EFFECTS OF WORKING CAPITAL MANAGEMENT ON THE PERFORMANCE OF RETAIL MOBILE PHONE SHOPS: A CASE OF NYAMAGANA DISTRICT, MWANZA CITY

By

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Abstract

Purpose of the Study: The study aimed to examine the effect of working capital management components receivable days, inventory days, and payables days on the growth and performance of retail mobile phone shops in Nyamagana District, Mwanza. It sought to determine how effective management of these financial elements influences profitability, liquidity, and operational efficiency in a dynamic retail environment.

Design/Methodology: A correlational research design guided the study, adopting a positivist philosophy and a quantitative approach. Data were collected from all 70 registered retail mobile phone shops in the district using structured, closed-ended questionnaires. Inferential statistical tools, including Pearson's correlation and multiple regression analysis, were employed to assess the relationships and impacts of working capital components on business performance.

Findings: The study revealed a negative correlation and effect between receivable days and business performance ($r = -0.702$, $B = -0.132$ $p = 0.05$), a positive and significant effect of inventory days on growth ($r = 0.233$, $B = 0.228$, $p = 0.002$), and a strong positive relationship between payables days and performance ($r = 0.798$; $B = 0.823$, $p < 0.001$). Payables management emerged as the most influential predictor of growth, underscoring the importance of extending payment periods strategically to enhance liquidity and operational stability. All variables have positive influence on the growth of retail mobile phone shops.

Originality: The study contributes to existing literature by focusing specifically on retail mobile phone shops in a resource constrained African urban setting, providing context-specific insights into how working capital components affect business growth beyond traditional profitability metrics.

Practical Implications: Retail mobile phone shop owners and managers can improve operational efficiency, liquidity, and growth by strategically managing payables, optimizing inventory turnover, and maintaining effective receivables practices. The study highlights the value of integrated working capital strategies for small retail enterprises.

Social Implications: Enhanced financial performance and growth of retail mobile phone shops can improve local employment, support small-scale entrepreneurship, and strengthen the economic resilience of the Nyamagana District community.

Keywords: Working Capital Management, Receivable Days, Inventory Days, Payables Days, Retail Mobile Shops, Business Performance, Cash Conversion Cycle.

1.0 INTRODUCTION

Globally, businesses are primarily established to maximize profits and enhance owners' wealth. Working capital management (WCM) plays a pivotal role in ensuring business profitability, liquidity, and long-term sustainability. Effective management of receivables, inventories, and payables allows firms to meet short-term obligations, reduce financial risk, and maintain operational stability (Ahmeti et al., 2022). Even profitable firms may collapse if liquidity is poorly managed, highlighting WCM as the lifeblood of business operations. In developed economies, WCM has been recognized as a strategic tool for enhancing corporate success. Efficient management of current assets and liabilities improves financial health, enables firms to benefit from early payment discounts, and increases market competitiveness (Qian, 2022).

Companies that invest wisely in WCM components such as receivables, inventories, and payables often enjoy higher sales and stronger customer relationships. For European SMEs, WCM is particularly crucial due to their heavy reliance on short-term financing and limited access to capital markets (Banos-Caballero et al., 2019). In South Asia, WCM is equally vital in ensuring business liquidity and operational efficiency. The Cash Conversion Cycle (CCC), which measures the time gap between payments for raw materials and cash receipts from sales, is commonly used to assess WCM effectiveness. Effective management of CCC improves cash flow, enhances profitability, and supports sustainable business growth (Gurung & Shrestha, 2023). In Sri Lanka, SMEs key contributors to economic growth are particularly dependent on efficient WCM to meet daily operational needs and achieve long-term success (Somathilake, 2021). Across Africa, WCM remains a central determinant of business success. SMEs form the backbone of most African economies but face challenges including limited financing, unstable markets, and poor infrastructure. Efficient WCM practices enhance profitability by improving receivables collection, managing payables, and maintaining optimal inventory levels (Braimah et al., 2021; Simiyu, Achieng & Makoti, 2024). Conversely, inadequate WCM practices can lead to insolvency and financial distress (Makina & Keng'ara, 2020; Alex & Kazaara, 2023). Studies have shown that many African SMEs neglect WCM principles, affecting their profitability and competitiveness (Sunday, Turyahebwa & Byamukama, 2023; Moses, 2024).

In Tanzania, WCM plays a critical role in ensuring liquidity and profitability within both small and large businesses. SMEs, in particular, allocate substantial resources to current assets such as inventory and receivables, which, if mismanaged, can cause serious cash flow problems (Nyabakora, 2020). Efficient WCM enhances operational continuity and supports sustainable profitability (Nastiti & Atahau, 2019). Businesses must therefore maintain an optimal balance between liquidity and profitability by efficiently managing receivables, payables, and inventories. According to Rahman, Iqbal, and Nadeem (2019), the main objective of WCM is to optimize the return on investment through prudent management of current assets and liabilities. In the Mwanza region one of Tanzania's key commercial hubs SMEs play a vital role in employment creation and poverty reduction. However, many local enterprises suffer from liquidity constraints due to poor WCM practices, limited financial literacy, and restricted access to credit. These challenges often hinder business growth and threaten survival. Strengthening WCM practices among SME owners in Mwanza is therefore crucial for improving profitability, ensuring operational efficiency, and fostering regional economic growth. Government agencies, financial institutions, and training programs must prioritize equipping entrepreneurs with the necessary financial management skills to handle working capital effectively.

Despite the critical importance of WCM in enhancing business performance, many SMEs continue to struggle with maintaining an optimal balance between liquidity and profitability. Poor management of working capital components—especially receivables days, inventory days, and payables days—has been linked to cash flow problems, reduced profitability, and even business failure (Ahmeti et al., 2022). In developed countries, structured WCM practices are widely adopted to enhance competitiveness and firm value, but in developing economies, such systems remain poorly implemented (Qian, 2022). SMEs in developing nations face financial instability due to constrained access to credit, market uncertainties, and limited managerial capacity (Simiyu, Achieng, & Makoti, 2024; Braimah et al., 2021). Inefficient management of receivables, payables, and inventory increases insolvency risks and weakens financial performance (Moses, 2024; Alex & Kazaara, 2023). Research further reveals that many entrepreneurs in East Africa lack adequate understanding of WCM principles, despite clear evidence linking effective WCM to firm growth and sustainability (Ramadhan et al., 2023). In Tanzania, particularly in Mwanza, SMEs represent a major segment of the economy. Yet, most of these enterprises continue to experience cash flow shortages and operational inefficiencies. The absence of sound WCM policies and limited understanding of its significance by business owners remain key barriers to profitability and growth (Nyabakora, 2020). Previous studies confirm that efficient management of receivable, inventory, and payable days enhances firm performance and competitiveness (Nastiti & Atahau, 2019; Bukiwmba & Ngata, 2022; Komba, 2017). However, existing research has largely focused on manufacturing and agricultural sectors, leaving limited evidence on retail sectors such as mobile phone shops (Achieng & Makoti, 2024; Bukwimba & Ngata, 2022; Ramadhan et al., 2023).

1.1 Definition of key-terms
1.1.1 Working Capital
The simple definition of working capital is the difference between current obligations and current assets (Ibrahim *et al* 2021)

1.1.2 Working capital management
Working capital management is the act of monitoring a company's short-term assets and liabilities to ensure that it has enough cash on hand to meet its operating needs (Wanyoike, Onyuma & Kung'u, 2021).

1.1.3 Receivable Days
Receivables days measures how long it usually takes a company to receive payment after a transaction.

1.1.4 Inventory Days
Inventory Days determines how long it usually takes a company to sell off its inventory.

1.1.5 Payable Days
Refers to how long it typically takes a company to compensate its suppliers after receiving goods or services.

2.0 LITERATURE REVIEW

2.1 Theoretical Framework

The Cash Conversion Cycle (CCC) Theory provides a comprehensive framework for evaluating how effectively a business manages its working capital by determining the time taken to convert investments in inventory and other resources into cash flows. It combines accounts receivable days, inventory holding days, and accounts payable days to calculate the duration between cash payments for goods and the collection of receivables from customers. A shorter CCC signifies faster recovery of funds, improved liquidity, and greater profitability, whereas a longer CCC suggests cash is tied up in inventory and receivables, leading to possible liquidity constraints and increased borrowing costs

2.1.1 Assumption of the theory

The theory is based on several assumptions. It assumes that a firm's operations follow a continuous cycle where money is invested in inventory, converted into credit sales, and later recovered as cash. It also assumes that inventory, receivables, and payables are the main determinants of short-term liquidity, with minimal influence from prepayments or accrued expenses. Furthermore, it presumes that firms strive to minimize the gap between cash inflows and outflows to enhance liquidity and reduce dependence on external financing. The CCC model assumes stable operational conditions, such as consistent credit terms and supplier relationships, and that management has control over receivables collection, inventory turnover, and payables duration, enabling effective liquidity optimization.

2.1.2 Strength of the theory

Among its strengths, the CCC theory provides a quantitative and practical approach to assessing liquidity and operational efficiency. It directly links working capital decisions to profitability and cash flow management, helping firms monitor their financial performance effectively. The model is particularly relevant to small and medium-sized enterprises (SMEs), which often rely on internal cash flows due to limited access to external financing. Empirical evidence from studies such as Fuime and Jilenga (2024) in Tanzania's energy sector and Simiyu, Achieng, and Makoti (2024) in Kenyan SMEs confirms that optimizing the CCC improves profitability and overall financial performance.

2.1.3 Weaknesses of the theoery

However, the CCC theory has notable weaknesses. It assumes stable business conditions that may not apply to informal or volatile markets, such as retail mobile phone businesses. It also overlooks non-financial factors like customer trust, supplier relationships, and market competition, which are vital for small business sustainability. Moreover, the theory assumes that management has full control over all working capital components, which may not be the case for small retailers facing external constraints. It also does not account for behavioural or adaptive aspects of decision-making that influence financial outcomes in dynamic environments.

2.1.4 Applicability to this study

Despite these limitations, the CCC theory is highly applicable to the study of the effects of working capital management on the growth of retail mobile phone businesses. It offers a valuable basis for analyzing how efficiently these firms manage cash flows, inventory, receivables, and payables to sustain operations and promote growth. In fast-changing markets like Nyamagana District, where liquidity and quick reinvestment are critical, effective management of the CCC can enhance financial stability, reduce reliance on short-term borrowing, and support continuous business growth.

2.2 Empirical literature review

2.2.1 Effects of Receivable Days on Performance of Retail Mobile Phone Shops Review

Several studies have examined the effect of receivable days on business performance, highlighting varying outcomes across sectors and regions. Fuime and Jilenga (2024) investigated the relationship between the cash conversion cycle and financial performance at TANESCO in Dar es Salaam using quantitative data from 420 employees and financial records. Their results showed that efficient receivables management significantly improved cash flow, operational efficiency, and profitability. However, since TANESCO is a large, state-owned enterprise with formal financial systems, the findings may not fully apply to informal retail mobile phone shops, which operate with limited resources and rely heavily on personal relationships in managing receivables and payables. Similarly, Cipta, Bagia, and Atidira (2020) studied cooperatives in Indonesia's Buleleng District and found that receivable turnover had a negative but statistically insignificant effect on profitability. Their findings suggest that differences in receivables collection speed may not significantly influence cooperative performance. Unlike their study, the present research will use both primary and secondary data to examine how receivable management affects the growth of retail mobile phone shops rather than focusing solely on profitability. In Kenya, Singitu and Basesa (2021) revealed that shorter receivable periods and quicker inventory turnover were associated with improved profitability and liquidity among SMEs in Nairobi. However, accounts payable management had an insignificant effect, likely due to small firms' limited bargaining power with suppliers. Similarly, Muthoni, Wanjiru, and Kihoro (2020) found that effective receivables and inventory management significantly improved SME profitability in Kiambu County, although regional differences may limit the applicability of their results to Nyamagana District. Overall, previous research underscores the importance of receivable management in enhancing financial performance, but contextual differences in business structure and market conditions justify further investigation within the retail mobile phone sector in Nyamagana.

2.2.2 Effects of Inventory Days on Performance of Retail Mobile Phone Shops Shops

Several studies have highlighted the crucial role of inventory management in improving business performance across various sectors. Elzamly et al. (2019) examined the relationship between inventory management practices and

organizational performance among Malaysian firms and found that efficient inventory management, measured through inventory days, enhances operational efficiency, reduces costs, and improves resource utilization. Similarly, Maguraushe (2015) found that inventory management techniques such as Just-in-Time (JIT) and Economic Order Quantity (EOQ) significantly enhance SMEs' cash flow, customer satisfaction, and profitability. However, both studies were cross-sectional and did not capture long-term effects. Shen et al. (2016) also demonstrated that inventory management models like JIT and EOQ positively influence supply chain and operational performance by minimizing waste, reducing holding costs, and maintaining product availability. Nawaz et al. (2016) supported these findings, noting that structured inventory systems lower costs and boost profitability, though their study focused primarily on manufacturing firms. In Ghana, Prempeh (2015) revealed that effective inventory control practices such as JIT and EOQ improve SMEs' operational efficiency and competitiveness by reducing excess stock and operating expenses. Likewise, Subrahmanyam, Tang, and Sarah (2017) found that supply chain performance improved when firms adopted techniques such as Vendor-Managed Inventory (VMI) and JIT, which reduced inventory days and operational costs. While most of these studies were grounded in operations management theories, the present study extends this perspective by applying the Cash Conversion Cycle (CCC) framework to assess how inventory days influence the growth of retail mobile phone shops. Effective inventory management ensures that firms maintain adequate stock levels to meet demand without incurring excessive holding costs. For retail mobile phone shops where product lifecycles are short and demand fluctuates rapidly managing inventory days efficiently is vital for liquidity, profitability, and sustained growth.

2.2.3 Effect of Payables Days on Performance of Retail Mobile Phone Shops

Several studies have explored how accounts payable management affects business performance across different sectors. Likalama and Kirwa (2017) examined agro-based firms in Kenya and found that shorter payable days significantly improved profitability, cash flow, and liquidity. However, their study was limited to a single industry and used a cross-sectional design, which restricts causal interpretation. In contrast, Nwakaego and Ikechukwu (2016) found that longer payment periods improved liquidity among Nigerian manufacturing firms by allowing more flexible cash flow management, although excessively delayed payments could harm supplier relations and operational efficiency. Their use of audited secondary data strengthened reliability but lacked qualitative insight into business dynamics and supplier trust. Similarly, Abdiaziz and Makori (2025) reported that efficient management of payables, receivables, and inventory enhanced profitability among micro and small enterprises (MSEs) in Garissa County, Kenya. However, their results may not fully apply to urban settings like Nyamagana District, where financial access and competitive pressures differ. The study also did not clarify whether delayed payments were a deliberate strategy or a result of liquidity challenges, leaving room for deeper contextual analysis. Mbathi, Njoroge, and Mungai (2021) observed a positive but statistically insignificant relationship between payment days and profitability among MSEs in Wote Town, suggesting that the effect of payables varies with management style and business environment. Maina, Wambugu, and Kariuki (2023) further found that longer payable periods were linked to higher profitability for Kenyan SMEs, as extended credit terms allowed businesses to reallocate funds to short-term operations. Overall, while findings across studies are mixed, the consensus indicates that effective payables management can enhance liquidity and financial performance when strategically balanced. However, its impact depends heavily on context, sector characteristics, and firm relationships with suppliers. The present study in Nyamagana District extends this discussion by focusing on how payables management influences the growth of retail mobile phone shops, integrating both quantitative and qualitative insights to capture behavioural and contextual dynamics unique to the sector.

3.0 RESEARCH METHODOLOGY

3.1 Research Design

This study adopted a correlational research design to examine the relationship between working capital management components specifically accounts receivable days, inventory days, and payable days and the performance of retail mobile phone shops. This design was appropriate as it allowed the researcher to statistically determine whether variations in working capital variables are significantly associated with variations in business performance and growth among retail mobile phone shops.

3.2 Research Philosophy

The study was guided by the positivist research philosophy, which emphasizes objective measurement and quantitative analysis of observable phenomena. The positivist paradigm was suitable for this study since it focuses on examining measurable financial variables such as receivable days, inventory days, payable days, and business performance and identifying causal or correlational relationships between them through empirical evidence.

3.3 Research Approach

A quantitative research approach was employed to achieve the objectives of the study. The quantitative approach was deemed appropriate because it enables the collection and analysis of numerical data, ensuring objectivity, reliability, and generalizability of the findings (Creswell, 2014). This approach also facilitated statistical testing of the relationships between working capital components and business performance.

3.4 Area of the Study

The study was conducted in Nyamagana District, one of the administrative districts in the Mwanza Region of Tanzania. The district was selected due to its high population density estimated at 594,834 people according to the 2022 census and its vibrant commercial environment, which includes a significant number of retail mobile phone shops contributing

to the local economy. This setting provided a suitable environment for investigating the relationship between working capital management and business performance.

3.5 Population and Sample Size

The target population for this study comprised all retail mobile phone shops operating within Nyamagana District. According to records from the Nyamagana Municipal Office, there are 70 registered retail mobile phone shops in the district. Given the manageable population size, a census approach was adopted, whereby all 70 shops were included in the study sample to ensure comprehensive coverage and reliable results.

3.6 Data Collection Tools

Data were collected using a structured questionnaire, which was designed to obtain quantitative data relevant to the study's objectives. The questionnaire consisted mainly of closed-ended questions, enabling the collection of standardized responses that facilitated statistical analysis. Respondents were selected randomly from the identified shops to minimize bias and enhance the representativeness of the data.

3.7 Data Analysis

Collected data were analyzed using inferential statistical techniques, specifically correlation and regression analysis. Inferential statistics were employed to summarize data and to determine the strength and nature of the relationship between the study variables. The Pearson correlation coefficient (r) was used to assess the degree of association between working capital management components (accounts receivable days, inventory days, and payable days) and the performance of retail mobile phone shops. Furthermore, multiple regression analysis was conducted to evaluate the combined and individual effects of these components on business growth and performance.

4.0 FINDINGS

4.1 Correlation results

there is a substantial positive association (r = 0.702; p = 0.05) between receivable days (REC) and performance (PERF). This implies that in the retail enterprises that were sampled, receivable days had a significant impact on company success.

		REC	INV	PAY	PERF
REC	Pearson Correlation	1	.114	.970	-.702
	Sig. (2-tailed)		.015	.005	.05
	N	61	61	61	61
INV	Pearson Correlation	.114	1	.282	.233
	Sig. (2-tailed)	.015		.028	.071
	N	61	61	61	61
PAY	Pearson Correlation	.970	.282*	1	.798
	Sig. (2-tailed)	.005	.028		.000
	N	61	61	61	61
PERF	Pearson Correlation	-.702	.233	.798**	1
	Sig. (2-tailed)	.05	.071	.000	
	N	61	61	61	61

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

The results of the correlation analysis revealed a substantial positive relationship between receivable days (REC) and business performance (PERF), with a correlation coefficient of r = -0.702 and a significance level of p = 0.05. This indicates that receivable days have a negative relationship to growth of the sampled retail enterprises, implying that efficient management of receivables contributes positively to overall business success. In contrast, the study found a positive but statistically insignificant association between inventory days (INV) and performance (PERF), with r = 0.233 and p = 0.071. This suggests that, within the context of the sampled retail mobile phone shops, inventory management practices may not exert a substantial influence on performance outcomes. However, the results demonstrated a highly significant and strong positive correlation between payables days (PAY) and performance (PERF), with r = 0.798 and p = 0.000. This implies that extending payment periods to suppliers allows businesses to retain more cash for operational and growth activities, thereby enhancing their overall performance.

4.2 Regression coefficient results

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.693	.472		1.468	.142
	REC	-.132	.056	.046	-2.357	.018
	INV	.228	.074	.009	3.081	.002
	PAY	.823	.086	.795	9.570	.000

a. Dependent Variable: PERF

Y= 0.693 - 0.132X$_1$ + 0.228X$_2$ + 0.823X$_3$

The regression analysis results revealed that receivable days (REC) had a positive and statistically significant effect on the growth of retail mobile phone shops, with a regression coefficient of β = -0.132 and a p-value of 0.018. This finding implies that for every one-unit increase in the collection efficiency of receivables, the growth of retail mobile phone shops decreases by 0.132 units. This implies that as the receivables period increases, business performance tends to decline. The results further indicated that inventory days (INV) also had a positive and significant influence on business growth, with β = 0.228 and p = 0.002. This suggests that maintaining adequate stock levels and efficient inventory turnover contributes to improved profitability and operational performance. In practical terms, a one-unit change in inventory days leads to an expected change of 0.228 units in the growth of retail mobile phone shops, reflecting the importance of balancing stock availability with sales velocity. Among the working capital components examined, payables days (PAY) exhibited the strongest and most significant effect on growth, with a coefficient of β = 0.823 and p < 0.001. This

indicates that effective management of supplier obligations such as timely payments and favorable credit negotiations—has a substantial impact on profitability. Specifically, a one-unit change in payables days results in a 0.823-unit increase in the growth of retail mobile phone shops. This demonstrates that extending payment periods prudently can enhance liquidity, support reinvestment, and strengthen overall business performance.

4.3 Discussion of Findings

4.3.1 Effects of Receivable Days on the Performance of Retail Mobile Phone Shops

The findings revealed that receivable days have a negative and statistically significant effect on the performance of retail mobile phone shops (B = -0.132, p = 0.018). Descriptive statistics (Mean = 4.23–4.36) indicated that delayed customer payments negatively affect cash flow and restrict the capacity of firms to reinvest in business expansion. However, providing products on credit was also found to attract and retain customers, highlighting the trade-off between sales growth and liquidity constraints. The correlation results (r = -0.702, p = 0.05) further confirmed an inverse relationship between receivable days and business performance, demonstrating that prolonged credit collection periods undermine profitability and operational efficiency. These results are consistent with empirical evidence from previous studies. Bahal et al. (2025) observed that prolonged credit periods weaken the profitability of SMEs in India by increasing financing costs and cash flow pressure. Likewise, Javid (2014) found a negative link between receivable days and profitability among manufacturing firms in Pakistan, emphasizing that delayed collections reduce reinvestment potential. Mathuva (2010) in Kenya and Agyeman and Asiedu (2019) in Ghana similarly confirmed that efficient receivable management improves liquidity, shortens the cash cycle, and enhances firm performance. Conversely, Omesa et al. (2020) in Kenya and Mogaka et al. (2021) in Tanzania observed that poor receivable control leads to cash shortages and limits business expansion opportunities. These findings support the Cash Conversion Cycle Theory, which asserts that the speed at which firms convert receivables into cash determines their liquidity and profitability. Therefore, maintaining shorter receivable periods enhances financial flexibility and operational sustainability.

4.3.2 Effect of inventory days on the performance of retail mobile phone shops

The correlation analysis indicated a slight positive but statistically insignificant relationship between inventory days (INV) and business performance (PERF), with r = 0.233 and p = 0.071. However, regression analysis revealed a significant positive effect of inventory management on retail mobile phone shop growth (B = 0.228, p = 0.002). This suggests that efficient inventory turnover and maintaining optimal stock levels are key inventory management practices that positively influence business performance. Respondents noted that effective inventory management reduces storage costs and frees up funds for reinvestment, highlighting its contribution to working capital efficiency. Furthermore, many retail mobile phone shops rely on supplier credit to finance inventory, illustrating the interrelationship between payables management and inventory practices in supporting daily operations. These findings align with previous research demonstrating that effective inventory management improves both working capital utilization and profitability (Oktavia & Indrati, 2023). Consistent with the Cash Conversion Cycle (CCC) theory, reducing the duration that inventory is held before sale can enhance liquidity and profitability. This conclusion is further supported by Jain and Tan (2021), who found that effective inventory control significantly improves operational efficiency and sales performance in retail environments, emphasizing the critical role of inventory management in streamlining retail operations and enhancing business outcomes.

4.3.3 Effect of payable days on the performance of retail mobile phone shops

The correlation analysis revealed a strong and highly significant positive relationship between payables days (PAY) and business performance (PERF), with r = 0.798, p < 0.01, indicating that retail mobile phone shops that effectively manage payables are better able to enhance liquidity, maintain smooth operations, and improve profitability. Regression analysis further confirmed that payables days are the most significant predictor of performance, with B = 0.823, β = 0.795, p < 0.001. This demonstrates that prudent management of accounts payable plays a critical role in the overall growth and financial success of retail mobile phone shops. These findings are consistent with the Cash Conversion Cycle (CCC) theory, which posits that extending the period for paying suppliers can improve liquidity by allowing firms to utilize cash for other operational and investment needs. The substantial effect of payables management observed in this study underscores the importance of strategically managing supplier obligations as part of effective working capital management. Furthermore, the results align with the CCC framework by demonstrating that payables, in conjunction with inventory control, significantly influence business performance, highlighting the interdependence of working capital components in supporting operational efficiency and profitability.

5.0 CONCLUSION

In conclusion, this study highlights the critical role of effective working capital management in driving the performance and growth of retail mobile phone shops. The findings indicate that while receivable days negatively influence performance, largely due to the prevalence of cash-based transactions, efficient inventory management through proper turnover and optimal stock levels contributes to operational efficiency, cost reduction, and the availability of funds for reinvestment. Most notably, payables management emerged as the strongest predictor of performance, demonstrating that strategically extending payment periods enhances liquidity, supports smooth day-to-day operations, and enables businesses to reinvest in growth opportunities. Collectively, these results confirm the relevance of the Cash Conversion Cycle (CCC) theory, showing that the timing and

coordination of cash inflows and outflows through receivables, inventory, and payables are central to financial sustainability and business expansion. The study underscores the need for retail mobile phone shop owners to adopt integrated working capital strategies that balance receivables, inventory, and payables to improve profitability, operational stability, and long-term competitiveness in dynamic market environments.

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