic integration and foresight in managing liquidity cycles. Wang and Nie (2025) demonstrate that business process digitalization (BPD) substantially enhances WCM in firms by improving data accuracy, automating operations, and reinforcing supply chain collaboration. BPD also alleviates financing constraints and boosts bargaining power, illustrating how technological sophistication underpins mastery in working capital processes. Similarly, Mai et al. (2025) confirm that integrating AI-driven inventory systems, real-time sensors, and ethical supplier management significantly improves WCM efficiency in global e-commerce supply chains. Their study identifies collaborative planning as a critical mediator, amplifying the positive effects of digital and relational capabilities on operational competitiveness.

In parallel, Dewangan and Kannadhasan (2025) establish that firms with superior ESG performance achieve lower cash conversion cycles, particularly through the environmental and social dimensions, which reduce receivable and inventory days. This alignment between sustainability practices and liquidity efficiency reflects a higher level of strategic working capital mastery, wherein firms leverage ESG initiatives to minimize financial risk and optimize asset utilization.

To synthesize prior empirical evidence and position the present study, Table 1 summarizes key empirical findings on working capital optimization, resilience, and mastery. While existing research offers valuable insights into efficiency-driven practices, governance mechanisms, uncertainty effects, and digital transformation, the literature remains fragmented across individual dimensions of working capital management. In particular, empirical research rarely examines working capital mastery and working capital resilience jointly as interacting capabilities shaping working capital optimization outcomes across multiple dimensions. This study addresses this research opportunity by integrating these perspectives within a unified empirical framework.

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**Table 1. Summary of Prior Empirical Studies and Research Opportunities**

| Authors (Year)              | Context / Sample            | Main Focus                                       | Key Empirical Findings                                                                                                           | Remaining Research Opportunity                                                           |
|-----------------------------|-----------------------------|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Bhatia et al. (2024)        | Listed firms                | Net trade cycle and firm value                   | Shorter net trade cycles enhance economic value; receivables, payables, and inventory are inversely related to firm performance. | Efficiency effects are examined without considering resilience or strategic interaction. |
| Gupta and Pandey (2024)     | Multi-sector firms          | Corporate governance and working capital         | Governance mechanisms strengthen working capital efficiency, liquidity management, and profitability.                            | Does not address adaptive capability under economic shifts                               |
| Flannery and Öztekin (2024) | International firms         | Working capital and financial policies           | Receivables and inventories reduce volatility; excessive payables increase financial risk.                                       | Lacks integration of managerial capability and coordinated optimization strategy         |
| Tarkom and Ujah (2023)      | Cross-country firms         | Economic policy uncertainty                      | Policy uncertainty lengthens working capital cycles; national culture moderates firm responses                                   | Focuses on exposure effects rather than strategic optimization mechanisms                |
| Sethi and Dash (2025)       | Indian firms                | Geopolitical risk and working capital adjustment | Geopolitical risk slows working capital adjustment; business group firms adjust more rapidly                                     | Adjustment speed is examined without linking to optimization outcomes                    |
| Huynh and Le (2025)         | Global firms                | Supply chain risk exposure                       | Firms increase inventories and receivables to buffer against disruptions                                                         | Resilience is treated defensively, without evaluating performance implications           |
| Zhou et al. (2025)          | Chinese high-tech firms     | Cash conversion cycle and firm value             | Longer cash conversion cycles reduce profitability; foreign ownership mitigates adverse effects.                                 | Does not examine internal mastery or managerial coordination                             |
| Wang and Nie (2025)         | Digitally transformed firms | Business process digitalization                  | Digitalization improves working capital efficiency and reduces financing constraints                                             | Focuses on technology effects rather than resilience–mastery interaction                 |

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| Authors (Year)                  | Context / Sample                | Main Focus                              | Key Empirical Findings                                                   | Remaining Research Opportunity                                           |
|---------------------------------|---------------------------------|-----------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------|
| Mai et al. (2025)               | Global e-commerce supply chains | AI-enabled supply chain management      | Digital and relational capabilities enhance working capital efficiency   | Financial adaptability under economic shifts is not explicitly addressed |
| Dewangan and Kannadhasan (2025) | ESG-performing firms            | Sustainability and liquidity efficiency | Strong ESG performance reduces cash conversion cycles and financial risk | ESG is examined independently of resilience dynamics                     |

## 2.4. Hypotheses Development

Working Capital Mastery (WCM) reflects an advanced managerial capability to strategically coordinate receivables, payables, liquidity buffers, and contingency resources in order to stabilize cash flows and enhance short-term financial efficiency. Prior research consistently indicates that firms with superior working capital capabilities are better positioned to optimize liquidity cycles, reduce financing frictions, and sustain operational performance under changing market conditions (Smith, 1980; Kieschnick et al., 2013). From this perspective, working capital mastery extends beyond operational efficiency and represents a strategic mechanism through which firms translate financial discipline into optimization outcomes.

Working Capital Optimization (WCO) captures the effectiveness with which firms manage the core components of short-term finance, including receivables and credit policies, cash flow and payables practices, and liquidity and contingency planning. Firms exhibiting higher levels of mastery are expected to achieve superior optimization across these dimensions by accelerating cash inflows, structuring payables more efficiently, and maintaining adequate liquidity buffers. Accordingly, the following hypotheses are proposed:

H<sub>1</sub>: Working Capital Mastery (WCM) has a direct effect on Working Capital Optimization (WCO)

H<sub>1a</sub>: WCM has a direct effect on Receivables and Credit Optimization (WCO\_RCO).

H<sub>1b</sub>: WCM has a direct effect on Cash Flow and Payables Optimization (WCO\_CFPO)

H<sub>1c</sub>: WCM has a direct effect on Liquidity and Contingency Management (WCO\_LCM)

While mastery provides the foundation for effective working capital practices, firms increasingly rely on resilience mechanisms to withstand financial shocks and economic turbulence. Working Capital Resilience (WCR) refers to a firm's capacity to absorb disruptions, adapt working capital strategies under uncertainty, and

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preserve operational continuity (Pal et al., 2014; Ivanov, 2021; Lulaj & Brajković, 2025). Resilient firms tend to maintain flexible liquidity structures, diversified financing sources, and adaptive credit policies, which may alter how managerial mastery translates into optimization outcomes.

However, the interaction between WCM and WCR is theoretically nuanced. On the one hand, resilience may amplify the benefits of mastery by stabilizing cash flows and safeguarding liquidity during periods of stress. On the other hand, excessive buffering and conservative policies may constrain managerial discretion, potentially dampening the effectiveness of mastery in certain working capital dimensions. As a result, the moderating role of WCR is expected to manifest asymmetrically across receivables, payables, and liquidity management. Based on this reasoning, the following hypotheses are developed:

H<sub>2</sub>: Working Capital Resilience (WCR) moderates the relationship between WCM and WCO

H<sub>2a</sub>: WCR moderates the relationship between WCM and WCO\_RCO

H<sub>2b</sub>: WCR moderates the relationship between WCM and WCO\_CFPO

H<sub>2c</sub>: WCR moderates the relationship between WCM and WCO\_LCM

Building on the theoretical framework and hypotheses discussed above, Figure 1 illustrates the study's conceptual model.

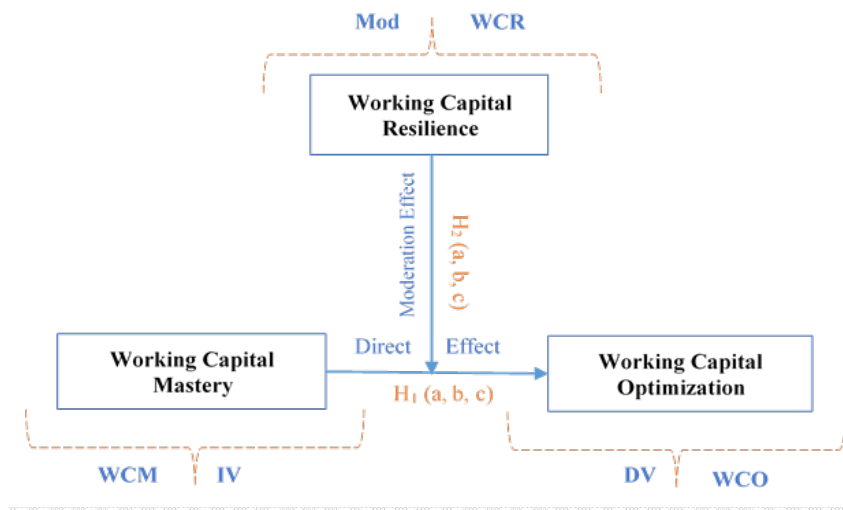


**Figure 1. Conceptual Model of Working Capital Alchemy**

Source: author view

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Figure 1 illustrates the conceptual model linking Working Capital Mastery (WCM), Working Capital Optimization (WCO), and Working Capital Resilience (WCR). In this model, WCM functions as the independent variable (IV), WCO as the dependent variable (DV), and WCR as a moderator (Mod) of the WCM–WCO relationship. The model examines both the direct effect of WCM on WCO and the moderating role of WCR. WCO is further decomposed into three dimensions: Receivables and Credit Optimization (WCO\_RCO), Cash Flow and Payables Optimization (WCO\_CFPO), and Liquidity and Contingency Management (WCO\_LCM). Direct effects are assessed using regression analyses, where a significant positive coefficient ( $\beta$ ,  $p < 0.05$ ) would indicate that WCM directly improves WCO and its subcomponents. WCR is included as an interaction term ( $WCM \times WCR$ ) to evaluate moderation. A positive and significant interaction would suggest that WCR strengthens the influence of WCM on WCO, while a negative coefficient would indicate mitigation. This framework provides a structured approach to understanding how mastery and resilience in working capital practices drive optimization and financial adaptability, offering strategic insights for navigating economic fluctuations.

### 3. Methodology and empirical data

#### 3.1. Research Purpose and Design

The purpose of this study is to empirically examine how Working Capital Mastery influences Working Capital Optimization across its core dimensions, receivables and credit management, cash flow and payables management, and liquidity and contingency management, while assessing the moderating role of Working Capital Resilience.

To address this objective, the study adopts a quantitative, cross-sectional survey-based research design, which is appropriate for examining relationships among latent managerial and financial constructs (Hair et al., 2019; Saunders et al., 2019). The research follows a structured analytical pipeline comprising construct measurement, validation, structural relationship testing, and moderation analysis. This approach is widely used in accounting and management research to ensure internal validity and replicability of results (Byrne, 2016).

#### 3.2. Data Collection and Sample Characteristics

Primary data were collected in Kosovo between 2023 and 2025 using a structured questionnaire administered to professionals directly involved in financial and operational decision-making. Survey-based primary data are particularly suitable for

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capturing managerial capabilities and organizational practices that are not directly observable in archival datasets (Podsakoff et al., 2012).

**Table 2. Description and Definition of Study Variables**

| <b>Factor 1</b>                                                    |                                                                      |                     |
|--------------------------------------------------------------------|----------------------------------------------------------------------|---------------------|
| <b>Working Capital Optimization (WCO)</b>                          |                                                                      |                     |
| <b>Subfactor 1: Receivables and Credit Optimization (WCO_RCO)</b>  |                                                                      |                     |
| Item                                                               | Constructs                                                           | Source              |
| RCO1                                                               | Effective management of accounts receivable                          | Lulaj (2023)        |
| RCO2                                                               | Clear and structured working capital management policy               | Dumiter &           |
| RCO3                                                               | Active management of trade credit terms                              | Schebesch           |
| RCO4                                                               | Minimization of excess cash tied up in non-performing assets         | (2025).             |
| <b>Subfactor 2: Cash Flow and Payables Optimization (WCO_CFPO)</b> |                                                                      |                     |
| CFPO1                                                              | Clear and structured cash flow forecasting process                   | Akgün et al.        |
| CFPO2                                                              | Optimization of inventory turnover                                   | (2023)              |
| CFPO3                                                              | Efficient management of accounts payable                             | Abdullah et al.     |
| CFPO4                                                              | Defined working capital financing strategy                           | (2021)              |
| CFPO5                                                              | Active management of current liabilities                             | Lulaj et al.        |
| <b>Subfactor 3: Liquidity and Contingency Management (WCO_LCM)</b> |                                                                      |                     |
| LCM1                                                               | Maintenance of a healthy cash reserve                                | (2024b)             |
| LCM2                                                               | Established working capital contingency plan                         | Erkişi (2025)       |
| LCM3                                                               | Positive working capital balance                                     | Semaa et al.        |
| LCM4                                                               | Accurate forecasting of working capital needs                        | (2020)              |
| <b>Factor 2 Working Capital Resilience (WCR)</b>                   |                                                                      |                     |
| WCR1                                                               | Working capital buffer maintained for economic downturns             | Chancharat, &       |
| WCR2                                                               | Established working capital optimization strategy                    | Kumpamool           |
| WCR3                                                               | Access to a dedicated working capital credit line                    | (2022).             |
| WCR4                                                               | Effective working capital management to support capital expenditures | Lulaj et al.        |
| WCR5                                                               | Minimization of idle cash and maximization of investments            | (2024a)             |
| WCR6                                                               | Proactive monitoring and management of inventory levels              | Sawarni             |
| WCR7                                                               | Working capital alignment with long-term growth objectives           | et al. (2022)       |
| WCR8                                                               | Strategic utilization of working capital to seize opportunities      | Lulaj & Minguez-    |
| WCR9                                                               | Continuous monitoring and management of working capital fluctuations | Vera, A. (2024)     |
| <b>Factor 3 Working Capital Mastery (WCM)</b>                      |                                                                      |                     |
| WCM1                                                               | Close monitoring of the working capital ratio                        | Çelik et al.        |
| WCM2                                                               | Efficient utilization of working capital for growth                  | (2016)              |
| WCM3                                                               | Active management of excess working capital                          | Noah et al. (2025)  |
| WCM4                                                               | Well-controlled cash conversion cycle                                | Lulaj et al. (2024) |
| WCM5                                                               | Regular review of working capital policies                           | Talonpoika          |
| WCM6                                                               | Established working capital monitoring system                        | et al. (2016)       |
| WCM7                                                               | Effective receivables collection process                             | Lulaj (2025)        |

Source: author view

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The final sample consists of 202 valid responses. As reported in Table 2, respondents represent manufacturing enterprises (48.5%), hospitality and tourism enterprises (30.2%), and commercial enterprises (21.3%). The sample includes Chief Financial Officers, financial controllers, financial managers, hotel and restaurant managers, factory and retail managers, operations managers, and other senior personnel with working capital responsibilities. Participation was voluntary, and confidentiality was ensured throughout the data collection process.

Table 2 provides a detailed description of the study variables related to working capital alchemy, focusing on its impact and best practices for global enterprise success amid economic shifts. The dependent variable (DV), Working Capital Optimization (WCO), is divided into three subfactors: Receivables and Credit Optimization (WCO\_RCO), Cash Flow and Payables Optimization (WCO\_CFPO), and Liquidity and Contingency Management (WCO\_LCM). WCO\_RCO consists of four variables, WCO\_CFPO includes five variables, and WCO\_LCM comprises four variables. The second factor, Working Capital Resilience (WCR), acts as a mediator between Working Capital Mastery (WCM) and WCO, incorporating nine variables. Lastly, the independent variable (IV), Working Capital Mastery (WCM), consists of seven variables. All factors, subfactors, and variables were developed based on existing literature and the contributions of various authors.

### 3.3. Measurement of Variables and Data Analysis

All constructs were measured using multi-item indicators assessed on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Likert-type scales are commonly used in accounting and management research to measure perceptions and managerial practices (Likert, 1932; Hair et al., 2019). Consistent with prior methodological guidance, Likert-scale data were treated as continuous variables for parametric analyses (Norman, 2010). Data analysis was conducted using SPSS 27 and AMOS 27, which are widely employed for factor analysis, regression analysis, and structural equation modeling in high-impact research (Byrne, 2016; Hair et al., 2019).

#### 3.3.1. Factor Analysis and Construct Validation

A two-stage factor validation procedure was applied. First, Exploratory Factor Analysis (EFA) was conducted to examine the underlying factor structure and to verify item loadings, following established recommendations (Costello & Osborne, 2005; Osborne et al., 2008; Fabrigar et al., 1999). Items with factor loadings below 0.50 were excluded (Hair et al., 2019). Second, Confirmatory Factor Analysis (CFA)

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was performed using AMOS to test the measurement model and to assess construct validity. Model fit was evaluated using multiple indices, including  $\chi^2/df$ , CFI, TLI, RMSEA, and SRMR, in line with accepted thresholds (Hu & Bentler, 1999; Kline, 2016).

### 3.3.2. Reliability and Validity Assessment

Internal consistency was assessed using Cronbach's alpha and Composite Reliability (Nunnally & Bernstein, 1994; Hair et al., 2019). Convergent validity was evaluated through the Average Variance Extracted (AVE), with values exceeding 0.50 indicating adequate convergence (Fornell & Larcker, 1981).

### 3.4. Structural Model and Econometric Specification

To test the hypothesized direct effects, Structural Equation Modeling (SEM) was employed. SEM is particularly suitable for simultaneously estimating multiple relationships among latent constructs while accounting for measurement error (Byrne, 2016). Compared to traditional multiple regression techniques, SEM provides a more rigorous analytical framework by explicitly modeling latent variables, correcting for measurement error, and enabling the simultaneous estimation of complex direct and interaction effects within a unified system (Hair et al., 2019).

The direct-effect models are specified as follows:

$$WCO = \alpha_1 + \beta_1 WCM + \varepsilon \quad (1)$$

$$WCO\_RCO = \alpha_2 + \beta_2 WCM + \varepsilon \quad (2)$$

$$WCO\_CFPO = \alpha_3 + \beta_3 WCM + \varepsilon \quad (3)$$

$$WCO\_LCM = \alpha_4 + \beta_4 WCM + \varepsilon \quad (4)$$

Standardized path coefficients and p-values were used to assess statistical significance.

Where:  $\beta_1, \beta_2, \beta_3, \beta_4$  represent the effect of WCM on WCO and its subfactors,  $\varepsilon$  is the error term.

### 3.5. Moderation Analysis

The moderating role of Working Capital Resilience was examined using interaction effects. Prior to constructing interaction terms, the predictor and moderator variables were mean-centered to reduce multicollinearity (Aiken & West, 1991). Moderation analysis was first conducted using hierarchical regression in SPSS and subsequently validated through SEM-based interaction modeling, providing robustness to the findings (Hayes, 2018).

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The moderation models are specified as:

$$WCO = \alpha_5 + \beta_5 WCM + \beta_6 WCR + \beta_7 (WCM \times WCR) + \varepsilon \quad (5)$$

$$WCO\_RCO = \alpha_6 + \beta_8 WCM + \beta_9 WCR + \beta_{10} (WCM \times WCR) + \varepsilon \quad (6)$$

$$WCO\_CFPO = \alpha_7 + \beta_{11} WCM + \beta_{12} WCR + \beta_{13} (WCM \times WCR) + \varepsilon \quad (7)$$

$$WCO\_LCM = \alpha_8 + \beta_{14} WCM + \beta_{15} WCR + \beta_{16} (WCM \times WCR) + \varepsilon \quad (8)$$

$\beta_7$ ,  $\beta_{10}$ ,  $\beta_{13}$ , and  $\beta_{16}$  capture the interaction effects, indicating whether Working Capital Resilience significantly moderates the relationship between Working Capital Mastery and Working Capital Optimization outcomes.

### 3.6. Methodological Rigor and Robustness

Multicollinearity was assessed using Variance Inflation Factors, with values below critical thresholds (Hair et al., 2019). Bootstrapping with 5,000 resamples was applied to assess the stability and robustness of estimated coefficients and interaction effects (Preacher & Hayes, 2008; Hayes, 2018; Hayes & Rockwood, 2020; Darlington & Hayes, 2017; Montoya & Hayes, 2017; Hayes & Coutts, 2020; Coutts et al., 2019; Hayes, 2022).

## 4. Empirical results

The results section presents descriptive statistics, reliability, and factor analyses, and structural modeling of Working Capital Mastery (WCM), Working Capital Resilience (WCR), and Working Capital Optimization (WCO) across its three key subfactors, Receivables and Credit Optimization (WCO\_RCO), Cash Flow and Payables Optimization (WCO\_CFPO), and Liquidity and Contingency Management (WCO\_LCM). The analyses include Exploratory Factor Analysis (EFA), Confirmatory Factor Analysis (CFA), and Structural Equation Modeling (SEM), assessing both direct effects of WCM on WCO and its subcomponents, as well as the moderating effects of WCR on these relationships. Reliability and validity of constructs were evaluated using Cronbach's alpha, Composite Reliability (CR), and Average Variance Extracted (AVE), while model fit was examined through  $\chi^2/df$ , Comparative Fit Index (CFI), Goodness-of-Fit Index (GFI), Normed Fit Index (NFI), Standardized Root Mean Square Residual (SRMR), and PCLOSE. The analyses were conducted using SPSS for descriptive statistics, EFA, and reliability, and AMOS for CFA and SEM. Detailed results, including factor loadings, reliability metrics, direct and interaction effects, and fit indices, are presented in the tables and figures below.

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**Table 3. Demographic and Professional Characteristics of Respondents**

| Category           | Variable                       | Frequency | %    |
|--------------------|--------------------------------|-----------|------|
| Type of Enterprise | Manufacturing Enterprise       | 98        | 48.5 |
|                    | Hospitality-Tourism Enterprise | 61        | 30.2 |
|                    | Commercial Enterprise          | 43        | 21.3 |
| Position           | Chief Financial Officer (CFO)  | 76        | 37.6 |
|                    | Financial Controller           | 56        | 27.7 |
|                    | Financial Manager              | 20        | 9.9  |
|                    | Hotel/Restaurant Manager       | 18        | 8.9  |
|                    | Factory / Retail Manager       | 21        | 10.4 |
|                    | Operations Manager             | 9         | 4.5  |
|                    | Other                          | 2         | 1.0  |
| Gender             | Male                           | 109       | 54.0 |
|                    | Female                         | 84        | 41.6 |
|                    | Prefer not to say              | 9         | 4.5  |
| Age                | 23–36 years old                | 129       | 63.9 |
|                    | 37–50 years old                | 64        | 31.7 |
|                    | Over 50 years old              | 9         | 4.5  |

Source: Author calculations based on survey data. Note: Data are based on survey responses (N=202 enterprises). "Other" professions or positions include workers.

Table 3 presents the demographic and professional characteristics of the 202 enterprises. The sample includes representatives from a diverse range of enterprises, with 48.5% from manufacturing, 30.2% from hospitality-tourism, and 21.3% from commercial enterprises, indicating a balanced representation across key industry sectors. Regarding organizational roles, the largest group of respondents was Chief Financial Officers (CFOs, 37.6%), followed by Financial Controllers (27.7%), reflecting that the survey captured perspectives from senior financial decision-makers. Other positions included Financial Managers (9.9%), Hotel/Restaurant Managers (8.9%), Factory/Retail Managers (10.4%), Operations Managers (4.5%), and other roles (1.0%). This distribution demonstrates that the dataset encompasses a mix of strategic and operational financial expertise. The gender distribution shows 54.0% male, 41.6% female, and 4.5% preferring not to disclose. Age-wise, the majority of participants were between 23 and 36 years old (63.9%), followed by 37–50 years old (31.7%), and over 50 years old (4.5%), indicating a predominantly young to mid-career professional sample. Overall, these demographics suggest that the dataset provides a reliable and diverse representation of financial practitioners across industries, roles, genders, and age groups, supporting the robustness and generalizability of subsequent analyses regarding Working Capital Mastery (WCM), Working Capital Optimization (WCO), and Working Capital Resilience (WCR).

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**Table 4. Correlation matrix of working capital alchemy and demographic variables**

| Correlations | Mean | Std. Dev | TE.  | Post. | Gen  | Age  | WCM   | WCR   | WCO_RCO | WCO_CFPO | WCO_LCM |
|--------------|------|----------|------|-------|------|------|-------|-------|---------|----------|---------|
| Te           | 1.71 | .78      | 1    |       |      |      |       |       |         |          |         |
| Post.        | 2.46 | 1.61     |      | 1     |      |      |       |       |         |          |         |
| Gen.         | 1.51 | 0.59     | .16* | .01   | 1    |      |       |       |         |          |         |
| Age.         | 1.44 | 0.59     | .13  | .20** | .16* | 1    |       |       |         |          |         |
| WCM          | 0.00 | 1.00     | .08  | .02   | -.14 | -.11 | 1     |       |         |          |         |
| WCR          | 0.00 | 1.00     | .11  | -.05  | -.05 | -.13 | .52** | 1     |         |          |         |
| WCO_RCO      | 0.00 | 1.00     | .06  | .00   | -.01 | -.05 | .67** | .63** | 1       |          |         |
| WCO_CFPO     | 0.00 | 1.00     | .00  | -.04  | .04  | -.00 | .73** | .48** | .60**   | 1        |         |
| WCO_LCM      | 0.00 | 1.00     | .09  | -.05  | -.11 | -.07 | .64** | .38** | .55**   | .62**    | 1       |

Source: Author's calculations based on survey data. Note: Type of Enterprise (TE), position (Post.), gender (Gen.). Statistical Significance: Correlations marked with \* are significant at the  $p < 0.05$  level, while those marked with \*\* are significant at the  $p < 0.01$  level. WCM (Working Capital Mastery). WCR (Working Capital Resilience). WCO (Working Capital Optimization) with three subfactors: a) WCO\_RCO (Receivables and Credit Optimization), b) WCO\_CFPO (Cash Flow and Payables Optimization), and c) WCO\_LCM (Liquidity and Contingency Management)

Table 4 shows the correlation results of working capital alchemy, unveiling ripple effects and accounting best practices for global enterprise success in economic shifts. The study explores three key factors: Working Capital Mastery (WCM), Working Capital Resilience (WCR), and Working Capital Optimization (WCO), with WCO further divided into three subfactors: Receivables and Credit Optimization (WCO\_RCO), Cash Flow and Payables Optimization (WCO\_CFPO), and Liquidity and Contingency Management (WCO\_LCM). The results indicate a strong and positive correlation between WCM and WCR ( $r=.52$ ,  $p<0.01$ ), reinforcing that enterprises excelling in working capital mastery also demonstrate higher resilience. More importantly, WCM exhibits significant positive relationships with all three subfactors of WCO, particularly WCO\_CFPO ( $r=.73$ ,  $p<0.01$ ), suggesting that effective management of working capital directly enhances cash flow and payables optimization. Similarly, WCM's correlation with WCO\_RCO ( $r=.67$ ,  $p<0.01$ ) and WCO\_LCM ( $r=.64$ ,  $p<0.01$ ) further emphasizes its fundamental role in driving efficient receivables management and liquidity preparedness. Beyond working capital components, demographic factors such as age and position within the organization show moderate associations ( $r=.20$ ,  $p<0.01$ ), indicating that individuals

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in higher roles tend to have more experience, potentially leading to better financial decision-making. Gender exhibits a weak but notable relationship with the type of enterprises ( $r=.16, p<0.05$ ), implying slight differences in tenure duration based on gender distribution. The interplay among the subfactors of WCO highlights an interconnected financial structure within enterprises. WCO\_RCO and WCO\_CFPO are strongly correlated ( $r=.60, p<0.01$ ), confirming that firms excelling in receivables and credit optimization also enhance cash flow stability. Similarly, WCO\_CFPO and WCO\_LCM exhibit a high correlation ( $r=.62, p<0.01$ ), reinforcing the idea that businesses maintaining robust cash flow management also prioritize liquidity and contingency planning to mitigate financial uncertainties. These findings underscore the critical role of strategic working capital management in enterprise financial health, particularly in times of economic shifts.

**Table 5. KMO and Bartlett's Test**

| Tests / Factors                                  | WCO     |         |         | WCR     | WCM     |
|--------------------------------------------------|---------|---------|---------|---------|---------|
|                                                  | RCO     | CFPO    | LCM     |         |         |
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | .736    | .815    | .768    | .906    | .856    |
| Bartlett's Test of Approx. $\chi^2$              | 228.123 | 228.123 | 166.404 | 627.680 | 402.841 |
| Sphericity                                       | df      | 10      | 10      | 36      | 21      |
|                                                  | Sig.    | .000    | .000    | .000    | .000    |
| Total Variance Explained                         | 51.7    | 54.3    | 58.5    | 51.1    | 51.0    |

Source: Author's calculations based on survey data. Kaiser-Meyer-Olkin (KMO), Chi-Square ( $\chi^2$ ), degrees of freedom (df), \*\*\* $p<.001$ , Cronbach's Alpha ( $\alpha$ ).

Table 5 presents the results of the KMO measure of sampling adequacy and Bartlett's test of sphericity, assessing the suitability of the dataset for factor analysis. KMO values range from 0.736 to 0.906, exceeding the recommended threshold of 0.70, indicating that the dataset is highly suitable for factor analysis. Bartlett's test of sphericity is statistically significant for all constructs ( $p<0.001$ ), confirming that the correlation matrices are not identity matrices and that the data are factorable. The total variance explained by each construct demonstrates the effectiveness of the factor structures. Working Capital Mastery (WCM) accounts for 58.5% of the variance, reflecting a strong representation of its associated indicators. Working Capital Resilience (WCR) explains 54.3% of the variance, supporting construct validity. The subdimensions of Working Capital Optimization (WCO), RCO, CFPO, and LCM explain between 51.0% and 51.7% of the variance, confirming their stability and conceptual relevance. Overall, these results provide robust empirical

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support for the validity and reliability of the measurement model, reinforcing its suitability for subsequent analyses, including confirmatory factor analysis (CFA) and structural equation modeling (SEM).

**Table 6. Component Matrix (Exploratory Factor Analysis)**

| Items | WCO RCO | WCO CFPO | WCO LCM | WCR  | WCM  |
|-------|---------|----------|---------|------|------|
| WCM1  |         |          |         |      | .723 |
| WCM2  |         |          |         |      | .687 |
| WCM3  |         |          |         |      | .638 |
| WCM4  |         |          |         |      | .730 |
| WCM5  |         |          |         |      | .758 |
| WCM6  |         |          |         |      | .702 |
| WCM7  |         |          |         |      | .751 |
| RCO1  | .714    |          |         |      |      |
| RCO2  | .698    |          |         |      |      |
| RCO3  | .757    |          |         |      |      |
| RCO4  | .706    |          |         |      |      |
| CFPO1 |         | .709     |         |      |      |
| CFPO2 |         | .742     |         |      |      |
| CFPO3 |         | .742     |         |      |      |
| CFPO4 |         | .723     |         |      |      |
| CFPO5 |         | .767     |         |      |      |
| LCM1  |         |          | .769    |      |      |
| LCM2  |         |          | .756    |      |      |
| LCM3  |         |          | .758    |      |      |
| LCM4  |         |          | .776    |      |      |
| WCR1  |         |          |         | .667 |      |
| WCR2  |         |          |         | .679 |      |
| WCR3  |         |          |         | .702 |      |
| WCR4  |         |          |         | .698 |      |
| WCR5  |         |          |         | .755 |      |
| WCR6  |         |          |         | .725 |      |
| WCR7  |         |          |         | .754 |      |
| WCR8  |         |          |         | .766 |      |

Source: Author's calculations based on survey data. Note: Working Capital Mastery (WCM), Working Capital Resilience (WCR), and Working Capital Optimization (WCO). WCO sub-dimensions: Receivables and Credit Optimization (WCO\_RCO), Cash Flow and Payables Optimization (WCO\_CFPO), and Liquidity and Contingency Management (WCO\_LCM).

Table 6 reports the component matrix for the three core constructs, Working Capital Mastery (WCM), Working Capital Resilience (WCR), and Working Capital

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Optimization (WCO), together with the three sub-dimensions of WCO: receivables and credit optimization (WCO\_RCO), cash flow and payables optimization (WCO\_CFPO), and liquidity and contingency management (WCO\_LCM). All items load strongly on their intended factors, with loadings exceeding the recommended threshold of 0.50, providing empirical support for construct validity and dimensional clarity. Items associated with WCM exhibit consistently high loadings, confirming the coherence of the mastery construct. Similarly, all WCR indicators load robustly on a single factor, supporting the conceptualization of working capital resilience as a distinct capability. The three WCO sub-dimensions demonstrate clear and well-separated loading patterns, indicating that receivables and credit management, cash flow and payables efficiency, and liquidity and contingency preparedness represent empirically distinguishable yet related facets of working capital optimization. Overall, the results confirm the adequacy of the measurement model and the robustness of the factor structure employed in subsequent analyses.

**Table 7. Reliability analysis of working capital alchemy**

| Construct | Items | Cronbach's $\alpha$ | CR  | AVE |
|-----------|-------|---------------------|-----|-----|
| WCM       | 7     | .84                 | .88 | .51 |
| WCR       | 8     | .88                 | .90 | .52 |
| WCO_RCO   | 4     | .69                 | .81 | .52 |
| WCO_CFPO  | 5     | .79                 | .86 | .54 |
| WCO_LCM   | 4     | .76                 | .85 | .59 |

Source: Author's calculations based on survey data. Note: Composite Reliability (CR), Average Variance Extracted (AVE)

Table 7 presents the reliability and convergent validity of the study constructs. Cronbach's  $\alpha$  values range from 0.69 to 0.88, indicating acceptable internal consistency. Composite Reliability (CR) values range from 0.811 to 0.895, confirming strong construct reliability. Average Variance Extracted (AVE) values exceed 0.5 for all constructs, demonstrating satisfactory convergent validity. Overall, the constructs are reliable and suitable for further analysis.

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Table 8. Regression Results for Direct and Moderating Effects

| Predictor   | Path | Dependent Variable | B      | $\beta$ | S.E.  | C.R.   | p-value | Significance    |
|-------------|------|--------------------|--------|---------|-------|--------|---------|-----------------|
| WCM         | →    | WCO_RCO            | 0.412  | 0.412   | 0.062 | 6.698  | ***     | $p < 0.001$     |
| WCM         | →    | WCO_CFPO           | 0.621  | 0.621   | 0.063 | 9.796  | ***     | $p < 0.001$     |
| WCM         | →    | WCO_LCM            | 0.521  | 0.522   | 0.069 | 7.517  | ***     | $p < 0.001$     |
| WCR         | →    | WCO_RCO            | 0.337  | 0.337   | 0.060 | 5.584  | ***     | $p < 0.001$     |
| WCR         | →    | WCO_CFPO           | 0.109  | 0.109   | 0.062 | 1.753  | 0.080   | Not significant |
| WCR         | →    | WCO_LCM            | -0.001 | -0.001  | 0.068 | -0.013 | 0.990   | Not significant |
| Interaction | →    | WCO_RCO            | -0.076 | -0.154  | 0.030 | -2.538 | 0.011   | $p < 0.05$      |
| Interaction | →    | WCO_CFPO           | -0.045 | -0.090  | 0.031 | -1.437 | 0.151   | Not significant |
| Interaction | →    | WCO_LCM            | -0.114 | -0.230  | 0.034 | -3.362 | ***     | $p < 0.001$     |

Source: Author's calculations based on survey data. Note: B (Unstandardized Coefficient),  $\beta$  (Standardized Coefficient), S.E. (Standard Error), C.R. (Critical Ratio), p-value (Significance Level), Significance Levels: \*\*\* ( $p < 0.001$ ), \*\* ( $p < 0.01$ ), \* ( $p < 0.05$ ), Not significant ( $p > 0.05$ )

Table 8 presents the regression results examining the direct and moderating effects of Working Capital Mastery (WCM) and Working Capital Resilience (WCR) on Working Capital Optimization (WCO) and its subfactors: Receivables and Credit Optimization (WCO\_RCO), Cash Flow and Payables Optimization (WCO\_CFPO), and Liquidity and Contingency Management (WCO\_LCM). The results indicate that WCM has a significant positive effect on all three subfactors, with the largest impact on CFPO ( $\beta = 0.621, p < 0.001$ ), followed by LCM ( $\beta = 0.521, p < 0.001$ ) and RCO ( $\beta = 0.412, p < 0.001$ ). This suggests that firms with strong working capital mastery are more effective in optimizing receivables, payables, and liquidity management. WCR shows a significant positive effect only on WCO\_RCO ( $\beta = 0.337, p < 0.001$ ), while its effects on CFPO ( $\beta = 0.109, p = 0.080$ ) and LCM ( $\beta = -0.001, p = 0.990$ ) are not significant, indicating that resilience primarily supports receivables and credit management. The interaction term (WCM  $\times$  WCR) negatively moderates WCO\_RCO ( $\beta = -0.076, p = 0.011$ ) and WCO\_LCM ( $\beta = -0.114, p < 0.001$ ), but not CFPO ( $\beta = -0.045, p = 0.151$ ). This implies that while resilience contributes to overall financial adaptability, it may reduce the direct effect of mastery on receivables and liquidity strategies. Overall, these findings highlight the importance of balancing mastery and resilience in working capital management, as WCM enhances all subfactors of WCO, while WCR selectively supports receivables optimization and moderates the impact of mastery on specific areas.

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Table 9. Covariance and Correlation Results

| Variables         | B      | S.E.  | C.R.   | P-Value | Significance | r      |
|-------------------|--------|-------|--------|---------|--------------|--------|
| WCM ↔ WCR         | 0.517  | 0.084 | 6.175  | ***     | $p < 0.001$  | 0.520  |
| WCM ↔ Interaction | -1.050 | 0.169 | -6.223 | ***     | $p < 0.001$  | -0.525 |
| WCR ↔ Interaction | -0.992 | 0.167 | -5.945 | ***     | $p < 0.001$  | -0.496 |

Source: Author's calculations based on survey data. Notes: B (Unstandardized Covariance Estimate), S.E. (Standard Error), C.R.(Critical Ratio),  $p$  -value (Significance Level), \*\*\* ( $p < 0.001$ ), \*\* ( $p < 0.01$ ), \* ( $p < 0.05$ ), Not significant ( $p > 0.05$ ), r (Correlation coefficient).

Table 9 presents the covariances and correlations among Working Capital Mastery (WCM), Working Capital Resilience (WCR), and their interaction effects. WCM and WCR exhibit a significant positive covariance ( $B = 0.517$ ,  $p < 0.001$ ) and correlation ( $r = 0.520$ ), indicating that firms with higher mastery of working capital tend to demonstrate greater resilience. In contrast, the interaction terms show significant negative covariances and correlations with both WCM ( $B = -1.050$ ,  $p < 0.001$ ,  $r = -0.525$ ) and WCR ( $B = -0.992$ ,  $p < 0.001$ ,  $r = -0.496$ ). These results suggest that while WCM and WCR individually support financial efficiency and adaptability, their combined effect may reduce the direct advantages of mastery and resilience on working capital outcomes. Overall, the findings highlight the importance of balancing mastery and resilience: WCM drives operational efficiency, WCR supports risk mitigation and adaptability, and careful integration of both elements enables firms to sustain long-term financial stability without compromising performance.

Table 10. Model Fit Indices

| Fit Index  | Default Model | Recommended Threshold   | Interpretation         |
|------------|---------------|-------------------------|------------------------|
| CMIN/DF    | 4.660         | $< 5.0$ (acceptable)    | Acceptable model fit   |
| GFI        | 0.992         | $\geq 0.90$ (good)      | Good model fit         |
| CFI        | 0.993         | $\geq 0.95$ (excellent) | Excellent model fit    |
| NFI        | 0.992         | $\geq 0.90$ (good)      | Good model fit         |
| SRMR (RMR) | 0.016         | $\leq 0.08$ (good)      | Good model fit         |
| PCLOSE     | 0.070         | $> 0.05$ (excellent)    | Excellent model fit    |
| AIC        | 44.660        | Lower is better         | Strong model parsimony |

Source: Author's calculations based on survey data. Note: CMIN/DF (Chi-Square/Degrees of Freedom), GFI (Goodness-of-Fit Index), CFI (Comparative Fit Index), NFI (Normed Fit Index), SRMR (Standardized Root Mean Square Residual), PCLOSE (p-value for RMSEA), AIC (Akaike Information Criterion).

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Table 10 presents key model fit indices for the structural model evaluating Working Capital Mastery (WCM), Working Capital Resilience (WCR), and Working Capital Optimization (WCO) with its subfactors. The chi-square to degrees of freedom ratio ( $\chi^2/DF = 4.660$ ) falls within the acceptable range ( $<5.0$ ), indicating adequate fit. The goodness-of-fit index ( $GFI=0.992$ ) and normed fit index ( $NFI=0.992$ ) exceed recommended thresholds, while the comparative fit index ( $CFI=0.993$ ) demonstrates excellent fit, confirming that the model represents the data effectively. The low standardized root mean square residual ( $SRMR=0.016$ ) indicates minimal residual error. The PCLOSE value of 0.070 further supports an acceptable RMSEA, confirming the model's statistical adequacy. Additionally, the Akaike Information Criterion ( $AIC=44.660$ ) reflects strong model parsimony, suggesting the model explains the data relationships efficiently without unnecessary complexity. Overall, these results confirm that the structural model is robust and provides reliable empirical support for the hypothesized relationships among working capital mastery, resilience, and optimization.

Table 11. Hypothesis Testing

| Hypothesis                    | Path                                     | Supported / Not Supported       |
|-------------------------------|------------------------------------------|---------------------------------|
| Direct Effects (Main Effects) |                                          |                                 |
| H <sub>1</sub>                | WCO $\leftarrow$ WCM                     | Supported                       |
| H <sub>1a</sub>               | WCO RCO $\leftarrow$ WCM                 | Supported                       |
| H <sub>1b</sub>               | WCO CFPO $\leftarrow$ WCM                | Supported                       |
| H <sub>1c</sub>               | WCO LCM $\leftarrow$ WCM                 | Supported                       |
| Moderation Effects            |                                          |                                 |
| H <sub>2</sub>                | WCO $\leftarrow$ (WCM $\times$ WCR)      | Partially Supported             |
| H <sub>2a</sub>               | WCO RCO $\leftarrow$ (WCM $\times$ WCR)  | Supported (Negative Moderation) |
| H <sub>2b</sub>               | WCO CFPO $\leftarrow$ (WCM $\times$ WCR) | Not Supported                   |
| H <sub>2c</sub>               | WCO LCM $\leftarrow$ (WCM $\times$ WCR)  | Supported (Negative Moderation) |

Source: Author's calculations based on survey data. Note: Supported: The hypothesis is statistically significant ( $p < 0.05$ ). Not Supported: The hypothesis is not statistically significant ( $p > 0.05$ ). Negative moderation means WCR weakens the impact of WCM on the outcome variable.

Table 11 presents the results of hypothesis testing for both the direct and moderating effects examined in this study. The findings reveal that all direct relationships between Working Capital Mastery (WCM) and the dimensions of Working Capital Optimization (WCO) are statistically significant and positive. Specifically, WCM demonstrated a strong and direct influence on Receivables and Credit Optimization

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(WCO\_RCO), Cash Flow and Payables Optimization (WCO\_CFPO), and Liquidity and Contingency Management (WCO\_LCM), thereby fully supporting hypotheses  $H_{1a}$ ,  $H_{1b}$ , and  $H_{1c}$ . Consequently, the overall hypothesis  $H_1$ , proposing a positive effect of WCM on WCO, is supported. Regarding the moderating effects of Working Capital Resilience (WCR), the results indicate partial support for  $H_2$ . WCR significantly moderates the relationship between WCM and two subdimensions of WCO, namely WCO\_RCO and WCO\_LCM, though the direction of moderation is negative, suggesting that higher resilience may dampen the positive impact of WCM on these aspects. In contrast, the moderating effect of WCR on the relationship between WCM and WCO\_CFPO was not statistically significant, leading to the rejection of  $H_{2b}$ . Overall, these results imply that while WCM directly enhances working capital optimization across all dimensions, the role of resilience is more nuanced, strengthening some relationships while constraining others depending on the specific component of WCO under consideration.

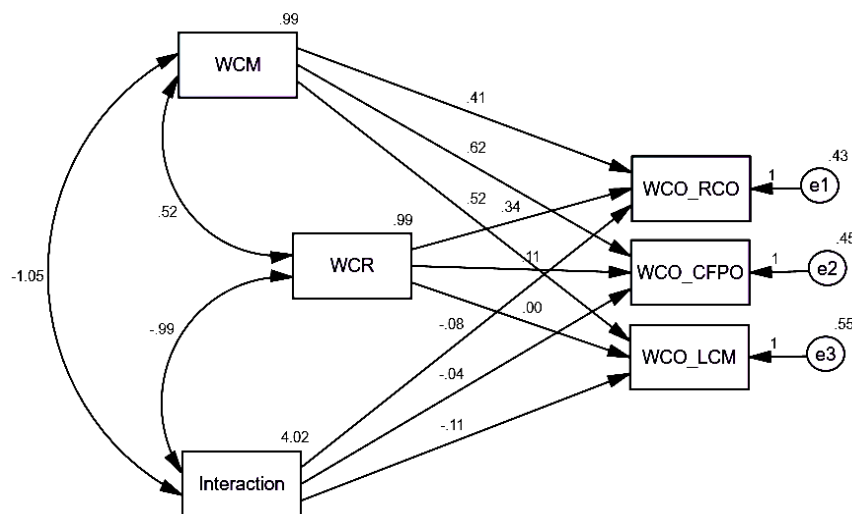


**Figure 2. Structural Model of Working Capital Alchemy: Direct and Moderation Effects**

Source: Author's calculations based on survey data. Note: Working Capital Mastery (WCM), Working Capital Resilience (WCR), Receivables and Credit Optimization (WCO\_RCO;), Cash Flow and Payables Optimization (WCO\_CFPO), Liquidity and Contingency Management (WCO\_LCM). Blue lines indicate low WCR, orange lines indicate high WCR.

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Figure 2 shows the structural model examining the relationships between Working Capital Mastery (WCM), Working Capital Resilience (WCR), and Working Capital Optimization (WCO) across its three subfactors: Receivables and Credit Optimization (WCO\_RCO), Cash Flow and Payables Optimization (WCO\_CFPO), and Liquidity and Contingency Management (WCO\_LCM). The direct paths from WCM to all three WCO subfactors show positive and significant relationships, reinforcing the notion that strong working capital management enhances financial optimization across different dimensions. WCR also exhibits direct effects on WCO subfactors, with varying degrees of impact. The interaction term ( $WCM \times WCR$ ) captures the moderation effects of resilience on these relationships. The negative moderation effect on WCO\_RCO and WCO\_LCM suggests that higher resilience weakens the influence of WCM on credit and liquidity management, indicating that firms with greater resilience rely less on working capital mastery for these aspects. However, the moderation effect on WCO\_CFPO is negligible, implying that cash flow and payables optimization remains independent of resilience mechanisms. Overall, Figure 2 highlights that while WCM plays a critical role in optimizing working capital, resilience acts as a significant influencing factor, altering its effectiveness in specific areas. These insights emphasize the need for a balanced approach where firms leverage both mastery and resilience to achieve financial stability and flexibility in dynamic economic conditions.

**Figure 3. Moderating Effect of Working Capital Resilience (WCR)**

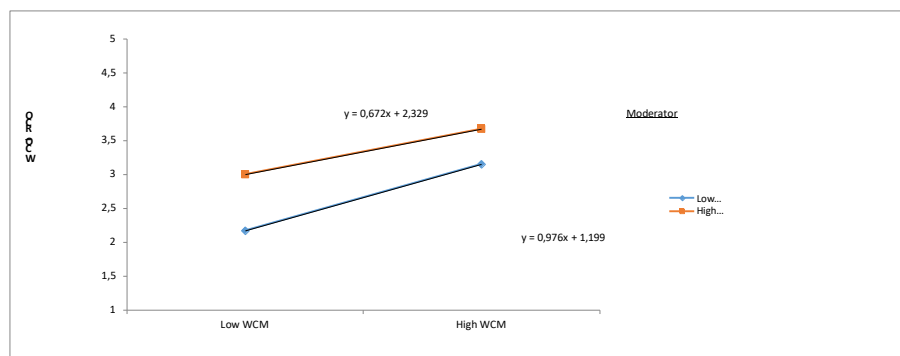


**Figure 3a. WCR on the WCO\_RCO**

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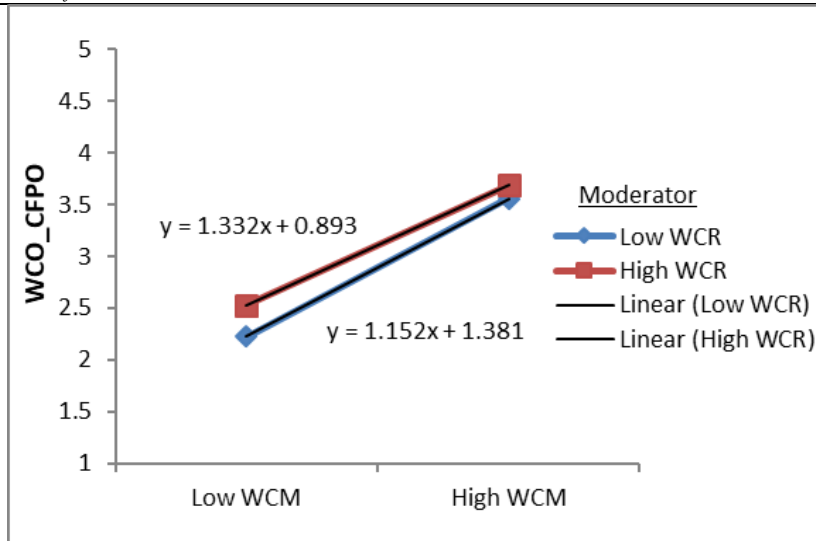


Figure 3b. WCR on the WCO\_CFPO

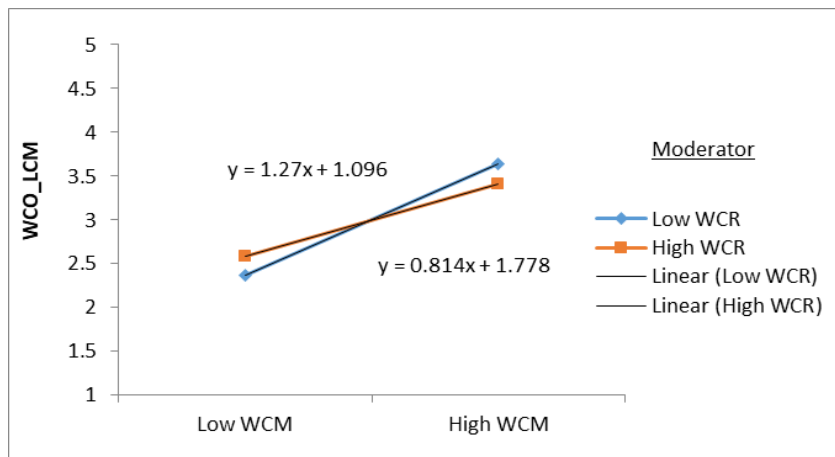


Figure 3c. WCR on the WCO\_LCM

Source: Author's calculations based on survey data. Note: Working Capital Mastery (WCM), Working Capital Resilience (WCR), Receivables and Credit Optimization (WCO\_RCO;), Cash Flow and Payables Optimization (WCO\_CFPO), Liquidity and Contingency Management (WCO\_LCM). Blue lines indicate low WCR, orange lines indicate high WCR.

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Figures 3a, 3b, and 3c illustrate the moderating effect of Working Capital Resilience (WCR) on the relationships between Working Capital Mastery (WCM) and the three subfactors of Working Capital Optimization (WCO): Receivables and Credit Optimization (WCO\_RCO), Cash Flow and Payables Optimization (WCO\_CFPO), and Liquidity and Contingency Management (WCO\_LCM), respectively. The regression lines represent firms with low WCR (blue) and high WCR (red), highlighting how resilience influences the impact of mastery on each outcome. As for Figure 3a, it shows the moderation of WCR on  $WCM \rightarrow WCO\_RCO$ . The slopes indicate that WCM increases WCO\_RCO for both low and high-resilience firms. However, the effect is stronger for firms with low WCR (slope=0.976) compared to those with high WCR (slope=0.672), suggesting that resilient firms rely less on mastery to optimize receivables and credit. The higher intercept for high WCR firms further confirms that these firms start from a stronger baseline, emphasizing the moderating role of resilience in receivables management. Moving to Figure 3b, the plot depicts the moderation of WCR on  $WCM \rightarrow WCO\_CFPO$ . Both low and high WCR firms exhibit a positive relationship between WCM and cash flow and payables optimization. Interestingly, the slope is slightly steeper for high WCR firms (slope=1.332) than for low WCR firms (slope=1.152), indicating that resilience enhances the benefits of mastery in this domain. The higher intercept for high WCR firms shows that these firms already operate from a stronger position, highlighting the strategic advantage of financial resilience in improving cash flow efficiency. Finally, Figure 3c illustrates the moderation of WCR on  $WCM \rightarrow WCO\_LCM$ . Both low and high resilience firms demonstrate a positive correlation between WCM and liquidity and contingency management, but the effect is more pronounced for firms with low WCR (slope=1.27), implying that mastery is particularly critical when resilience is weaker. Firms with high WCR have a flatter slope (0.814) but a higher intercept (1.778), suggesting that while their liquidity management is already robust, additional mastery provides smaller incremental gains. Overall, Figures 3a–c collectively demonstrate that WCR moderates the effect of WCM differently across WCO subfactors: it reduces the marginal effect of mastery on RCO and LCM for highly resilient firms, while slightly enhancing the effect on CFPO. These findings emphasize that an optimal balance between mastery and resilience is essential for maximizing financial performance and operational efficiency in working capital management.

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**5. Discussion**

This study contributes to the working capital literature by empirically examining Working Capital Mastery (WCM), Working Capital Resilience (WCR), and Working Capital Optimization (WCO) as interrelated but distinct dimensions of short-term financial management. Consistent with prior research, the results confirm that WCM exerts a significant and positive effect on working capital optimization, thereby supporting the acceptance of the core research hypothesis that managerial mastery enhances liquidity efficiency and operational control. Unlike earlier studies that framed working capital primarily as a policy or ratio-based construct, the present findings critically demonstrate that mastery functions as a dynamic capability whose effectiveness transcends sectoral boundaries. This refines the inverted U-shaped argument proposed by Chambers and Cifter (2022) by showing that, while optimal working capital levels may vary across industries, the capability to manage them strategically remains uniformly beneficial.

The interaction between WCM and WCR offers a more sophisticated contribution. The positive association between mastery and resilience supports the hypothesis that firms with stronger internal governance and managerial discipline are better positioned to absorb financial shocks, particularly in contexts where institutional safeguards are limited. However, the moderating role of resilience is not uniformly positive. While WCR reinforces stability-oriented outcomes, it simultaneously constrains liquidity flexibility, leading to only partial acceptance of the moderation hypothesis. This finding challenges the implicit assumption in the literature that resilience is inherently performance-enhancing, as suggested by Anton et al. (2022), and instead indicates that excessive resilience may introduce rigidity that dampens adaptive financial responses. From a critical perspective, these results suggest that the effectiveness of working capital strategies depends on how managerial control mechanisms interact with adaptive flexibility, rather than on the isolated maximization of any single dimension. Accordingly, working capital decisions are better interpreted as context-sensitive managerial processes than as fixed financial policies. This interpretation also complements behavioral arguments advanced by Zheng et al. (2022), as mastery captures the disciplined financial expression of managerial confidence, while excessive stabilization may suppress the adaptive benefits associated with such confidence.

In sum, the evidence supports the central role of working capital mastery in driving optimization outcomes, but it also identifies boundary conditions under which

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resilience alters this relationship, reinforcing the view of working capital management as an adaptive capability rather than a static financial practice.

## 6. Conclusions

This study provides empirical evidence that Working Capital Mastery (WCM) constitutes a critical managerial capability shaping the effectiveness of Working Capital Optimization (WCO) across receivables and credit management, cash flow and payables efficiency, and liquidity and contingency preparedness. The findings indicate that enterprises exhibiting higher levels of mastery achieve more coherent and efficient working capital outcomes, reinforcing the role of disciplined financial practices as a cornerstone of organizational stability.

At the same time, the analysis reveals that Working Capital Resilience (WCR) conditions these relationships in a non-uniform manner. While resilience contributes to baseline financial robustness, its interaction with mastery varies across optimization domains. In receivables and liquidity management, resilience attenuates the marginal impact of mastery, suggesting that firms with stronger adaptive buffers rely less on intensive control mechanisms to maintain stability. Conversely, in cash flow and payables management, resilience enhances the effectiveness of mastery, indicating a complementary relationship in operationally intensive processes. This differentiated pattern highlights that mastery and resilience operate as interdependent capabilities whose alignment influences firms' capacity to navigate financial volatility. Beyond the empirical context of Kosovo, these insights are relevant for enterprises operating in comparable small, open, and transition economies, where exposure to uncertainty, financing constraints, and institutional volatility is common. The evidence suggests that the balance between financial discipline and adaptive capacity is not country-specific but structurally embedded in how firms manage working capital under uncertainty. Several limitations should be acknowledged. The cross-sectional design restricts causal inference, and the reliance on self-reported survey data may introduce perceptual bias. Additionally, the single-country focus limits the generalizability of the findings. Future research could address these limitations by adopting longitudinal designs, incorporating archival financial data, or extending the analysis to multi-country settings.

From a policy and practical perspective, the results underline the importance of fostering both managerial competence and organizational resilience. Policymakers may support this objective by promoting financial capability development and resilience-oriented frameworks for enterprises, particularly in volatile economic

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environments. For practitioners, the findings suggest that working capital strategies should be calibrated to firms' resilience profiles: mastery is essential for securing efficiency in less resilient organizations, while in more resilient firms it serves to refine and enhance optimization processes. Such alignment can strengthen financial sustainability and contribute to broader economic stability.

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### Author Contributions

This research was conducted by a single author (E.L.). The author was solely responsible for the conceptualization of the study; development of the theoretical framework; methodology design; data collection and curation; formal data analysis; validation of results; interpretation of findings; and visualization. The author also prepared the original draft, conducted the review and editing process, and managed the overall project administration.

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The authors have no competing financial, professional, or personal interests from other parties.

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