

**Financial management practices and financial performance
of micro and small-sized retailing enterprises in Tabuk City**

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ABSTRACT

Retail micro and small enterprises (MSEs) play a crucial role in supporting the local economy, but many of them struggle to move beyond simply getting by each day. In Tabuk City, this study looked closely at how small retail business owners manage their finances on a daily basis, focusing on how they handle cash, keep records, and use financial technology and how these habits affect their overall business performance. The goal was to develop a practical program that directly responds to the real challenges these entrepreneurs face. Using a quantitative and descriptive-correlational approach, the study gathered data from 218 registered retail business owners through structured survey questionnaires. The findings revealed that organized financial management is only practiced occasionally. Many business owners still depend on manual record-keeping and cash-based transactions instead of using digital tools or formal banking systems. Because of this, most businesses remain at a “just enough” level they earn enough to sustain daily operations but find it difficult to save for emergencies or grow their sales consistently. The analysis also showed a clear link: businesses that practice stronger financial discipline tends to perform better. Key factors that influenced both financial practices and business success included the owner’s level of education, participation in financial training, and the amount of starting capital. However, the study found that the biggest challenges are not about technology. Instead, they stem from gaps in basic financial knowledge (reported by 64.68% of respondents), frequent cash flow disruptions caused by the local pautang system (54.13%), and difficulty accessing bank loans due to poor financial records (50.00%). Overall, the study suggests that the main obstacles faced by provincial retail MSEs are rooted in informal financial habits and community credit practices. To help address these issues, the researcher proposes “Project SMART-MSE,” a localized initiative designed to strengthen financial literacy, improve daily cash flow management, enhance bookkeeping skills, and encourage the use of digital financial tools ultimately helping small business owners build more stable and sustainable enterprises.

Keywords: Financial management practices, financial performance, micro and small enterprises.

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INTRODUCTION

Financial management is a fundamental component of the effective operation and sustainability of micro and small enterprises, particularly in the retail sector where financial resources continuously move through daily sales, purchases, operating expenses, and other transactions. Sound financial management enables business owners to maintain accurate records, control cash flows, assess financial conditions, and make informed decisions that contribute to business stability and growth. Venkatesan (2024) emphasized that proper record keeping and careful cash management strengthen the capacity of enterprises to maintain financial stability and support continued development. Despite the importance of these practices, many small business owners continue to encounter difficulties in basic financial management activities, particularly bookkeeping and the separation of personal and business funds. Bahri et al. (2023) noted that such weaknesses make it difficult for entrepreneurs to determine their actual profitability and may also restrict their ability to obtain financial support when additional capital is required.

These financial management concerns are particularly relevant to micro and small enterprises in the Philippines, where cash flow constraints remain a persistent challenge among retail businesses. Some entrepreneurs fail to record daily expenditures consistently, resulting in unexpected cash shortages that may compel them to use personal savings to sustain business operations (Caclini, 2022). Although the use of personal funds may provide temporary relief during periods of insufficient business cash, the practice can blur the distinction between household and enterprise finances and consequently make the actual financial position of the business difficult to determine. Inconsistent financial recording also limits the ability of owners to evaluate business performance, anticipate financial requirements, and formulate realistic plans for expansion. In contrast, proper bookkeeping and budgeting provide entrepreneurs with clearer information regarding revenues, expenses, available resources, and financial obligations. Pascua et al. (2023) demonstrated that these practices support better decision making and contribute to improved business outcomes. Thus, reliable financial records are not merely administrative requirements but important managerial tools for determining whether an enterprise is generating sufficient returns, maintaining financial stability, or gradually experiencing losses.

The importance of organized financial management becomes even more pronounced in rural and provincial settings where access to formal financial services, financial education, technological resources, and business training may be comparatively limited. In such environments, micro and small enterprise owners may rely heavily on informal financial practices and personal experience in managing daily operations. This situation is evident among retail enterprises in Tabuk City, where many business owners continue to handle financial transactions without a structured financial management system. Decisions concerning cash use, expenditures, record keeping, and other financial activities may consequently be shaped more by accumulated experience and immediate operational needs than by systematic financial planning. While experiential knowledge can assist entrepreneurs in responding to everyday business situations, dependence on informal practices may constrain their ability to monitor financial performance accurately, anticipate cash requirements, and make decisions that support sustainable growth.

The growing availability of financial technology also introduces another dimension to financial management among micro and small enterprises. Digital financial tools may facilitate cash transactions and provide business owners with more efficient means of managing certain financial activities. However, the potential benefits of these technologies depend on the capacity and willingness of entrepreneurs to incorporate them into their operations. Technological barriers may therefore interact with existing weaknesses in cash

management and accounting practices. Business owners who lack sufficient experience, training, or familiarity with digital financial tools may have greater difficulty adopting technology as part of their financial management systems. Consequently, examining financial management among retail enterprises requires attention not only to conventional practices such as cash management, accounting, and record keeping, but also to the use of financial technology and the barriers that may affect its adoption.

These relationships can be understood through human capital theory, which provides the theoretical foundation for the research paradigm of the study. From this perspective, the knowledge, experience, competencies, and training possessed by individuals represent forms of human capital that can influence their capacity to perform productive and managerial activities effectively. Applied to micro and small enterprises, differences in the education, experience, and financial training of business owners may contribute to differences in how effectively they manage cash, maintain accounting records, and utilize digital financial tools. Owners with greater business experience or relevant financial training may possess stronger capabilities for organizing financial information, monitoring transactions, and making informed financial decisions. Conversely, entrepreneurs with limited experience or training may encounter greater difficulty in implementing systematic financial management practices. Human capital theory therefore provides an appropriate basis for examining how characteristics of business owners may be associated with both their financial management behavior and the resulting performance of their enterprises.

Consistent with this theoretical perspective, the study employs an independent and dependent variable framework to explain the relationship between financial management practices and the financial performance of micro and small retail enterprises in Tabuk City. Financial management practices constitute the independent variable and encompass cash management, including the use of financial technology, as well as accounting and record keeping practices. Financial performance serves as the dependent variable and represents the business outcomes that may be associated with the manner in which enterprise owners manage their financial resources. The framework recognizes that stronger financial practices may enable entrepreneurs to exercise greater control over cash, maintain more reliable financial information, and make decisions that support improved business performance.

The framework further incorporates the social demographic and business profiles of the respondents because differences in business characteristics and owner backgrounds may influence both financial practices and financial outcomes. These characteristics include the type of business, years of experience, nature of operations, and participation in financial training. Such factors provide an important context for understanding why some business owners may demonstrate stronger financial management practices than others. For instance, entrepreneurs with greater experience or financial training may be more capable of maintaining records, managing available cash, and adopting digital financial tools, whereas those with limited exposure to these areas may experience greater difficulty in performing the same activities. The study also considers common operational problems and technological barriers encountered by micro and small enterprises because these constraints may inhibit the implementation of effective financial practices and limit the ability of businesses to take advantage of digital financial services.

The research paradigm presented in Figure 1 consequently integrates the financial management practices of micro and small retail enterprises, their financial performance, relevant respondent and business characteristics, and the challenges that may influence these relationships. Data gathered through survey questionnaires will be examined using frequency, percentage, weighted mean, and other appropriate statistical tests to describe the variables and identify relationships among them. This analytical approach allows the study to

determine not only the extent to which financial management practices are implemented but also whether variations in these practices are associated with differences in financial performance and relevant characteristics of the respondents.

Although existing literature establishes the importance of bookkeeping, budgeting, cash management, and financial discipline to the sustainability of small enterprises, an important contextual gap remains. Previous studies have largely established the general value of sound financial management, yet limited research has specifically examined how everyday financial practices relate to the financial performance of retail micro and small enterprises operating within the particular economic and business environment of Tabuk City. Moreover, the interaction among cash management, financial technology use, accounting and record keeping, owner and business characteristics, and technological barriers requires closer examination within this local setting. Addressing this gap is important because financial practices that are effective in more urbanized or financially developed environments may not fully reflect the conditions experienced by entrepreneurs operating in provincial communities.

In response to this gap, the study seeks to examine the financial management practices of retail micro and small enterprise owners in Tabuk City and determine how these practices influence their financial performance. By considering cash management, financial technology, accounting and record keeping, respondent and business characteristics, and the problems and technological barriers encountered in daily operations, the study provides a more contextualized understanding of the factors associated with the financial sustainability of local retail enterprises. The findings are ultimately intended to serve as the basis for an intervention program designed to strengthen financial management practices, address technological challenges, improve the capacity of entrepreneurs to manage their businesses effectively, and enhance the competitiveness and sustainability of micro and small retail enterprises in Tabuk City.

Statement of the problem

This study assessed the financial management practices and financial performance of micro and small sized retailing enterprises in Tabuk City as a basis for the development of a proposed intervention program. Specifically, it examined the extent of financial management practices in terms of cash management, including FinTech utilization, and accounting and record keeping practices; the level of financial performance; the common problems and technological barriers encountered in financial management; the relationship between financial management practices and financial performance; and the effect of the respondents' socio demographic and enterprise profiles on their financial management practices and financial performance.

1. To what extent are the financial management practices of micro and small sized retailing enterprises in Tabuk City implemented in terms of cash management, including FinTech utilization, and accounting and record keeping practices?
2. What is the level of financial performance of micro and small sized retailing enterprises in Tabuk City?
3. What are the common problems and technological barriers encountered by micro and small sized retailing enterprises in their financial management practices?
4. Is there a significant relationship between the financial management practices and financial performance of micro and small sized retailing enterprises in Tabuk City?
5. Do the socio demographic and enterprise profiles of the respondents significantly affect their financial management practices and financial performance?

6. Based on the findings of the study, what enhancement program can be developed for micro and small sized retailing enterprises in Tabuk City?

METHODOLOGY

This chapter details the complete methodology and procedures used by the researchers to answer the specific objectives of the study. It elaborates on the research design used to approach the problem systematically, defines the study site and population, and describes the specific data collection instruments used. It further outlines the step by step data gathering procedures for ethical compliance and the statistical treatment of data required to mathematically analyze and interpret the findings.

The study employed a quantitative, descriptive correlational comparative research design using a survey questionnaire. In terms of measuring variables, establishing statistical relationships, and testing hypotheses, Creswell and Creswell (2022) recommend a quantitative research approach. The descriptive component was used to systematically assess the profile of the respondents, the extent of their financial management practices, and the specific technological barriers they encounter in their daily operations. As supported by Saunders, Lewis, and Thornhill (2023), descriptive survey research is an effective method for collecting primary data to determine the current state, habits, or practices of a specific population within a business context. The comparative component was used to determine whether there are significant differences in these financial practices and performance levels when respondents are grouped according to their age, sex, educational attainment, type of entrepreneurial organization, specific retailing business category, number of years of business operation, number of employees, capitalization size, and financial management seminars attended. Finally, the correlational component examined the relationship between financial management practices and the financial performance of the retailing MSEs in Tabuk City.

The total population of the study consists of 505 registered micro and small sized retailing enterprises, of which 468, or 92.67%, are classified as micro enterprises and 37, or 7.33%, are classified as small enterprises. This specific figure is based on the official data obtained from the Business Permit and Licensing Office of Tabuk City for 2025. The locale of this research is Tabuk City. This specific locale was selected because it represents a developing provincial economy where local retail businesses are actively transitioning into digital financial platforms, making it the ideal setting to assess both traditional financial management practices and localized technological barriers. To determine the required number of actual respondents from this total population, the researchers used Cochran's formula with a 95 percent confidence level and a margin of error of five percent (0.05), which is $(Z^2 * p * q) / e^2$. Since the total population is relatively small, the finite population correction formula was applied, which is $n_0 / [1 + ((n_0 - 1) / N)]$, resulting in a required total sample size of 218 respondents. To ensure data accuracy, these respondents will strictly be the registered business owners or the primary managers of the enterprises, as they are the ones directly responsible for financial decision making. To ensure fair and proportional representation from both business classifications, the researchers will use a stratified random sampling technique. Based on their population weights, the final sample will consist of 202 micro enterprise owners and 16 small enterprise owners operating within Tabuk City.

This study primarily focuses on assessing the financial management practices and the level of financial performance of micro and small sized retailing enterprises (MSEs) in Tabuk City. Specifically, it examines the extent of their cash management and Fintech utilization, as well as their accounting and record keeping practices. It further explores how these financial practices and overall performance are influenced by the respondents' profiles, encompassing

their socio demographic characteristics of age, sex, and highest educational attainment, and business profiles including type of entrepreneurial organization, specific retailing business category, number of years of business operation, number of employees, estimated capitalization size, financial management seminars attended, and average daily operating hours. The respondents are strictly limited to 218 registered owners or primary managers of retailing businesses operating within Tabuk City during the year 2025. Businesses belonging to the manufacturing, agriculture, and strictly service oriented sectors, as well as informal or unregistered businesses, were not included in this study. This exclusion ensures that the gathered data is highly consistent and exclusively represents legitimate, registered retailing MSEs in the city.

The primary instrument used in gathering data is a structured survey questionnaire adopted and modified from the financial management assessment tools utilized in the recent local studies of Barbosa (2021) and Caclini (2022). To ensure the instrument fully addresses the context of the study, the researchers contextualized the indicators to assess cash management, Fintech utilization, and accounting and record keeping practices specifically for Tabuk City's retailing sector. Furthermore, to measure the dependent variable, self reported indicators of business growth and financial stability were integrated based on accepted methodologies for assessing micro enterprises (Saunders, Lewis, & Thornhill, 2023). The indicators focusing on operational and technological barriers were adapted from Serafica and Oren's (2022) reports on the Philippines' digital infrastructure. To ensure its accuracy, reliability, and academic integrity, this modified tool will be content validated by a panel of experts consisting of academics from the university and a representative from the Department of Trade and Industry (DTI) before actual use. The finalized questionnaire is divided into four distinct parts. Part I determines the socio demographic profile and operational characteristics of the business owners. Part II assesses the extent of their financial management practices using a five point Likert scale. Part III evaluates the level of their financial performance utilizing a similar five point Likert scale. Part IV utilizes a multiple response checklist to identify the specific operational problems and technological barriers they encounter in their daily transactions.

To ensure the accuracy and academic integrity of the research, the structured survey questionnaire underwent rigorous content validation and reliability testing. A panel of experts, including university professors and a representative from the Department of Trade and Industry (DTI), carefully evaluated the tool. The validity assessment through expert ratings produced an Average Content Validity Index (CVI) of 0.85, reflecting a strong agreement among the experts regarding the relevance and appropriateness of the items. Following the expert validation, a pilot test was administered to 30 micro and small enterprise owners located in Tuao, Cagayan, who were deliberately excluded from the final actual sample of the study. The gathered responses from this pilot test were statistically treated and yielded a Cronbach's Alpha of 0.87. This indicates good internal consistency and confirms that the items reliably measure the financial management practices and performance constructs. Together, these results provide solid statistical evidence that the modified instrument is highly consistent, valid, and fully suitable for the actual research application.

Before conducting the study, the researchers will first secure a formal letter of permission noted by the thesis adviser and approved by the Dean of the College of Advanced Studies. Upon getting the approval, the researchers will personally visit the selected micro and small sized retail enterprises in Tabuk City to float the questionnaires. To comply with the ethical considerations strictly, a consent form will be provided to all respondents before answering the questionnaire. It will be explained by the researcher that the goal of the study and the participation of everyone is completely voluntary. The respondents will be assured that their identities, as well as their financial disclosures, will be kept strictly confidential and

will be used purely for academic purposes. After the survey, the papers will be collected and counted for statistical analysis. The data gathered from the respondents will be collated, tabulated, and evaluated using a structured scoring system. A five point Likert scale will be used to measure the responses from Part II of the questionnaire regarding the extent of respondents' financial management practices. Under this scale, an arbitrary value of 5, corresponding to the statistical limit of 4.20 to 5.00, is described as Always, symbolized as A, and is operationally defined such that the specific financial management practice is strictly and consistently implemented in the daily business operations. An arbitrary value of 4, corresponding to the statistical limit of 3.40 to 4.19, is described as Often, symbolized as O, and is operationally defined such that the financial management practice is frequently applied by the management, though with occasional lapses. An arbitrary value of 3, corresponding to the statistical limit of 2.60 to 3.39, is described as Sometimes, symbolized as S, and is operationally defined such that the financial management practice is irregularly implemented, depending on the situation or necessity. An arbitrary value of 2, corresponding to the statistical limit of 1.80 to 2.59, is described as Rarely, symbolized as R, and is operationally defined such that the financial management practice is seldom applied, meaning it is mostly ignored in daily operations. An arbitrary value of 1, corresponding to the statistical limit of 1.00 to 1.79, is described as Never, symbolized as N, and is operationally defined such that the financial management practice is completely ignored or not implemented at all in the business operations.

In a similar manner, the level of financial performance will be measured using a parallel five point scale. An arbitrary value of 5, corresponding to the statistical limit of 4.20 to 5.00, is described as Strongly Agree, symbolized as SA, and is operationally defined such that the business owner highly confirms that the enterprise consistently achieves excellent financial performance and stability. An arbitrary value of 4, corresponding to the statistical limit of 3.40 to 4.19, is described as Agree, symbolized as A, and is operationally defined such that the business owner confirms that the enterprise generally maintains a good and profitable financial performance. An arbitrary value of 3, corresponding to the statistical limit of 2.60 to 3.39, is described as Neutral, symbolized as N, and is operationally defined such that the business owner indicates that the enterprise's financial performance is stagnant or breaks even, neither highly profitable nor losing money. An arbitrary value of 2, corresponding to the statistical limit of 1.80 to 2.59, is described as Disagree, symbolized as D, and is operationally defined such that the business owner indicates that the enterprise is experiencing poor financial performance, instability, or minor losses. An arbitrary value of 1, corresponding to the statistical limit of 1.00 to 1.79, is described as Strongly Disagree, symbolized as SD, and is operationally defined such that the business owner strongly indicates that the enterprise is experiencing severe financial decline or heavy losses.

The gathered data will be processed using appropriate statistical software to directly answer the specific objectives of the study. To establish the socio demographic and business profile of the enterprise owners, frequency count and percentage will be applied to categorize them according to their age, sex, educational attainment, type of entrepreneurial organization, specific retailing business category, number of years of business operation, number of employees, estimated capitalization size, financial management seminars attended, and operational characteristics. This same tool will be used to summarize the multiple response checklist identifying the specific operational problems and technological barriers they encounter. The weighted mean will be computed to assess the overall extent of their financial management practices, specifically in cash management and FinTech utilization and accounting and record keeping practices, as well as to determine their level of financial performance. Finally, inferential statistics will be used to test the null hypotheses at a 0.05

level of significance. Pearson Product Moment Correlation (Pearson r) will be utilized to determine if there is a significant relationship between the financial management practices and the financial performance of the retailing MSEs. Additionally, Analysis of Variance (ANOVA) and multiple regression will be applied to test whether the socio demographic and enterprise profile of the respondents have significant effects on their financial management practices and financial performance.

Before the survey is given out, the researcher will first explain the purpose of the study to the owners of the retailing enterprises in Tabuk City. Joining the study is completely voluntary. If any owner feels uneasy about answering questions on daily cash handling or recordkeeping, they may skip some items or stop participating anytime, and this will not affect their business in any way. Because financial management involves private information like daily income, cash flow, and business concerns, all responses will be kept confidential. The names of the respondents and their specific businesses will not appear in the final paper, and all answers will be grouped together and used only for academic purposes. The researcher will also make sure that no business will be put at risk by taking part in the study. Any information shared about financial struggles, cash shortages, or limited use of digital tools will be handled carefully and kept secure, and it will not be shared with competitors, tax authorities, or anyone outside the research process.

RESULTS AND DISCUSSION

This chapter presents, analyzes, and interprets the results of the study, which examined the financial management practices and financial performance of micro and small-sized retailing enterprises in Tabuk City. A total of 218 respondents participated in the study, drawn through a descriptive-correlational research design utilizing a structured survey questionnaire as the primary data collection instrument. The data were analyzed using descriptive statistics such as means, frequencies, and percentages, as well as inferential statistical techniques including Pearson r correlation and regression analysis, to determine the extent of financial management practices, the level of financial performance, the relationship between these two variables, the influence of socio-demographic and enterprise profiles, and the common operational problems and technological barriers encountered by the respondents. The discussion that follows is grounded entirely in the data gathered from the 218 participants and is interpreted in direct relation to the objectives of the study.

In terms of cash management and FinTech utilization, the respondents' financial management practices were found to be only moderately practiced, yielding an average mean of 2.85, described as Sometimes. Among the thirteen indicators, strictly monitoring daily cash inflows and outflows obtained the highest mean of 3.27, followed closely by strictly separating personal funds from business funds with a mean of 3.19. In contrast, the use of bank checks instead of physical cash for large supplier payments received the lowest mean of 2.25, indicating that formal banking methods remain uncommon among the respondents. Other notable indicators included budgetary allocation for expenses (mean = 3.09), controlling business expenses based on available cash flow (mean = 3.06), maintaining petty cash for daily operations (mean = 2.92), setting aside emergency funds (mean = 3.00), depositing accumulated cash sales into a formal bank account (mean = 2.52), utilizing digital wallets such as GCash or Maya to receive customer payments (mean = 2.88), using FinTech applications or mobile banking to pay suppliers (mean = 2.57), using FinTech applications or mobile banking to pay suppliers and utility bills (mean = 2.58), keeping track of digital wallet transaction history and e-receipts (mean = 3.07), and regularly transferring excess digital wallet funds to a formal bank account for safekeeping (mean = 2.65). These results suggest that many micro and small business owners in Tabuk City still depend on daily cash handling

rather than structured financial routines, a tendency understandable given that retail businesses typically require quick access to cash for restocking, small payments, and daily expenses. The limited use of bank checks, regular deposits, and digital payment tools further demonstrates that formal financial practices have not been fully adopted in their operations. This pattern is consistent with Caclini (2022), who noted that rural micro-enterprises often rely on traditional cash management due to limited financial training and the absence of a clear financial system. It also supports Mandigma et al. (2025), who found that budgeting and controlling cash expenses are important for business stability yet are not consistently practiced. Likewise, the low use of FinTech tools agrees with the observations of Pesa et al. (2026) that rural businesses continue to lag behind urban areas in digital payment adoption because of weak infrastructure and low digital literacy. Overall, the respondents were found to already be engaging in some basic cash management, but their practices remain informal and inconsistent, pointing to the need for practical guidance on budgeting, fund separation, and simple FinTech use to improve daily financial handling and business stability.

With respect to accounting and record-keeping practices, the respondents obtained an overall average mean of 3.25, described as Sometimes, although several individual indicators were rated Often. The highest mean score was recorded for keeping and organizing official receipts and invoices for tax purposes, at 4.18, followed by maintaining a separate and updated ledger specifically for customer credit or *pautang*, at 3.87, and issuing official receipts or written lists for transactions to prevent unrecorded sales, at 3.51. The lowest mean score, at 2.84, was obtained for maintaining a secure physical or digital backup of important financial records, indicating that this area remains weak among many respondents. Other indicators included daily recording of sales (mean = 3.29), updating financial records at the end of every business day (mean = 3.10), recording all expenses incurred in business operations (mean = 3.07), conducting a monthly summary of total income versus total expenses (mean = 3.05), conducting inventory or physical counting of stocks regularly (mean = 2.88), cross-checking physical inventory against written stock records to detect missing items (mean = 2.91), reconciling physical cash on hand with daily recorded sales (mean = 2.97), and requiring written documentation or receipts before recording any business expense (mean = 3.35). These findings suggest that most owners are more focused on maintaining records necessary for tax compliance, sales tracking, and credit monitoring than on using records for deeper business analysis or the protection of financial information, a tendency that is understandable in small retail businesses where the owner often assumes multiple roles simultaneously, including selling, collecting payment, and bookkeeping. This result is consistent with Belen et al. (2024), who found that limited accounting knowledge and scarce resources make it difficult for micro and small enterprises in Batangas City to maintain proper bookkeeping. It also supports Barbosa (2021), who observed that although owners understand basic costing, they often do not practice stronger documentation and internal control. Likewise, Borromeo et al. (2024) noted that updated financial records help micro-entrepreneurs respond to business problems more quickly and comply with regulations. Overall, record-keeping among Tabuk City retail micro and small enterprises was found to be present but not fully organized, pointing to the need for simple tools such as weekly income-and-expense sheets and basic inventory checklists that owners can realistically use in their daily operations.

The level of financial performance of the respondents was rated Neutral overall, with an average mean of 3.12, indicating that their businesses are staying afloat but are not yet experiencing strong growth. The highest mean, at 3.36, was recorded for the ability of the business to easily pay suppliers, utility bills, and debts on time, followed by having adequate cash reserves to handle sudden emergencies or unexpected business expenses, at 3.15. Other

indicators included the business regularly generating sufficient income to cover operating expenses (mean = 3.11), successfully expanding inventory or improving store operations using generated profits (mean = 3.06), and improved overall profitability and stability compared to previous years (mean = 3.06). The lowest mean, at 2.99, was obtained for experiencing a consistent increase in daily and monthly sales, showing that sales growth remains the weakest aspect of the respondents' financial performance. These results suggest that many retail micro and small enterprises in Tabuk City are focused more on surviving day to day than on expanding; while they are able to meet immediate obligations, they still lack sufficient capacity to build savings or consistently increase sales, indicating that although the businesses appear stable, their financial position remains fragile. This result is consistent with Lamatao and Sanchez (2025), who found that micro-enterprises with only moderate cash flow management also exhibited only moderate financial performance. It also aligns with Caclini (2022), who noted that small retail businesses often face short-term cash shortages because daily expenses are not tracked properly. These findings indicate that the respondents are keeping their businesses operating but have not yet transitioned into a clear trajectory of growth, underscoring the need for practical support in managing customer credit, setting aside emergency funds, and tracking sales trends more consistently.

In terms of the common operational problems and technological barriers encountered by the respondents, the results reveal that the foremost challenges are rooted in financial literacy and access to formal credit rather than in technology itself. Difficulty preparing proper financial statements due to limited accounting knowledge ranked first, with a frequency of 141 and a percentage of 64.68%. Severe cash flow shortages arising from delayed customer payments for credit or *pautang* ranked second, with a frequency of 118 and a percentage of 54.13%. Inability to secure traditional bank loans due to a lack of verifiable financial records ranked third, with a frequency of 109 and a percentage of 50.00%. The high cost of purchasing proper accounting software, computers, or point-of-sale systems ranked fourth, with a frequency of 101 and a percentage of 46.33%, while frequent power interruptions or brownouts disrupting business operations and digital payments ranked fifth, with a frequency of 97 and a percentage of 44.50%. Poor or unstable internet connectivity affecting the use of digital payment systems ranked sixth, with a frequency of 76 and a percentage of 34.86%, followed by customers' general preference for physical cash over digital wallets, which ranked seventh with a frequency of 50 and a percentage of 22.94%. Internal theft causing financial losses, hesitation to adopt FinTech due to lack of knowledge or fear of online scams and hackers, and high transaction fees or cash-out charges from digital wallets were tied at rank 8.5, each with a frequency of 20 and a percentage of 9.17%. Other problems cited, namely staff shortage or lack of mechanics, and broader economic concerns such as economic crisis, inflation, and high oil prices, were each reported by a single respondent, corresponding to a frequency of 1 and a percentage of 0.46%, tied at rank 9. These findings indicate that the primary problems faced by the respondents are not technological in nature but are instead rooted in understanding and financial management, with the three leading problems, namely insufficient cash flow due to *pautang* at 64.68%, limited accounting knowledge at 54.13%, and inability to obtain bank loans at 50.00%, all traceable to the absence of proper accounting and documentation practices. Notably, the technological barriers of fear of online scams at 9.17% and high transaction fees at 9.17% were found to be far less pressing than the foundational knowledge gap. The prominence of the accounting knowledge gap, cited by 64.68% of respondents, corroborates the findings of Barbosa (2021) and Belen et al. (2024) regarding widespread difficulty in preparing financial statements. The prevalence of cash flow problems tied to *pautang*, at 54.13%, supports the research of Caclini (2022), while the inability to secure formal loans, at 50.00%, corroborates the findings of Borromeo et al. (2024). The moderate ranking of infrastructure-related

barriers, such as power interruptions at 44.50% and unstable internet connectivity at 34.86%, is consistent with the observations of Serafica and Oren (2022) and Pesa et al. (2026) regarding infrastructure constraints in provincial settings, though these results indicate that knowledge gaps remain the more dominant concern. These findings suggest that bridging the financial awareness gap and addressing the *pautang* culture are critical to improving the financial health of Tabuk City retail micro and small enterprises, and that targeted record-keeping training coupled with streamlined loan documentation requirements, alongside coordinated advocacy for provincial digital infrastructure investment, would help address the systemic imbalance revealed by these results.

The relationship between financial management practices and financial performance was examined using Pearson *r* correlation, which yielded a coefficient of $r = 0.541$ with a *p*-value of less than .001, indicating a significant relationship between the two variables. This result signifies that as owners practice better budgeting, cash monitoring, and record-keeping, their businesses also tend to perform better, suggesting that financial discipline is associated with stronger business stability, although it is not the sole factor affecting performance. This finding is supported by Deligero and Ballados (2025), who found that retail micro and small enterprises perform more consistently when financial practices are applied regularly. Related evidence from cash flow studies further indicates that financial management is significant to profitability and stability, although other conditions, such as access to markets and operating constraints, continue to influence performance. These results demonstrate that improving simple habits such as daily recording, budgeting, and cash control can produce a real difference in business performance, and that financial management should be treated as a regular business routine rather than as an extra task.

The influence of socio-demographic and enterprise profile variables on financial management practices was examined through regression analysis. The results show that age exerted a significant influence, with a coefficient of $\beta = 0.042$, a *t*-value of 2.33, and a *p*-value of 0.021. Sex, coded as Male = 1 and Female = 2, also showed a significant influence, with a coefficient of $\beta = -0.128$, a *t*-value of -2.00, and a *p*-value of 0.046. Highest educational attainment emerged as the strongest predictor, with a coefficient of $\beta = 0.214$, a *t*-value of 4.12, and a *p*-value of 0.000. The type of entrepreneurial organization was significant, with a coefficient of $\beta = 0.086$, a *t*-value of 2.10, and a *p*-value of 0.036, while years of business operation yielded a coefficient of $\beta = 0.031$, a *t*-value of 2.58, and a *p*-value of 0.010. The number of employees showed a coefficient of $\beta = 0.074$, a *t*-value of 2.74, and a *p*-value of 0.007, and estimated capitalization size yielded a coefficient of $\beta = 0.119$, a *t*-value of 3.61, and a *p*-value of 0.000. Trainings attended emerged as the second strongest predictor, with a coefficient of $\beta = 0.168$, a *t*-value of 3.43, and a *p*-value of 0.001. In contrast, operating hours did not show a significant influence, with a coefficient of $\beta = -0.024$, a *t*-value of -1.60, and a *p*-value of 0.112. These results indicate that good financial management among retail micro and small enterprises depends more on the owner's knowledge and resources than on how long the store remains open. The findings reveal that education helps business owners understand and apply proper financial practices, and where formal education is limited, attending financial seminars can help improve their skills; in addition, having more capital encourages owners to manage their finances more carefully in order to protect their investment. The non-significant effect of operating hours demonstrates that simply staying open longer does not guarantee better financial practices. These results suggest that weak financial management is mainly attributable to a lack of knowledge rather than to poor operations, a conclusion that supports human capital theory, which posits that investing in education and skills leads to better outcomes. This finding is consistent with Bongalonta and Bongalonta (2024) and Olarewaju and Msomi (2021), who likewise found

that financial literacy plays a key role in improving business practices, underscoring the need for programs that provide accessible financial training, particularly for those with lower education levels and for female entrepreneurs, in order to improve financial management at the local level.

The influence of socio-demographic and enterprise profile variables on financial performance was likewise examined through regression analysis. Age showed a significant influence, with a coefficient of $\beta = 0.038$, a t-value of 2.24, and a p-value of 0.026, while sex did not reach significance, yielding a coefficient of $\beta = -0.102$, a t-value of -1.73, and a p-value of 0.085. Highest educational attainment again emerged as the strongest predictor, with a coefficient of $\beta = 0.198$, a t-value of 4.04, and a p-value of 0.000. The type of entrepreneurial organization was not significant, with a coefficient of $\beta = 0.072$, a t-value of 1.89, and a p-value of 0.061, whereas years of business operation was significant, with a coefficient of $\beta = 0.029$, a t-value of 2.64, and a p-value of 0.009. The number of employees yielded a coefficient of $\beta = 0.068$, a t-value of 2.72, and a p-value of 0.007, and estimated capitalization size yielded a coefficient of $\beta = 0.111$, a t-value of 3.58, and a p-value of 0.000. Trainings attended remained the second strongest predictor, with a coefficient of $\beta = 0.154$, a t-value of 3.35, and a p-value of 0.001, while operating hours again showed no significant effect, with a coefficient of $\beta = -0.021$, a t-value of -1.50, and a p-value of 0.134. This pattern mirrors that observed for financial management practices, with highest educational attainment ($\beta = 0.198$), trainings attended ($\beta = 0.154$), and estimated capitalization size ($\beta = 0.111$) remaining the strongest predictors, while the type of entrepreneurial organization and operating hours showed no significant effect. These results indicate that respondents with higher educational attainment, greater capitalization, and more financial training experience consistently achieve better financial performance outcomes, and the similarity between the two sets of regression results supports the notion that financial management practices serve as the connecting link between the business owner's profile and the financial results obtained, such that better-prepared owners tend to manage more effectively and, in turn, perform better. Educational attainment, as the most significant profile variable at $\beta = 0.198$, suggests that formal schooling helps owners not only adopt better financial practices but also translate these practices into tangible performance gains in terms of profitability, cash flow stability, and debt management. Trainings attended on financial management, ranking second at $\beta = 0.154$, support the practical value of even short, targeted training programs, while the estimated size of capitalization, at $\beta = 0.111$, suggests that a stronger financial resource base provides owners with greater flexibility to absorb shocks and sustain operations. In contrast, the nature of entrepreneurial organization, whether sole proprietorship, partnership, or cooperative, showed no significant effect on financial performance at $p = 0.061$, indicating that the legal structure of the business matters far less than who manages it and how well-prepared that person is to make financial decisions. These findings, taken together, indicate that retail micro and small enterprises in Tabuk City perform best financially when the owner possesses the right skills and resources rather than when the business is formally structured in a particular way. The strong effect of capitalization aligns with the findings of Kayitayire and Akims (2025), who established that small retailers can only sustain and grow their operations when they have access to working capital, underscoring the value of combined support programs that teach financial literacy while simultaneously facilitating access to credit.

Taken together, these findings address the objectives of the study by demonstrating that the financial management practices of micro and small-sized retailing enterprises in Tabuk City, particularly in cash management, FinTech utilization, and accounting and record-keeping, remain moderately and inconsistently practiced, with an overall pattern of informal cash handling and compliance-driven rather than analytical record-keeping. The respondents' financial performance was likewise found to be neutral, reflecting businesses that are

surviving but not yet growing, with sales growth identified as the weakest area of performance. The significant Pearson r correlation of 0.541 between financial management practices and financial performance, at $p < .001$, confirms that stronger financial discipline is meaningfully associated with better business outcomes, while the regression results consistently identify educational attainment, trainings attended, and capitalization size as the most influential socio-demographic and enterprise profile factors shaping both financial management practices and financial performance. The common problems and technological barriers encountered, led by limited accounting knowledge at 64.68%, cash flow shortages from *pautang* at 54.13%, and inability to secure bank loans at 50.00%, further reveal that the respondents' challenges are rooted primarily in financial literacy and access to formal credit rather than in technological deficiency alone. Collectively, these findings underscore the critical role of financial education, targeted training, and access to capital in strengthening the financial management practices and performance of retail micro and small enterprises in Tabuk City, and they provide an empirical foundation that supports the formulation of practical, community-level interventions to be further discussed in the succeeding chapter, which presents the summary of findings, conclusions, and recommendations of the study.

CONCLUSION

The findings of this study reveal that retail micro and small enterprises in Tabuk City operate within a fragile financial environment shaped by informal, reactive, and largely inconsistent financial management practices. Given their small capitalization and predominantly single owner management structure, these enterprises, which include *sari sari* stores and market stalls, depend heavily on physical cash to sustain daily restocking needs. Owners demonstrate a degree of consistency in monitoring daily cash inflows and outflows, separating personal from business funds, and maintaining basic ledgers for customer credit and tax related receipts. However, more advanced or formal practices such as regular bank deposits, systematic inventory cross checking, and the maintenance of secure financial record backups remain largely neglected. This pattern indicates that financial management among these enterprises is oriented primarily toward day to day survival rather than long term strategic planning, with particular emphasis placed on sustaining operations and collecting informal credit extended to customers, locally known as *pautang*, rather than pursuing structured financial growth.

Correspondingly, the financial performance of these enterprises reflects this survival oriented orientation, registering an overall neutral rating. While owners generally succeed in covering basic operating expenses and meeting supplier and utility obligations on time, they encounter persistent difficulty in achieving consistent sales growth or accumulating sufficient emergency cash reserves. This suggests that although these businesses generate adequate revenue to remain operational, their narrow profit margins constrain their capacity to expand, withstand financial shocks, or meaningfully strengthen their overall financial standing over time. The statistical analysis further substantiates the connection between these two dimensions, revealing a moderate, positive, and highly significant relationship between financial management practices and financial performance. This relationship affirms that enterprises exhibiting greater discipline in budgeting, cash monitoring, and record keeping tend to experience improved profitability, more stable cash flow, and a stronger capacity to fulfill financial obligations, thereby demonstrating that even modest improvements in daily financial habits can yield meaningful benefits for retail micro and small enterprises.

The socio demographic and enterprise profile of the respondents likewise exerts a notable influence on both financial practices and outcomes. Higher educational attainment,

larger capitalization, and participation in financial management seminars or training programs emerge as the strongest predictors of sound financial management and stronger business performance, while factors such as age, years of business operation, and number of employees contribute positive but comparatively modest effects. In contrast, longer operating hours and the type of entrepreneurial structure, whether sole proprietorship or partnership, demonstrate weak or statistically non significant influence, underscoring that the owner's competence and access to resources play a more decisive role in shaping financial outcomes than the duration of business operations or its legal form.

Despite these insights, retail micro and small enterprises in Tabuk City continue to encounter substantial barriers to growth, most notably a lack of accounting knowledge necessary for preparing financial statements, severe cash flow shortages stemming from delayed customer payments under the *pautang* system, and limited access to formal bank loans resulting from inadequate recordkeeping. The practice of *pautang*, while deeply embedded within the local business culture, poses a considerable threat to the rolling capital of these enterprises, since the absence of substantial capital reserves renders them particularly vulnerable to delayed collections that disrupt their ability to replenish inventory. This vulnerability is further compounded by the high cost of digital technology adoption, which continues to hinder these retailers' capacity to modernize and remain competitive within an increasingly digital economy. Moreover, the inability of these enterprises to secure formal financing is directly attributable to their limited accounting literacy, which effectively excludes them from conventional banking systems and compels reliance on personal savings or informal lending sources, thereby constraining their potential to transition from micro to small or medium scale operations.

In light of these findings, it is recommended that retail micro and small enterprise owners adopt a simple daily cashbook system to record sales, expenses, and customer credit transactions, as this practice directly addresses the recordkeeping deficiencies identified in the study and facilitates the preparation of basic financial statements. Owners are further encouraged to establish clear *pautang* policies, including minimum credit limits, fixed due dates, and consistent collection reminders, in order to mitigate recurring cash flow shortages. The consistent separation of personal and business finances should likewise be reinforced as a daily practice rather than an occasional one, and enterprises with sufficient transaction volume are encouraged to open dedicated business savings accounts to establish a financial history that may support future loan applications.

At the institutional level, the Department of Trade and Industry and local government units are encouraged to implement practical, community based bookkeeping sessions tailored to *sari sari* stores, market stalls, and similar small retail enterprises, focusing on fundamental income and expense recording, *pautang* management, and basic financial statement preparation. These sessions should be conducted within *barangays* or nearby community centers during low traffic business hours to accommodate the operational constraints of small business owners, and should be complemented by follow up mentoring programs through which owners can receive direct guidance on their existing records. Local government units may further integrate retail enterprise support into broader economic development plans, particularly initiatives that promote improved record keeping and the adoption of low cost digital tools. Financial institutions and financial technology providers are likewise encouraged to design loan products that account for informal documentation such as cashbook entries and mobile transaction histories, given that many small retailers, despite lacking formal accounting records, maintain consistent sales and repayment patterns indicative of creditworthiness. In parallel, financial technology providers should develop affordable, user friendly payment tools capable of functioning reliably under weak internet connectivity or unstable electricity supply, while also conducting localized fraud prevention

campaigns to strengthen trust in digital financial systems. Finally, future researchers are encouraged to pursue intervention based studies examining whether targeted bookkeeping or pautang management training can enhance the financial performance of retail micro and small enterprises, to further investigate the persistence of pautang practices and their broader implications for business survival and growth, and to replicate this study in other municipalities to determine whether similar financial management challenges are evident within comparable retail communities.

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