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ANALYZING THE FINANCIAL LEVERAGE OF BUSINESS OWNERS' PERSONAL FINANCES

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ABSTRACT

This study analyzed the financial leverage of business owners' personal finances. It focused in the assessment of small to medium enterprises in Tumalim, Nasugbu, Batangas.

The participants in this study were thirty (30) SME owners from Barangay Tumalim who have acquired barangay permits to operate. Purposive sampling was applied to ensure the inclusion of business owners relevant to the study's objectives. The researcher conducted survey which was specially accustomed for the use of significant data regarding the respondents' profile specifically their age, sex, highest educational attainment, and monthly income, assessing respondents' financial leverage using variables: use of debt, endogenous investment, total cost of capital, and debt structure. The study yielded the following findings: majority of the respondents were female, belonged to the age bracket of 51 years old and above, high school graduates, and with income range of Php 5,001 to Php 10,000.

Respondents agreed that total cost of capital influenced the financial leverage of business owners' personal finances in Barangay Tumalim, Nasugbu, Batangas. However, respondents expressed their disagreement that use of debt, endogenous investment, and debt structure are effectively practiced by business owners, in managing their personal finances to support business operations. There was no significant difference on the assessment of the respondents on analyzing the financial leverage of business owners' personal finances when
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profile was considered. The Financial Leverage Plan was crafted by the researcher based on the results of the study.

Keywords: *financial leverage, use of debt, endogenous investment, total cost of capital, debt structure*