

Abstract

The purpose of this research was to identify and measure the degree of relationship between the main determinants of working capital and the cash conversion cycle of a significant group of large Chilean companies.

The research is of a descriptive and correlational type, with temporal data series, in the period 2010-2019. The sample is composed of 83 companies from different economic sectors, excluding financial institutions, and the information was obtained from the Economática database. Regression models are used with panel data, with traditional quantitative variables, such as company size and asset tangibility; and qualitative variables, such as company life cycle stages.

The results allowed us to understand the relationship of working capital and the cash conversion cycle with other financial variables of the company: sales, profit margins, debt, book value of shares, among others. The results obtained are aligned with financial theory, such as the direct relationship between working capital needs with the size of sales and the cash conversion cycle, along with other results outside this logic, such as the inverse relationship of asset tangibility with net working capital.

In addition to the significant relationships found, the main contribution is the incorporation of qualitative variables of the company's life cycle. These provide dissimilar results in the models of net working capital and the cash conversion cycle, which invites a review of the methodology for obtaining the stages of the life cycle of companies.

Keywords: Net working capital, cash conversion cycle, life cycle of the company, Chile

