

Master Thesis Evaluation

Reviewer form

Student name: *Gabija Kaikaryte*

Title of the thesis: *Working capital management's effect on profitability*

Year of the defence: *2017*

Supervisor name *David Procházka*
and affiliation: *Department of Financial Accounting and Auditing*

Reviewer name *Marcela Žárová*
and affiliation: *Department of Financial Accounting and Auditing*

THESIS CONTENT SUMMARY:

The thesis analyzed relationship between working capital and profitability and its change during the business cycle, particularly during a crisis. For the purpose of investigation the relationship between working capital management and corporate profitability and the effect of economic downturn on the size of working capital, the sample of 908 UK manufacturing and 315 construction companies was used. Main components of the working capital were analyzed in order to determinate changes in working capital management during the economic downturn in comparison to its management during the period before financial crisis.

Four hypotheses have been set and verified by using methods of descriptive statistics, Pearson correlation and OLS regression analysis, for manufacturing sector and construction one. Thesis came to the same conclusion as researches described in their observations found in literature that there is a negative and significant relationship between working capital management and the firm's profitability. In both sectors, there is dependency on high leverage. Beside this conclusion, analysis showed sensitivity during crisis.

OBJECTIONS AND REMARKS:

The thesis represents excellent work based on theoretical background and literature review. The thesis is written in a logical structure supported by literature overview. Stated hypothesis are tested by statistical methods. Even though that working capital concept is used in larger scale in the UK than in Continental European countries and the element of working capital is integrated part of Statement of financial position primarily in UK firms, finding from this thesis is useful for working capital management in any firm regardless legal system.

I highly recommend this thesis for praxis.

QUESTIONS FOR THE DEFENCE:

1. Is there any special reason for selection UK firms for the purpose of research? Do you think that Continental European countries would behave in the same manner?
2. What kind of effects would cause negative working capital on profitability in retail businesses?

ASSESSMENT:

Criterion	Excellent	Very good	Good	Insufficient
Aim formulation and fulfilment	x	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Work with literature	x	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Methods and data used	x	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Results and their discussion	x	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Formal aspects	x	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Suggested overall grading: <i>1 - Excellent</i>				

Prague, 5 June 2017

Signature