

Effectiveness of Cash Conversion Practices of Selected Micro Enterprises in Rosario, Batangas

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Abstract

This study aimed to assess the effectiveness of cash conversion practices of selected micro-enterprises in Rosario, Batangas. The descriptive-survey method of research was used coupled with the interview process. The Researcher used a self-made questionnaire in gathering data from Owners and Managers. The Enterprise Profiles shows that the majority (55 or 35%) are operating for 15 years and above, 66 or 42% have one to two employees and 84 or 54% has an asset value of less than P500,000. The Individual Profile of Respondents shows that the majority (72 or 46%) are 41 years old and above, 92 or 59% are married, 83 or 53% are High-School Graduates and 110 or 70.1% have not attended any financial management trainings. Respondents' Assessments on the Effectiveness of Cash Conversion Practices were effective with a grand mean of 3.11. Owners and Managers are recommended to attend training about financial management. For Inventory Holding Period, the recommendation includes performing cost-benefit analysis to decide on reselling inventories that does not sell and on giving incentives and encouraging pre-order. For Receivable Collection Period, recommendation among others are to include penalty for late payment and to offer flexible payment options. For Payable Payment Period, the recommendation includes payment on the last day and payment only authorized invoices. Proper time management and weighing the benefit of adding another person to support the business is also recommended.

Keywords: Cash Conversion Cycle, Working Capital Management, Inventory Holding Period, Receivable Collection Period, Payable Payment Period