

Working Capital Management Practices among Selected Accounting Firms in the National Capital Region (NCR)

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Abstract

This study aimed to assess the effectiveness of the working capital management practices among selected accounting firms in the National Capital Region. Accounting service is a service-oriented firm, nonetheless, working capital must be managed effectively. Though, firms are equipped with the latest procedures and processes surrounding in the finance world, some of the firms do not practice such ideal processes and this might eventually lead up to bankruptcy. Managing its assets, especially its working capital, will lead to manage its resources and its daily operation effectively and efficiently. A well-established cash management, accounts receivable management, inventory management and accounts payable management and its financial planning is needed to avoid insolvency and disruption of services. A well-established cash budget to ascertain the value of cash surplus that can be invested in short-term instruments and to ensure if additional financing is needed. Firms can also revisit its credit policy in offering incentives for prompt payment as well as extending its credit period to clients. With this, it can promote additional revenues and can sustain a good relationship with clients. Firms can also offer incentives to partners and employees who are willing to pursue post-graduate degrees. Its benefits can be derived by the firm eventually. A transfer training can also be conducted by the firm to ensure all trainings conducted will have a positive impact for the firm.

Keywords: working capital management, cash management, accounts receivable management, inventory management, accounts payable management