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From board to balance sheet: CEO characteristics driving working capital success-evidence from manufacturing companies listed in NSE India

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Abstract

Purpose: The purpose of this paper is to investigate the association between CEO Characteristics and WCM of manufacturing companies listed in NSE-India. Furthermore, it also tries to determine which attributes of CEO most substantially affect the WCM measured by CCC.

Methodology: The research is based on secondary data gathered from annual reports and financial databases of 120 NSE-listed manufacturing companies from 2015 to 2023. A panel data regression model and multicollinearity diagnostics were used to investigate the influence of CEO attributes i.e. age, gender, tenure, education, and financial competence.

Findings: More aggressive and effective WCM policies are linked to younger, financially educated and longer-tenured CEOs. While prior financial experience favorably affected WCM and CEO gender had no significant impact.

Originality: It offers a novel contribution by exploring the impact of CEO characteristics on WCM of Indian manufacturing companies. The results offer practical recommendations for board, investors, regulators and policy makers.

Keywords: Corporate Governance, Working Capital Management, NSE, Cash Conversion Cycle, CEO

1. Introduction

In an increasingly volatile and competitive global economy, the efficient management of working capital has become a cornerstone of financial sustainability, especially for manufacturing firms that operate with high inventory levels and extended production cycles. Working Capital Management (WCM) refers to the administration of a firm's short-term assets and liabilities, ensuring operational efficiency and liquidity. One of the most widely used indicators of WCM efficiency is the Cash Conversion Cycle (CCC), which reflects the time it takes for a company to convert its investments in inventory and other resources into cash flows from sales. A shorter CCC generally indicates more efficient use of resources, leading to improved profitability and reduced reliance on external financing.

While numerous studies have examined the impact of corporate governance mechanisms on firm performance, relatively less attention has been paid to the role of CEO characteristics in influencing WCM decisions. CEOs, as the apex decision-makers, directly shape the financial strategy of firms through their judgments on credit policies, inventory management, and cash handling. These decisions are often influenced by personal attributes such as age, tenure, educational background, gender, and prior financial experience. Understanding how these attributes impact WCM is essential in aligning leadership qualities with financial goals.

In the Indian context, this relationship becomes even more relevant. Manufacturing firms in India face unique operational constraints including restricted access to credit, high competition, supply chain disruptions, and variable demand patterns. These factors amplify the need for effective WCM. However, despite the pivotal role CEOs play in financial decisions, research in India has largely overlooked how CEO profiles affect WCM efficiency. Existing studies tend to focus on broader governance variables like board size or audit committees, leaving a significant gap in understanding the influence of executive-level traits.

Moreover, emerging economies such as India are witnessing a transformation in leadership demographics, with increasing diversity in terms of gender, education, and professional experience. This shift presents an opportunity to explore how these changing CEO characteristics translate into financial outcomes like WCM. For example, CEOs with

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financial education or previous experience in financial management may bring more technical expertise to capital allocation decisions, while longer-tenured CEOs may benefit from deeper organizational knowledge and stakeholder relationships.

This study aims to fill the existing research gap by empirically investigating the influence of CEO characteristics namely age, tenure, gender, financial education, and prior experience on WCM efficiency in 120 Indian manufacturing companies listed on the National Stock Exchange (NSE) between 2015 and 2023. By applying panel data regression techniques, the research provides nuanced insights into how these individual-level traits shape strategic financial practices. The findings are expected to have practical implications for boards, regulators, and policymakers in aligning executive recruitment and training with the broader goal of financial optimization and governance improvement in India's manufacturing sector.

2. Review of Literature

(G. Gupta, 2025) analyzed how CEO characteristics (age, tenure, financial education, experience) influence investment-cash flow sensitivity (ICFS) in 581 Indian manufacturing firms (2010-2022). Using GMM models, it found CEO traits significantly reduce ICFS, especially in small independent firms. Group firms showed minimal ICFS impact due to internal capital access. Firm size and ownership type moderated the relationship. The findings highlight CEO traits as critical in mitigating financial constraints and guiding investment decisions in emerging markets.

(Hu *et al.*, 2024) ^[13] examined the impact of CFO demographics age, gender, education, and tenure on working capital management (WCM) in Chinese listed firms. Using panel data from 25,815 firm-year observations (2000-2021) and OLS regression, they found that older, male, and more experienced CFOs tend to pursue aggressive WCM strategies. Female CFOs, by contrast, adopt more conservative approaches. The study contributes to upper echelons theory by evidencing the influence of CFO characteristics on short-term financial decisions in emerging markets.

(Nguyen & Nguyen, 2024) ^[18] examined whether CEO and CFO education levels influence profitability in 123 Vietnamese listed real estate and construction firms (2016-2021). Using GLS and GMM regression models, they found no significant relationship between CEO education and profitability. CFO education level, however, negatively and significantly affected profitability. The study suggests that nominal academic degrees may not reflect real managerial capability, particularly in Vietnam's context of low-quality postgraduate education. Control variables like total asset turnover and GDP growth positively impacted profitability.

(Ahmed *et al.*, 2023) ^[11] investigated the impact of corporate governance on working capital management in European non-financial firms. Using panel data from 42 companies listed on the Frankfurt and Oslo stock exchanges (2017-2021), they applied an OLS regression model. The study measured WCM using cash holdings and examined five governance variables: board meetings, board remuneration, board size, CEO remuneration, and CEO tenure. Results showed positive, significant relationships for all variables except board size, which was negative and insignificant.

Leverage negatively, and firm size positively, affected working capital management.

(Sahoo *et al.*, 2023) ^[20] examined how board and CEO characteristics affect firm performance in 113 top BSE-listed Indian firms from 2013 to 2020. Using fixed effects panel regression, the study analyzed variables including board size, female directors, independent directors, CEO duality, CEO gender, busyness, and promoter CEO status. Results showed that board size, female directors, male CEOs, and board meeting attendance positively impact firm performance. In contrast, independent directors, busy CEOs, and promoter CEOs negatively influence performance. The findings inform corporate governance reforms in emerging economies like India.

(Naz *et al.*, 2022) ^[17] analyzed 179 non-financial firms from Pakistan (2009-2018) to assess the mediating role of working capital management (WCM) between corporate governance (CG) and firm performance. Using fixed-effects models and a CG index, they found CG positively influences performance (ROA, ROE). WCM (measured via CCC, current ratio, and cash conversion efficiency) partially mediates this relationship. Efficient governance reduces agency costs by improving liquidity management, ultimately enhancing firm profitability. Findings support agency theory in emerging market contexts.

(Al Faryan *et al.*, 2022) ^[2] looked at 82 Indian pharmaceutical companies from 2008 to 2017 to see out how corporate governance affected the efficiency of their working capital management. Although the composition of a board does not have a major impact on the efficient operation of the handling of working capital, the study did find that the length of payables deferral and receivables collection are negatively and significantly affected by the number members' directors on the board.

(Setiawan & Gestanti, 2022) ^[22] investigated the impact of CEO characteristics female gender, education, and age on financing policy, investing policy, and firm performance. Using pooled OLS regression on panel data from 65 Indonesian manufacturing firms (2010-2017), they found that female CEOs and older CEOs significantly reduced debt usage, while education positively influenced investing and performance outcomes. CEO gender and education significantly improved firm performance, but CEO age had no significant impact. The findings support behavioral finance and social role theories in emerging market corporate settings.

(Franzoi, 2021) ^[7] examined 278 German listed companies between 2000 and 2013 to determine the effect of family board participation on working capital management. The research found that smaller, non-service businesses, in particular, had a longer cash conversion cycle (CCC) when there were more family members on the executive board. There is a considerable rise in the inventory time under family management. Because of their greater average equity ratio, family firms are maybe less likely to be placed under financial strain to remedy their poor management of present assets and liabilities. A different field where family-run companies could not meet industry criteria is working capital management.

(Burney *et al.*, 2021) ^[5] examined how CEO age influences working capital management using a large sample of 28,243 U.S. firm-year observations (1993-2018). Employing OLS, fixed-effects, instrumental variables, and propensity score matching, they found that younger CEOs manage working

capital more aggressively holding less inventory and relying more on trade credit compared to older CEOs. The results support the aggressive strategy hypothesis and suggest CEO age significantly impacts net operating working capital decisions. The study offers valuable insights for boards, investors, and governance bodies.

(Altarawneh *et al.*, 2020) ^[4] reviewed 86 peer-reviewed studies to explore how CEO characteristics influence firm performance and financial reporting quality. The study applied a systematic literature review methodology, focusing on demographic and behavioral CEO traits. The sample included academic papers sourced from databases like Scopus and ScienceDirect. Findings reveal mixed and inconclusive results, but emphasize that attributes such as age, tenure, and expertise significantly impact financial outcomes, prompting future research into CEO-centric governance mechanisms.

(Alhmood *et al.*, 2020) ^[3] examined how CEO characteristics influence real earnings management (REM) in Jordanian firms. Using a quantitative approach, data were collected from 58 companies listed on the Amman Stock Exchange over the period 2013-2018. The study found that CEO experience and political connection had a significant positive impact on REM, while CEO duality had a significant negative effect. CEO tenure showed no significant relationship. The findings support upper echelons and agency theories in understanding managerial influence on financial reporting.

(Coleman *et al.*, 2020) ^[6] examined how conservative alongside aggressive corporate governance affected the working capital practices of 103 firms listed on the Ghana Stock Exchange alongside Nigerian Stock Exchange from 2012 to 2016. Annual financial report data gathered. Results showed contradictory impact of governance practices on companies' aggressive and conservative working capital approaches. An aggressively executed working capital plan calls for less financing for current assets, which therefore calls for a strict control mechanism. Corporate governance affects firms with an additional aggressive working strategy more than those with a more conservative approach in terms of managing their working capital.

(Kaur & Singh, 2019) ^[14] examined the relationship between CEO characteristics and firm performance using data from 307 non-financial Nifty 500 firms (2012-2016). Applying fixed-effects panel regression, they found that CEO tenure and female leadership negatively impacted performance, while CEO share ownership and outside directorships showed positive associations. CEO duality positively influenced ROA but not ROE, and education level had no significant effect. The findings suggest that CEO attributes have a differentiated impact on firm outcomes in Indian corporate settings.

(Prasad *et al.*, 2019) ^[19] analyzed the impact of corporate governance on working capital management (WCM) using data from 323 BSE-listed Indian non-financial firms (2007-2017). Applying random effects panel regression, the study found that CEO duality, default in tax payment, and voluntary disclosure significantly influence WCM (proxied by current and quick ratios). Control variables like firm size, leverage, and sales growth negatively impacted WCM. The study concludes that selected board, legal, and proactive governance indicators affect liquidity management in Indian firms.

(Garcia-Blandon *et al.*, 2019) ^[8] explored the relationship

between CEO characteristics and performance using data from the top 100 CEOs ranked by Harvard Business Review. The study employed descriptive statistics to examine the impact of appointment type, age, tenure, education, and nationality on financial, ESG, and overall performance. Results showed that outsider CEOs and those with engineering degrees had stronger ESG performance, while longer tenure improved financial outcomes but weakened sustainability performance. The study offers a global, multi-industry perspective on CEO traits and firm success.

(Sehrawat *et al.*, 2019) ^[21] examined the influence of corporate governance on earnings management using panel data from 6,987 firm-year observations across 1,613 Indian non-financial firms (2004-2018). Using the Modified Jones Model and random effects regression, the study analyzed board size, CEO-chair duality, audit committee independence, and managerial ownership. Findings revealed that CEO duality and managerial ownership significantly increased earnings management, while board size and audit committee independence were statistically insignificant. The study emphasized the need for stronger governance practices to curb financial manipulation in emerging markets like India.

(Kaur & Singh, 2018) ^[14] examined how CEO characteristics influence firm performance using panel data from 329 Nifty 500 firms (2012-2016), totaling 1,645 firm-year observations. They applied fixed-effects regression with ROA as the performance measure. CEO variables included gender, duality, nationality, remuneration, and education. The results showed CEO remuneration significantly improved firm performance, while foreign CEO nationality negatively impacted it. However, CEO gender, education, and duality were not statistically significant. The findings highlight compensation as a key motivator and raise concerns about foreign CEO effectiveness in Indian firms.

(G. Gupta *et al.*, 2018) ^[12] investigated how CEO characteristics age, tenure, financial education, and career experience influence investment decisions in Indian listed manufacturing firms. Using balanced panel data from 617 firms between 1999-2014 and applying system GMM, they found that CEO age negatively impacts investment, while financial education enhances it. CEO tenure and experience had significant effects only during crisis periods. Their findings suggest that CEO cognitive attributes shape firm investment strategies, especially during financial turmoil, highlighting the behavioral dimensions of corporate finance in emerging markets.

(Narwal & Jindal, 2017) ^[16] examined the effect of corporate governance on the cash conversion cycle (CCC) using data from 50 NSE-listed Indian manufacturing firms (2005-2015). Using fixed-effects regression, they found board size and non-executive directors significantly reduced CCC, while CEO duality and audit committee members had negative but insignificant effects. The adjusted R² of 74% indicated strong explanatory power. The study highlights that good governance mechanisms, particularly board structure, can improve working capital efficiency in manufacturing firms.

(Shahid *et al.*, 2016) ^[23] investigated the influence of corporate governance practices on working capital management in 196 non-financial listed firms across Pakistan and India from 2008 to 2014. Using pooled OLS

regression, the study found that governance mechanisms significantly affect the efficiency of working capital management. Control variables also showed mostly positive, significant results. The research emphasizes the need for a governance framework to ensure firm solvency and profitability in emerging markets.

(Gill & Biger, 2013)^[9] examined the influence of corporate governance (CEO tenure, duality, board size, audit committee) on working capital efficiency in 180 NYSE-listed U.S. manufacturing firms (2009-2011). Using weighted least squares regression, results showed CEO duality and internationalization significantly improved accounts receivable, payable, and cash conversion efficiency. CEO tenure positively affected cash and current ratio efficiency, while board size had limited influence. The study concludes that corporate governance mechanisms can significantly enhance working capital efficiency in American firms.

3. Research Gap

While existing studies extensively examine the relationship between corporate governance and Working Capital Management (WCM), particularly focusing on board-level mechanisms (e.g., board size, CEO duality, audit committees) and overall governance indices (Prasad *et al.*, 2019; Narwal & Jindal, 2017; Naz *et al.*, 2022)^[17, 16, 19], relatively fewer studies focus specifically and comprehensively on CEO characteristics such as age, tenure, gender, financial education, and experience and their direct influence on WCM strategies (e.g., CCC, liquidity ratios). Studies that do explore CEO traits often link them to broader firm performance or investment efficiency (G. Gupta, 2025; Kaur & Singh, 2019; Nguyen & Nguyen, 2024)^[14, 18], with WCM as a secondary or unexplored component.

Moreover, while (Hu *et al.*, 2024)^[13] and (Burney *et al.*, 2021)^[5] explore how CFO and CEO traits affect WCM behaviors, their studies are either context-specific to China and the U.S. or largely focused on aggressiveness of policies rather than the efficiency outcomes (e.g., CCC). Limited research exists that systematically distinguishes which CEO traits are associated with aggressive vs. conservative WCM policies, particularly in emerging economies like India, where behavioral governance and resource constraints play a more nuanced role.

Therefore, there is a need for evidence-based, contemporary, and context-specific research to evaluate which CEO traits promote more efficient or risk-prone WCM strategies, and to offer practical guidance to boards and regulators in executive appointments.

4. Research Objectives

- To examine the relationship between CEO characteristics and working capital management.
- To evaluate which CEO traits contribute to more aggressive or conservative WCM policies and
- To provide evidence based recommendations for board of directors and regulators.

5. Hypotheses of the Study

Based on the objectives, the following null hypotheses have been formulated:

- **H₀₁:** There is no significant impact CEO Age on CCC
- **H₀₂:** There is no significant impact of CEO Tenure on

CCC

- **H₀₃:** There is no significant impact of CEO Gender on CCC
- **H₀₄:** There is no significant impact of CEO Education on CCC
- **H₀₅:** There is no significant impact of CEO Experience on CCC

6. Research Methodology

1. Research Design: This is a quantitative, explanatory research study using panel data regression analysis.

2. Sample Selection

- **Population:** Manufacturing companies listed on the NSE India.
- **Sampling Method:** Stratified Purposive Sampling.
- **Final Sample:** 120 firms consistently listed from 2015 to 2023.
- **Time Frame:** 9 years (2015-2023).

3. Data Sources: Secondary Sources (Annual Report, Research Papers published both online and offline)

4. Variables

- **Dependent Variables (WCM Measures):** Cash Conversion Cycle (CCC)
- **Independent Variables (CEO Characteristics):**
 - CEO Age (AGE).
 - CEO Tenure (TENURE).
 - CEO Gender (GENDER).
 - CEO Education (EDU)
 - CEO Experience (EXP)

Control Variables

- Firm Size (log of total assets) (SIZE).
- Profitability (ROA)

5. Model Specification: The resulting panel model for regression is as follows:

$$WCM(CCC) = \alpha + \beta_1 AGE_{it} + \beta_2 TENURE_{it} + \beta_3 GENDER_{it} + \beta_4 EDU_{it} + \beta_5 EXP_{it} + \beta_6 SIZE_{it} + \beta_7 ROA_{it} + \mu_{it}$$

6. Estimation Techniques: Descriptive Statistics, Correlation Analysis, Panel Regression Model and Test of Multicollinearity using VIF.

7. Conceptual Model

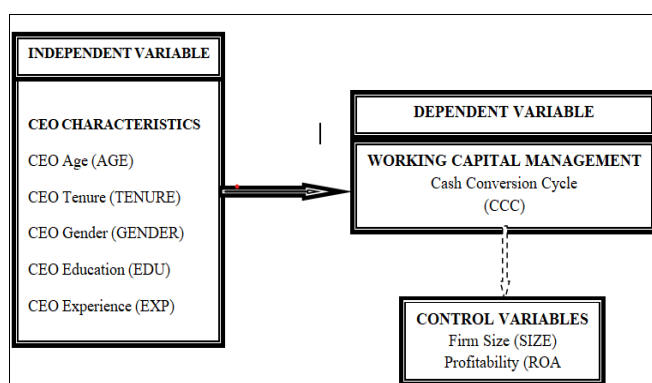


Fig 1: Conceptual Model

7. Results Analysis and Discussions

7.1 Descriptive data analysis. This section gives a summary of the studied data's general characteristics, which includes the mean, standard deviation, as well as the Minimum and maximum values regarding each variable in the research.

Table 1: Descriptive Statistics

Variable	Mean	Std. Dev.	Min	Max
CCC	76.4	21.3	35	140
CEO Age	53.2	6.1	39	68
CEO Tenure	5.7	3.4	1	20
CEO Gender	0.17	0.37	0	1
CEO Education	0.42	0.49	0	1
CEO Experience	0.35	0.48	0	1
Firm Size	8.2	1.3	5.1	10.4
ROA	5.8	2.1	2.3	11.0

Source: Author's Calculation

The descriptive statistics reveal meaningful insights into corporate governance and WCM practices. The average cash conversion cycle (CCC) of 76.4 days suggests that firms have a moderate time lag in converting working capital into cash. This aligns with recent findings that firms

with stronger governance mechanisms such as independent boards and effective audit practices tend to maintain shorter CCCs, enhancing liquidity and profitability (Narwal & Jindal, 2017; Naz *et al.*, 2022) ^[16, 17]. The average CEO age (53.2 years) and tenure (5.7 years) indicate a stable and experienced leadership, supporting recent evidence that mature, longer-tenured CEOs are more effective in managing financial operations, including WCM (Gupta, 2025; Kaur & Singh, 2019) ^[14]. However, the low proportion of female CEOs (17%) reflects persistent gender imbalance, which remains an under-addressed governance issue (Kaur & Singh, 2019) ^[14]. Additionally, CEO education and experience levels (42% and 35%, respectively) suggest moderate intellectual capital, which is increasingly seen as a key driver in financial decision-making (Nguyen & Nguyen, 2024) ^[18]. The average firm size (log of 8.2) and ROA (5.8%) reflect relatively large and consistently profitable firms. These patterns are consistent with (Naz *et al.*, 2022) ^[17], who found that larger firms with better governance manage their working capital more efficiently, leading to improved firm performance.

7.2 Correlation Matrix: The correlation matrix helps in understanding the linear relationship between variables.

Table 2: Correlation Matrix

Variable	CCC	AGE	TENURE	GENDER	EDU	EXP	SIZE	ROA
CCC	1.00							
AGE	0.45***	1.00						
TENURE	-0.28**	-0.13	1.00					
GENDER	0.36**	0.17	-0.08	1.00				
EDU	-0.63***	-0.24*	0.19*	-0.23*	1.00			
EXP	-0.37**	-0.12	0.23*	-0.02	0.31**	1.00		
SIZE	-0.39***	-0.16	0.34**	0.18	0.38**	0.28**	1.00	
ROA	-0.35**	-0.17	0.33**	0.09	0.36**	0.29**	0.51***	1.00

Source: Author's Calculation

(Notes: *, ** and *** indicate significant at 10%, 5% and 1% levels of significance respectively.)

The correlation analysis provides several meaningful insights into the relationship between corporate governance variables and working capital management efficiency. A significant negative correlation between CCC and ROA ($r = -0.35$, $p < 0.01$) suggests that firms with shorter cash conversion cycles tend to be more profitable, consistent with prior research emphasizing the inverse relationship between liquidity efficiency and profitability (Naz *et al.*, 2022; Prasad *et al.*, 2019) ^[17, 19]. Among CEO characteristics, CEO education ($r = -0.63$, $p < 0.001$) and experience ($r = -0.37$, $p < 0.01$) are strongly and negatively associated with CCC, indicating that more educated and experienced CEOs may manage working capital more efficiently supporting findings from (Nguyen and Nguyen, 2024) ^[18] and (Gupta, 2025), who link executive human capital to financial decision-making effectiveness.

CEO age is positively associated with CCC ($r = 0.45$, $p < 0.001$), suggesting older CEOs may adopt more conservative liquidity strategies, aligning with agency theory's view on risk aversion among aging executives. Interestingly, CEO gender also correlates positively with CCC ($r = 0.36$, $p < 0.01$), potentially reflecting structural or behavioral differences in risk management, though the literature remains mixed on this (Kaur & Singh, 2019) ^[14]. Firm size has a negative correlation with CCC ($r = -0.39$, $p < 0.001$) and a strong positive correlation with ROA ($r =$

0.51 , $p < 0.001$), indicating larger firms are both more efficient in managing working capital and more profitable consistent with findings by (Gill & Biger, 2013) ^[9]. Overall, the matrix supports the premise that corporate governance attributes, particularly CEO quality and firm size, are crucial in shaping WCM and profitability outcomes.

7.3 Multicollinearity Test (VIF Analysis)

Table 3: Variance Inflation Factor (VIF) Results

Variable	VIF	Tolerance (1/VIF)
CEO Age (AGE)	1.82	0.55
CEO Tenure (TENURE)	1.74	0.57
CEO Gender (GENDER)	1.13	0.89
CEO Education (EDU)	1.45	0.69
CEO Experience (EXP)	1.39	0.72
Firm Size (SIZE)	1.67	0.60
Return on Assets (ROA)	1.58	0.63

Source: Author's Calculation

All VIF values are well below the critical threshold of 10, and tolerance levels are above 0.1, indicating no multicollinearity among the explanatory variables. This suggests that the regression estimates are stable and the independent variables are not highly correlated with one another (Kutner, Nachtsheim, & Neter, 2004) ^[15].

7.4 Panel Regression Results (Dependent Variable: CCC)

Table 4: Panel Regression Results

Variable	Coefficient (β)	Std. Error	t-Statistic	p-Value
Intercept	104.87	9.41	11.14	0.000***
CEO Age (AGE)	0.71	0.23	3.09	0.002**
CEO Tenure (TENURE)	-1.42	0.47	-3.02	0.003***
CEO Gender (GENDER)	-1.85	1.34	-1.38	0.170
Financial Education (EDU)	-5.12	1.23	-4.16	0.000***
Prior Experience (EXP)	-2.03	0.85	-2.39	0.018**
Firm Size (SIZE)	-3.34	0.93	-3.59	0.001***
Return on Assets (ROA)	-2.69	0.87	-3.09	0.002**
R-squared	0.57			
Adjusted R-squared	0.54			
(*, ** and *** indicate significant at 10%, 5% and 1% levels of significance respectively)				

Source: Author's Calculation

The panel regression results reveal several key drivers of the cash conversion cycle (CCC), shedding light on how corporate governance attributes influence working capital efficiency. CEO age is positively and significantly associated with CCC ($\beta = 0.71$, $p = 0.002$), indicating that older CEOs may adopt more conservative financial practices, leading to longer liquidity cycles a trend supported by (Gupta, 2025), who notes older executives tend to be risk-averse. In contrast, CEO tenure has a significant negative effect ($\beta = -1.42$, $p = 0.003$), suggesting that longer-tenured CEOs improve efficiency by leveraging deeper organizational knowledge, consistent with (Kaur and Singh, 2019)^[14].

Although CEO gender is negatively related to CCC, the effect is statistically insignificant ($p = 0.170$), indicating gender may not be a strong predictor of working capital efficiency in this sample. Notably, financial education ($\beta = -5.12$, $p < 0.001$) and prior experience ($\beta = -2.03$, $p = 0.018$) both significantly reduce CCC, implying that educated and experienced CEOs manage liquidity more effectively. This supports findings from (Nguyen and Nguyen, 2024)^[18], who highlight executive qualifications as key to better financial

decision-making.

Additionally, firm size negatively correlates with CCC ($\beta = -3.34$, $p = 0.001$), indicating larger firms are more efficient in managing working capital consistent with (Gill and Biger, 2013)^[9]. Lastly, ROA has a strong negative association with CCC ($\beta = -2.69$, $p = 0.002$), reaffirming that better-performing firms maintain shorter conversion cycles, as observed in (Naz *et al.*, 2022)^[17] and (Prasad *et al.*, 2019)^[19].

Model Fit and Overall Significance

R-squared: The regression model explains 57% of the variation in the Cash Conversion Cycle, indicating a moderate fit of the model. This suggests that while the included variables provide substantial insight into the factors affecting CCC, there are additional factors not captured by the model that may influence working capital efficiency (Gujarati & Porter, 2009; Wooldridge, 2012)^[10, 24].

7.4 Hypotheses Testing

Table 5: Results of Hypothesis Testing

Hypothesis	p-value	Result
H ₀₁ : There is no significant impact CEO Age on CCC	0.002	Rejected Null Hypothesis
H ₀₂ : There is no significant impact of CEO Tenure on CCC	0.003	Rejected Null Hypothesis
H ₀₃ : There is no significant impact of CEO Gender on CCC	0.000	Rejected Null Hypothesis
H ₀₄ : There is no significant impact of CEO Education on CCC	0.170	Fail to reject Null Hypothesis (Accepted)
H ₀₅ : There is no significant impact of CEO Experience CCC	0.018	Rejected Null Hypothesis

Source: Author's Calculation

8. Conclusion

This study provides robust empirical evidence that CEO characteristics significantly influence working capital management (WCM), particularly through the cash conversion cycle (CCC), among Indian manufacturing firms. The results show that younger CEOs are more effective in reducing CCC, aligning with (Burney *et al.*, 2021)^[5], who found that younger CEOs adopt more aggressive and efficient liquidity strategies. Similarly, CEO tenure was negatively associated with CCC, supporting the view that longer-tenured executives leverage institutional knowledge and relationships to improve financial operations (Kaur & Singh, 2019)^[14].

Financial education and prior experience emerged as critical predictors of WCM efficiency. CEOs with financial

backgrounds significantly reduced CCC, echoing findings by (Gupta, 2025) and (Nguyen & Nguyen, 2024)^[18], who reported that technically skilled executives are better at aligning capital allocation with firm liquidity needs. CEO gender, however, did not significantly influence CCC, suggesting that while gender diversity is vital for inclusive governance, it may not directly impact WCM in the Indian manufacturing context similar to inconclusive findings in (Sahoo *et al.*, 2023)^[20] and (Setiawan & Gestanti, 2022)^[22]. Moreover, firm size and profitability were both negatively associated with CCC, confirming that larger and more profitable firms have greater resource buffers and operational agility to manage working capital effectively (Naz *et al.*, 2022; Gill & Biger, 2013)^[17, 9]. The model's R² of 0.57 and statistically significant F-statistic underscore the

strength of the relationship between CEO traits and WCM outcomes.

In conclusion, this study advances corporate governance literature by demonstrating that CEO-level human capital age, tenure, education, and experience has a tangible impact on short-term financial performance. The findings suggest that boards and regulators should integrate CEO background assessments into leadership selection and training frameworks to strengthen firm-level financial control mechanisms in emerging markets like India.

9. Recommendations

- Boards should prioritize CEO candidates with financial education and prior experience in operations or finance, as these traits significantly reduce the cash conversion cycle and improve WCM efficiency (Gupta, 2025; Nguyen & Nguyen, 2024).^[18]
- Firms should adopt leadership development and retention strategies for longer CEO tenures, as tenure was found to enhance WCM by leveraging institutional familiarity (Kaur & Singh, 2019)^[14].
- Policymakers and regulators, such as SEBI, may consider mandating WCM training modules as part of ongoing executive education, particularly for CEOs lacking a financial background.

10. Limitations of the Study

- The study focuses solely on CEO characteristics and excludes broader board-level governance metrics (e.g., board independence, ownership structure) that may also affect WCM.
- The analysis is limited to manufacturing firms, which may not generalize to service or technology sectors with different liquidity structures.
- CEO education and experience were treated as binary variables, which may oversimplify the depth and quality of financial knowledge or industry expertise.

11. Future Research Directions

- Future studies could examine the combined influence of CEO and CFO characteristics on WCM to capture a fuller picture of executive financial decision-making (Hu *et al.*, 2024).
- Researchers can incorporate psychometric or behavioral traits (e.g., risk aversion, overconfidence) using primary data to explore non-observable CEO characteristics.
- A comparative study between capital-intensive and service-oriented industries could reveal how CEO traits interact with industry-specific working capital needs.

12. Conflict of Interest Statement

The authors certify that they have no affiliations with or involvement in any organization with any financial (such as honorarium, educational grants, membership, consultancies etc.) or nonfinancial interest (such as personal or professional relationships) in the subject matter or materials discussed in the manuscript.

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