



CASH MANAGEMENT PRACTICES AND BUSINESS PERFORMANCE OF MICRO AND SMALL ENTERPRISES IN CALAMBA AND CABUYAO: BASIS FOR TRAINING AND DEVELOPMENT SERVICES PROGRAM

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ABSTRACT

The main thrust of this study was to determine the level of cash management practice of micro and small enterprises in the cities of Calamba and Cabuyao and try to figure out the effects of these practices on the business performance specifically their profitability and sustainability. This study used a descriptive correlational design. The total population was 150 respondents with a sample size of 134 respondents which were composed of both owners and the staff of micro and small enterprises clients of the accounting firms. The result showed that not all businesses continuously practice proper cash management. Moreover, a significant relationship between the level of cash management practices and business performance of micro and small enterprises clients in the cities of Calamba and Cabuyao was revealed. The enhanced training and development service program should be implemented for micro and small enterprises in the cities of Calamba and Cabuyao. It could help the business to efficiently and effectively manage its cash

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to obtain its organizational objectives. Hence, cash management practice could impact the business performance of micro and small-level enterprises.

Keywords: Cash Management Practices, Cash Disbursement and Collection, Cash Budgeting, Cash Flow Forecasting, Business Performance Profitability, Sustainability



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INTRODUCTION

A business without a sufficient amount of cash is like a barren land that does not nourish and makes the plant die. Hence, it is considered the lifeblood of the entity. It is a fundamental asset of a business and is used by the operation to acquire other resources. To be able to manage cash soundly is to monitor and control the entity's activities when it comes to asset procurement, incur debt, settle obligations, control operations, attain profitability and sustain the business efficiency. Thus, the effectiveness of managing cash directly correlates with the entity's capability to grasp its objectives and run the business effectively.

As time goes by, the number of businesses is rapidly increasing. Aside from the large companies that help with the global economic development, micro and small enterprises also play a significant role in the sustainability of a country. Liu (2017) mentioned that Micro, Small, and Medium Enterprises (MSMEs) were recognized as the primary global contributor to sustainable development in terms of economic growth, creation of decent jobs, provision of public goods and services, as well as poverty alleviation and reduced inequality. Henceforth, they stimulated economic progress in different areas all around the world. Similarly, Chaoui (2017) discussed the contribution of MSMEs to the global economy.

In Southeast Asia, the number of MSMEs is growing. Asian Development Bank (2020) stated in its monitoring of SMEs for 2020 that in Southeast Asia, an average of 97% of a country's enterprises accounted as MSMEs during 2010-2019, and 72%-75% of MSMEs operate in rural areas. These enterprises dominated the business environment, and their growth was crucial for providing jobs for the unemployed or informal workforces, especially in rural areas. With this, their contribution to the continent was evident.

Moreover, challenges are being encountered despite the success of these MSMEs. Sustainability and profitability are among the problems that micro or small enterprises face. Concerning this, many MSMEs in developing countries are still informally organized enterprises.

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Liu (2017) discussed that one challenge for MSME's growth was access to finance, such as short-term cash flow constraints and limited access to finance. Furthermore, Cammayo and Cammayo (2020) enumerated these challenges. These included limited access to finance, access to technology, access to markets, disruptive regulations, and lack of human capital.

In the cities of Calamba and Cabuyao, the level of micro and small enterprises is evolving. Different lines of business are being guided by independent accounting firms to handle their financial reports and other tax compliance. However, with the concern for profitability and sustainability of MSMEs, the inefficient training and development of cash management practices of the clients cause the entities to experience tremendous dilemmas concerning their business performance. Assistance from the government is being obtained through Magna Carta for Micro, Small, and Medium Enterprises (MSMEs) yet these assistances are not enough for the long-run sustainability.

To prevent and control these dilemmas, Addo (2017) mentioned that good financial management practices, such as cash budget management practices; working capital management practices; risk management; and size of the firm would strongly help and improve the financial performance of the business enterprise.

Having efficient and effective liquidity management is vital for survival, especially for Micro and Small businesses, whether globally or locally. It is a do-or-die decision for micro and small-level enterprises because they can incur a loss for a long time but not if they failed to meet a payment. With this, liquidity should always be taken into consideration by micro and small businesses. It means the level of cash and near-cash assets held, together with cash in and outflows of the assets. Knowing sound cash management practices will help these micro and small-level enterprises to meet the demand for cash on their daily transactions, avoid cash shortage and improve liquidity, which will lead to operational sustainability and business growth and profitability.

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Indeed, the need for proper and sound cash management practice upsurges. Most micro and small enterprises owners in the cities of Calamba and Cabuyao just let their independent accountants decide for them without knowing the importance of having a sound cash management practice. It can be vital, especially in sustaining and improving business performance, to have enough training when it comes to that matter. Usually, independent accounting firms provide accounting services such as the preparation of financial reports, bookkeeping, and tax services; it is very minimal for an independent accounting firm to train its clients on proper cash management. Hence, to ensure the financial health of a business entity that will improve its business performance, accounting firms should help their clients to know the objectives and the actual cash management practice.

MATERIALS AND METHODS

This study used a quantitative research approach with the utilization of a researcher-made survey instrument, a questionnaire. To be more specific, a descriptive correlational design was employed. McCombes (2020) mentioned that this research design described the variables and the relationships that occurred naturally between and among them. Descriptive research is the method that provides a portrait of the recent state of activities. On the other hand, correlational research is research designed to discover relationships among variables and to allow the prediction of future events from present knowledge.

The data that formed in this study came from micro and small-level enterprises. These enterprises, whose offices were located in Calamba and Cabuyao, Laguna, were clients of the accounting firms. A simple random sampling method was applied to select the total respondents out of the total population of the three accounting firms. Moreover, the G*power 3.1.9 was utilized to identify the number of respondents. The population of the study was 150 respondents with an effect size of .30 and a power of 95%.

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The respondents of the study were the owner and one (1) staff that represented the business client of the accounting firms. These clients were categorized following their type of business and level of an asset.

A researcher-made questionnaire was formed and utilized as the instrument of the study. During the construction of the research-made questionnaire, a detailed review of existing literature related to cash management practice and its impact on business performance was conducted. This literature guided to frame the formulation of the questions. The questionnaire was composed of two parts with corresponding questions for each part: Part I covered the level of cash management practices of the selected respondents and Part II assessed the level of impact of cash management practice on the business performance. The questionnaire gathered responses using 4-point Likert scales. A numerical score was associated with each response and showed the degree of attitudinal favorableness according to the following: (3.26 - 4.00) Always, (2.51 - 3.25) Often, (1.76 - 2.50) Rarely and (1.00 - 1.75) Never, for the level of cash management practices of the accounting firms' clients categorized as micro and small level enterprises. The arbitrary Scale for the level of business performance of the accounting firms' clients categorized as micro and small level enterprises was (3.26 - 4.00) Strongly Agree, (2.51 - 3.25) Agree, (1.76 - 2.50) Disagree and (1.00 - 1.75) Strongly Disagree.

The following are the statistical treatments that were applied to the study by the statistician using Statistical Package for Social Sciences (SPSS): the mean and the four-point Likert Scale were used to describe the level of cash management practice of micro and small-level enterprises clients in the cities of Calamba and Cabuyao, Laguna; to establish the relationship between the generational cohort and the manifestation of the work-related issues, the Pearson product-moment correlation was used. It was used to determine the impact of cash management practice on micro and small-level enterprises clients in the cities of Calamba and Cabuyao, Laguna and the regression analysis was employed to measure the impact of cash management practice

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on the business performance of micro and small-level enterprises clients in the cities of Calamba and Cabuyao.

RESULTS AND DISCUSSION

Discussion per problem and per table/thematic chart followed by discussion, interpretation/reflection, and supporting literature.

Table 1.1

The Level of Cash Management Practice of Micro and Small Enterprises Clients in the Cities of Calamba and Cabuyao in terms of Cash Disbursement and Collection

	Mean	Interpretation
Pay the supplier on time	2.78	P
Authorize all payments.	2.93	P
Avoid non-related business expenses.	2.76	P
Explain and justify all cash disbursements.	2.86	P
Prepare daily cash disbursement report.	2.70	P
Follow up the creditors/customers regularly.	2.84	P
Explain our credit policy to our customers/clients.	2.99	P
Collect receivables on time.	2.78	P
Avoid giving too much credit.	2.80	P
Give cash discount for early payment.	2.84	P
Overall Composite Mean	2.83	P

Legend: (3.25 - 4.00) Always – Fully Practiced (FP), (2.50 - 3.24) Often – Practiced (P), (1.75 - 2.49) Rarely – Partially Practiced (PP), (1.00 - 1.74) Never - Not Practiced (NP)

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Table 1.1 shows the level of cash management practice of Micro and Small Enterprises clients in the cities of Calamba and Cabuyao in terms of Cash Disbursement and Collection. The composite mean was 2.83 and was interpreted as Practiced. "Explain our credit policy to our customers/clients" had the highest mean which was 2.99 and was interpreted as Practiced. "Prepare daily cash disbursement report" gained the least mean of 2.70 and was interpreted as Practiced.

It implies that micro and small enterprises in the cities of Calamba and Cabuyao practice the explanation of credit policy to customers/clients. Explaining the credit policy to the customers will help the operation to invite prospective clients/customers and improve sales. An entity that gives and offers credit to clients without a concrete credit policy is fundamentally dangerous. Because organizations without credit policies have fewer contractual mechanisms to bind clients to prompt payments, they have less cash flow. With decreased cash flow, paying bills and maintaining the business' profitability become increasingly difficult

With the above result, Abubakar and Naala (2017) mentioned that credit terms had a direct effect on the revenue generated from the receivables and associated costs. By establishing and applying a scientifically based system of managing accounts receivables and establishing a sound credit policy, a business could make a satisfactory profit and return on investment. Moreover, Douglas et al. (2018) mentioned that owners of micro and small enterprises typically received payment from the customer at the time of service or exchange of good, which resulted in an immediate collection and reduced the need for significant accounts receivable management. However, proper and concrete credit policy should be taken into consideration by those enterprises who offered credit terms to customers to make sales as per Enow et al. (2016, as cited in Haavig, 2019). With this, collection would not be compromised.

Moreover, daily preparation of disbursement voucher garnered the lowest mean. Even though it showed that micro and small business practice the daily preparation of daily vouchers often, being the factor with lowest means just simply showed that not all the entities practiced it

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holistically. However, the result presented above showed means which were quite close to each indicator. This just implied that cash management in terms of disbursement and collection was critical in the business operations and were practiced by the businesses. Pandey (2020) mentioned that SME's objectives in any period was both cash receipts and cash disbursement with the net balance either a surplus or a deficit and to ensure that if cash receipts and disbursement were synchronized the management should aim at a zero balance in investing the surplus cash for profitability. Hence, small and micro business owners should do their part in collecting their receivables and meeting their obligations on time.

To further discuss, Belle Isle et al. (2018) affirmed that small business experts indicated that a small business owners' level of financial literacy influenced their ability to manage debt collection and the impact of those practices on cash flow. With this, primary goal of a small business owners' cash management strategy was to increase the length of time they hold onto cash. In addition, Pavlis et al. (2018) and Poot (2017) affirmed that research in various countries found out that business owners could improve their financial performance with effective receivables management since the primary goal of a small business owners' cash management strategy was to increase the length of time they hold onto cash.

Table 1.2

The Level of Cash Management Practice of Micro and Small Enterprises Clients in the Cities Of Calamba and Cabuyao in terms of Cash Budgeting

Indicators	Mean	Interpretation
Use the cash budget as a basis of its plans and objectives.	2.82	P
Develop cash budget regularly in order to govern the requirements of the business.	2.87	P
Compare cash budget and actual cash flows for analysis purposes.	2.96	P

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Ensure reliability checking on data use in estimation.	2.92	P
Prepare cash budget which focus on the improvement of business performance.	2.88	P
Maintain petty cash fund for immediate and minor disbursements.	2.83	P
Review the petty cash fund periodically.	2.82	P
Maintain sufficient level of materials/inventory in stores.	2.80	P
Keep large amount of cash for unexpected business events.	2.63	P
Keep all the records in relation to transactions involving cash.	2.93	P
Overall Composite Mean	2.85	P

Legend: (3.25 - 4.00) Always – Fully Practiced (FP), (2.50 - 3.24) Often – Practiced (P), (1.75 - 2.49) Rarely – Partially Practiced (PP), (1.00 - 1.74) Never - Not Practiced (NP)

Table 1.2 shows the level of cash management practice of Micro and Small Enterprises clients in the cities of Calamba and Cabuyao in terms of Cash Budgeting. The composite mean was 2.85 and was interpreted as Practiced. "Compare cash budget and actual cash flows for analysis purposes" had the highest mean which was 2.96 and was interpreted as Practiced. "Keep large amount of cash for unexpected business events" had the least mean of 2.63 and was interpreted as Practiced.

The results above show that there is a high level of cash management practice in terms of cash budgeting. Hence, it denotes that micro and small enterprises often do this cash management activity. Therefore, it is interpreted as practice in general.

It implies that owners of micro and small enterprises often practice the comparison of cash budget and actual cash flow for analysis. It is important to budget the possible collections and expenditures of the business and when to collect and to pay.

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Danjuma et al. (2015) and Karadag (2018) affirmed the comparison between the budget and actual cash flow would determine the variances which would show the efficiency and effectiveness of the business cash management practice. The cash budget was a measure that established the cash position, deficit or surplus, of a firm given the cash inflows and outflows over the period under consideration. Also, Jorgensen (2016) discussed that the cash budget was the most important tool to a micro or small business as it was used to predict and overcome cash flow hitched when there was cash shortage or excess inflow for investment.

Likewise, Amin (2017) discussed that the concentrate additionally referred to that money financial plan assumed the main part in arranging and controlling money receipts and installments. The absolute money installments in the deducted from the all-out cash receipts for period which might result into cash shortfall or surplus for the period. Baker et al. (2017) and Chattopadhyay et al. (2018) all stressed that cash overflow resulted from the overabundance on the money receipts over the money installment. Then again, where the money receipts missed the mark regarding the money installment then it brought about cash shortfall and should be tended to likewise. The spending plan was an action that set up the money position, shortfall or excess, of a firm given with money inflows and surges.

Furthermore, keeping up with the huge measure of money for surprising business occasions has the least mean. It essentially shows that the ideal degree of money is kept up with by miniature and independent companies in the urban areas of Calamba and Cabuyao. It corresponds to Baumol model or Miller-Orr model. These could be utilized to decide the ideal degree of money that the business ought to have.

Accordingly, Ali and Mukhongo (2016) clarified the center thought of these two models. Baumol model was created from a benefit amplifying outline; cost and not entirely set in stone by the convergence of the minor income and peripheral costs bends.

Likewise, Review of Cash and Cash Management (2021) added that complete costs increment as the chief squanders the cash, hence, the benefits left to be paid, as profits to investors were short

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of what they would be under benefit boost. Having an ideal money balance included a tradeoff between the open door expenses of holding an excess of money and the exchange expenses of holding too little money. Henceforth, the Baumol model compromised between opportunity cost or conveying cost or holding cost and the exchange cost.

Table 1.3

The Level of Cash Management Practice of Micro and Small Enterprises Clients in the Cities of Calamba and Cabuyao in terms of Cash Flow Forecasting

Indicators	Mean	Interpretation
Prepare monthly cash flow projections.	2.75	P
Plan for cash with an objective of establishing financial position of the business.	2.82	P
Allocate cash to secure organizational objectives.	2.93	P
Compare cash flows forecast/estimates and actual cash flows.	2.89	P
Determine and interpret its financial ratios.	2.81	P
Check credit policies routinely to determine the possible collection for the month/period.	2.85	P
Review the validity of the data use in cash flow projections.	2.91	P
Implement an efficient internal control system.	2.85	P
Prepare sales forecast to determine the level of inventory to be maintained.	2.88	P
Match the timing of cash outflow against cash availability.	2.84	P
Overall Composite Mean	2.85	P

Legend: (3.25 - 4.00) Always – Fully Practiced (FP), (2.50 - 3.24) Often – Practiced (P), (1.75 - 2.49) Rarely – Partially Practiced (PP), (1.00 - 1.74) Never - Not Practiced (NP)

Table 1.3 illustrates the level of cash management practice of Micro and Small Enterprises clients in the cities of Calamba and Cabuyao in terms of Cash Flow Forecasting. The overall composite mean was 2.85 and was interpreted as Practiced. "Allocate cash to secure

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organizational objectives” had the highest mean which was 2.93 and was interpreted as Practiced. “Prepare monthly cash flow projections” had the least mean of 2.75 and was interpreted as Practiced.

The results above show that there is a high level of cash management practice in terms of cash flow forecasting. Hence, it denotes that micro and small enterprises often do this cash management activity. Therefore, it is interpreted as practice in general which implied the critical role of cash flow forecasting.

The factor that has the highest mean is the entity’s allocation of cash to secure the organizational objectives. It implied that the entity often practices the proper allocation of cash. The results signify how cash flow forecasting its vital role on the operation. The entity properly reviews the forecast in allocating its resources on every transaction to avoid mismatch and insolvency.

To furtherly explain, Sarraf (2019) discussed that future cash flow estimation was so important in any economic unit which reflected management decisions in short- and long-term plans, investment, and finance projects. Without predicting cash flow, judgment and deliberate decision making, and choosing the most appropriate solution would not be possible. Therefore, businesses, whether micro enterprises or small enterprises, should forecast and estimate their inflow and outflow for better management decisions basis. Being able to allocate cash would help the entity to know what obligation to pay, which project to prioritize and which receivable to collect as affirmed by Armitage et al. (2016) and Righetto et al. (2016).

Moreover, Cabrera et al. (2019) also discussed the assumptions and implications of the model and stated that the distribution of daily net cash flow was normally allocated and allows for both cash inflow and outlay. For normative applications, the Miller-Orr Model approach was developed to utilize available information about local patterns in the cash flow. In addition, Cuzdriorean (2017) discussed that the uneven component of transfer cost, however, might present a serious obstacle to the derivation of optimal decision rules under some kinds of

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programming approaches and the derivation of rules under any such approach would be greatly complicated by the presence of deterministic elements in the cash flow. On the other hand, in the preparation of monthly cash flow projections, the business had the least mean. However, it was still close to the range often practiced by the entity. It simply showed that cash flow forecasting, specifically allocating and planning the cash inflows and outflows were being practiced by micro and small businesses. It would help the entity to improve the cash management practice as they would be able to determine the right timing of each transaction involving cash. With this, the efficient and effective practice would be achieved.

Accordingly, Shamsudin and Kamaluddin (2015) showed in their compositions that the consequences of business tasks represented a large portion of the money inflow and outpouring of a business, and specialists observed that reliable and unsurprising income was a determinant of proceeded with business manageability. Affirmed by Nobanee et al. (2015), at the point when the organization experienced surges in all working, contributing, and financing exercises, there was a high inclination for the organization to fail. The outcomes likewise uncovered that there was a huge distinction among troubled and solid organizations in the frequency of various examples of income.

To support, CFO Selections (2020) asserted that on its site that income was basic to the endurance and achievement of business and building great income the board propensities would assist business with enduring unpleasant landscape and twofold down whenever opportunity struck. It talked about the six prescribed procedures to oversee income and assist the proprietors with developing business simultaneously. These six practices were: understanding income, having increment deals and not the costs, helping clients for brief assortment, knowing with credits, making a monetary pad, and planning the development decisively. Surveying the progression of money would help the entrepreneurs and their workforce in control in administration to comprehend the exchanges and the potential issues that could emerge on the off chance that

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Rjay C. Calaguas, Mario A. Cudiamat, Jesson L. Hero, Albert Bulawat, Cris T. Zita, Allan M. Manaloto



money was not as expected made due. Utilizing these accepted procedures could help a business viably oversee income and have the assets accessible for development and extension.

Furthermore, Sarraf (2019) additionally talked about how future income assessment was so significant in any monetary unit which reflected the board choices in short-and long haul plans, speculation, and money projects. Without anticipating income, judgment, and conscious independent direction and picking the most fitting arrangement would not be imaginable. Subsequently, organizations, regardless of whether miniature venture or little endeavor, should figure and gauge their inflow and surge for better administration choice premise.

Table 2.1

The Level of Business Performance of Micro and Small Enterprises in the Cities of Calamba and Cabuyao in terms of Profitability

Indicators	Mean	Interpretation
Receive sound profit from the operation.	2.87	G
Utilize its resources properly to generate revenue.	2.96	G
Receive cash as big part of our sales.	2.93	G
Implement firm policy toward collecting receivable.	2.88	G
Enjoy a stable financial position.	2.93	G
Operate a highly productive operation.	2.93	G
Experience increase in the market share of the business.	2.86	G
Improve the customer loyalty to the business.	2.95	G
Make adequate sales daily.	2.93	G
Invest excess cash in some profitable ventures.	2.92	G
Overall Composite Mean	2.91	G

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INSTABRIGHT e-GAZETTE

ISSN: 2704-3010

Volume III, Issue IV

May 2022

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Legend: 3.56 - 4.00 Strongly Agree – Very Good (VG), 2.50 - 3.24 Agree – Good (G), 1.75 - 2.49 Disagree – Fair (F), 1.00 - 1.74 Strongly Disagree - Poor (P).

Table 2.1 shows the level of business performance of Micro and Small Enterprises in the Cities of Calamba and Cabuyao in terms of Profitability. The overall composite mean was 2.91 and was interpreted as Good. "Utilize its resources properly to generate revenue" had the highest mean which was 2.96 and was interpreted as Good. "Experience increase in the market share of the business" acquired the least mean of 2.86 and was interpreted as Good.

The results above show that the business performance of Micro and Small Enterprises in the Cities of Calamba and Cabuyao is good in terms of profitability. It implies that micro and small businesses often practice the proper utilization of their resources to generate revenue. Resources such as receivables, inventories, and payables are all connected to cash. Cash on hand of a business should always be sufficient to cover unanticipated expenses. However, having too much cash on hand may reveal insufficient spending habits. While small and micro enterprises always want to have cash for contingencies, they also want to reinvest every amount back into the business so that it may continue to develop.

In connection with the above result, Mohamed (2016) asserted that an adverse relationship existed between cash management and performance. There were definite conclusions from analyzing the fixed effects regression models. Firstly, there was an adverse connection between the period of cash collection from the customers and the firm's efficiency. This represented that firms who earned more possess less period to collect cash from the consumers or businesses as matched to less profitable ones. With this, the companies that were more profitable took less time to collect money from consumers than companies that were less successful. Next, there was a favorable correlation between the date inventory was brought in and the date they were sold, as well as the firm's profitability. The analysis revealed that the organization that kept inventory for a longer period saved money on the expenses of production disruption and, in most cases, economic losses due to insufficient supplies. The firm's operational

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ISSN: 2704-3010

Volume III, Issue IV

May 2022

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costs were reduced as a result of this arrangement. Finally, there was a positive correlation between the average payment period and profitability.

In addition, Njeru et al. (2015) found that profitability improved when small business owners decreased the amount of time taken to receive payments from customers. They found that taking full advantage of the time allowed to pay suppliers or vendors improves the profitability of small business owners. To increase the amount of time they hold onto cash, small business owners can utilize payment strategies to optimize the management of accounts payable. Small business owners should consider negotiating payment terms to incentivize their accounts payable owners to allow preferable payment methods.

Monitoring and evaluation were multi-faceted concepts. The two foundations of assessing performance were effectiveness and efficiency. In their study, Jama et al. (2017) stressed that effectiveness was related to the amount to which stakeholder criteria were met, whereas efficiency referred to how efficiently the entities' resources were used when offering a particular level of stakeholder satisfaction. Furthermore, one of the business enterprise's performance areas was the relationship between liquidity and performance as discussed by Margaret (2018). Likewise, liquidity referred to a company's ability to liquidate short-term debt that was due to mature within a year. Maintaining appropriate liquidity was more than an entity's objectives; else, its sustainability would be jeopardized.

Having a sound and increasing market share implies the improvement of the operation. With this, the micro and small enterprises can introduce their business to the market and be known. This step will help the operation to improve its profitability as the concrete percentage of market share will ensure sales.

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Rjay C. Calaguas, Mario A. Cudiamat, Jesson L. Hero, Albert Bulawat, Cris T. Zita, Allan M. Manaloto



Table 2.2

The Level of Business Performance of Micro and Small Enterprises in the Cities of Calamba and Cabuyao in terms of Sustainability

Indicators	Mean	Interpretation
Capital is greater than our liabilities/debts.	2.89	G
Debt financing/borrowing needs are decreasing.	2.84	G
Business is surviving efficiently.	2.83	G
Cash balance is maintained for sudden business opportunities.	2.72	G
Obligations are met as they fall due.	2.90	G
The level of failure to pay interest is minimal.	2.78	G
The need for a loan is minimal.	2.78	G
Adequate free cash flow is process to ensure survival without getting a loan.	2.84	G
Sufficient level of stock is maintain for the business operation.	2.84	G
Pricing for the products or services is competitive.	2.99	G
Overall Composite Mean	2.84	G

Legend: 3.56 - 4.00 Strongly Agree – Very Good (VG), 2.50 - 3.24 Agree – Good (G), 1.75 - 2.49 Disagree – Fair (F), 1.00 - 1.74 Strongly Disagree - Poor (P).

Table 2.2 shows the level of business performance of Micro and Small Enterprises in the Cities of Calamba and Cabuyao in terms of Sustainability. The overall composite mean was 2.84 and was interpreted as Good. "Pricing for the products or services is competitive" has highest mean which was 2.99 and was interpreted as Good. "Cash balance is maintained for sudden business opportunities" has the least mean of 2.72 and interpreted as Good.

Most of the owners and staff agree that they have a good business performance with regards to sustainability based on the result above. It simply implied that these MSEs will be able to reach their long-term goals and objectives by utilizing their resources such as their cash and

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INSTABRIGHT e-GAZETTE

ISSN: 2704-3010

Volume III, Issue IV

May 2022

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cash equivalents. Hence, micro and small enterprises in the cities of Calamba and Cabuyao price their products or service competitively and are parallel to the price of their competitor.

Belle Isle et al. (2018) discussed that a larger business could be able to give clients a lower price for their product or service than a small business. Micro and small businesses were likely to follow the sale price set by the larger competitors to maintain the market share. Hence, the competitive price could be set to be able to gain more customers and improve profit.

To support, Wadesango, Tinarwo, Sitcha, and Machingambi (2019) mentioned in their study that owners of SMEs who were knowledgeable about cash flow management were among the few who have profitable enterprises and enough cash to secure the future survival of their companies and its sustainability. They maintain enough cash levels to obtain unexpected business opportunities. It made sense for a firm to keep some liquid assets on hand because the rest of its income could usually be put to better use by strengthening the company or funding expansion. Rather than adding to a huge cash balance, money could be put toward boosting payroll to recruit more and better personnel, paying down debt, or making long-term investments. A cash balance was safer, but it did not help a firm develop unless it was used. Thus, cash flow from the sales would help the operation's sustainability.

Solvency, on the other hand, represented the entity's ability to sustain its operation. Uwonda et al. (2015) mentioned that long-term solvency measured SME's sustainability. Based on their research, long-term solvency performance objectives was the company's ability to survive for many years and the goals were to discover a better understanding of the company's financial adversities. Fiscam Management (2018) further explained that solvency was defined as an entity's ability to meet its financial commitments if all assets were sold and the firm continued to operate in a viable manner despite financial difficulties, and it was measured by debt to asset ratio and equity to asset ratio. Further, businesses were insolvent if their net worth become negative. Insolvency was once defined as a worse fortune than debts. Inability to pay obligations and debts are signs of insolvency. This might happen due to slow or failure to collect the receivables quickly

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Rjay C. Calaguas, Mario A. Cudiamat, Jesson L. Hero, Albert Bulawat, Cris T. Zita, Allan M. Manaloto



or on time despite having huge amounts from customers' accounts, and failure to pay bills promptly.

To further discuss, R. G. Manabat & Co. (2021) mentioned that as the global economy continued to face challenges, effective cash management in sustaining a steady stream of working capital was an increasingly vital practice. Hence, cash was key to the survival and growth of any business. Regardless of the industry, they operated in, businesses could benefit and gain control in different dilemmas and situations by diversifying cash management in taking proactive steps on it.

Table 3

Test of Significant Relationship Between the Level of Cash Management Practices and the Level of Business Performance of Micro and Small Enterprises

Cash Management Practice	Business Performance	r value	p value	Remarks	Decision
Cash Disbursement and Collection	Profitability	.857**	.000	Significant	Reject Ho
	Sustainability	.872**	.000	Significant	Reject Ho
Cash Budgeting	Profitability	.843**	.000	Significant	Reject Ho
	Sustainability	.855**	.000	Significant	Reject Ho
Cash Flow	Profitability	.848**	.000	Significant	Reject Ho
	Sustainability	.862**	.000	Significant	Reject Ho

R – Square = .761, Adjusted R Square = .755, F value = 137.951, Significance = .000

The probability values of the level of cash management practices in terms of cash disbursement and collection, cash budgeting and cash flow forecasting and the level of business

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INSTABRIGHT e-GAZETTE

ISSN: 2704-3010

Volume III, Issue IV

May 2022

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performance in terms of profitability and sustainability of micro and small enterprises are all less than the level of significance at .05 thus reject the null hypothesis.

It shows a significant relationship between the level of cash management practices in terms of cash disbursement and collection, cash budgeting, and cash flow forecasting and the level of business performance in terms of profitability and sustainability of micro and small enterprises.

The resulting test implies that cash management is a practice among micro and small-level enterprises oftentimes. These practices play a vital role in business performance in terms of profitability and sustainability. Hence, they have good business performance in general. The more liquid the company is, the more efficient its operations. In general, efficient and effective cash management practices would help the business achieve its target profit and sustain operations in the long run.

To support this, Oluoch (2016) conducted in manufacturing firms in Sri Lanka found an insignificant relationship between cash ratio and financial performance and cash turnover ratio and financial performance. The study recommended that the Sri Lankan Manufacturing companies' finance managers had to keep more focus on cash position at any time. Effective cash management was critical to all firms, especially in the developing economy. As affirmed by Wasma et al. (2018), a firm having a proper set of liquidity management policies and procedures would improve profits, reduce the risk of cooperation failure and significantly improve its opportunity of survival also.

In addition, Eton et al. (2019) and Robert et al. (2015) both conferred the importance of cash management and its impact on the financial performance of the business. Companies needed to carry sufficient levels of cash to guarantee they could meet day-to-day expenditures. In addition, cash was also required to be held as a safeguard against unplanned expenses and to protect liquidity problems. It was also useful to keep cash available to be able to take advantage of market opportunities. In addition, Bahri et al. (2017, as cited in Haavig, 2019) cited that the

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Rjay C. Calaguas, Mario A. Cudiamat, Jesson L. Hero, Albert Bulawat, Cris T. Zita, Allan M. Manaloto



 cash budget played the most significant role in planning and controlling cash receipts and payments. The total cash payments were then subtracted from the total cash receipts for a period which may result in a cash deficit or surplus for the period. Cash surplus resulted from the excess on the cash receipts over the cash payment. Then again, where the money receipts missed the mark concerning the money installment then it brought about cash shortfall and should be tended to appropriately.

Table 4.1
 Regression Analysis on the Level of Cash Management Practices and the Level of Business Performance of Micro and Small Enterprises in terms of Profitability

Model	Unstandardize d Coefficients		Standardize d Coefficients Beta	T	Sig.	Decision s	Remarks
	B	Std. Error					
(Constant)	0.458	0.126		3.624	.000		
Cash Disbursement and Collection	0.482	0.114	.480	4.237	.000	Reject ho	Significant
Cash Budgeting	0.056	0.171	.058	.325	.746	Accept ho	Not Significant
Cash Flow Forecasting	0.328	0.154	.355	2.126	.035	Reject ho	Significant

R – Square = .788, Adjusted R Square = .783, F-value = 160.956, Significance = .000

Table 4.1 shows the regression analysis on the level of cash management practices and the level of business performance of Micro and Small Enterprises in terms of Profitability. Based on the cash disbursement and collection and cash flow forecasting significantly impacts the level

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INSTABRIGHT e-GAZETTE

ISSN: 2704-3010

Volume III, Issue IV

May 2022

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of business performance of Micro and Small Enterprises in terms of Profitability. The probability value of .000 and .035 are both less than the level of significance at .05, thus rejecting the null hypothesis.

The results of the study reveal that the cash disbursement and cash flow forecasting significantly impact the level of business performance of Micro and Small Enterprises in terms of Profitability by 76.1%. Hence, managing cash disbursement and collection and preparation of cash flow forecast should be one of the focuses of the business as it helps the operation's profitability.

In line with this, Pandey (2020) indicated in his study that SMEs had both cash receipts and cash disbursement with a net balance of either a surplus or a deficit at any given time and that if cash receipts and disbursement were synchronized, management should aim for a zero balance, which meant investing surplus cash for profitability. In addition, Blanc et al. (2015, as cited in Sarraf, 2019) mentioned that objectives in any period were both cash receipts and cash disbursement with the net balance either a surplus or a deficit and to ensure that if cash receipts and disbursement were synchronized the management should aim at a zero balance in investing the surplus cash for profitability. Hence, small and micro business owners should do their part in collecting their receivables and meeting their obligations on time.

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Rjay C. Calaguas, Mario A. Cudiamat, Jesson L. Hero, Albert Bulawat, Cris T. Zita, Allan M. Manaloto



Table 4.2

Regression Analysis on the Level of Cash Management Practices and the Level of Business Performance of Micro and Small Enterprises in terms of Sustainability

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Decisions	Remarks
	B	Std. Error	Beta				
(Constant)	0.298	0.121		2.464	0.015		
Cash Disbursement and Collection	0.516	0.109	0.506	4.732	0	Reject ho	Significant
Cash Budgeting	0.019	0.164	0.02	0.118	0.906	Accept ho	Not Significant
Cash Flow Forecasting	0.361	0.148	0.383	2.435	0.016	Reject ho	Significant

R – Square = .788, Adjusted R Square = .783, F-value = 160.956, Significance = .000

Table 4.2 shows the regression analysis on the level of cash management practices and the level of business performance of Micro and Small Enterprises in terms of Sustainability. Based on the cash disbursement and collection and cash flow forecasting significantly impact the level of business performance of Micro and Small Enterprises in terms of Sustainability. The probability value of .000 and .035 are both less than the level of significance at .05, thus rejecting the null hypothesis.

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Solvency, on the other hand, represents the entity's ability to sustain its operation. Uwonda et al. (2015) mentioned that long-term solvency measured SME's sustainability. Based on their research, long-term solvency performance objectives was the company's ability to survive for many years and the goals were to discover a better understanding of the company's financial adversities. Anoo et al. (2020) further explained that solvency was defined as an entity's ability to meet its financial commitments if all assets were sold and the firm continued to operate in a viable manner despite financial difficulties, and it was measured by debt to asset ratio and equity to asset ratio.

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Rjay C. Calaguas, Mario A. Cudiamat, Jesson L. Hero, Albert Bulawat, Cris T. Zita, Allan M. Manaloto



CONCLUSIONS

Cash management practices are vital components of management function, as evidenced by the study, and their importance could not be exaggerated. A cash shortage or poor cash management can result in a loss. Often the practice of cash disbursement and receipts policies improve the cash position of the business. If cash receipts and disbursement are synchronized the management should aim at a zero balance in investing the surplus cash for profitability. On the other hand, it can also be concluded that budget and forecasting are important to know the timing of possible collections and payments. These practices will enhance the efficiency and effectiveness of the operation.

Moreover, proper utilization of resources positively affects profitability and sustainability. As a company grows, efficient cash management becomes increasingly important. The result shows that not all businesses continuously practice proper cash management.

On the other hand, in terms of profitability and sustainability, cash disbursement and collection and cash flow forecasting significantly impact the level of business performance of Micro and Small Enterprises in terms of Profitability. However, cash budgeting shows no significant impact on the level of business performance in terms of profitability.

In generalization, enhanced training and development service program is proposed for micro and small enterprises in the cities of Calamba and Cabuyao. It will help the business to efficiently and effectively manage its cash to obtain its organizational objectives. Hence, cash management practice will affect the business performance of micro and small-level enterprises.

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Rjay C. Calaguas, Mario A. Cudiamat, Jesson L. Hero, Albert Bulawat, Cris T. Zita, Allan M. Manaloto



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INSTABRIGHT e-GAZETTE

ISSN: 2704-3010

Volume III, Issue IV

May 2022

Available online at <https://www.instabrightgazette.com>



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