

Independent Study Title	WORKING CAPITAL MANAGEMENT AND ITS IMPACT ON FIRMS' PROFITABILITY: A CASE STUDY OF THAI LISTED FIRMS
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ABSTRACT

This study investigates the relationship between working capital management and Thai listed firms' profitability with breadth and depth aspects: overall market and each industry respectively. I use a sample of 193 firms listed in the Stock Exchange of Thailand, from six industries during 2002 – 2012. I observe that number of days accounts receivable (AR), number of days inventories (INV) and cash conversion cycle (CCC) are significantly negative to firms' profitability. Overall, the findings indicate that aggressive working capital policy enhances firms' profitability. Managers should focus on reducing credit terms and inventories to a reasonable minimum level. Moreover, the study also finds that sensitivity and significant level of working capital components are different among industry groups. The results indicate that the specific nature of business has different working capital management policies following its activity.

Keywords: Working capital management; Cash conversion cycle; Number of days accounts receivable; Number of days inventories; Number of days accounts payable