RELATIONSHIP BETWEEN WORKING CAPITAL MANAGEMENT AND CORPORATE PERFORMANCE: AN EMPIRICAL ANALYSIS

ANIRUDDHA SARKAR*; SUVARUN GOSWAMI**

*Junior Research Fellow, Department of Commerce, The University of Burdwan, Burdwan - 713104, West Bengal, India.
**Assistant Professor, Rishi Bankim Chandra Evening College, Naihati, North 24 Parganas, West Bengal, India.

ABSTRACT

In working capital management, liquidity and profitability are the two important aspects as it involves a trade-off between liquidity and profitability. Management of adequate working capital is essential as it has a direct impact on profitability and liquidity. This paper makes an attempt to examine the efficiency of working capital management of Hindustan Construction Company Limited during the period of 10 years (i.e. from 2000-2001 to 2009-2010). It also makes an endeavor to measure the association between liquidity and profitability, being two key determinants of measuring corporate performance. The study is based on secondary data collected from published annual reports of the selected company and the available data have been analyzed by using some important managerial and statistical tool viz. correlation and statistical test viz. students’ t-test has been applied to test the significance of the results of the empirical study.

KEYWORDS: Liquidity, Profitability, ROCE, PI, UI & EI.